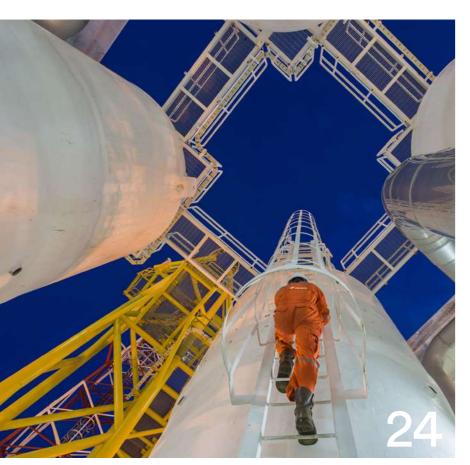
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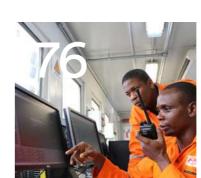


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## **About This Report**

ahara Group's 2016 Sustainability Report reflects our economic, social and environmental activities from January 1 to December 31, 2016. However, references are made to activities from January 1 to December 31, 2015, to provide a complete picture of our activities.

The report is our second sustainability report, but the first to be written in line with the GRI standard. We began preparing sustainability reports in 2014. 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 CONTENT**

The 2016 Sustainability Report has been organised and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The Guidelines seek to achieve consistency amongst corporations reporting on their sustainability activities.

The G4 Standards includes two options for reporting in accordance: "Core" and "Comprehensive." This Report is 'in accordance' with the option Core. 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 Risk and Compliance Department of Sahara Group Limited in accordance with the GRI-G4 Sustainability Reporting Standards and Principles.





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

The Head Corporate Governance Risk and Compliance Sahara Group Limited 7a Oluwa Road, Lagos, Nigeria



#### Managing Editor

Bethel Obioma

#### Editor

Uade Ahimie

#### **Editorial Direction**

Sahara Group Corporate Communications Department

#### **Assistant Editors**

Ezikeno Maseli Helen Tasie

#### **Project Managers**

Ezikeno Maseli Helen Tasie Chineze Nnama

#### Art & Creative Direction

Victory James Ugwudike Sahara Group Corporate Communications

#### Layout/Illustration

Witts & Stratts Ifeanyi Ifemeji

#### Photography

Sahara Group Corporate Communications

**MESSAGE FROM THE DIRECTORS** 

# Redefining Business **Our Commitment**



past year. We hope that this report helps you under-

stand and appreciate our sustainability journey in 2017.

## **Our People**

At Sahara, we believe that our people are pivotal to the growth and sustainability of our organization.







effectively manage and sustain the proposed growth plans of the group it is critical that we attract, develop and retain high calibre staff at all levels of recruitment. This year, we have been deliberate to ensure our businesses are evolving and preand future sectors of operation.

In order to cultivate a workforce capable of growing and sustaining the business past the lifetime of its founding directors, we have this year enhanced the recruitment & selection processes of pre-existing programs and introduced new ones. In 2017 we offered young graduates across the regional labour market an unprecedented plethora within Sahara Group. of employment opportunities. Three hundred and ninety seven (397) new employees where recruited that we suffered no casualties in any of our overall. A hundred and ten of them (110) were funneled through the graduate traineeprograms.

Programs like the Graduate Management Talent Programme (GMTP), Graduate Audit & Accounting Programme (GAAP), Graduate Analyst Programme (GAP) and Graduate Information Technology Program (GITP) fostered capacity building in selected candidates under the guidance of seasoned leadership. GITP, which is our newest program immediately, dispatched new recruits to key areas of business where they set about creating innovative technology to drive business growth and competitiveness. At the

front end, we also began to design engagements through which the company's C-suite leaders understand and utilize technology and innovation to meet strategic objectives.

We created a committee to address our about utilizing the power of our human capital to succession planning objectives. The committee, drive sustainability by constantly examining how determined that it is crucial to empower and reward the right people to create an organization paring for the changing dynamics across present with strong, formalized processes and structures that are largely functional, sustainable and independent of human influences.

> To this end, three eligible candidates were chosen to pioneer the Sahara Leadership Program (SLP). The SLP is a bespoke series of leadership masterclasses intended to develop select employees for senior leadership roles

The Board of Directors is happy to report plants or operations during the year. Rather than rest on our laurels, the group continues to double down on its commitment to the highest standards of safety. We are confident that a zero fatality rate across our plants and workplaces is achievable and would continually channel our resources towards embedding a culture of safety and compliance.

At Sahara, in line with our strategic objectives, we believe in designing and deploying a best-in-class corporate governance blue print which can be benchmarked against the global 'G20/OECD Principles of Corporate

Employees recruited in reporting year



Funneled through graduate trainee programs

110



Pioneers of Sahara Leadership Program





INTRODUCTION PROFILE OUR ACTIVITIES SUSTAINABILITY ECONOMIC PERFOMANCE SAHARA GROUP / SUSTAINABILITY REPORT 2017

Governance that is required as we continue to expand across international borders.

We consider our culture to be the most resistant component of our internal system to the challenges of competitor replication. That is why this year, we sought to codify and share "The Sahara Way". We launched the "It's Not Where We Work, It's Who We Are." campaign which consistently emphasized and challenged our workforce to exhibit the unique personality of the entity and the high-performance behaviours necessary for our sustainable growth.

In 2017, we were appointed the chair of the UN-PSAG (Private Sector Advisory Group) and immediately convened forums to promote the universality of the agenda for all seventeen Sustainable Development Goals

Sahara Foundation created a platform - Sahara Hub as a vehicle to drive our Extrapreneurship framework by facilitating growth and development opportunities to young people between the ages of 15 and 35. We plan to impact the lives of up to 12 million young people across Africa through this platform by leveraging on the great capacity of the internet.



Sahara Group represtented by Mr. Tonye Cole during UN-PSAG launch

# It's Not Where Our Codification of 'The Sahara Way' - A culture of high-performance, centred on unique personalities and sustainable growth It's Who We Are



#### **Processes**

The group's existing corporate governance tional powers that big companies framework has been redefined to focus on used to have. This could impede critical compliance areas like risk management & audit, stock markets and board responsibilities and we are designing our processes through a more thorough set of principles which can support future expansion plans and growth opportunities is **social media** which makes it as we understand that an effective measure possible for our stakeholders of corporate governance goes beyond compliance related issues and focuses on decision making process whilst linking the effectiveness of governance with output.

design and our capacity to actually redefine the size and scale of our businesses. companies now have the same computa-

any size and scale advantages a big company like ours might think we have unless we are ingenious Digital enough to stay one step ahead Revolution of the competition. The second anywhere in the world to instantly connect, share information, and create conversations based on the subject matter we convey through our external In 2017, we determined that four (4) ma- communications. Commoditization means from any part of the world, irrespective of jor forces would be integral to our process goods and services are becoming relatively product, market or industry. indistinguishable from competing offerings over time which is pertinent considering The first being the digital revolution, which we are presently primarily an oil and power ing into our process design if our ambitions has created a new paradigm in which small concern. Lastly, globalisation which means for a sustainability driven organization are that our competition may now emerge



Forces Integral to our process design

00

Commod

-itization



Globalisation

We also identified that we must embed scenario planning and a culture of risk takto be fully realized.

#### **Positioning**

The upstream arm of our business, Asharami Energy's production capacity was expanded progressively from our current output scale of 4,000bpd to a projected 40,000BPD by 2023.

This year, we invested the capital and laid the foundations for the expansion of supply operations into new geo-political areas, particularly Central and Eastern Africa where there is a widening supply deficit. In line with our commitment to the Sustainable Development Goals on Industry, Innovation and Infrastructure we began to fund raise so we could develop logistics infrastructure in anticipation of increased supply volumes and the replacement of aging infrastructure in the host countries where we operate. Our status as an indigenously African conglomerate providing sustainability based solutions and innovations to the wider continent gives us novelty and distinction.

We sought to solidify our position both regionally and internationally by repurposing Sahara Group Limited as a strategic architect and innovation nerve centre for the wider group. This gives us the advantage of consistent management service, corporate service, and strategic direction for our business divisions leveraged on insider knowledge and expertise.

Having a deliberate strategic architecture means we now have a dedicated engine room for the integration of business units through shared business systems and shared skills across our business through the power of positioning by institutionalizing what is essentially an innovation laboratory in which the best models of Strategy & Partnerships, Service Excellence, Innovation and Capacity Building are being constructed.

Our architects in strategy believe that increased access to technology will cause changes in traditional business models especially in the financial sector. We began to evaluate key regional opportunties on the basis of strategic fit to the overall business, level of incumbent competition, what complementary assets we can leverage on, the importance of technology and what regulatory challenges and constraints we could face.

Our team at our downstream arm, Asharami Synergy, also discovered emerging trends indicating a widening supply deficit and shrinking revenue margins due to the fall in oil prices as many countries within the region are making the move towards deregulation. In response to the widening supply deficit, we determined that we would pursue expansion of petroleum product supply operations across SSA and EMEA-regions with limited supply options and sound pricing structures. I am proud to report that we expanded the remit of our business operations to green field territories such as Lebanon, Burundi and Guinea where we are working concertedly to proffer much needed solutions in a struggling market place.

We mined the expertise and skill of the newly formed Business Innovation department to create new ways of infusing technology into our services and where necessary reinvent our business models to generate customer lovalty and market share retention. We began using data to the sub-sectors we operate in. We are redefining gain insights on customer consumption patterns to better anticipate their fueling needs. Data analytics were also deployed more robustly than at any time before to plan and monitor product purchase and delivery.

Asharami Energy's production capacity expanded progressively from current output scale in 2016 to projected scale in 2023

4,000 40,000bpd





## **Projects**



Planned power generation growth by Sahara Power Group from 1750MW to 5000MW

285.7%



As Sahara Power Group (SPG) pursues generation capacity growth from 1750 MW to 5000 MW, we are determined to diversify our customer base and reduce the inherent risks of operating solely in the Nigerian space. We are in the developmental stages of a transformative project that will spur us into becoming a major trader of thermal electricity in the (Sub-Saharan Africa) SSA regional power pools.

We commenced with designing and developing a roadmap for the transition of SPG's distribution entity from a commodity selling business to a vertically integrated energy services business capable of responding to changing market dynamics. We are proud to say that SPG is in the early stages of offering O&M services, energy consulting services and energy data analytics in both a B2B and B2C capacity.

We created a team which is dedicated to the exploration of Energy Data Monetization within the power sector. We realize that as we migrate to smarter technologies, a wealth of consumer data will become available to us, allowing us to enhance the customer's experience and generate additional revenue by monetizing the data.

In the previous year, Asharami Energy did not make set targets in terms of strategic direction or financial performance. In 2017 we embarked on a portfolio rationalization and field development plan to rank and prioritize development of our upstream assets and explore funding options from financial institutions. The result of this carefully considered approach was the development of OML 148.

We are proud to report that we built a four kilometer pipeline to support evacuation of crude from our OML 148 asset. We also built a berthing facility in which we installed a state of the art loading bay. Having a berthing facility allows us evacuate the crude via barges as opposed to the exclusive use of pipelines which are frequently vandalized in the oil producing communities. We have had to be ingenious about safeguarding our asset to foster uninterrupted wealth generation within our host communities.

The creation of the Business Innovation department is perhaps the most important action we have taken to redefine our business on the tenets of sustainability and engender the creat thinking necessary to generate ne

ucts, services or systems that add value or enhance the overall profitability of the group. Each Business Innovation project is greenlit if deemed capable of creating competitive advantage in the various markets of operation.

We are currently working with Ikeja Electric and Asharami Synergy to automate their existing processes by utilising seamless, user friendly applications that enable users perform fast coordinated functions, tasks, or activities for the business. We built an EBM (Electricity Bill Monitoring) application for IE which is being used to estimate bills for unmetered customers under the IE network. The application has re-engineered the estimated billing process to help decrease time spent generating bills, reduce error rates and enhance the overall flexibility of the computation process. We also developed and deployed the I-safe mobile application which protects customers and employees from electricty related hazards. The application generated a series of real time reports on identified safety hazards within the network. Users are able to photograph and report hazards such as unstable poles, sagging wires and exposed underground cables to prevent any resultant risks.

The creation of the Business Innovation department is perhaps the most important action we have taken to redefine our business



## 4km

Pipeline built to suport evacuation of crude from our OML 148 asset

## **Going Forward**

We understand the importance of innovation especially in fast-paced developing economies and believe that by redefining our business through more effective processes, services and technologies we would be better at meeting new requirements and exisiting market needs, penetrating markets faster and driving the sustainability of our business.

Thus, the theme for our 2017 Sustainability Report - Redefining Business

Thank you,

**Board of Directors** 



## **Our Milestones**

ahara Group is a leading privately-owned energy and infrastructure conglomerate, with over 400 employees operating across four continents and in 13 countries across the globe. In 1996, the first Sahara Group Company - Sahara Energy Resource Ltd (SERL) was founded with the objective of developing, facilitating and implementing seamless and sustainable business processes between oil producers, marketers and traders in Nigeria.

Over the last 20 years, Sahara Group has evolved into one of the world's leading providers of products and services in the energy and infrastructure industry, building a lasting reputation around the world for excellent service delivery and professionalism.

We are active in the Upstream, Downstream, Infrastructure and Power sectors of the economy and our vision is to be the provider of choice wherever energy is consumed









Over the last 20 years, Sahara Group has evolved into one of the world's leading providers of products and services in the energy and infrastructure industry, building a lasting reputation around the world for excellent service delivery and professionalism.









- \* SERL was conceived as an oil trading business.
- \* Establishment of the U.K office.

1996

Expansion within
West Africa started
with the establishment
of the Ghana office

2000

- Gained entry into the aviation sector, with marketing and sale of aviation fuel to airline industry.
- Acquired respective equity in the OKLNG and BrassLNG greenfield projects.

2006

- \* Ongoing contracts for Operations & Maintenance at Egbin Power Plant and two (2) Rivers State owned plant-Omoku Plant and Trans-Amadi plant.
- Entry into the Far East region with the establishment of the Singapore office.

2009

- \* Successful acquisition of a 70% equity in Egbin Power and a 60% equity in Ikeja Electricity Distribution Plc; and official handover of both companies.
- Successful drilling campaign in the Oki field (Oki-Oziengbe South 4)

2013

#### 1998

- \* The Group's trading hub was relocated from Lagos, Nigeria to Geneva, Switzerland.
- \* Diversification to trading of petroleum products.

