



# **MOFI Corporate Governance Scorecard**

## **Pilot Assessment Report**

**May 2025**

# Contents

Abbreviations	4
Foreword	6
<b>1.0 EXECUTIVE SUMMARY</b>	<b>8</b>
<b>2.0 INTRODUCTION &amp; CONTEXT</b>	<b>10</b>
2.1 Purpose of the Report	10
2.2 Strategic Mandate of MOFI	10
2.3 Scope & Participation	10
<b>3.0 METHODOLOGY</b>	<b>11</b>
3.1 Assessment Framework	11
3.2 Data Collection & Validation	11
3.3 Scoring & Rating	11
<b>4.0 PILOT ASSESSMENT RESULTS &amp; TRENDS</b>	<b>14</b>
4.1 Overall Score Distribution	14
4.2 Results Analysis	14
4.3 Sectoral Insights	16
4.4 Performance by Ownership Structure	16
4.5 Key Takeaways	16
4.6 Trends Observed	16
<b>5.0 PILLAR BY PILLAR DEEP DIVE</b>	<b>17</b>
5.1 Pillar I: Board Structure & Effectiveness	17
5.2 Pillar II: Transparency & Disclosure	18
5.3 Pillar III: ESG & Sustainability Practices	19
5.4 Pillar IV: Stakeholder & Shareholder Engagement	20
5.5 Pillar V: Risk Management & Internal Controls	20
5.6 Pillar VI: Ethics	21
5.7 Pillar VII: Anti-Corruption	22
5.8 Pillar VIII: Internal Audit Function	23
5.9 Pillar IX: IT Infrastructure & Digital Governance	24
<b>6.0 STRATEGIC RECOMMENDATION &amp; ROADMAP</b>	<b>25</b>
6.1 Enterprise Wide Priorities	25
6.2 Phased Implementation Plan	26
6.3 Governance of the Scorecard Process	26
6.4 Success Metrics	26
<b>7.0 CONCLUSION</b>	<b>27</b>
<b>8.0 APPENDICES</b>	<b>28</b>
8.1 List of Participating Companies	28



## Abbreviations

We have listed the descriptions and abbreviations used in this document in the table below.

Abbreviation	Full Meaning
AGMs	Annual General Meetings
AI	Artificial Intelligence
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CAMA	Companies and Allied Matters Act
COBIT	Control Objectives for Information and Related Technologies
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSR	Corporate Social Responsibility
ESG	Environmental, Social, and Governance
ERM	Enterprise Risk Management
FGN	Federal Government of Nigeria
FGIP	Fiscal Governance and Institutions Projects
FGLC	Federal Government-Linked Company
FGOE	Federal Government-Owned Entity
GRC	Governance, Risk, and Compliance
GRI	Global Reporting Initiative
ICFR	Internal Control over Financial Reporting
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IPPF	International Professional Practices Framework
IPSAS	International Public Sector Accounting Standards
ISA	Investment and Securities Act
ISO	International Organization for Standardization
KPI	Key Performance Indicator
MOFI	Ministry of Finance Incorporated
NCCG	Nigerian Code of Corporate Governance
NGX	Nigerian Exchange Group

Abbreviation	Full Meaning
NDPA	Nigeria Data Protection Act
OECD	Organisation for Economic Co-operation and Development
PAM	Performance and Accountability Mechanism
PC	Portfolio Company
QAIPS	Quality Assurance and Improvement Programme
SASB	Sustainability Accounting Standards Board
SEC	Securities and Exchange Commission
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
SOE	State-Owned Enterprise
TCFD	Task Force on Climate-related Financial Disclosures
ToR	Terms of Reference

## Foreword

Nigeria's economic landscape is evolving, shaped by regulatory advancements, corporate governance reforms, and a commitment to sustainable development. At the core of this transformation is effective corporate governance, which fosters transparency, accountability, and investor confidence—key drivers of long-term business resilience and national progress.

As the strategic investment arm of the Federal Government, the Ministry of Finance Incorporated (MOFI) is dedicated to raising governance standards across its portfolio companies. To ensure a structured and objective evaluation of governance practices, MOFI has developed this Corporate Governance Scorecard, benchmarking portfolio companies against national regulations and globally recognized best practices. This initiative underscores MOFI's commitment to strengthening governance, promoting ethical business conduct, and optimizing operational efficiency.

This scorecard-based assessment evaluates key governance pillars, including:

- i. Board Structure and Effectiveness
- ii. Transparency and Disclosure
- iii. Environmental, Social, and Governance (ESG) and Sustainability Practices
- iv. Stakeholder and Shareholder Engagement
- v. Risk Management and Internal Controls
- vi. Ethical Business Conduct
- vii. Anti-Corruption Measures
- viii. Internal Audit Function
- ix. IT Infrastructure and Digital Governance

By aligning with national regulations, international governance frameworks, and sector-specific standards, MOFI aims to elevate governance practices, strengthen corporate accountability, and contribute to Nigeria's broader economic development objectives.

Beyond assessment, this report offers practical recommendations to address governance gaps, enhance oversight mechanisms, and support portfolio companies in achieving global governance excellence. It serves as both a benchmarking tool and a roadmap for continuous improvement, reinforcing Nigeria's ambition to build a transparent, resilient, and investor-friendly corporate environment.

