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CORPORATE GOVERNANCE BEST PRACTICES IN THE NIGERIAN ENERGY INDUSTRY

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Corporate governance refers to the system through which companies are internally or externally directed and controlled, in line with organizational goals.

This is pertinent because in the absence of proper governance, companies would face numerous challenges, such as difficulties in attracting investment due to lack of trust, operational inefficiencies, and impaired financial statements due to inadequate checks and balances within the organizational structure. This is no less obtainable in the energy industry.

Thus, a carefully crafted and successfully implemented corporate governance framework helps energy industry companies face less significant organizational challenges. It typically puts in place measures to manage and reduce financial and operational risks by building the integrity and accountability of a company towards different players within the organization especially with regards to environmental, social, and governance (ESG) needs, and ensures good business performance, accountability towards stakeholders (e.g. customers, staff, shareholders, suppliers, regulators and local communities), and risk mitigation.

In line with the international standard set by the Organization for Economic Corporation and Development's (OECD) Principles of Corporate Governance, an excellent corporate governance framework in the energy industry would therefore:

- a. Attract investors for the long run.
- b. Maximize economic returns to the state through licensing.
- c. Earn and retain public trust.
- d. Increase local content participation.
- e. Gradually build up capacity and enable actors to perform their role.
- f. Ensure national company participation in the development of the resources.
- g. Increase accountability.