**2002** \* Ibafo

#### 2007

- \* Beginning of strategic partnership with Korean Electric Power Corporation (KEPCO), initially as technical partners at Egbin Power Plant; and subsequently at Ikeja Electricity Distribution Company
- \* Emerged as the preferred bidder for the Egbin Power Plc, the largest power distribution plant in Nigeria with an installed capacity of 1320MW.

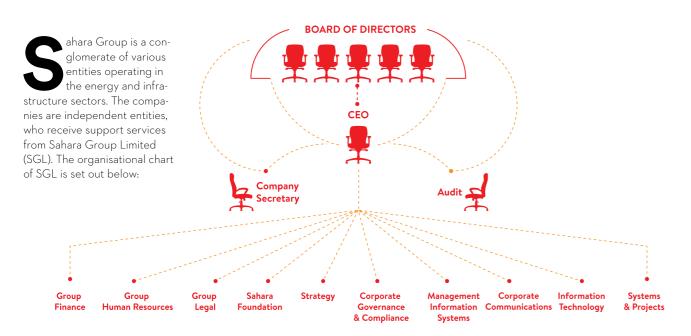
#### 2011

\* Entry into the Middle East and North Africa region with the establishment of the Dubai office.

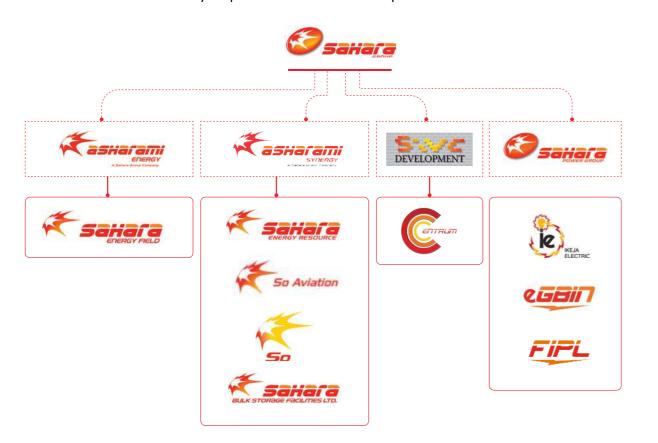
#### 2014

\* Commenced second drilling campaign in Oki Field.

## **Our Structure**



The key companies associated with the Group are set out below



## **Our Footprints**

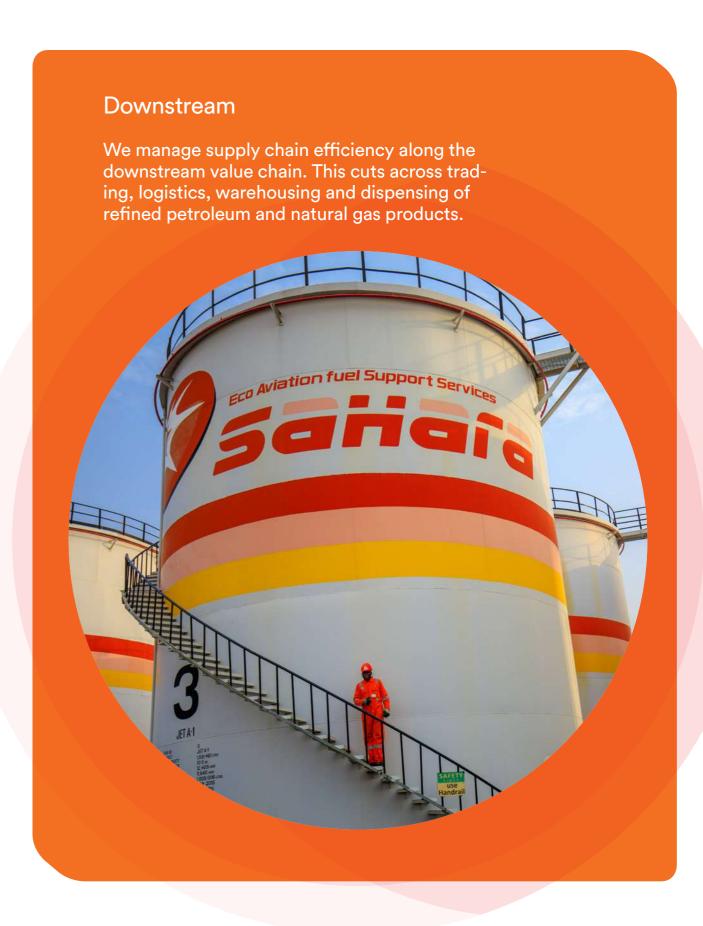
Sahara Group is headquartered in Lagos, Nigeria, but has operations in Africa, Europe, Asia and the Middle East - Nigeria, Ghana, Cote D'Ivoire, Singapore, United Kingdom, Switzerland, United Arab Emirates, Tanzania, Cameroon, Guinea, Uganda, Zambia and Mozambique





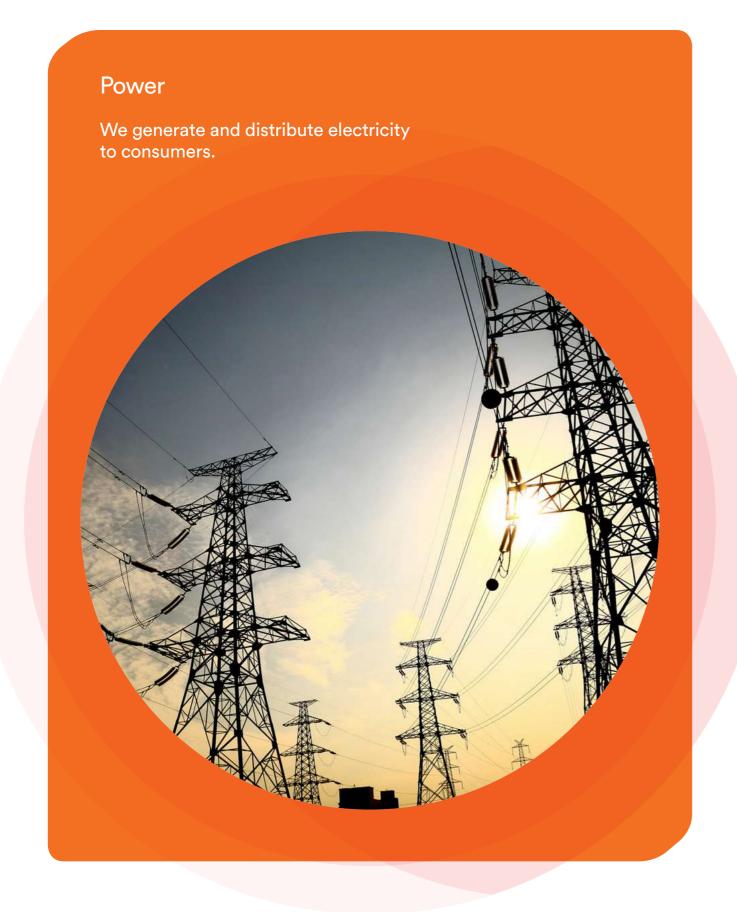
## **Our Business**

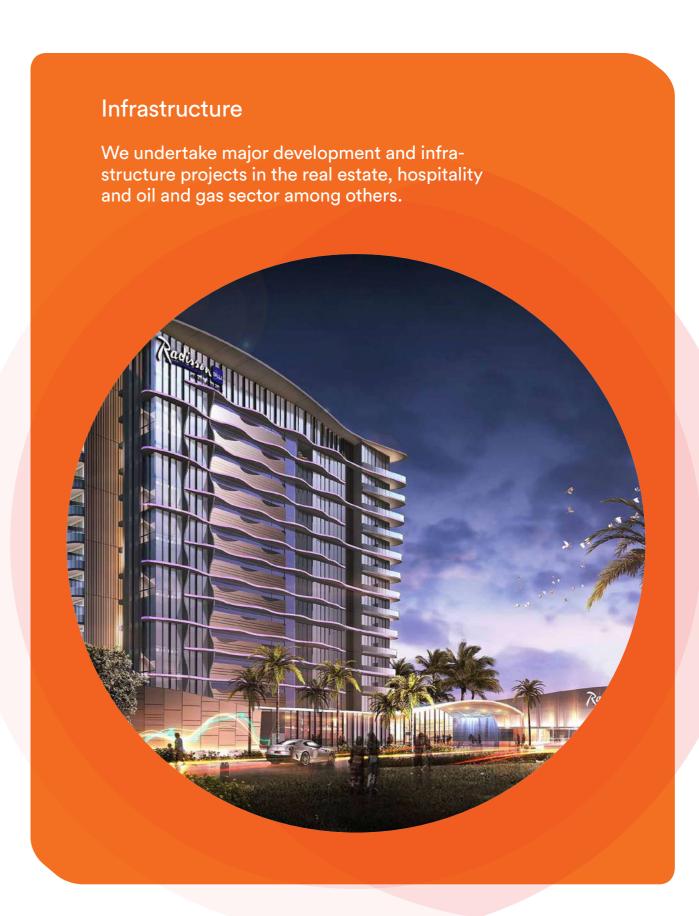






## **Our Business**







## **Our Core Values**

t Sahara, we operate in an environment where individuals are not only encouraged to strive for excellence in their work, but to also enjoy the experience. We believe that we produce our best work in a setting that promotes creativity and allows individuals express themselves. Each individual in the Sahara family adds to the cultural tapestry that makes us the eclectic, yet cohesive entity that we are. Our strength lies in our individuality and diversity.

We also believe that our long-term success has been as a result of conducting our business relationships with the highest level of integrity over the years, providing a safe and secure working environment and respecting the dignity of the people we work with and the community we operate in.

#### Integrity

To maintain Integrity in our dealings



FIELD



Excellence

Pursue our objectives

with endless determi-

towards Excellence





Focus

our vision

We stay Focused on

Loyalty

We stay Focused on our vision



Discipline

We stay Focused on our vision



Sustainability

Committed to build a sustainable business

## Vision

To be the "provider of choice wherever energy is consumed"





### **Our Mission**

To transform through creativity, determination and relationship building while continually seeking ways to generate value.

## **Corporate Governance**

ur 2017 governance report sets out how Sahara Group has applied the principles of the corporate governance framework to drive stakeholder value maximisation accross the year. We hope that as you read this report you are able to evaluate how successfully these principles have been applied and appreciate their value-add.

During the year, the Board was pleased to appoint Mr. Group. Emmanuel is now driving our strategic objectives in a dual capacity having been the Group's General Consel before entering the new role. He has taken charge of designing and deploying a best-in-class corporate governance blue print which can be benchmarked against the global G20/OECD Principles of cess whilst linking the effectiveness of governance with output.

Corporate Governance that is required as we continue to expand across international borders.

We are pleased to report that steps are being taken to redefine the corporate governance framework to focus on critical compliance areas like risk management & audit, stock markets and board responsibilities.

By realizing the shortcomings of the 2013 corporate gover-Emmanuel Gbahabo Esq. as Chief Compliance Officer for Sahara nance framework, we are now designing our processes via a more thorough set of principles which can support future expansion plans and growth opportunities.

> An effective measure of corporate governance will go beyond compliance related issues and focus on the decision making pro-

We are pleased to report that steps are being taken to redefine the corporate governance framework to focus on critical compliance areas like risk management & audit, stock markets and board responsibilities.

#### **Board of Directors**

Sahara Group as a whole has seven different directors covering different aspects of the business. The Board Charter to which they are bound means they are responsible for strategic planning, policy formulation, risk management, regulatory compliance, succession planning and oversight on remuneration.

Companies belonging to the Sahara conglomerate are modelled as divisional autonomies which gives each distinct business its own unique governance structure. This model has been a successful one and has continued to evolve in response to sector peculiarities and operating conditions.

#### **Ethics**

The group's operational hygiene is underscored by ethics and regulatory compliance. This is intrinsic to how we design our processes and policies. Sustained ethical adherence is fundamental to how we navigate strategic and administrative functions and responsiblities.

The corporate governance framework also exists to ensure that whilst the group is a going concern our commitment to our shareholders is always balanced by an equally strong commitment to stakeholders to ensure that we never display unethical behaviour in the pursuit of profit.

All of our employees and third-party business partners are expected to abide and attest to our behavioral standards as set out in the policies and charters.

The listed polices were specifically designed not just to emphasize the organization's policy on transparency to stakeholders but also to signify the pillars on which the responsibility for observing and upholding same is established across Sahara's operations.

**OUR ETHICS BEHAVIOUR & POLICIES CHARTER** Anti-Corruption and **Anti-Bribery Policy** Gift and Hospitality Policy Third Party Non-Solicitation Policy **Business Transaction and Relations Charter** Whistle **Blowing Policy** 

## Global Commitment to **Fight Corruption**

## Sahara Group was admitted into the World **Economic Forum's** Partnering Against Corruption Initiative (PACI) in 2016.

Our membership is a recognition of the role played in spearheading a growing wave of transparency and good governance principles across Africa's business space.

Membership of the steering committee requires enormous commitment from the group. We are currently partnering with PACI to achieve sustained efficacies in terms of Responsible Leadership, Public-Private Cooperation and Technological Advancement. We are also working to entrench these tenets at the core of our corporate governance framework.

The partnership with PACI makes it incumbent that we operate at the highest levels of good corporate governance, transparency in the disclosure of information relating to business activities and promotion of anti-corruption initiatives designed to eliminate corruption in all aspects of businesses therein.

Sahara's mission is to collaborate with as multilateral agencies as possible to invert the narrative on corruption and build trust back into the global system.

## Risk Management

. In 2017 we continued to devote significant resources to developing and implementing policies and procedures to enhance risk management across the system.

An Enterprise Risk Management system is utilised across our operations so that risk dimensioning and risk minimization are at the core of all the planning, organizing, leading and controlling of our various business activities.

Our approach to risk management is disciplined, coordianted and still evolving. In 2017 we continued to devote significant resources to developing and implementing policies and procedures to enhance risk management across the system.

The company's senior management reviews the major risks facing the Group and decides if the level of risk is acceptable or whether further steps need to be taken to mitigate these risks. A risk assesment committee is responsible for setting the level of risk appetite by ensuring that there is an appropriate balance between the risk level assumed and the expected return.

We face a number of risks including sectoral, litigational, informational, divisional and technological.

We responsively realigned our group wide Enterprise Risk Management (ERM) System to sector-specific ERM systems which have become operational for the upstream business under the supervision of the Board Audit and Risk Management Committee. The ERM system for downstream business activities also became operational in 2017 after the successful consolidation of our downstream

> entities into one company, Asharami Synergy Plc. Looking forward, we will continue to build on the work done in 2017 as we strive to steadily

improve on our governance, risk management and sustainability framework. We remain committed to meaningfully contributing, as the private sector, towards the attainment of the sustainable development goals whilst delivering value to our stakeholders.









