MIDSTREAM AND DOWNSTREAM PETROLEUM CODE OF CONDUCT REGULATIONS, 2023

PETROLEUM INDUSTRY ACT, NO. 6, 2021

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PETROLEUM INDUSTRY ACT, NO. 6, 2021

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[ ]	Commencement
In the exercise of the powers conferred on it by sections 32 (kk) and 33 of the Petroleum Industry Act, No. 6, 2021 ("Act") and all other powers enabling it in that behalf, the Nigerian Midstream and Downstream Petroleum Regulatory Authority ("Authority"), makes these Regulations —	
1. The objectives of these Regulations are to — (a) provide additional guidance to the principles, recommended practices and responsibilities as contained in the Nigerian Code of Corporate Governance, 2018; (b) outline industry-specific codes of conduct and corporate governance standards for companies in the Nigerian midstream and downstream petroleum industry; and (c) provide sanctions and penalties for non-compliance with these Regulations.	Objectives
2. (1) These Regulations shall apply to companies undertaking midstream and downstream petroleum operations in Nigeria. t (2) Notwithstanding sub-regulation (1), the Authority may by notice from time to time designate the midstream and downstream companies to which these Regulations shall apply provided that the Regulations shall apply to all companies operating designated facilities as provided under the Act.	Application
3. A company undertaking petroleum operations in the Nigerian midstream and downstream petroleum industry shall comply with the Nigerian Code of Corporate Governance in force and these Regulations.	Compliance with Regulations

4. (1) The Charter of Board of a company undertaking midstream and downstream petroleum operations and any Committee of the Board shall comply with the Nigerian Code of Corporate Governance in force. (2) The Charter shall be reviewed by the Board every five years.	Board Charter
5. The Board of a company undertaking midstream and downstream petroleum operations shall have a minimum of two-thirds of persons with proven knowledge of the specific petroleum operations which the company is undertaking.	Appointment of a member of the Board
6. (1)A company shall not appoint any person as managing director or chief executive officer of a midstream and downstream petroleum company – (a) who is below the age of twenty-five or has attained the age of seventy years; (b) who is adjudged as an insolvent; (c) who has at any time been convicted of a criminal offence by a court of competent jurisdiction; (d) who holds the same office in more than one company except in its subsidiary company at the same time; (e) whose appointment would lead to the contravention of extant anti-competitive laws and regulations; (f) who holds or has held the position of managing director or chief executive officer in a company whose licence or permit was revoked or terminated by the Authority; and (g) whose appointment will be against the public interest (2) The appointment of a managing director or chief executive officer shall be based on – (a) integrity of the proposed person; and (b) a minimum of 10 years cognate experience with 5 years in the particular sector of the midstream and downstream petroleum industry. (3) The company shall notify the Authority of the managing director or chief executive officer's appointment not later than 72 hours following the appointment.	Appointment of managing director/chief executive officer

(4) Where the Authority determines that the appointment of a managing director or chief executive officer is not in compliance with these Regulations, the Authority may, not later than 14 days after notification of the appointment- (a) direct that the company withdraw the appointment; or (b) specify further terms and conditions in respect of the appointment which may include a probationary period not exceeding one year. (5) The Authority may, by notice specify the categories of company to which this regulation shall apply.	
7. (1) A company undertaking midstream and downstream petroleum operations shall appoint a compliance officer, who shall be responsible for: (a) monitoring and coordinating the implementation of regulatory requirements and expectations along control and operational functions; and (b) reporting to the Board all regulatory infractions and concerns. (2) The company shall notify the Authority of the compliance officer's appointment not later than 72 hours after such appointment or subsequent change thereof.	Company to appoint a compliance officer
8. (1) A company undertaking midstream and downstream petroleum operations shall – (a) establish a code of business conduct and ethics and disclose in the code, such information and practices necessary to maintain confidence in its operations; (b) disclose the beneficial owner of the company to the Authority in the manner prescribed by the Authority; (c) ensure the prevention of anti-competitive behaviour with respect to its operations; (d) register and use a separate company for each stream of petroleum operation under the Act; (e) maintain separation in management, accounting and legal entities of its licensed and permitted activities. (f) ensure that licensed activities between it and its affiliate shall be undertaken in a manner that the transfer pricing between both	Business conduct and ethics

entities is undertaken on a transparent arm's length basis and in a manner that reflects the pricing principles contained in the Act; and (g) not release from its employment a senior staff except with the prior authorisation of the Authority and in accordance with the Framework for Staff Release the Nigerian Midstream and Downstream Petroleum Industry in the First Schedule to these Regulations. (2) The code of business conduct and ethics referred to in this regulation shall take into account the legal obligations and reasonable expectations of the company's stakeholders, as well as the responsibility and accountability of individuals reporting on issues of unethical practices. (3) The code shall be reviewed at least once every five years provided that the Authority may direct further reviews of the code prior to the expiration of the five-year period.	First Schedule
9. A licensee or permit holder shall comply with the provisions of Recommended Practice 26 of Nigerian Code of Corporate Governance in force as well as the requirements of the Midstream and Downstream Petroleum Sustainability Governance Framework published by the Authority.	Sustainability
10. A company shall develop and implement an annual corporate social responsibility plan.	Corporate social responsibility
11. The Board shall develop and adopt a policy the management of conflict of interest.	Conflict of interest
12. (1) A company shall ensure adequate stakeholder communication and engagement. (2) A company shall have forums, at least once a year, where stakeholders and customers are encouraged to express their concerns on the operations of the company.	Stakeholder communication
13. A company shall submit to the Authority, an annual report on matters connected with these Regulations.	Submission of annual reports