The development of this scorecard has been a collaborative effort, drawing on the expertise of MOFI, regulatory authorities, governance specialists, and industry leaders. I extend my sincere appreciation to all stakeholders who contributed to this initiative, and I look forward to the impact this report will have in shaping stronger governance practices, promoting business sustainability, and driving Nigeria's economic growth.

Dr. Armstrong Ume Takang  
Managing Director/CEO  
Ministry of Finance Incorporated (MOFI), Nigeria

## 1.0 EXECUTIVE SUMMARY

The pilot implementation of the Ministry of Finance Incorporated's Corporate Governance Scorecard for State-Owned Enterprises (SOEs) reveals a mixed landscape of governance maturity across the assessed institutions. The evaluation, benchmarked against Nigeria's National Code of Corporate Governance (NCCG 2018), Organisation for Economic Co-operation and Development (OECD) principles and global best practices, provides a data-driven view of governance performance and reform priorities.

### 1.1 Overall Results at a Glance

Rating	Score Range (%)	Number of Portfolio Companies	Key Characteristics
Exemplary Governance	95-100%	2	Strong board structures, robust disclosure practices, effective internal controls, proactively engage key stakeholders, and comprehensive ESG & risk governance alignment.
Strong Governance	85-94%	6	Well-defined board roles and responsibilities, adequate disclosure practices, effective internal controls, and good ESG & risk governance alignment.
Satisfactory Governance	70-84%	7	Foundational governance elements are present, but inconsistent policy execution and board oversight.
Emerging Governance	50-69%	13	Improve board effectiveness, risk management, and transparency.

### 1.2 Key Strengths Identified

Area	Observation
Board Commitment to Reform	Several institutions, including BOI and DBN, have demonstrated active engagement in governance modernization.



<b>Corporate Governance Framework</b>	Most entities possess foundational policies (e.g., board charters, audit charters, codes of conduct).
<b>Operational Restructuring</b>	A number of energy and finance SOEs (e.g., NBET, BEDC) have begun metering, cost recovery, or digitalization initiatives aligned with reform objectives.

### 1.3 Key Governance Area of Improvement

<b>Governance Pillar</b>	<b>Common Issues</b>
<b>Board Structure &amp; Effectiveness</b>	Weak board independence, low board evaluation practice, and inadequate director succession plans.
<b>Risk Management &amp; Internal Controls</b>	Absence of ERM frameworks, weak internal audit coverage, lack of dedicated risk functions.
<b>Transparency &amp; Disclosure</b>	Inconsistent public financial reporting, no ESG disclosures, and weak compliance with reporting standards.
<b>Stakeholder Engagement</b>	Lack of formalized stakeholder engagement strategies and feedback mechanisms.

### 1.4 Most Urgent Reform Priorities

<b>Priority Area</b>	<b>Urgency</b>	<b>Recommended MOFI Actions</b>
<b>Board Independence &amp; Competency</b>	● High	Facilitate the nomination of qualified independent directors and board certification programs.
<b>ERM &amp; Internal Control Strengthening</b>	● High	Provide ERM templates, appoint Chief Risk Officers, and support the setup of Risk Committees.
<b>ESG and Sustainability Governance</b>	● Medium	Support ESG awareness workshops and assist in ESG policy development.
<b>Transparency &amp; Reporting</b>	● Medium	Provide templates for sustainability and governance reports and promote regular disclosure cycles.
<b>Stakeholder Engagement</b>	● Low	Encourage formal community and investor engagement policies for public trust.

## 2.0 INTRODUCTION & CONTEXT

### 2.1 Purpose of the Report

The 2025 MOFI Corporate Governance Scorecard provides an objective, data-driven assessment of governance practices across MOFI's portfolio companies. Its dual aims are to benchmark current performance against national and international standards and to offer a clear roadmap for enhancing governance, transparency, and resilience. This report extracts key findings and strategic recommendations from the pilot implementation of the scorecard across 28 of MOFI's portfolio companies.

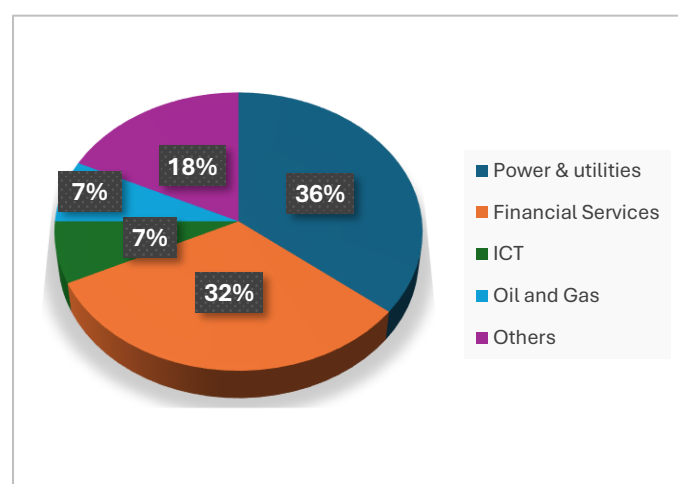
### 2.2 Strategic Mandate of MOFI

As the Federal Government's investment arm, MOFI oversees state-owned and strategic enterprises critical to Nigeria's economic growth, from Power and Infrastructure to Financial Services, Agriculture, and ICT. By raising governance standards, MOFI drives value creation, mitigates risks, and attracts private and foreign capital aligned with the National Development Plan and the State-Owned Enterprises Reform Programme.