Asharami Energy Limited (AEL) has continued to focus on its primary objective of efficient development, production and monetization of its hydrocarbon resources in a sustainable and safe manner



NPDC's OML 111. Operatorship of the unit area was awarded to Enageed in 2016 but activities did not begin until 2017 due to the prolonged shut down of the Trans Forcados Pipeline and Terminal.

Being prudent operators, the immediate goal was to commence production and implement initiative that assure sustained crude oil production in the event of future disruption of the Trans Forcados pipeline network. Within five (5) short months, Enageed concluded the construction of a 4.5km, 6inch alternative pipeline system and a berthing facility located at the bank of ossiomo River near Koko. This facility will provide alternative evacauation channel for processed crude shippment from Oki-Oziengbe flow station and a supplementary route to the Trans forcados pipleine system, guranteeing increased crude oil delivery to market.. Project key performance elements of time, cost and quality were exceeded and was recognized by our NPDC, NAPIMS and DPR partners as another

Asharami Energy Limited (AEL) has continued to focus on its primary objective of efficient development, production and monetization of its hydrocarbon resources in a sustainable and safe manner. Despite increasing pipleine attack, metering difficulty, community restiveness and several crude oil production, accountaing and evacauation challenegs in the NIger Delta, AEL commenced production at 2,000 bopd and quickly ramped up to 3,500 bopd. In 2017, AEL received its first proceeds from the sale of crude and has since consistently generated cash flow for its shareholders and the Nigerian government in the form of royalties.

The year ahead will no doubt be a year for more work as we take the company to the next level. We plan to optimise production by upgrading the flow station capacity; commence evacauation using marine vessels and commission a LACT unit at Oredo injection manifold. We are committed to straightening our community engagement and stakeholder management process. With unwavering focus, dedication and team spirit As we move ahead, we are confident would surmount all challenges as we have always done.

Yours Sincerely

Olajumoke Ajayi Managing Director Asharami Energy Limited

industry record by Enageed.



## **Supply Chain Management**

sharami Energy Limited's (AEL) Supply Chain Management System (SCMS) within the upstream value chain has evolved its operations over the years, into areas such as risk management, Category management, Material and equipment inventory management, market intelligence, strategic planning, Service and Product price indexing and all other efforts aimed at maximizing petroeleum operations vaue chain and returns on shareholder's investment. To achieve this, an intricate system of tools, policies and procedures have been designed to objectively evaluate present and future market position, Product and Service segements, supplier network, capacity and performance management, Service and Product performance cedures have been designed to objectively indexing, reguatory comlaince and stakeholder engagement.

In 2017, about 50 suppliers were added to our existing network of 185 suppliers, growing our network to over 200 suppliers. AEL Procurement centre is located in Lagos, Nigeria. As part of the supplier qualification process, suppliers are required to have their procurement centres located within Nigeria in line with the Nigerian Oil and Gas Industry Content Development Act (NOGICD, 2010). Relationship with our suppliers was nurtured

during the year through swift response to prospective suppliers' application, support of local supplier/OEM partnership, supplier training and enagament workshopsgrowth in qualified supplier

An intricate system of tools, policies and proevaluate present and future market position, Product and Service segements, supplier network, capacity and performance management, Service and Product performance indexing, reguatory comlaince and stakeholder engagement.



**Suppliers** 

With 50 Suppliers added to existing network of 185 suppliers

#### Risk Management

Asharami Energy is committed to ensuring thorough risk analysis is conducted on all projects prior execution. AEL implements a cross funtional team approach to risk management, invloving the application of multiple risk managemnt tools. The risk team evalauate and define inherent and external risk in line with in all contracts and projects from the concept phase four(4) matrix struture- Liklihood, severeity of impact, vulunarbility and degree of spread. Project specific risk contract lifecycle; covering finanacial elements, repregisters are developed based on work breakdown structure. The register managed by a Rsik manager, catalogs risk details, mitigation efforts and monitoring procedure associated with identified risk element. The register enable quick identification of the likelihood and impact of risks inherent in the project.

In 2017 risk analysis on each product, service and contractor level were carried out followed by the deployment of appropriate risk response strategies to minimize the impact of identified risks and to optimize returns. This strategy is being implemented of the contracting process to the end of the project/ utational/legal, Operational/Technical and HSE. The outcome of the risk process is used in developing the contracting

Success rate of vendor requests made in 2017



In 2017 risk analysis on each product, service and contractor level were carried out followed by the deployment of appropriate risk response strategies to minimize the impact of identified risks and to optimize returns.

## **Supplier Qualification**

AEL maintained a network of over two hundred suppliers in 2017 that provided various products and services for AEL petroleum operation. As part of her risk management strategy, AEL ensures that thorough due diligence is conducted on all suppliers. The screening entails a rigorous process of collating information on supplier business such as the company profile, incorporation documents, proof of registration with regulatory authorities, etc. Vendors are also required to complete a technical evaluation form which assesses the vendor's technical competence covering work experience, manpower, financial capability, corporate governance standards, compliance with regulatory laws and a host of others.

Based on the outcome of the evaluation process, vendors are classified as 'Qualified', 'Not-Qualified' or 'Provisionally Qualified'. Suppliers are qualified into specific product or service category. Qualified vendors are notified of their respective category and are issued Contractor reference identification. 70% of vendor requests made in 2017 were screened with a success rate of 45%. This rate is expected to increase in 2018 due to experience gained by suppliers from previous applications.

**Vendor requests** screened in 2017

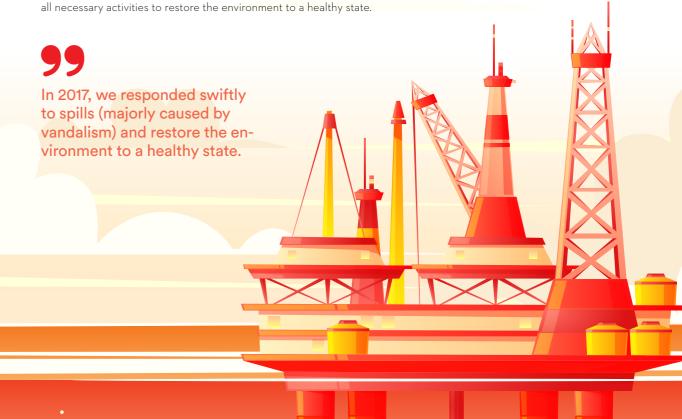
70%

Success rate of vendor requests after screening

45%

#### Responsible Consumption and Production

AEL implements an effective environmental management system that complies with the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) and all other national laws prior to and during project execution. We are committed to Sustainable Development Goals (SDG) 12 on Responsible Consumption and Production, thus we do our part to ensure that the environment we operate in is safe for everyone. In 2017, we responded swiftly to spills (majorly caused by vandalism), conducted environmental impact assessment and carried out







#### Local content

At AEL, investing in local content capacity development is considered priority in our sourcing activities. In 2017, AEL supports local suppliers' growth and capacity development by:



Creating awareness of contracting procedure for new contractors especially those that are inaigenes of our host communities;



Regular review of community contractor jobs to boost their performance on subsequent contracts;



Encouraging suppliers to hire local community labour;



Ensuring that suppliers are registered in Nigeria or partner with Nigerian companies to qualify during the tendering process.



ments;

Constantly emphasizing the importance of adherence to industry standards on HSSE, Nigerian Content and other regulatory require-

The Nigerian Content department under the SCM team is responsible for local sourcing and Nigerian content implementation in projects, contracts, services and procurement of products required for upstream petroleum operations. In 2017, we ensured that all contracts were awarded to local suppliers or contractors with lead local partners. Thus, local spend accounted for 100% of total procurement budget in 2017.

Local spend of total procurement budget in 2017

100%

#### **Economic Value Distributed**

Our total asset value increased from \$257,392,000 to \$267,238,000 which was spent majorly on the alternative evacuation route and production related activities. The total revenue for the year was \$7.7M which was invested in finance cost and other operations related expenses. There was a significant increase in investment in community development from \$33,000 in 2016 to approximately \$192,000 in 2017 and a further increase in Wages from \$2.6 Million to \$3.1 Million. At the end of the year, the Company suffered a loss of \$16.8 million. As such, no company income tax was paid for the year.

However, production commenced in Q3 2017 and as at year end, over 200,000 bbls was produced. For the future, strategies have been put in place to ensure that production ramps up to 8,000 bopd. We expect that as production increases, there will be increased revenue and cash flow to meet the company's obligations.



Total Asset Value

\$267,238,000



Investment in the community

\$192,000



**Total Revenue** 

\$7.7million



Crude Production
220,000bbls

	2016		2017	
	NGN ('000)	USD ('000)	NGN ('000)	USD ('000)
Revenue	-	-	2,434,801	7,731
Other income	27, 397	108	222,978	708
OPEX less Wages, Community, tax and Interest	1,209,882	4,773	2,453,445	7,795
Wages and Pension	671,688	2,650	976,629	3,101
Finance	42,329	167	4,482,541	14,233
Community development	8,410	33	61,980	192
Total Assets	81,732,003	267,974	99,976,465	277,489

## **Summary of Financials**

A trend analysis of the total operating expense, gains, finance cost and profit/ loss before tax is shown in table 4. The total assets analysis in Table 5 shows that Enageed Resorce Limited an Aharami Energy Company, has invested majorly in Exploration & Evaluation Assets and Oil and gas asset.

Year	Revenue (\$'000)	Direct Cost (\$'000)	Operational Expenses (\$'000)	Other gains (\$'000)	Finance Cost (\$'000)	Profit/Loss before Tax (\$'000)
2016	0	(3,864)	(3,592)	108	(167)	(7,515)
2017	7,731	(5,954)	(5,134)	708	(14,233)	(16,882)











ASSET	2016 (\$'000)	2017 (\$'000)
Exploration & Evaluation Assets	124,115	124,595
Oil and Gas Asset	132,937	142,468
PPE	340	175
Other Receivables	590	717
Cash and Cash Equivalents	60	19
Total Assets	257,392	267,238

## **Description of Assets**



Asharami Energy Limited has recorded many successes in the Nigerian upstream space and across the Equatorial Atlantic margin of Africa where it operates. Upon fulfilling its work program obligation on its OPL 274 asset in Nigeria, including the the field. completion of a three-well onshore drilling program in the Niger Delta, OPL 274 was 2017 through the Oziengbe flow station, subsequently converted from an OPL to an OML. Success was achieved in doubling completion program is scheduled for Q4 our certified 2P reserves in the Oki-Ozieng- 2018 to ramp up production while the combe South field via two successfully placed pany is also upgrading the capacity of the appraisal wells. The company recently completed a unitization program in the Oki The company also has one of the most

Oziengbe South field and subsequently became the operator, holding about 90% equity on the field. A flow-station management agreement was signed enabling AEL to operate the production facility of

AEL commenced production in August managed 100% by AEL staff. A two well flow station from 10k capacity to 30kbopd.



**AEL** commenced production in August 2017 through the Oziengbe flow station, managed 100% by AEL staff.

recent exploration discoveries in the Niger Eroton Exploration and Petroleum. Delta, on its OPL 274 now OML 148 field, following a new commercial discovery with Company continues to explore and the drilling of the Oluegi-1 exploration well. seek opportunities for assets acquisition

PSC terms and work program on its OPL 228 block. Parameter design for a seismic acquisition campaign is currently in the works following the completion of an EIA. Preliminary interpretation shows the presence of a working petroleum system with multiple unitization candidates.

Asharami Energy is at the concluding stage on the acquisition of a 16.2% equity stake in the Shell divested OML 18 from

Sahara Energy Field Limited an AEL AEL recently completed negotiation of across Africa. A multi block licensing is currently being evaluated in the Republic of Chad with plans to license blocks in the Doba and Siltou basins.

In its bid to diversify its portfolio of assets, AEL is currently evaluating opportunities in energies of the future by investing in the solid minerals sector. This should culminate in an exploration license in the mining and solid mineral industry in 2018.

Asharami Energy is at the concluding stage on the acquisition of a 16.2% equity stake in the Shell divested OML 18 from Eroton Exploration and Petroleum.

Asset	OML 18	OML 148	OPL 228	OPL 284	OPL 286	Tsekelewu	CI-500	CI-502	SWCTP
Working Interest	18%	100%	100%	45%	26%	51%	35%	20%	85%
Location	Onshore Nigeria	Onshore Nigeria	Onshore Nigeria	Deep Offshore Nigeria	Deep Offshore Nigeria	Swamp Nigeria	Deep Offshore Cote d Ivoire	Deep Offshore Cote d Ivoire	Deep Offshore Ghana
License Expiry	2019	2035	2025	2017	2017	2019	2019	2020	2019
Operator	Eroton	Enageed Resource Ltd	Sahara Upstream Production Nigeria Limited	Sahara Energy Explora- tion and Production Limited	Sahara Energy Explora- tion and Production Limited	Sahara En- ergy Field Limited	Petroci	Foxtrot	Sahara Energy Fields Ghana Limited
Stage of Asset	Produc- tion	Production	Exploration	Exploration	Exploration	Develop- ment	Explora- tion	Explora- tion	Explora- tion

#### Proven reserves and production volume

With proven reserves of 50MMBOE on the Oki Oziengbe field, production commenced on 20th of August, 2017 with a total of 265,483 barrels of oil produced between August and December 2017 at an average rate of 3500bbl per day. A major constraint on daily production encountered was the absence of a LACT (Leased Automated Custody Transfer) unit thus resulting in batch shipment. This constraint was identified and remedies proposed to be closed out by Q2, 2018.

As part of our five year business objectives to increase our production, AEL identified the need to update the Oki Ozieng-

be field development plan which is scheduled for the Q1 2018 with the active participation of its concessionaire (NAPIMS), the regulators (DPR) and its partner (NPDC). All focus for 2018 is to ramp up the production by completing wells in Q4, 2018 and further increasing in the years to come. Our focus on meeting this objective has identified a need to increase the capacity of our flow station as well.

With proven reserves of 50MMBOE on the Oki Oziengbe field, production commenced on 20th of August, 2017 with a total of 265,483 barrels of oil produced between August and December 2017 at an average rate of 3500bbl per day.