14. A person who – a. fails to provide information required under these Regulations; or b. makes a false declaration to the Authority, or willfully furnishes any information so required which is in any respect false or insufficient; or c. fails to comply with any provisions of these Regulations, shall, in addition to the sanctions, fines and penalties contained in the Act, be liable to an administrative penalty of NGN 250,000.00 for every day of the offence.	Offences
15. The Authority may issue guidelines, directives, and notices for the effective implementation of these Regulations.	Authority to issue guidelines, directives
16. In these Regulations — "Act" means the Petroleum Industry Act, No. 6, 2021; "Board" means the Board of Directors of a company undertaking midstream and downstream petroleum operations in Nigeria; "company" means a holder of licence, permit or authorisation to undertake petroleum operations in the Nigerian midstream and downstream petroleum industry; and "NGN" means Nigerian Naira.	Interpretation
17. These Regulations may be cited as the Midstream and Downstream Petroleum Code of Conduct Regulations, 2023	Citation

FIRST SCHEDULE

Regulation 8

FRAMEWORK FOR STAFF RELEASE IN THE NIGERIAN MIDSTREAM AND DOWNSTREAM PETROLEUM INDUSTRY

1 Preamble

1.1 This Framework is made pursuant to the provisions of the Midstream and Downstream Petroleum Code of Conduct Regulations 2023 which are made pursuant to sections 32 and 33 of the Petroleum Industry Act No 6 2021.

1.2 The purpose of this Framework is to establish the procedure for the release of staff by a licensee or any person registered to provide any services in relation thereto.

2. Application

This Framework shall apply to the release of senior staff of licence and permit holders undertaking midstream and downstream petroleum operations in Nigeria.

3. What Constitutes Staff Release

3.1 Staff Release means the removal of an Employee in a manner that permanently separates the said Employee from the Employer. Instances of staff release shall include the following:

i. Dismissal
ii. Retirement
iii. Termination
iv. Redundancy
v. Resignation
vi. Death
vii. Abandonment of Duty Post.

4.0 Procedure for Staff Release

4.1 Any Employer who wishes to release a Employee shall apply in writing to the Authority for approval stating the manner of staff release, the reasons for the proposed release, the compensation due to the Employee, and any proposed replacement for the Employee. The application shall contain a copy of any document relevant to the Employee's employment including the Employer's conditions of service as defined under the Framework.

4.2 Where the Employer fails to submit any required information to the Authority, such application for staff release shall not be considered eligible for the Authority's approval.

4.3 An Employer shall only be required to notify the Authority where the Employee's release occurs by way of:

i Voluntary Retirement.
ii Resignation.
iii Death.
iv Abandonment of Duty Post.

4.4 Where the Employee's release is by involuntary retirement, dismissal, termination or redundancy, the Authority shall conduct an inquiry into the circumstances of the proposed staff release. The Employer shall not advertise, publish or make a press release in respect of the release of the Employee prior to the grant of approval by the Authority as this may prejudice the outcome of the inquiry.

4.5 The Authority's decision shall be implemented not later than ten days after it is received by the Employer.

5.0 Duty to Provide Information

5.1 Every Employer shall submit to the Authority the following information, in a manner prescribed by the Authority, on or before the 31st of March of every year:

i Name and designation of all its Employees.
ii The number of Employees employed during the period ending 31st March.
iii The number of Employees released prior to the period ending 31st March.

6. 0 Interpretation

Authority means Nigerian Midstream and Downstream Petroleum Regulatory Authority

Conditions of Service means a document by whatever name which governs the relationship between an Employer and Employee and shall include collective bargaining agreements, letters of employment, conditions of service, employee handbooks, corporate policy and procedure guides.

Employer means any organisation, company, partnership, or registered business name which holds a licence or permit issued pursuant to the Petroleum Industry Act 2021 or under Regulations made by the Authority or any person registered to provide any services in relation thereto.

Employee means any Nigerian national who is employed by the holder of licence or a permit issued pursuant to the Petroleum Industry Act or under Regulations made by the Authority

Made at Abuja this ..... day of 2023

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Engr. Farouk Ahmed
Authority Chief Executive
Nigerian Midstream and Downstream Petroleum Regulatory Authority