### 2.3 Scope & Participation

- a. **Portfolio Coverage:** MOFI manages over 50 entities. The corporate governance scorecard platform was made accessible to all portfolio companies, with a defined cut-off date for submissions. A total of 28 portfolio companies successfully participated in the exercise.
- b. **Participation by Ownership Structure:** 15 Federal Government Owned Entities (FGOs) and 13 Federal Government Linked Companies (FGLCs).
- c. **Participation by Sector:**

Sector	Amount
Financial Services	10
Power & Utilities	9
ICT	2
Oil & Gas	2
Others (Real Estate, Health, Insurance, Communications, Aviation)	5
<b>Total</b>	<b>28</b>



## 3.0 METHODOLOGY

### 3.1 Assessment Framework

- a. The Scorecard evaluates nine governance pillars through 85 weighted questions, aligned with:
  - i. International Standards: OECD Principles, IFC Guidelines, COSO, IFRS, GRI, SASB, ISO 37000, TCFD.
  - ii. National Regulations: Nigerian Code of Corporate Governance (NCCG 2018), SEC Rules, CBN Corporate Governance Code, NGX, CAC, ISA 2007, NDPA 2023.
  - iii. Other Relevant Guidelines and Frameworks: Public Service Rules, Anti-Corruption and Ethics Standards, and United Nations Sustainable Development Goals (SDGs).

### 3.2 Data Collection & Validation

- a. **Self-Assessment Questionnaires:** Detailed responses on policies, structures, and practices.
- b. **Document Review:** Board charters, audit reports, ESG disclosures, and internal control records.
- c. **Interviews & Workshops:** Follow-up sessions with boards, executives, and governance officers.
- d. **Independent Verification:** Cross-check of evidence and benchmarking by governance experts.
- e. **Benchmarking Against Best Practices:** Data was assessed in line with national governance codes and international standards such as the OECD Principles of Corporate Governance and IFC Guidelines.
- f. **Evidence Examination:** The review team analyzed the materials provided by companies to confirm their accuracy and completeness.
- g. **Public Information Search:** Supplementary validation was carried out by reviewing publicly available information, including company websites and published reports, to corroborate self-reported data.

### 3.3 Scoring & Rating

- a. MOFI Scorecard employs a quantitative rating system to measure governance performance objectively across nine key pillars, each focusing on critical aspects of corporate governance:
- b. The 9 pillars carry percentage weights as captured below:

Pillar	Weight % of total Score	No of Questions
Pillar I: Board Structure and Effectiveness	31%	26
Pillar II: Transparency and Disclosure	16%	14

Pillar III: ESG and Sustainability Practices	8%	7
Pillar IV: Stakeholder and Shareholder Engagement	8%	7
Pillar V: Risk Management and Internal Controls	6%	5
Pillar VI: Ethics	5%	4
Pillar VII: Anti-Corruption	3%	3
Pillar VIII: Internal Audit Function	12%	10
Pillar IX: IT Infrastructure and Digital Governance	11%	9
<b>Total</b>	<b>100%</b>	<b>85</b>

**c. Rating Bands:** Following the assessment, Companies are classified into different governance maturity levels based on their total score.

Rating	Score Range (%)	Details	Recommendation
<b>Exemplary Governance</b>	<b>95% - 100%</b>	Fully compliant with global and national governance standards (OECD, IFRS, COSO, NCCG 2018). No material weaknesses or governance gaps.	Maintain leadership by benchmarking against evolving best practices and publishing governance success case studies.
<b>Strong Governance</b>	<b>85% - 94%</b>	Highly aligned with governance frameworks, with only minor, non-critical gaps. Governance practices are well-documented, and oversight mechanisms are robust.	Close minor gaps by enhancing stakeholder engagement, refining ESG disclosures, or improving governance transparency.
<b>Satisfactory Governance</b>	<b>70% - 84%</b>	Meets core governance requirements but requires improvements in specific strategic areas. Disclosures may lack depth, and some	Develop a strategic roadmap to enhance risk management, board diversity, and sustainability practices.