Well head (Oki 4)

The volume of our reserves liquid and gas /mboe (million barrels of oil equivalent) and volume of developed and undeveloped offshore, deep water, ultra deep waste reserves projected for 2018 are stated below;

Asset	Reserves/ Prospective Resource/ Production	<b>C</b> Location	State of Asset
OML 18	13,300BOEPD	Onshore, Nigeria	Production
OML 148	50MMBOE / 8000BOEPD	Onshore, Nigeria	Production
OPL 228	N/A	Onshore, Nigeria	Exploration
OPL 284	3200BSCF -	Deep Offshore Nigeria	Exploration
OPL 286	939 MMBO -Oil 1405 BSCF -Gas	Deep Offshore Nigeria	Exploration
Tsekelewu	18.95 MMSTB -Oil - 44.93 BSCF - Gas	Swamp Nigeria	Development
CI-500	276	Shallow Offshore, Cote d Ivoire	Exploration
CI-502	280 MMSTB -Oil 350 BSCF - Gas	Shallow Offshore, Cote d Ivoire	Exploration
SWCTP	7.7 MMSTB -Oil 158.3 BSCF - Gas	Shallow Offshore Ghana	Exploration

## Natural gas production and utilization

An associated gas volume of 292.11MMscf was produced in 2017. 53.385 MMSCF was utilized for energy generation and 238.725 MMscf was flared. Our commitment in reducing CO2 emissions while ensuring energy efficiency and maximizing profits has prompted an initiative to build a gas compressing facaility for our produced natural gas prior to commercialization.

Consequently, this initiative stimulates our goal of continually developing our host communities. This we do by ensuring the natural gas produced is also used to generate constant electricity for our surrounding communities as well as support production activities thereby ensuring 100% energy efficiency.





## Strategies for waste disposal treatment and disposal

Following the acquisition of the Oki Oziengbe Flowstation from the previous operators in November 2016, an immediate waste management and evacuation strategy was required. In 2017, 3200bbl of production waste was safely evacuated from sev- Contactor carefully selected due to their high comeral locations around the Flow station. Our strong devotion to minimizing negative environmental impacts associated with drilling/production birthed a sustainable and efficient waste management strategy. Our first response included compartmentalization of waste to minimize the risk of further spread into the environment afterwards Evacuation of waste into vacuum trucks commenced in preparation of the addition of chemical reagents to assist before disposal.

with solid breakdown. Consequently, the residual waste underwent thermal dissociation as a final step in complete decontamination.

This activity was executed by an experienced petence in waste management.

To further minimize the production of waste generated, we initiated in 2017, the modernization of our crude oil processing facility by introducing a three phase separation process to significantly reduce waste generation. Our operating system runs on a closed system, consequently; waste water undergoes several levels of separation and recycling



**Production waste** successfully evacuated in 2017

3200bbl

## **Energy Efficiency**

Based on Global standards, energy efficiency requires using lesser amounts of energy to provide the same product or service. In 2017, 53 billion BTU was used for power generation to support production activities. Consequently, the energy equivalent of our produced oil in the year was 1.4 Trillion BTU thus resulting in positive energy efficiency.



#### **SUMMARY OF CALCULATIONS**



Diesel utilized in power generation

337,050,660BTU (106,108 Liters)



\* 53385000 SCF gas utilized in power generation

53,384,999,999.98 BTl



Total expended energy in 2017



\*\*Energy Equivalent of barrels produced in 2017

265,483bbl of oil 1,483,420,088,700 BTU

## **HSE**

Health Safety Security and Environment (HSSE) is the most important aspect of any operation and it is top priority in accident and incident prevention. The HSSE team conducts daily tool box meeting to address the days task, risk and control measures with all cocerned personnel before commencement of the task. The concerned personnel fill and sign the tool box form for proof of full understanding of the task before engaging in it.

Monthly safety meetings are held for the team and this is anchored by a worker with the guidance of the HSSE team. A safety topic is discussed with full participation of the entire workforce. This is very interactive and helps improve the safety awareness of the team.



#### **⊘** Other safety practices

Internal and External Audit

Site inspection and Walkthrough

Risk Assessment (Project/Task Specific)

Job Safety Analysis

Method Statement

Hazard Observation Cards (HOC) is used to report and track the status of every reported unsafe act, unsafe condition and good practice on the worksite. This card is located strategically where all the workforce (community, visitors inclus.) can access, fill and submit for the HSE team to address and close out.

Apart from the HOC, we have an online portal called the HSSE reporter where the team or workers can report any unsafe

act and condition. Upon filling out the online portal, a notification is sent to the HSE team for action and close out with concerned person(s).All unsafe situation and act raised on the two available means are addressed in monthly safety meetings. security updates and awareness to the workforce on potential risk that they are

Apart from daily attendance register and tool box talk form that is filled regularly by the workforce, the access control board that has just been refurbished is yet to be put to use. This requires some tags for full functioning. This will be put to use in the coming year. Other automated access control to also be installed to erad- Chief Security Officer and Field Security icate all manual processes. All gathered data are computed in the HSSE Matrix that is shared with the entire workforce, regulators and top management.

For the year 2017, we have zero injury, ill health and accident and as such no loss time to injury. The facility has a clinic that takes care of all first aid and emergency cases, which is manned by a competent and qualified field medic. We carry out health surveillance, based on all health cases that were reported and handled by the clinic on the facility. Most of which are (CM) plan with detail procemalaria, enteric fever, upper respiratory infection, common cold, headache and body pain. The field medic submits a monthly health surveillance statistics to the HSE lead for proper computation and dissemi nation to the team in safety meetings.

Security Reconnaissance survey was carried out by the Joint task Force unit in Koko to establish areas of the operation that requires security cover and the type of security resources to be deployed for zero security incident in all operation. After which a security plan was developed to capture all resources to maintain high level security in the operation.

We operate with a well-developed Crisis Management (CM) plan with detail procedure, roles and responsibilities and actions to take in case of any life threatening incident that happen during the course of duty. The CM model also identifies other forms of emergencies that can dent the image of the organization, measures to deal with it and how to manage external media. This involves physical engagement and exchange of correspondence for documentation and references purposes. Recently, we introduced the signing of agreement between the company and

other security operatives as sign of commitment and execution of a security service to the company for our operation.

Security meetings are held daily alongside the daily tool box talk to provide This helps to improve the awareness of the team in the operation. Security Intelligence report and security incident report are circulated to the team on the operational whatsapp group platform and official email address respectively to continuously keep the team informed. Security tips and alerts are shared with team periodically to get them more informed and alert/cautions of happenings in their environment.

> Our security personel consisting of our Officer are ex-military and intelligence personnel with wide experience on security services. They coordinate the activities of all external security agencies and maintain constant communication at all times.

We operate with a well-developed Crisis Management dure, roles and responsibilities and actions to take in case of any life threatening incident that happen during the course of duty.

Amount of injury, ill health, accident recorded during operations in 2017



## **Climate Change**

The Climate change is a global issue calling the attention of everyone for its rescue. phase in year 2017. The production aspect With our operation, we have achieved little was charged with the exporting of crude success in reducing the part of the total quantity of gas flared by utilizing the gas for domestic use i.e. cooking and to power flow station to the Oredo station and then the flow station and living quarters with the use of the gas generator. This helps in the reduction of the gases that continuously depletes the ozone layer making the climate very harsh on us in this part of the world. The future plan for total utilization of oil spill occurred in September, 2017 at gas produced is to have a gas compression the TP9, Ikara section of the pipeline with station that will aid the monetization of gas 60barrels spilled into the land and swampy produced and to use the gas generator currently under-utilized on the field to pow- company was contacted immediately with er the entire host community (Ajoki). This is a joint investigation held by all relevant to be executed in 2018/2019.

Water is life, habitat to aquatic life (animals and plankton) and source of livelihood for the rural settlers (fisherman and loggers). The operation is tactically managed to eradicate the contamination/ pollution of both ground and surface water. fire outbreak that was caused by miscre-All produced water or waste water is handled as stated in EGASPIN, 2002 and by certified DPR waste handling company. recorded in 2017 with only two resulting The domestic borehole on the facility flows into an oil spill (TP9/10 (60barrels) and TP12 water through a water treatment plant before it gets to the final user basically for up and all recovered substances from the cooking and other domestic use apart from exercise where incinerated. drinking. Potable water is supplied by a reputable company to the field for drinking and other galley purposes. We maintain a zero water pollution operation by following approved laid down guidelines and processes.

For all water borne activity/operation, we ensure our operatives have BOSIET and swimming certification before embarking on any exercise. Our marine logistics are safely handled with all safety and security measures to reduce the risk on water transportation. Amongst many measures are the use of journey manifest, wearing of life vest, available ring buoys, military/ MOPOL escort and use of competent and certified boat operators. For the year 2017. we have zero marine accident or incident. Environmental Assessment is done based on operational need and project demand. Most assessments are mandatory, regulatory driven for adequate understanding of status of the surrounding and measures to maintain a safe working environment with reduced negative impact. All operations are tailored to having a positive impact on the environment as a whole.

The operation moved to the production oil through the existing 18.5km Transforcados export pipeline from the Ozienabe to Ogharafe 13km pipeline. The exporting of crude via this means encountered a lot of vandalization challenges which resulted into some volume of crude oil spilled to the environment. The most significant crude environment. A third party spill response regulatory bodies (DPR, NOSDRA, MoE) and the tampered section was repaired after effective shutting down of operation and containment of the spill with booms and trenches. The cleanup of the area commenced immediately and was aborted by a ants in the community.

A total of four vandal attacks were (40barrels)). The two areas were cleaned



Our operation is tactically managed to eradicate the contamination/pollution of both ground and surface water. All produced water or waste water is handled as stated in EGASPIN, 2002 and by certified DPR waste handling company.



Clean up exercise of oil spill area at TP10

## Waste Management

The wastes generated on the facility are domestic waste and production waste. These two wastes are adequately segregated and removed by approved DPR waste handling company and taken to approved sites for processing. The total of 380Tons of production waste was evacuated and incinerated inline with best regulatory practise.

Waste evacuated and incinerated inline with best regulatory practices

380Tons



#### 2016/2017 HSSE Performance Matrix

Fata	ality <b>O</b>		0	
DAFW	0		0	
Restricted Duty	0		0	
Medical	0		0	
First Aid	1		0	
Near Miss	0		6	
Unsafe act/ condition	15		160	
	2016		2017	

## **Community Relations**

A critical component for sustaining peace and safe quarding investment in the petroleum sector most especially the volatile Niger-Delta region is a mutually beneficial relationship between host communities and oil companies. This stems from the resolve to cohabit peacefully and for host communities to freely issue social license to operate to Oil companies. The resultant effect is an annihilation of community crises and birthing of peace and its sustenance.

Despite the risks and challenges associated with the sector, AEL has successfully evolved a community management philosophy which has led to symbiotic relationship which is consultative, implementative and substantive hitherto transactional. Our experience over the years has been to walk on narrow regular crude production and reduced environmental pollution which could lead to unwarranted skirmishes.

Asharami Energy Limited took over the management of Oki-Oziengbe flow station in 2016 after the signing of a unitized field agreement. Prior to this; the facility was managed by an entity of the Federal Government. Following the conclusion of the process and subsequent handover of the operatorship, several innovative models were strategically considered so as to ensure the redefinition of business in the upstream sector of the Nigerian economy. Part of this is boosting the production capacity of the flow station through a systematic upgrade and the conceptualization of an alternative model for crude evacuation. This was occasioned by incessant attacks on the flow lines by saboteurs which resulted in environmental degradation and pollution.

In achieving the aforementioned objectives the alternative evacuation model was designed and executed. The strategic coordination and proper management of host communities led to nities on their task of helping to create the delivery of the alternative channel for crude evacuation and mooring point and to be business leaders, thus; leadconstruction. As part of our commitment to improve the economic status of the typical community member, we engaged the services of over 100 men and women from our host communities of Ajoki, Ajamimogha, Kolokolo and Koko. Sahara's community relations policies encourage hiring of the locals to boost capacity building and socio-economic development. This engagement has in turn made the restive youth focused, enhanced capacities and innovativeness. In mitigating the incessant attacks on fringes to make decisions that will sustain the 18.5km export lines; we strategically engage the leadership of Ajoki, Ajatiton, Ikara, Kolokolo, Imuan, Ogbenkpe and Okwua Communities in conjunction with the state security agencies. Security surveillance contracts were handed over to the communities where the pipeline passes and were expected to nominate a competent contractor managed by a trustee represented by many groups within the individual community such as the farmers, youth, artisans, elders, etc. This strategic management of export line by the host communities has led to reduction in pipeline vandalism through the cross community participation model. Furthermore, our response rate to pipeline attacks and spill containment has received several commendations from regulatory agencies and with this sustained, Sahara is gradually redefining business space it operates in.

We have developed a fit for purpose community development plan centered

on health, education, capacity development, environment and sustainable community development. This is designed to motivate and educate the host commuresponsible citizens in their communities ing to reduction in rent seeking, bribery and corruption. Whilst promoting peace, adherence to social justice.

Despite the risks and challenges associated with the sector, AEL has successfully evolved a community management philosophy which has led to symbiotic relationship which is consultative, implementative and substantive hitherto transac-



## 100Men & Women

Engaged from our host communities to improve their economic status

#### Our community development plan



Health



Education



Capacity Development



**Environment** 





With a fleet of over twenty (20) bowsers spread across the airport depots in Lagos, Abuja, Kano and Rivers, we were able to achieve a 24% market share of the aviation fuel industry in 2017 making us the Market Leader in Aviation

sharami Synergy Plc was formed by a merger of nine individual Sahara Group's entities in 2016 operating in the downstream oil and gas sector with experience spanning over two decades. Asharami Synergy's business operations covers vessel chartering, importation of clean petroleum products, construction and operation of state-of-the-art bulk liquid storage facilities; design, construction and management of retail fuel stations, sea and land distribution of petroleum products, aviation fuel sales and provision of third party delivery and logistics services across the oil and gas supply value chain. Asharami became fully functional in 2017 and has become a leading vertically integrated downstream business delivering fueling solutions across Sub-Saharan Africa.

Asharami Synergy encountered many challenges in the reporting year which were mostly driven by fluctuating trends in global oil prices and exchange rates, modification to Nigeria's monetary and fiscal policies and increased participation by oil and gas regulators in the downstream sector. Notable among other accomplishments of Asharam Synergy in the year 2017 is the sale of 1,003,830 litres of ATK into planes at the Murtala Mohammed International and Local Airports, Lagos State in one day and without delay to any flight thereby setting a new record.

In line with its vision, "to be the market leader in logistics and supply chain management in the oil and gas sector, providing efficient fuel solutions across the downstream value chain and beyond", the management, board and employees maintained the company's commitment to the highest standards of service delivery, customer relationship management, enterprise risk management, compliance supply chain and operational efficiency, stakeholder management, quality health safety and human capital development. Asharami Synergy Plc restructured its customer segmentation and account management systems, created additional communication channels for all categories of customer, held several customer fora for customer engagement and expanded the commercial unit for improved service delivery operations. In the coming year, there will be more deliberate steps to improve our customer service systems across all locations, one of which is the establishment of a dedicated customer care unit and 24 hour customer service help lines.



With shore and inland depot facilities strategically located across Nigeria to feed our teeming customers, we ensured our facilities remained operational under the highest standards of quality and safety. We enforced good housekeeping, preventive maintenance and encourage risk reporting. With a fleet of over twenty (20) bowsers spread across the airport depots in Lagos, Abuja, Kano and Rivers, we were able to achieve a 24% market share of the aviation fuel industry in 2017 making us the Market Leader. Our bulk and retail distribution of petroleum products has been executed using the highest global standards with certifications in ISO 9001:2008, ISO 14007:200 and OHSAS 18001:2007.

Enterprise risk management (ERM) in Asharami Synergy Plc sets to maintain critical balance between the pursuit of opportunities and the need to have a firm control over the risks facing the entire supply chain. We have categorized our key risks into strategic, reputational, financial, operational, political/country, regulatory & compliance, project and human resource risks, in line with our risk framework. The Board and Management of the organization set the tone-at-the-top for risk management activities.

The theme for our 2017 Sustainability Report is "Redefining Business". In Asharami Synergy, we understand that the emerging 'downstream of the future' will require many changes to existing business models. It is no longer business as usual, and in order to redefine business, achieve and retain market leadership and develop mastery of the downstream value chain, we will make the necessary efforts towards utilizing technology, innovation, risk management and industry best practice to build a brand focused on the pursuit of excellence.

Yours Sincerely,

Moroti Adedoyin-Adeyinka Chief Executive Officer, Asharami Synergy Plc.

INTRODUCTION PROFILE OUR ACTIVITIES SUSTAINABILITY ECONOMIC PERFOMANCE SAHARA GROUP / SUSTAINABILITY REPORT 2017

sharami Synergy operates in the downstream sector of the oil and gas industry in Nigeria nd some African Countries. The downstream business covers refining. storage, distribution and retail of petroleum products. The industry includes oil refineries, petrochemical plants, petroleum products distributors and natural gas distribution companies. The Nigerian oil and gas industry has faced a lot of challenges in the last few years most notable of which is the fluctuations in global oil prices, modifications to Nigeria's monetary and fiscal policies and increased participation by oil and gas regulators in the downstream sector. The Nigerian government through the is being redefined with emphasis on cost Pipeline and Product Marketing Company (PPMC) has also continued to import premium motor spirit to subsidize to maintain the pump price of the product against the popular demand of full deregulation from industry practitioners. The government also carried out crude swaps in the year 2017 to bridge the gap in the supply of

Asharami Synergy's business operations include the procurement, inbound and outbound logistics, warehousing,

refined petroleum product.

marketing and distribution of refined petroleum products. The company is a product of the merger of various downstream companies in Sahara Group in 2016.

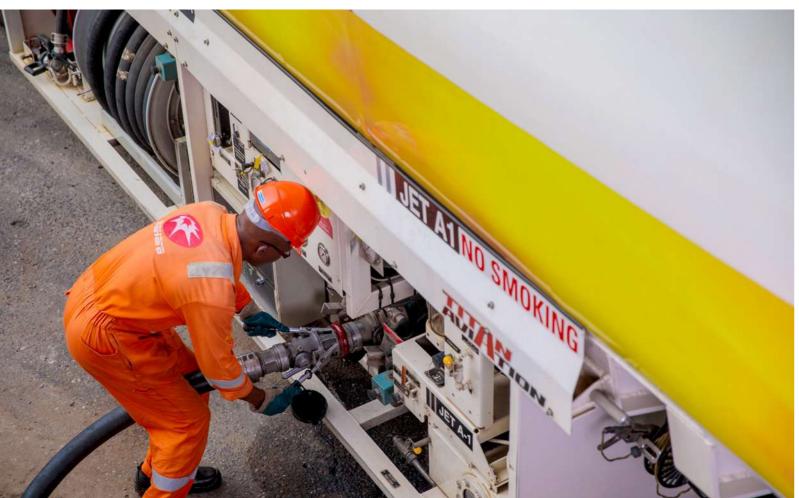
**Our Activities in the Downstream Sector** 

In the year 2017, the company faced challenges in the operations including foreign exchange fluctuations and inadequacy, increased competitions and price pressures. In order to increase its business presence and continue to be a market leader in the industry, Asharami Synergy has embarked on redefining its business model and operations. We have embarked on aggressive expansion of our facilities and retail stations with an establishment of a lubricant line. Our business processes management, assets optimal utilisation. Risk Management and Business Intelligence gathering have been enhanced. We are dedicated to carrying out all operations using international best standards. The company has an entrenched culture of safety and has adopted innovative technology, state of the art infrastructure, and proper integration of business processes towards efficiency and effectiveness along the entire supply chain.



We have embarked on aggressive expansion of our facilities and retail stations with an establishment of a lubricant line.





## **Supply Chain Management** Growth of the local economy

Our business constantly requires financial investments that would ultimately have financial, social and environmental impact on the local economy. The procurement of human and material resources to support to support our supply chain activities in the reporting year resulted in developments in the local economy. Our total expenditure for the year categorized as follows

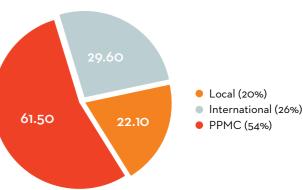


White Product Purchases N113.2b

**Project Execution** N38.0b

Total N151.2b





We utilize 100% local contractors and suppliers in our project executions. Out of the N151.2 billion naira expended in our activities during the reporting period, about N121.5 billion representing about 80% was expended locally (i.e. Nigeria). This amount includes N61.5 billion on products purchased from NNPC.

During project executions, all indirect labour engaged are sourced from the communities thus impacting positively on the community. Our local and distribution partners are all local companies of which we paid out about N60m in distribution cost.



#### **Procurement Practices**

Our procurement practices are designed to guarantee the sources for human and material resources to operate a sustainable business. These practices cover the spectrum of our supply chain management from product and service acquisition to the satisfactory delivery to the final consumer. It is our practice to patronize local contractors and vendors in line with the provisions of Nigerian Oil and Gas Industry Content Development Act (NOGICD), however, we do not compromise on quality service as we ensure that only capable, competent and tested are registered with us.

Our vendors upon initial application are subjected to our vendor vetting and Know Your Customer (KYC) process before final selection and registration in our data base. Annually these vendors/business partners are recertified as a condition for their continued inclusion in our data base. New vendors are subjected to our risk management process to ascertain their credibility.

We carry out audit process on our project vendors to determine their technical competence, level of experience as well as their level of compliance to regulatory requirement. With our tank cleaning vendors, we ensure that they are registered with the relevant Environmental Protection Agency (LASEPA)

#### Our Vendor Distribution

	Project/Terminal Contractors
ai —	International Petroleum

**Product Suppliers** 

_		
_ T	Local Petroleum	05
<u> AUII</u>	Product Suppliers	25

150

iiiiii	Shipping Agents and	07
	Shipping Agents and Service Providers	21

Transporters	24
--------------	----

TOTAL	230
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Our procurement practices are designed to guarantee the sources for human and material resources to operate a sustainable business.

## Our stance on **Anti-Corruption**



As part of this commitment, all forms of bribery and corruption are unacceptable and is not tolerated. We must not, and we must ensure that any third party acting on our behalf does not, act corruptly. The Company holds corporate ethical values and image in the highest esteem and therefore shall passionately conduct its business in a corrupt-free, anti-fraud and highly ethical manner that promotes fairness, accountability, responsibility, transparency, free enterprise, excellence and competitiveness.

The Board has approved an Anti-Corruption and Bribery policy that is effectively implemented and enforced by the Risk & Compliance Unit.



The Company holds corporate ethical values and image in the highest esteem and therefore shall passionately conduct its business in a corrupt-free, anti-fraud and highly ethical manner that promotes fairness, accountability, responsibility, transparency, free enterprise, excellence and competitiveness.

## **Our People**



Asharami Synergy has a dynamic workforce made up of 25% female and 75% male workers in the reporting year. The staff strength of the company as at December 2017 was 181 staff which consists of 45 Synergy makes deliberate efforts to create a work environment female and 136 male employees The Chief Executive Officer of the company is female and the Board of Directors is made of male and female directors.

In Asharami Synergy, the well-being of the employees is of utmost importance. Emphasis is placed on ensuring that the sense of well-being being created encompasses the social, physical and mental health aspects of our work environment. Asharami that is conducive to creativity, dynamism and growth-both personal and business wise. Asharami Synergy demonstrates our commitment towards creating a healthy and conducive work environment through various enterprise wide initiatives, which include:



#### **Health Fairs**

We organize various health fair initiatives throughout the year focused on creating awareness on health-related concerns.



#### On-site gym

A well-equipped gym is available to encourage employees to engage in healthy lifestyle habits.



#### Free medical tests at office locations on working days

On a periodic basis, we bring medical practitioners from our HMO provider on site to provide a variety of tests and give relevant vaccinations as may be required.



#### Free medical tests at office locations on working days

In addition to the on-site visits, all our employees are enrolled in a comprehensive health plan managed professionally by our HMO. Employees are encouraged to conduct annual comprehensive health checks as part of their company sponsored medical coverage.

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## **Employee Quality** Education

Asharami Synergy believes that a culture of continuous learning and development is fundamental to the continual success of the organization. For this reason, the organization deliberately creates an environment where continuous learning and development is encouraged and where employees are supported and enabled to meet the changing demands and priorities of the industry.

Employees of Asharami Synergy are encouraged to get qualifications and degrees to boost their knowledge outside of the training programs organized for each staff by the company. Annual exam leave days are granted to all employees to enable staff sit for examinations when necessary.

Asharami Synergy is focused on equipping employees with the right knowledge, skills and attitude required to meet job objectives, ensure sustained organisational growth/expansion and assist in developing the full potential of each member of staff. These channels include:

Annual Training Interventions: Based on training need analysis conducted at the end of each financial year, a comprehensive training plan is developed and implemented in the subsequent year. Training interventions are strategically deployed through a mix of mediums such as formal class room sessions, e-learning modules, Information sharing sessions and internal workshops to mention a few. All trainees are selected based on skill gaps regardless of gender, years of experience or grade. The objective is to ensure each employee undertakes a minimum of one learning intervention yearly.

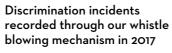
Targeted Managerial & Non-Managerial trainings: To ensure employees throughout their work life cycle are adequately prepared to take up evolving business challenges and responsibilities, several generic training interventions focused on developing lifelong soft skills are deployed across each grade level i.e., Supervisors training, Middle Management training and Advanced leadership programs. Facilitators for these learnings are sourced internally and externally to create a blend of dynamic knowledge transfer.



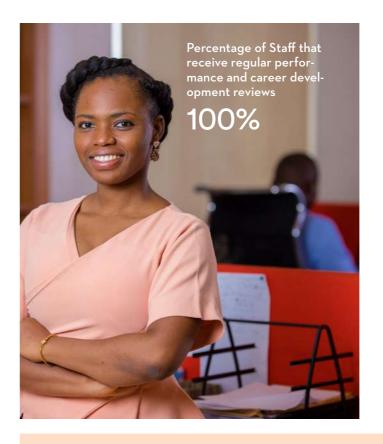
#### Parental Leave

Asharami Synergy grants maternity leave period to mothers. We also support women returning to work after maternity leave by providing them with flexible work hours upon resumption

Each woman is allowed to resume and close an hour late/before the designated working hours. In order to encourage men in the company to bond with their children, male employees are also granted paternity leave.







## **Decent Work And Economic Growth**

Asharami Synergy is determined to ensure a clean record of treating our employees fairly and fostering an enabling work environment free from segregation, prejudice, and any form of discrimination in terms of race, skin color, nationality, gender, disability, religion or age.

As an organization that comprises of people from diverse backgrounds, we encourage a civil and inclusive community characterized by mutual respect for each employee and their respective contributions. New employees came in through our Graduate Trainee programs and direct hire programs. The Graduate Trainees hired in the year 2017 came from the Graduate Management Training Program (GMTP) and Graduate Accounting and Audit Program

In the year 2017, the total number of incidents of discrimination reported or discovered during the reporting period was zero. Asharami Synergy has a whistle blowing mechanism in place in order to encourage anonymous reports from all members of staff.

Asharami Synergy carries out a regular performance and career reviews mid-year and end of the year for all staff. 100% of permanent staff receive regular performance and career development reviews.

## **Enterprise Risk Management (ERM)**

Risk management in Asharami Synergy Plc re-define its risk appetite, philosophy, is an essential management tool which has culture, objectives, stakeholders, processbeen used to drive efficiency, sustainability es and assessment methods. The Risk and value creation. Enterprise risk management (ERM) is present in all aspects of developed in collaboration with Pricewathe organization's operations and has been terhouseCoopers to establish and sustain critical in ensuring achievement of the company's vision "to be the market leader" sets out a top-level framework for the con-risks. The appointment of Risk Champions in logistics and supply chain management sistent management of risk across Asharain the oil & gas sector, providing efficient fuel solutions across the downstream value in line with the commitment of the Board chain and beyond".

Today, organizations, top executives and company chiefs are facing unprecedented level of business complexity, chang- maturity level. The framework aligns with effective communication and mitigation. ing geopolitical threats, new regulations and legislation and other emerging risks, including those already inherent in the business. Asharami Synergy is not immune framework. from these challenges. We also experiences continuous pressure to evaluate and modify business strategies in order to ment training for all staff aimed to increase an ever-changing business environment, remain competitive, hence the continuous ogies across the business as a whole. ERM workshops which held in the company's sets to maintain critical balance between the pursuit of opportunities and the need to have a firm control over the risks facing staff and benefits have been seen via the the entire supply chain.

In 2017, the organization set out to

Management Governance Framework was leading risk management practices and mi Synergy. The Framework was developed knowledge and skills, have contributed to of Directors and the Management of the Company to achieve its strategic business quarterly risk reporting to business units, the Committee of Sponsoring Organiza-

The risk and compliance unit embarked on a company-wide enterprise risk manage- recorded so far in the coming year. With the knowledge level of risk management Lagos, Port Harcourt and Abuja locations and in decision making. The workshops

also set the tone for the development of unit and aggregated risk registers used for ongoing risk management activities.

The establishment of the Executive Risk Management Committee has enhanced the integration of risk management in strategic planning and managing of high level who have the requisite business process the achievement of organization's overall risk management objectives. Monthly and objectives and to grow its risk management. Management and Board has helped in risk The RiskMaster, the company's quarterly tions of the Treadway Commission (COSO) risk management newsletter, was circulated and the ISO 31000:2009 risk management to all staff for the purpose of continued risk education and information.