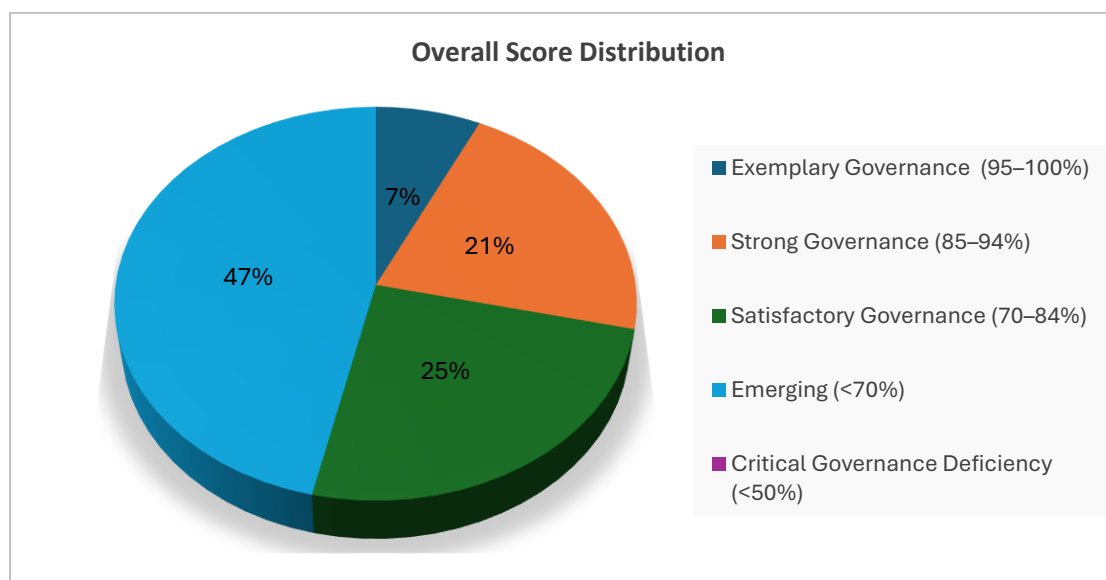
Rating	Score Range (%)	Details	Recommendation
		policies may not fully align with global benchmarks.	
<b>Emerging Governance</b>	<b>50% - 69%</b>	Partially compliant with required standards, with notable governance weaknesses. Transparency and reporting need significant improvements.	Conduct a governance diagnostic review to prioritize critical gaps, focusing on board structure, disclosure policies, and risk controls.
<b>Critical Governance Deficiency</b>	<b>Below 50%</b>	Largely non-compliant with local and global governance standards. Significant risks due to weak internal controls, poor transparency, or lack of structured governance mechanisms.	Engage external governance experts to implement a phased improvement program with clear milestones and accountability measures.

## 4.0 PILOT ASSESSMENT RESULTS & TRENDS

### 4.1 Overall Score Distribution

Score Distribution	PCs	Percentage
Exemplary Governance (95-100%)	2	7%
Strong Governance (85-94%)	6	21%
Satisfactory Governance (70-84%)	7	25%
Emerging (<70%)	13	47%
Critical Governance Deficiency (<50%)	0	0%

Chart 1: Portfolio Governance Ratings



### 4.2 Results Analysis

The pilot assessment results are broken down into different sections, highlighting performance across key governance, risk, and compliance areas.

Below is the detailed analysis per section:

Section	Allocated Score (%)	Key Strengths	Gaps Identified	Recommendations
IT Infrastructure & Digital Governance	10%	Presence of digital transformation strategies; basic compliance with IT standards.	Weak cyber security posture; limited strategic alignment and transparency in data governance.	Enhance cyber security frameworks; implement enterprise-wide digital strategy with clear governance roles.

Section	Allocated Score (%)	Key Strengths	Gaps Identified	Recommendations
Anti-Corruption	3%	Existence of policies to address corruption.	Weak enforcement culture and fragmented safeguards.	Institutionalize ethical leadership training and independent enforcement structures.
Board Structure & Effectiveness	31%	Well-defined board roles; regular meetings; good management-board relations.	Limited succession planning; gaps in director remuneration structure.	Formalize succession plans; establish remuneration policies based on performance and market benchmarks.
ESG & Sustainability Practices	4%	Social responsibility initiatives are evident.	No ESG compliance systems or reporting standards.	Establish an ESG governance framework; adopt GRI or SASB standards for ESG disclosures.
Ethics	7%	Whistleblower channels exist; ethical compliance frameworks are present.	Weak ethical culture and low integration of ethics into business operations.	Conduct periodic ethics audits; promote ethical leadership and employee training.
Internal Audit Function	14%	Strong governance of audit structures; oversight is in place.	Inconsistent external assessments; lack of fully risk-based audits.	Conduct independent quality assurance reviews; embed enterprise risk into audit planning.
Risk Management & Internal Controls	6%	Some control frameworks and risk governance practices exist.	Limited cyber security integration and proactive risk monitoring.	Develop an integrated risk management framework; adopt COSO ERM or ISO 31000 models.
Stakeholder & Shareholder Engagement	8%	Channels for communication and grievance mechanisms exist.	Poor stakeholder feedback integration; low shareholder participation frameworks.	Strengthen feedback loops; provide training on shareholder rights and create inclusive engagement strategies.

Section	Allocated Score (%)	Key Strengths	Gaps Identified	Recommendations
Transparency & Disclosure	17%	Strong financial reporting and audit oversight practices.	Limited corporate governance disclosure; regulatory reporting inconsistencies.	Ensure consistent public disclosure of governance practices; strengthen board oversight on regulatory compliance.

### 4.3 Sectoral Insights

- Financial Services (e.g., Portfolio A, Portfolio B, Portfolio C) led with an average score of 92%, driven by robust risk-based audit plans and transparency practices.
- Power & Utilities (e.g., Portfolio D, Portfolio E) averaged 88%, excelling in ESG governance but needing improvements in digital transformation.
- ICT (e.g., Portfolio F, Portfolio G) scored 85%, with strong IT compliance yet limited board diversity initiatives.

### 4.4 Performance by Ownership Structure

- FGOs outperformed FGLCs by an average of 30 points (67% vs. 37%), reflecting more mature governance frameworks in wholly owned entities.
- FGLCs showed variability: some PCs achieved Exemplary status, while others lagged due to weaker internal controls.

### 4.5 Key Takeaways

- Positive Trajectory: Three-quarters of companies are in top governance tiers, validating MOFI's capacity building efforts.
- Digital & Anti-Corruption Focus: IT strategy and corruption prevention remain the lowest scoring pillars, requiring targeted interventions.
- Tailored Roadmaps: Sector and ownership nuances necessitate customized governance improvement plans.

### 4.6 Trends Observed

- Strong governance in financial reporting and audit oversight.
- Weaknesses in risk management, ESG adoption, stakeholder engagement, and ethics.



## 5.0 PILLAR BY PILLAR DEEP DIVE

### 5.1 Pillar I: Board Structure & Effectiveness

Allocated Score: 32% of total score weight

- i. Key Strengths:
  - a. Independence of the Company Secretary and separation of roles; however, executive dominance in committees remains a concern.
  - b. Clear definitions and governance mechanisms in place for managing conflicts of interest and responsibilities. Notable policies allow directors to seek independent advice.
- ii. Common Gaps:
  - a. Lack of proper mix between executive, non-executive, and independent directors.
  - b. Insufficient evidence that board committees cover key areas such as audit, risk, and remuneration.
  - c. Unavailability of policies, no performance-linked mechanisms or benchmarking.
  - d. Lack of full compliance with international best practices (e.g., COSO ERM (*Enterprise Risk Management Framework*), OECD Principles of Corporate Governance, ISO 37000 -Governance of Organizations).
  - e. Lack of structured succession planning for leadership continuity.
- iii. Root Causes:
  - a. Over-reliance on executive leadership within boards and limited independence.
  - b. Absence of robust policy frameworks on governance functions such as diversity, performance evaluation, and succession.
  - c. Inadequate investment in corporate governance training and external assessments.
- iv. Key Recommendations:
  - a. Strengthen succession planning for key leadership roles.
  - b. Increase the number of independent non-executive directors and ensure executive directors do not chair key board committees.
  - c. Establish functional committees (Audit, Risk, Nomination, Remuneration) with clear mandates and diverse membership.
  - d. Mandate external evaluations for the Board and its committees every two years.

## 5.2 Pillar II: Transparency & Disclosure

Allocated Score: 17% of total score weight

### i. Key Strengths

- a. Regular external audits are conducted, with board involvement in auditor appointments.
- b. Low incidence of regulatory fines, indicating baseline regulatory compliance.
- c. Partial compliance with the Nigerian Code of Corporate Governance (NCCG) 2018, with some governance content included in annual reports.
- d. Some monitoring of material transactions and financial disclosures exists, though inconsistent.

### ii. Common Gaps

- a. Inconsistent or missing performance and ESG reporting across entities.
- b. Lack of rotation or re-tendering policies for long-tenured external auditors.
- c. Absence of structured internal audit frameworks and board-approved risk-based audit plans.
- d. Weak adherence to IFRS/IPSAS standards and limited transparency in financial reporting.
- e. No whistleblower policies or documented enforcement and disciplinary actions.

### iii. Root Causes

- a. Absence of standardized governance and reporting frameworks across Portfolio Companies.
- b. Low prioritization of risk-based auditing and internal control structures.
- c. Legacy practices (e.g., long-tenured auditors) have not yet been re-evaluated or reformed.
- d. Limited capacity or systems to proactively monitor and disclose regulatory and financial risks.
- e. Lack of leadership focus or incentives on ESG and stakeholder transparency.

### iv. Key Recommendations

- a. Mandate the development of board-approved internal audit plans across all entities, aligned with risk assessments, and ensure regular compliance audits are conducted.
- b. Introduce an audit rotation policy (every 8-10 years), establish independent audit committees, and enforce corrective actions for qualified audit opinions.
- c. Standardize annual and ESG reporting formats; mandate online publication; and ensure financial statements fully comply with IFRS/IPSAS, including transparent disclosure of significant transactions and regulatory actions.

### 5.3 Pillar III: ESG & Sustainability Practices

Allocated Score: 4% of total score weight

#### i. Key Strengths

- a. Some Portfolio companies have initiated limited climate and sustainability efforts, indicating a starting point for ESG awareness.
- b. Basic CSR allocations exist, though minimal (1% of profits), showing some recognition of social responsibility.
- c. Instances of ESG-related activities, albeit unstructured, suggest potential for scaling with proper frameworks.

#### ii. Common Gaps

- a. Absence of board-approved ESG strategies and oversight mechanisms across most entities.
- b. ESG reporting is ad-hoc, lacks standard KPIs, and is not aligned with globally recognized frameworks (e.g., GRI, SASB, IFRS-S1/S2).
- c. Minimal investment in CSR, ethical training, or climate action; weak connection to core corporate values.
- d. ESG handled reactively or tactically, not embedded in governance or strategic planning.

#### iii. Root Causes

- a. Lack of ESG awareness and capacity at board and executive levels.
- b. Absence of mandatory ESG policies or regulatory push within Portfolio Companies.
- c. Limited expertise or resources to develop and implement climate or sustainability strategies.
- d. No centralized ESG reporting system or guidance from oversight bodies like MOFI.
- e. Cultural mindset treating ESG as peripheral rather than integral to corporate performance and resilience.