We intend to build on the successes political landscape, creeping effects of deployment of risk management methodol- and build the risk culture. The trainings and emerging risks, it becomes imperative that as a panacea, we continue to apply modern methods for the integration of enterprise enjoyed high level of participation amongst risk management in all business activities, projects and processes and continue to edexhibition of risk-based-thinking on the job ucate our people to achieve value creation and sustainability.



## **ECONOMIC SUSTAINABILITY**

**Business Sustainability** 



## Asharami Synergy is a product of a long term survival and sustainability considerations of the downstream businesses of the Sahara group.

The company was born out of the critical performance. New Business units were thinking and strategic analysis of the future created to help drive the vision, including of the downstream sector in Nigeria by the Government Relations, Supply Chain, Risk Sahara group Management towards ensur- Management and Compliance among others. ing that the different entities operating in the downstream sector do not go extinct but rather leverage on their strengths as a combined entity to be bigger, more efficient and more importantly become a power house in the downstream sector as captured in our mission statement.

The merger which was officially completed in 2017 therefore provided the platform to implement the strategic thinking of the Sahara group Management. Leveraging on our existing infrastructures, to deepen operation and to provide better experience and competencies, the journey services to our customer. We expanded to of being a downstream oil and Gas hub has Kano and entered into business partnerbeen intense.

In 2017, the combined entity began the journey with a detailed implementation of change management and several strategic sessions to define better ways of doing business. This was followed with business units and staff realignment and best spoke trainings to position our people for optimal

During the year under review, new initiatives were implemented to enhance sustainability and better performance. We now take our products to the door steps of our consumers through our door2door sales initiatives. The feedbacks from this initiative have helped better performance and more customer satisfaction.

In line with the vision for sustainable operations of the company, Asharami Synergy embarked on business expansion ships and alliances for optimal perfor-

The following year will witness expansion into storage, provision of robust logistics service, retails station expansion and movement into other west African regions beyond Ghana and Tanzania.



During the year under review, new initiatives were implemented to enhance sustainability and better performance. We now take our products to the door steps of our consumers through our door2door sales initiatives.

#### **Economic Performance**

2017 marked some improvements in the economic fortune of Nigeria as country existed its first recession in the past 25 years mainly occasioned by stability in the Niger Delta and the growth in Crude Oil prices from the budgeted benchmark of about \$38/barrel in 2016, to an average of above \$50 in 2017. These resulted in positive Gross Domestic Product growth in the second quarter. The combined impact of the improved enabling environment in Oil producing areas and the increase in oil prices led to the stability of Naira to the Dollar at an average of N305/\$ and N360/\$ in the NIFEX and NAFEX CBN Forex windows respectively.

These socio-economic improvements described above did not translate into good year for most companies operating in Nigeria, and Asharami Synergy Plc was no different because we were affected by industry-specific issues such as forex rationing, stiff competitions, forex risk etc. Consequently the year recorded a decrease in the volume of products sold by 15% from about 780 million liters in 2016 to 662 million liters in 2017.

Though volume sold decreased in 2017, revenue increased by 23% from N102 billion in 2016 to N126 billion in 2017. This increase is attributable to 77% increase in the aviation business buoyed by increased slots from the airlines.

Although cost of sales increased from N94 billion to N117 billion, total gross profit dropped from N10.5 billion to N9.45 billion. This increase was largely driven by an increase in third party throughput revenue for the period.

However, the company since its consolidation of the entity in her downstream sectors has leveraged experienced synergetic growth in its economic performance as well as its seamless flow of operations across board.

This has contributed to the economic impact of the entity and shaped its outlook for harnessing the prospect in the sector and positioning for changes in the market in the coming years.

Our quest for sustainability is demonstrated in our proactive actions to the current trend in the market and the perceived government actions in the industry.

We have anticipated that the company can survive with its current strategy in the sector.

We have experienced efficiency in the areas of cost management by ensuring best prices from the suppliers of our products as well as managing the volatility posed by the fluctuations as regards exchange rates.



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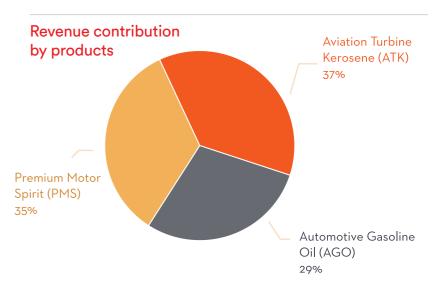
Products	Volume in '000 Liters (2016)	Volume in '000 Liters (2017)
AGO	271,109	202,316
PMS	344,096	319,838
ATK	164,810	139,720
TOTAL	780,015	661,874

46,068 43,359 Revenue by Product 36,615 N'mn



Revenue in 2017 N<sub>126</sub>Billion Increased in revenue in 2017 from N102Billion in 2016 to N126Billion

23%



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ATK contributed 29% to the total product sale for the period covering 2017 and this is due to the robust base of our customer and the increase in number of extra slots allocated by the airlines that we currently service.

This attest to our efficient performance and driven by the strategic partnership with the airlines both locally and internation- our foreign exchange exposures. ally. PMS is driven by our bulk transactions and the operations of our retail stations in 11 locations across the country and we intend to expand by way of capital investments in this space in order to increase our volume sales and also position ourselves for a poten- and constantly review our exposures to the clients in order to tial deregulation in the country. This is our strategy to ensure our relevance in the sector as well enhancing our economic value.

Despite the company's improved financial performance in terms of revenue during the reporting year, we are still faced with the challenges of fluctuation in foreign exchange arising from product importation and servicing our international airline clients and we have thereby set various hedging mechanism to reduce

We also have increased demands for credit facility from our top clients in which we have set up a well experienced credit committee to assess the credit worthiness of the clients mitigate the risk of bad debt.

## Maintaining Dominance in the Aviation Sector

Asharami Synergy has maintained its dominance in the Aviation sub sector even before the merger. In 2016, we were leaders in the aviation sales with about 26% market share serving both local and international airlines. In 2017, we sold 139 million liters of Aviation fuel out of the total 519 million liters in Nigeria representing 24% market share, thus maintaining our leadership.

Aviation fuel sold in 2017 139million

Aviation market share acquired

24% **Total Storage Capacity** 81 Million Liters

Revenue Growth

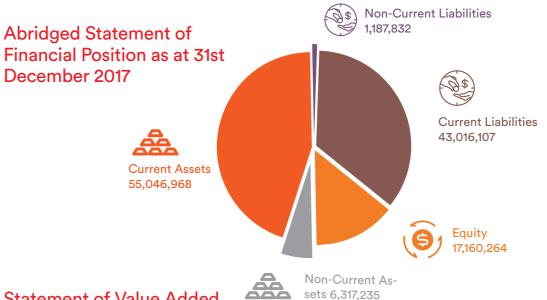
N<sub>1</sub>02Billion

N126Billion

Target 2017

## Summary of Financial Performance N'000

FY	Revenue	Direct Cost	Gross Profit	Other Operating Income	Operating Expenses	Operating Profit
2017	126,462,953	(117,006,909)	9,456,044	458,430	(4,814,856)	5,099,618
2016	102,959,596	(92,482,294)	10,477,302	1,784,290	(5,322,670)	6,902,922



#### Statement of Value Added

Value added per employee

Revenue	126,462,953
Other Income	909,341
Brought in materials and services	(126,150,770)

Brought in materials and services	(126,150,770)
Value Added	1,221,524
Distributed as follows:	
To pay employees	
Staff cost	(1,095,070)
To pay providers of finance:	
Finance Cost	(780,987)
Maintenance of assets and future expansion	
Depreciation	(486,504)
Profit or loss for the period	3,646,084
Community investment	(62,000)
Value Added	1,221,524
Employee statistics	
Average number of employees	185
Revenue per employee	683,584

6,603



Our core goal of being a major player in both the green-field and brown-field public-private infrastructure sector within the next decade is a driving and motivational factor in redefining our business



ahara Infrastructure Development and Venture Capital Company (SIVC) and Casablanca Ventures Limited (CVL) remain investor-driven organizations and continue to live up to the founding vision of addressing the shortfall needs of the socio-economic infrastructure in Nigeria, Africa and the world despite the economy of the times.

In SIVC/CVL, we are redefining our business to meet with the complexities associated with the economic times and are showing innovation in our style. In line with the global organizational goal of redefining our business, we are expanding our core competence in providing project management and financial advisory solutions and are also focusing on strategic partnerships with our core investors and stakeholders to improve our supply-chain management system.

Our core goal of being a major player in both the green-field and brown-field public-private infrastructure sector within the next decade is a driving and motivational factor in redefining our business

Our objective in 2017 therefore, has been to grow capacity specifically tailored in the regard to build a team of suitably qualified and determined personnel and together with our strategic partners, fundamentally change our approach to problem solving by improving our data management and technology and using these as a springboard towards value and wealth creation, with the sole dream of actualizing our goal.

Since our incorporation and during the year 2017, our activities have been geared towards ensuring that in all our projects, our emphasis and core focus includes protecting people and the environment, mproving local content development and partnering with the communities and society towards values and wealth creation.

We maintain our mantra that at SIVC/CVL, sustainability is core to our service delivery objectives and we regard it as our responsibility to enhance the positive effects of our projects and mitigate the negative ones. We are committed to ensuring sustainable outcomes on every project everywhere we operate.

Aniakan-Abasi Benson



## **Our Infrastructure Development Activities**

our 3-year strategic plan and we are expanding our core competence in providing project man- Properties Limited (CPL), the facilities arm agement and financial advisory solutions. In of our infrastructure service provision, line with the strategic focus, all SIVC/CVL Sahara Group has investments in projects staff are full-time employed, committed and that presently address the infrastructural dedicated to the actualization of the corpo- shortage within Africa. rate objectives of the organization.

opportunities arising from such investments manages real estate assets of over \$300 arising whilst providing financial returns to investors. We are currently developing infrastructure projects in oil and gas, utility of prime African cities; Lagos, Abuja, Port concessions, industrial and business parks, Harcourt and Abidjan. The vision for CPL real estate, hospitality, agriculture, health- is to be the complete solution provider care and specialty government-backed projects. Sahara Infrastructure Development and Ventures Company (SIVC) delivers comprehensive services in infrastruc-

ture projects, with investments enhancing economic and social development in Africa and globally, with significant returns to investors. Through SIVC and Centrum

CPL, a fully-fledged facility man-SIVC was established in 2013 to pursue agement company in Nigeria, currently million in valuation. Its portfolio of properties resides in major metropolitan areas wherever "quality real estate" is developed and managed. CPL offers fully serviced and prime real estate to support commercial and residential customers using a seamless

SIVC is currently developing infrastructure projects in oil and gas, utility concessions, industrial and business parks, real estate, hospitality, agriculture, health-care and specialty government-backed projects

integration of people, property, process and technology. Our facility management functions include building maintenance, lease reviews and renewals, tenant management and operation maintenance







#### Challenges



#### Decline in disposable income from investors

In the 2017 reporting year, the company (SIVC/CVL) was faced with several challenges, such as the significant decline in disposable income from our investors, customers and strategic partners and the reluctance to be involved in long term capital investments.



#### Weak Growth in the sector

There was a weak growth in the sector which resulted in relative stability in the cost of equipment and building materials in contrast to the decline of the previous year. However, payment delays have continued to affect the pace of our large-scale portfolio projects and a number of projects had to be revaluated and financially re-engineered.



#### Equilibrum in project portfolio

Our project portfolio for the year 2017 did not enjoy any increases, but gladly also did not suffer any significant decline or losses. There were significant increases in the small-scale projects departments as a result of the strategic focus to redefine the business.

During the reporting year, we undertook some major sustainable infrastructure development projects (continued and on-going) such as the following:

- Olu Holloway Development, Ikoyi
- Radisson Blu Hotel Development, Port Harcourt
- Jibike Mixed-Use Development, Wuse II
- Earl's-Raven Development, Apo-Dutse
- El-Paso Development, Wuse IIW





Jibike Mixed-Use Scheme

Radisson Blue Olympia Hotel



Kempinski Hotel (Jibike Mixed-Use Scheme

Olu-Hollway Residential Development

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## SIVC/CVL sustainable infratsructure development projects

Selected properties under CPL facility management



Peggy's Pointe Residential Development



Capital Roost Luxury Guest House

Lakepoint Residential Development



Capital Centrum building

## **Strategy & Analysis**

New assets were usually constructed in the traditional approach based on direct project sponsor funding. However, in a bid to redefine and strategically refocus its business, the company has taken sponsor funding to the next level and now engages generally through a mix of equity and debt contributions in new projects. This strategic focus also requires that the company has a thorough understanding and broad based working knowledge of all dynamics involved in managing its core stakeholders and its project portfolio. In certain instances, new contractual agreements are being drafted which completely redefine the dynamics between vendors and others in the contract supply chain, and these in turn are yielding better dividends in the supply-chain management process.

We have also, within the year, grown our team in line with our 3-year strategic plan and we are expanding our core competence in providing project management and financial advisory solutions. In line with the strategic focus, all SIVC/CVL staff are full-time employed, committed and dedicated to the actualization of the corporate objectives of the organization.

#### **Impacts**

In the 2017 reporting year, significant gains were observed as a direct consequence of the impact of the small-scale projects. These gains have had socio-environmental and community related impact such as



We are presently involved in developing publicly accessible open/recreational spaces in two locations in Abuja, Jabi recreational center and Jibike development scheme. Both open areas are at least 1 hectare in square area and afford the company the opportunity to give-back to the communities in which we are located.



The Group as a whole is involved and SIVC/ CVL provides substantial impact in these cases, working alongside the Sahara Foundation. There are a number of developments in these regards, Suleja Health Center, Daura Health Center and Kaduna Farms.

Significant gains resulting in increases in revenue have also been realized in the company's small-scale project portfolios.



#### **Opportunities**



Price guarantees, to ensure pricing of offtake;



Technical support, extended warranties and maintenance arrangements; and



Contingent equity or subordinated debt commitments to cover construction or other price overruns.



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Aniakan-Abasi Benson

## Entity – Ikeja Electric Plc



anagement as part of its overall strategy to be the largest, most efficient and most effective privately owned power company in sub-Saharan Africa has continued to utilize international best practices and the highest standards of governance and ethical in the management and operation of Ikeja Electric Plc ("Ikeja Electric" or "IE") - Nigeria's largest electricity distribu-

Ikeja Electric serves 8 Local Government Areas, mostly in the mainland area of Lagos State Nigeria. The distribution network comprises of 87 33kV feeders, 72 injection substations, 272 11kV feeders and well over 14,000 distribution substations.