#### iv. Key Recommendations

- a. Require all entities to develop board-approved ESG strategies aligned with global standards (GRI, SASB, IFRS S1/S2), and assign ESG oversight roles at the board level.
- b. Mandate standardized annual ESG reporting across all SOEs using international frameworks, supported by MOFI-provided templates or digital platforms for data collection and benchmarking.
- c. Implement measurable sustainability practices (e.g., renewable energy, energy efficiency, waste management), and define operational KPIs for environmental performance across entities.

## 5.4 Pillar IV: Stakeholder & Shareholder Engagement

Allocated Score: 8% of total score weight

### i. Key Strengths

- a. Grievance mechanisms and stakeholder satisfaction surveys exist across some entities.
- b. Shareholder rights, including voting, are acknowledged, and AGMs are conducted.
- c. A few entities have basic stakeholder communication frameworks in place.

### ii. Common Gaps

- a. Feedback from stakeholders is not integrated into decision-making or governance processes.
- b. AGMs lack inclusivity features like hybrid participation or real-time engagement.
- c. Communication and engagement efforts are inconsistent, transactional, and lack strategic depth.

### iii. Root Causes

- a. Stakeholder engagement is viewed as a compliance activity rather than a strategic asset.
- b. Absence of centralized policies, KPIs, or systems to monitor engagement quality and resolution effectiveness.
- c. Limited adoption of digital tools to enhance access, participation, and feedback collection.

### iv. Key Recommendations

- a. Define clear engagement objectives, standardized channels, frequency, and feedback protocols across all SOEs.
- b. Implement multi-channel, accessible platforms with regular reporting on grievances and resolution timelines.
- c. Enforce hybrid AGMs, conduct annual shareholder rights audits, and mandate reporting on stakeholder feedback impact.

## 5.5 Pillar V: Risk Management & Internal Controls

Allocated Score: 6% of total score weight

### i. Key Strengths

- a. Most entities have board-approved Enterprise Risk Management (ERM) frameworks in place.
- b. Risk registers and assessments exist, showing some foundational risk management practices.
- c. Cyber security policies are established, indicating basic recognition of digital risk.

#### ii. Common Gaps

- a. Cyber security protocols are outdated, poorly monitored, and lack technical integration with internal controls.
- b. Risk assessments and registers are static, not responsive to evolving threats or strategic shifts.
- c. ERM frameworks lack alignment with global standards and are not embedded into strategic or operational planning.

#### iii. Root Causes

- a. Risk and cyber security are treated as compliance tasks rather than strategic imperatives.
- b. Lack of skilled personnel, board oversight, and dedicated risk leadership roles across SOEs.
- c. Inadequate training, tools, and data integration to support dynamic risk management and decision-making.

#### iv. Key Recommendations

- a. Mandate annual cyber audits, regular vulnerability testing, and appoint Cyber security Officers in each SOE reporting to the board.
- b. Require biannual risk reviews, dynamic registers, and visual dashboards for real-time risk tracking.
- c. Align with COSO ERM/ISO 31000, develop risk appetite statements, and enforce board-level risk oversight structures.

### 5.6 Pillar VI: Ethics

Allocated Score: 6% of total score weight

#### i. Key Strengths

- a. All entities have foundational codes of business ethics and conduct in place.
- b. Whistle blowing policies exist across most organizations, showing intent to support integrity.
- c. Conflict-of-interest and insider trading policies are established, even if underutilized.

#### ii. Common Gaps

- a. Ethical policies lack consistent implementation, review, and compliance monitoring mechanisms.
- b. Whistleblower frameworks are weak, underused, poorly communicated, and lack anonymity.
- c. Conflict-of-interest management is not embedded in core functions like procurement or HR.

### iii. Root Causes

- a. Ethics and compliance are treated as administrative checkboxes rather than active governance components.
- b. Limited board-level oversight and absence of dedicated ethics/compliance officers in many SOEs.
- c. Lack of training, cultural initiatives, and systems to promote ethical behavior throughout the organization.

### iv. Key Recommendations

- a. Update and enforce conflict-of-interest and insider trading policies, and require annual declarations and board-level ethics reviews.
- b. Deploy a standardized, anonymous platform with independent monitoring and mandatory staff training.
- c. Launch an annual ethics week, embed ethics into performance and procurement, and assign Ethics & Compliance Officers in each SOE.

## 5.7 Pillar VII: Anti-Corruption

Allocated Score: 3% of total score weight

### i. Key Strengths

- a. Most entities have basic procurement policies in place, indicating awareness of corruption risks.
- b. Some conflict of interest policies exist, though not consistently enforced or updated.
- c. Recognition of the need for anti-corruption frameworks, even if not yet fully institutionalized.

### ii. Common Gaps

- a. No evidence of formal fraud or corruption risk assessments conducted across critical functions.
- b. Anti-corruption policies, where they exist, are outdated or lack enforcement mechanisms.
- c. Minimal leadership communication or staff training on anti-corruption expectations.

### iii. Root Causes

- a. Weak leadership commitment to ethical culture and corruption prevention ("tone from the top").
- b. Anti-corruption seen as a compliance formality, not a strategic or operational priority.
- c. Absence of centralized monitoring systems and accountability structures.