At Ikeja Electric, we provide services to over 900,000 customers, both residential and commercial, within our distribution franchise area.

Being more than just a service network, Ikeja Electric invests significant time and resources in stakeholder engagement and management, an approach which is not unconnected with a culture that recognizes the place of communities, households and consumers in the success of the business.

Drawing from its core values and entrenched in the ethos of the business, Ikeja Electric continues to connect with her environment everywhere they are found irrespective of location or business patronage.

2017 was no different as IE once again focused on key areas that directly impacted on communities and those who live within our network all in line with United Nations Sustainable Development Goals





**DISTRIBUTION NETWORK** 

87 33kV & 272 11kV

Injection Substations

Distribution Substations

14,000



**Local Government** Covered in Lagos

















SDG Goal	Activity	Communication Channel/Impact
3 GOOD HEALTH AND WELL-BEING	<ul> <li>Donated 1000 mosquito nets to "At Risk Communities" in and around Olambe, Igando, Okeira and Aboru</li> <li>Carried out massive safety/sensitization against commercial activities under electric powerlines using CDA/CDC and Town Hall Platforms (759 sessions) and 4 Quarterly Media Engagement and Meetings with 37 Monarchs</li> <li>Organized medical outreach in partnership with XTMonitor and a US-based medical team. 800 Residents benefited in the 2 day outreach.</li> <li>Organized 4 sessions of Quarterly Safety Engagement with Licensed Electrical Contractors Association of Nigeria</li> <li>Safety Sensitization using Van tapes to communities under IE Network- 4320 trips in 2017.</li> </ul>	Face to face Engagement, Press releases, Online syndication, live streaming on social media platforms, Community Engagements, Town hall Meetings etc  Impact is generally the improved wellbeing of members of the communities with particular focus on safety and health.
4 QUALITY EDUCATION	<ul> <li>» Organized Electrical Safety Outreach to Primary schools to mark Children's Day 6 primary Schools Visited</li> <li>» Hosted Pupils in Educational Tour/Learning Trip around IE facilities</li> </ul>	Direct Engagement  Impact: Increase interest in the sector with long term impact of career plan towards Engineering
8 DECENT WORK AND ECONOMIC GROWTH	» Introduced Young Engineers Programme to secure knowledge transfer and technological sustainability and economic growth 26 Engineers recruited.	Impact: Motivated staff, Transfer of knowledge, Business Continuity and sustainability











- » Carried out Line Tracing Exercise to trim trees across network for rainy season safety. Entire network tracing
- » Unveiled USSD \*556\*6# payment channel
- » Introduced Quickteller payment option for non-energy payments
- » Improved Injection capacity at Amikanle Injection substation with 15MVA
- » Expanded Payment Options; Signed Accion MFB as payment partner
- » Introduced Instant Billing-Deployed New technology to improve billing process
- » Designed framework for IE Connect (Franchise) Centers to bring service delivery closer to customers
- » Upgraded Ogudu injection Substation, providing more supply to residents
- » Marked Customer Service Week with activities focused on improving customer experience-Launched LiveChat Platform
- » Signed MoU with Mojec International for supply of Distribution Transformer Meters
- » Launched aggressive data Capture Exercise to ensure data Integrity
- » Rehabilitated Maryland Injection Substation
- » Introduced Independent Whistle Blowing Platform
- » Published list of Energy Thieves-Moves to sanitize illegalities in network
- » Strengthened legal redress against asset vandalization and staff assault

Van Drive, PAS-Public Address Messaging, Jingles, Fliers, Social Media, Strategic Insertion, radio/ TV Appearances, SMS, E-mails to customers

Impact: Convenience in payments, Improved services, improved customer experience, Improved customer inclusion, Speed, Accessibility of services



Corporate Governance, Culture orientation, defend staff rights

## Sustainability Initiatives

The success of an organization is built on constant improvement and the implementation of sustainable practices. Over the years, our customers have shown an increased interest in our business activities and they demand transparency in service delivery. To achieve this, we have invested in people and technology to redefine processes in meter reading, disconnection & monitoring, estimated billing and cash collection.

In 2017, IE achieved an Aggregate Technical and Commercial Collection Losses ("ATC&C") loss of 38.7% which was a significant improvement from the ATC&C loss of 49.2% achieved in 2016.

Following the Company's privatization in 2013, we have focused on building our core competencies; starting with our workforce. This was important to ensure staff members were well equipped to drive lkeja Electric's vision to be the provider of choice wherever energy is consumed. We have also provided our employees with the right tools, training and processes to deliver on our vision.

In 2017, our goal was not only to reduce our losses to 35% but to increase our collection efficiency to levels commensurate with our expectations. To achieve this, Management set up various initiatives aimed at blocking all possible areas of revenue leakage. By August 2017, IE recorded her first peak in collection, recording N5.2 billion. We ended the year with an even higher monthly peak of N5.6 billion; 28% higher than collections in 2016.

One of such initiatives was the expansion of our Disconnection & Connection Gangs (DCRC Gangs) to support the commercial teams. We also complimented this effort with the outsourcing of our disconnection and monitoring activities to Revenue Service Providers (Disconnection Monitoring Teams-DMR) who were tasked with going after our chronic debtors; particularly in areas where our internal DCRC Gangs could not reach.



ATC&C Losses
38.7%

A significant improvement from the ATC&C Loss of 49.2% achieved in 2016



•

Monthly peak recorded at the end of year, 2017

from 2016

N5.6billion
An increase of 28%

#### Aims of the DCRC Gangs & Commercian Teams



Closely monitoring disconnected customers to reduce energy loss from illegal reconnections after disconnections.



Increasing revenue from non-energy payments. This includes revenue from back billing and billing energy thieves and free riders respectively.



Improving collection efficiency from non-metered and metered customers; and reaching more customers.

99

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99

Our goal to increase collection efficiency to levels commensurate with our expectations, has been aided by the DCRC Gangs and the DMR initiative

These activities encouraged more customers to pay; increasing our Customer Response Rate from 41% in 2016 to 55% in 2017. Over the course of 7 months, the DMR and DCRC activities contributed N736 Million and N7 Billion respectively to Ikeja Electric's total collection.

Another initiative was a Tariff Reclassification outreach conducted from Q3 - Q4 in 2017. We noted that incorrect classification of tariff had negatively impacted on the quality of our billing and subsequently reduced our revenue pool. At the end of the project, over 42,000 accounts were recommended for an upward tariff review; unlocking an additional potential annual revenue pool of up to N189.6 Million.

In 2017, we also adopted the Vigilance and Strategic loss initiatives introduced in 2016, increasing its operational capacities and capabilities. The team was expanded and equipped to confront the myriad of losses being recorded from our prepaid metered customers. This led to the recovery and reduction of over N297 million naira in energy losses from prior years. The team was also able to increase surveillance activities of our meter installation and network maintenance activities across our Business Units.

Increase in Customer Response Rate in 2017

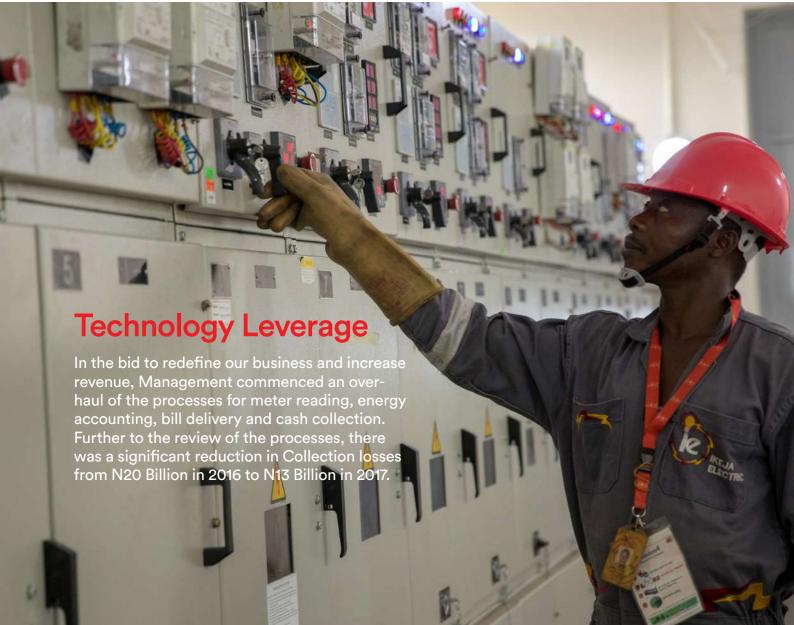
**41% → 55%** 

Contribution to IE's Total Collection in 2017 by DMR activities

N773 Million

Contribution to IE's Total Collection in 2017 by DCRC activities

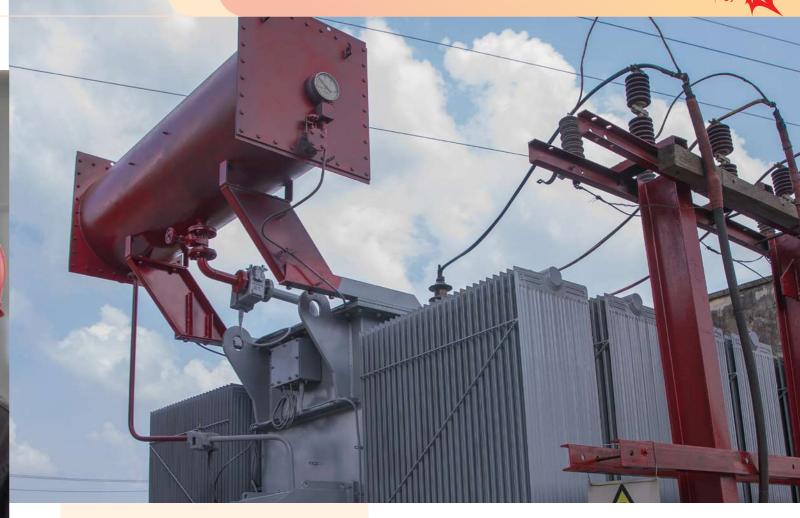
N7 Billion



We also invested in technological solutions to plug inefficiencies in reporting, meter reading, estimated billing. Some of the investments include:

- The Mobiwork Application used for real time reporting of monitoring activities
- Estimated Billing Methodology Software to ensure the scientific methodology prescribed by Nigerian Electricity Regulatory Commission was implemented.
- Meter Reading Software (MRS) to increase the efficiency of the meter reading process.





In order to increase our capacity, our injection substation capacity increased by 45MVA following the commissioning of three (3) 1×15MVA injection substations at Amikanle, Abule Taylor and Olowora which led to improved availability of distribution assets due to the reduction, and in some cases, complete elimination of load shedding which had been ongoing due to limited capacity.

The New 33kV and 11kV feeders constructed also expanded our distribution network.



Our injection substation capacity increased by 45MVA following the commissioning of three (3) 1×15MVA injection substations at Amikanle, Abule Taylor and Olowora

#### We also invested in technological solutions to plug inefficiencies in reporting, meter reading, estimated billing. Some of the investments include:

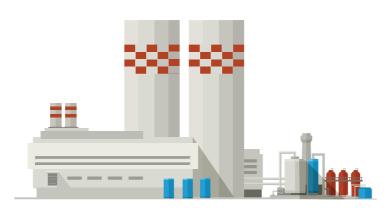
- Power Transformer Reconditioning at three injection substations at Iju, Itire and New Alausa substations.
- Replacement of Obsolete Distribution Panels at Ogudu and Maryland Injection Substations
- Radiation and commissioning of 11kV feeders at Walter Andem, Isoto, Ayetobi, Bankole and Unilag Quarters increasing the distribution capacity by 30MVA.
- Commissioning of Distribution Substations 300 plinth-mounted distribution substations representing an additional 88.6MVA of distribution capacity. 565 pole-mounted CSP DTs were also commissioned and
- Redeployment of underutilized distribution assets

# Entity – Egbin Power Plc he 2017 Sustainability Report for Egbin power Plc ("Egbin") is the third edition in the series following the transition from a government-owned and managed organization to a privately operated Power Company. This Report was prepared using the Global Reporting Initiative (GRI) Standards which promote international harmonization in the reporting of relevant and credible corporate economic, environmental and social performance information to enhance responsible decision - making. We aim to - provide insights on the strategic initiatives that have been conceptualized and developed to redefine our business operations over the last four years since the takeover of the business operations; provide an overview of our corporate responsibility and stakeholder engagement activities; as well as adumbrate areas of achievements and existing/potential concerns regarding our business operations. -----25555 200 0000



## **Sustainability Initiatives**

As part of Management's strategy to redefine our business, we set out to develop a long-term alternative and environmentally friendly means of securing fuel supply for our operations at the Plant. In achieving this, Management have taken steps towards the construction of "Egbin Phase 2" - an ultra -modern plant, which will double the capacity of the existing plant and also utilize less gas in its operation.



#### In line with GRI Standards, our core strategic priorities have been channeled towards -



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dev and





Sustainable Quality Power Generation



In our progressive journey towards creating a sustainable organization, we have continued to evolve from a labour intensive organization to a capital, engineering, highly skilled workforce. Despite the challenges in the Power Sector in 2017, we were able to meet our operational targets as a result of the efforts of our competent personnel with the requisite experience.

With respect to Health, Safety and Environmental compliance as well as Regulatory compliance, we surpassed our targeted goals for 2017, and complied with all applicable regulatory compliance requirements.

In the period under review, Management made giant strides in continuing its strategy to ensure adequate capacity building and implementation of a robust succession planning system. At Egbin, we commenced a knowledge sharing initiative, to ensure a continued transfer of knowledge and skills from more experienced Engineers to the younger generation of Engineers in the Company.

### Corporate Social Responsibility (CSR), Community Relations & Stakeholder Engagement

All through 2017, we continued to promote adequate community relations and stakeholder engagement within our host and neighboring communities.

To this end, we offered free and uninterrupted electricity power, drugs/medicine and treatment to local hospitals; we also offered boreholes, housing, infrastructure improvement, and scholarships. As part of our yearly CSR plans, we provided 20 fully paid scholarships to exceptionally brilliant students and local area indigenes to different levels of academic pursuits.

Fully paid scholarsihips to exceptionally briliant students and indigenes









Egbin directly engages with its host community, through its quarterly community forum which is geared towards understanding their concerns. The meetings are structured to ensure that all parties share their concerns and/or opinions, on how the organisation can further exist through a mutually beneficial relationship. The organisation maintains its commitment to the responsibility of visiting the community leaders, with aim of resolving any issue that may threaten the coexistence of parties or negatively impact the local economy.