#### iv. Key Recommendations

- a. Enforce SOE-wide anti-corruption policies and conduct annual risk assessments targeting procurement and third-party dealings.
- b. Embed due diligence and automated red-flag systems in vendor onboarding, and rotate procurement committee members.
- c. Launch an annual Anti-Corruption Awareness Week and mandate induction and refresher trainings tied to performance and contracts.

### 5.8 Pillar VIII: Internal Audit Function

Allocated Score: 14% of total score weight

#### i. Key Strengths

- a. Most entities have established internal audit functions with existing charters and policies.
- b. Some level of internal audit reporting to the board and audit committees is in place.
- c. A few entities have adopted risk-based audit planning, showing initial alignment with enterprise risks.

#### ii. Common Gaps

- a. Internal audit functions lack external assessments and alignment with IPPF standards.
- b. ICFR compliance and risk-based audit execution are weak or poorly documented.
- c. Heads of Internal Audit often lack independence and strategic-level influence.

#### iii. Root Causes

- a. Internal audit is viewed as a compliance function rather than a strategic assurance partner.
- b. Inconsistent governance structures and a lack of board prioritization undermine audit quality.
- c. Limited enforcement or central oversight of internal audit effectiveness and maturity.

#### iv. Key Recommendations

- a. Update and align internal audit charters across SOEs with IPPF standards, including QAIPs and performance metrics.
- b. Require functional reporting of Heads of Internal Audit to the Board Audit Committee Chair and elevate their strategic role.
- c. Mandate a five-year external audit quality assessment cycle, with MOFI tracking progress and compliance centrally.

## 5.9 Pillar IX: IT Infrastructure & Digital Governance

Allocated Score: 10% of total score weight

### i. Key Strengths

- a. Several entities have established digital strategy documents and updated digital governance policies.
- b. Some communication around data governance exists, primarily through annual disclosures.
- c. Business continuity and data protection plans are reportedly in place across most entities.

### ii. Common Gaps

- a. Limited integration of global IT and compliance standards like ISO 27001, COSO, and COBIT.
- b. Cyber security and disaster recovery testing protocols are lacking or outdated.
- c. Digital strategies are not aligned with broader governance or ESG frameworks.

### iii. Root Causes

- a. Digital governance is often driven by reactive compliance rather than proactive risk strategy.
- b. Fragmented ownership of IT and data governance across departments causes silos.
- c. Board-level oversight of digital transformation and cyber security is minimal or nonexistent.

### iv. Key Recommendations

- a. Embed COSO, ISO 27001, COBIT, and ISO 37301 into IT, compliance, and internal audit practices Portfolio Company-wide.
- b. Require bi-annual penetration testing and annual disaster recovery simulations to proactively manage cyber risk.
- c. Introduce a Data Governance Charter and board-level KPIs to track data integrity, access control, and stakeholder transparency.



## 6.0 STRATEGIC RECOMMENDATION & ROADMAP

Building on the deep dive analysis, MOFI shall recommend the following enterprise-wide priorities, a phased implementation plan, and governance framework to embed continuous improvement across its portfolio companies.

### 6.1 Enterprise-Wide Priorities

#### 1. Digital Transformation & Cyber Resilience

- a. Action: Develop a 3-year digital strategy aligned with corporate objectives; invest in AI-driven compliance monitoring and advanced cybersecurity tools.
- b. Outcome: Enhanced operational efficiency, real-time risk detection, and stronger defense against cyber threats.

#### 2. ESG Integration & Climate Risk Management

- a. Action: Adopt SASB/TCFD reporting; engage third-party assurance.
- b. Outcome: Measurable sustainability performance, improved investor confidence, and alignment with global climate goals.

#### 3. Anti-corruption & Ethics Reinforcement

- a. Action: Launch a whistleblower protection campaign; deploy fraud analytics dashboards; mandate annual ethics workshops.
- b. Outcome: Stronger ethical culture, reduced corruption risk, and higher staff confidence in reporting channels.

#### 4. Board & Audit Committee Excellence

Item	Action	Outcome
<b>Board Evaluation &amp; Governance Policies</b>	Institute biennial external board and audit committee evaluations; formalize director induction and independent-advice policies.	More effective oversight, improved decision-making, and enhanced board diversity.
<b>Board Members Training</b>	Mandate periodic corporate governance training (at least biennially) for all directors and audit committee members, covering national codes (e.g., NCCG 2018), international standards (OECD, ISO 37000), financial oversight, and ESG responsibilities.	Better understanding of fiduciary duties, regulatory expectations, emerging risks (e.g., ESG, cyber), and global best practices—leading to improved board competence and accountability.

#### 5. Stakeholder Engagement Modernization

- a. Action: Implement hybrid AGM formats with e-voting; deploy real-time feedback tools; publish governance portals.
- b. Outcome: Greater stakeholder inclusion, transparency, and trust.

## 6.2 Phased Implementation Plan

Phase	Timeline	Key Activities
Phase 1: Quick Wins	0-6 months	<ul style="list-style-type: none"><li>• Update policies (digital, ESG, ethics)</li><li>• Launch training programs</li><li>• Pilot AI/compliance dashboards</li></ul>
Phase 2: Core Deployments	6-18 months	<ul style="list-style-type: none"><li>• Roll out PAM &amp; GRC platforms</li><li>• Implement hybrid AGM technology</li><li>• Engage third-party ESG assurance</li></ul>
Phase 3: Continuous Improvement	18-36 months	<ul style="list-style-type: none"><li>• Conduct external board/audit reviews</li><li>• Refine digital strategy with emerging tech (blockchain, IoT)</li><li>• Annual benchmarking against global peers</li></ul>

## 6.3 Governance of the Scorecard Process

- a. To ensure accountability and momentum, MOFI will establish a Scorecard Steering Committee comprising:
  - i. Chair: MOFI CEO
  - ii. Members: Executive Director Portfolio Management, Executive Director Risk Management, Corporate Secretary/Chief Legal Officer, Head of Internal Audit, ESG Lead, Head of Finance & IT, and Corporate Governance and Compliance Lead.
  - iii. Mandate: Oversee implementation of recommendations; monitor progress against milestones, and report to the Board.
- b. Reporting:
  - i. Annual Scorecard Updates: Dashboard summaries on pillar-level progress.
  - ii. Annual Public Disclosure: Publish FGOE/FGLC-specific and MOFI portfolio level updated Scorecard and action plan status on the MOFI website.

## 6.4 Success Metrics

- a. Corporate Governance Participation: Target 100% participation by the PCs in the next assessment round
- b. Governance Maturity Index: Target a 5-point increase in average Portfolio Company score by 2026.
- c. Digital Adoption Rate: 100% of companies have formal digital roadmaps and cybersecurity testing cycles.
- d. ESG Disclosure Quality: All companies to publish SASB/TCFD aligned reports with third-party assurance.
- e. Ethics & Anti-Corruption: 100% staff participation in annual ethics training; 20% increase in whistleblower reports resolved.
- f. Stakeholder Engagement: 80% AGM participation rate via hybrid channels; real-time feedback implemented in all entities.

## 7.0 CONCLUSION

The MOFI Corporate Governance Scorecard 2025 provides a comprehensive, data-driven assessment of governance practices across MOFI's portfolio companies, revealing both progress and critical gaps in alignment with national and international standards. The findings underscore the reality that while the Financial Services, Power, and Utilities sectors lead in governance maturity, disparities persist, particularly in digital governance, ESG integration, and anti-corruption measures. Notably, 47% of companies remain in the "Emerging" tier, highlighting the urgent need for targeted interventions.

This strategic roadmap transforms the 2025 Scorecard insights into concrete ensuring MOFI's Portfolio companies achieve world-class governance, operational resilience, and sustainable growth. By implementing these reforms through a phased, accountable approach, MOFI will not only enhance governance resilience but also strengthen investor confidence, operational efficiency, and Nigeria's position as a leader in SOE governance.

Moving forward, MOFI's Steering Committee will ensure rigorous execution, with progress tracked against KPIs like the Governance Maturity Index and ESG disclosure quality. This report is a call to action: sustained commitment to these priorities will unlock long-term value for stakeholders and advance Nigeria's economic growth agenda.

The success of this initiative hinges on collaboration across MOFI, portfolio companies, and regulators. By embedding these reforms, MOFI will set a new benchmark for corporate governance in Nigeria.

## 8.0 APPENDICES

The following annexures are attached to this report and should be read in conjunction with the contents of this report.

### 8.1 List of Participating Companies

S/N	Portfolio Companies	Sector
1	African Reinsurance Corporation	Power
2	Bank of Agriculture	Financial Services
3	Bank of Industry	Financial Services
4	BEDC Electricity Plc	Power
5	Biovaccines Nigeria Limited	Health
6	Development Bank of Nigeria	Financial Services
7	Eko Electricity Distribution PLC	Power
8	Enugu Electricity Distribution Company	Power
9	Family Homes Funds Limited.	Real Estate
10	Federal Mortgage Bank of Nigeria	Financial Services
11	FGN Power Company Plc	Power
12	Galaxy Backbone	ICT
13	Ibadan Electricity Distribution Company	Power
14	Jos Electricity Distribution Company	Power
15	Kaduna Electricity Distribution PLC	Power
16	Kano Electricity Distribution Company	Power
17	Niger Delta Power Holding Company	Power
18	Nigeria Customs Broadcasting Network	Communications
19	Nigeria Customs Technical and Hangar Services Limited	Aviation
20	Nigeria Deposit Insurance Corporation	Financial Services

S/N	Portfolio Companies	Sector
21	Nigeria Mortgage Refinance Company	Financial Services
22	Nigerian Bulk Electricity Trading Plc	Power
23	Nigerian Communications Satellite Limited	ICT
24	Nigerian Export-Import Bank	Financial Services
25	Nigerian National Petroleum Company Limited	Oil and Gas
26	Presidential Compressed Natural Gas Initiative Limited (PCNGI Ltd)	Oil & Gas
27	The Infrastructure Bank Plc (TIB)	Financial Services
28	The Nigerian Consumer Credit Corporation (Credicorp)	Financial Services

## **9.0 ANNEXURES**

Annexure 1 - Corporate Governance Scorecard

Annexure 2A - Excel Results Dashboard (FGIP)

Annexure 3 - Sample Individual PC Report