SAHARA GROUP / SUSTAINABILITY REPORT 2017

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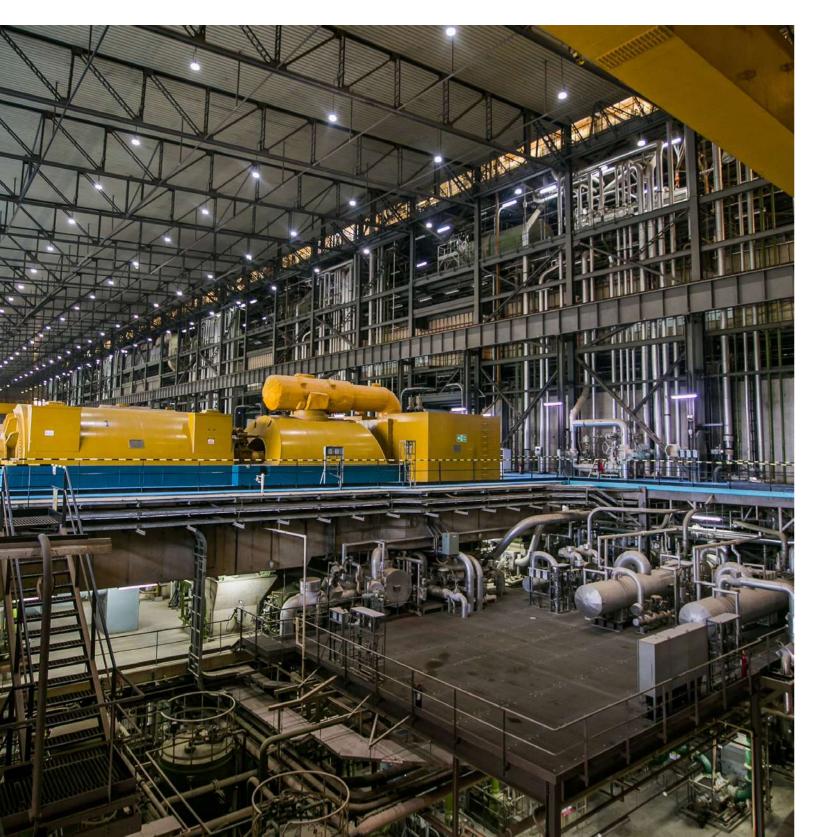
# **Technology**

Egbin operates Six units of 220MWH Steam turbine (ST) and a total installed capacity of 1,320MW. Steps were taken in the period under review to overhaul and refurbish the ST3 to ensure optimum performance and generation of power.

Furthermore, the overhaul on ST1 Generator transformer as well as the installation and testing phase was completed as at the end of the reporting year.



Total power generated by Egbin in 2017 3,505,124.0MWH





The company continued to reap the benefits of its strategic investment in building specialist capacity of its human capital, as it eliminated the dependence on contractors for routine boiler tube repair activities. In addition to this, in 2017, the company also recorded some maintenance successes driven by its O&M team. The highlights of which are as follows:

- » Rehabilitation of Advanced Camp Water Treatment Plant:
- » Drilling and development of new deep-water wells:
- » In-house replacement of Unit 2 Boile Electric Relief Valve (ERV) Isolating valve:
- » Installation of refurbished ST- 3 Forced Draft Fan (FDF) A motor bearing
- » Repair/Reinstallation of Unit 2 Cold Reheat Line
- Rehabilitation of Fresh Water Tank (Internal structure)

### **Financial Performance**

In 2017, the Nigerian economy exited its first recession in the past 25 years, the year witnessed growth in Crude Oil prices from the budgeted benchmark of about \$38/barrel in 2016, to an average of above \$50 in 2017. In addition to the increase in oil prices, well-managed unrest and the bombing of pipeline installations and other government assets in the oil-rich Niger-Delta region resulted in positive Gross Domestic Product growth in the second quarter. The combined impact of the improved enabling environment in Oil producing areas and the increase in oil prices led to the stability of Naira to the Dollar at an average of N305/\$ in 2017.

The power sector in Nigeria was however constrained by several industry-specific challenges such as grid and gas unavailability constraints which also negatively impacted the financial performance of the Company. During the reporting year, Egbin Power Plc recorded a total generation of 3.5 million MWh (down from 4.4 million MWh in 2016). This was attributed to the unavailability of gas needed for production due to the insecurity challenges and destruction of gas plants in the Niger-Delta.

In view of the above, the Company recorded a 2% decrease in revenue as compared to the prior year.

In the period under review, there was an 8% increase in the total assets of the Company. The total assets of the Company stood at N430 Billion. There was a slight decrease in revenue of about 2% which stood at approximately N76.7 billion (\$234.33m) in 2017, down from the revenue figures of N78.2bn (\$302.75) recorded in 2016. The reduction in earnings was due to the decrease in generation of energy as a result of grid and gas constraints in the earlier part of the year.

The translation of Egbin's financials to USD (\$) was based on NIFEX rate (Nigeria Interbank Foreign Exchange rate at an average of N327/\$) in 2017 compared to 2016 that was translated using CBN rate (an average of 305/\$) thus the variance in USD performance in 2016 and 2017. In 2017, the cost of sales also decreased by 11% closing at about N79.44 billion. The decrease in cost of sales was a significant contributor to the reduced loss before tax figure of about N1.9 billion. This was a significant improvement from the N19.8 billion loss we recorded in 2016.

#### **Asset Value**

### N430 Billion

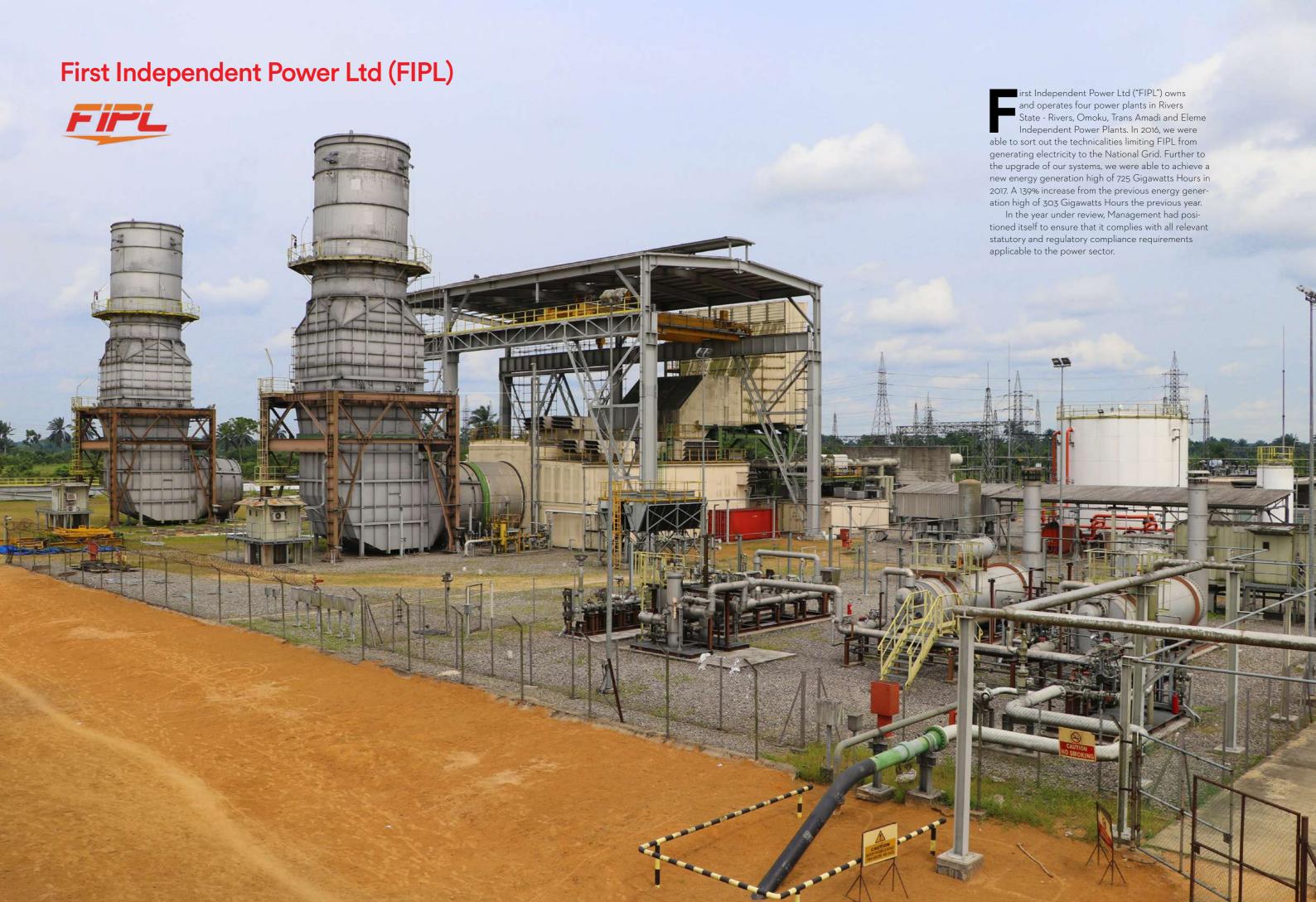
Revenue in 2017

### N76.7 Billion

Cost of Sales

### N79.44 Billion

A decrese of 11% from 2016 values, which was a significant contributor to the reduced loss before tax figure of N1.9Billion



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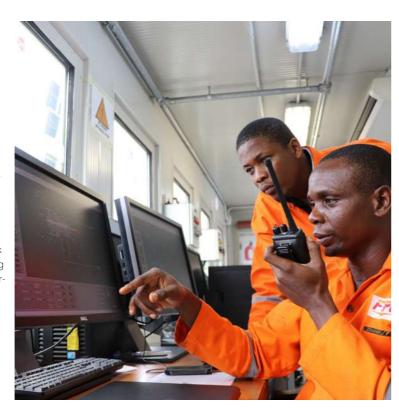
# Sustainability **Initiatives**

Hankuk Power Services and NETCO-Dietmann, our technical partners exited the joint venture arrangements with Sahara and the State Government. The onus to uphold the technical standards for operating and maintaining a gas turbine power plant fell on our engineers who have adequately maintained and managed the Plant subsequent to the exit.

The team was able to sustain the operational status of the generating assets throughout 2017 without the assistance of foreign technical partners.

To further optimize our output, Management took additional steps in respect of performance monitoring of the Gas Turbine Plants to guarantee optimal performance. Management has also put in place processes and procedures for measuring plant outages, maintenance tracking and turbine efficiency.

To ensure development of staff which is the core bedrock of our Company, Management in the period organized weekly, monthly and quarterly workshops/ training sessions for staff in all plant to enhance relevant technical and leadership skills.





### CSR Activities/Community Relations/ Stakeholder Engagement

In 2017, we formally engaged all stakeholders of our host communities. In furtherance of our desire to improve our community engagement and outreach programs, Management engaged a Community Liaison Officer ("CLO") from the Federal Ministry of Power to act as field officer to ensure open and seamless communication, towards an overall effective management of community relations.

The CLO upon appointment was tasked with actively engaging the host and neighboring communities, coordination/monitoring of projects being executed, collation of feedback from the affected community and other stakeholders, amongst other KPIs.

Management also took steps towards putting in place Educational support and programmes, Health/Well-being campaigns, and Vocational/Skill Acquisition projects for the overall benefit of indigenes of the host and neighboring communities.

In line with the GRI standards and Managements strategy to empower the youth and create employment for the indigenes of the host community, Management has adopted a strategy to notify host communities of employment opportunities for both skilled and unskilled indigenes of host Communities wherever such opportunity presents itself; and would be given first consideration provided that such candidates meet FIPL's employment competence standards.

In line with the above, the Company has agreed to ensure that all cleaning and security contracts are sourced from within the host Community contractors.

#### FIPL programmes to benefit its host communities



Health/Well-being 🔷 Vocational/





### **Financial Performance**

The Power Sector financial Performance had been at a maximum of 30% revenue collection by generating companies prior to the introduction of the Payment Assurance Scheme by the Federal Government, which guaranteed 80% receivable on sales Invoice, this gave a rise to the overall performance of the sector, as increased cash flow led to increase in ability to run necessary maintenance and overhaul to ensure maximum output from the generating plants.

Although revenue collection challenges still plagues the sector, the Payment assurance scheme has been able to significantly close the gap between invoicing and collection, and we foresee further improvement in the sector, another major challenge regarding revenue collection is timing.

Payments on monthly invoices are received 2 to 3 months after actual invoice period which puts a strain on the financial performance.

# **Technology**



In 2017, Management took steps to adequately maintain all of its plants. FIPL also repositioned to align itself with the best industry practices.

We also purchased and implemented the SAGE ERP for all its plants. This moved most of the company's processes from rigorous paper work systems to use of software. Management has also taken steps to implement a Computerized Maintenance Management System (CMMS) for operations and maintenance processes by next year.

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To our over 3,600 employees, operating in13 countries and 4 continents, across the globe, including Africa's most populous country, our promise is to provide a healthy, safe and secure work environment where our employees are inspired and empowered to develop and realise their full potential



o our over 3,600 employees, operating in13 countries and 4 continents, across the globe, including Africa's most populous country, our promise is to provide a healthy, safe and secure work environment where our employees are inspired and empowered to develop and realise their full potential. At the core of our organization are our people who we are proud to say, are exceptionally gifted and committed to the continuous growth of the brand across the globe.

We believe that our employees are pivotal to our sustainable growth and review our policies on a regular basis to ensure that we create an environment where our employees feel valued, engaged and committed to achieving business goals and objectives.

As an organization, we encourage capacity development that identifies, rewards, and positions individuals for various levels of leadership. Through our robust learning and development programs, we are actively empowering our employees to achieve exceptional results in their various roles. Our specialized development programs, such as our graduate management trainee programs which about 111 of our employees have been hired through, and our leadership development programs such as the Line Manager's workshop and Sahara Leadership program are designed to develop a pool of talent who will feed into our leadership pipeline and in so doing, ensure our sustainability as an organization.

We uphold our employees' right to freedom of association, right to unionise and collective representation. In Ikeja Electric, one of our largest affiliate Companies in terms of staff strength, 54% of the employees are represented by two independent trade unions, although these employees are not covered by a collective bargaining agreement. Although the Company is the only unionized company in the group, we continued to leverage on best practice initiatives towards fostering harmonious relationships with the Unions in 2017 such as, joint consultative meetings with the Unions, supporting Union/member engagement including granting approval to the leaders of the Union to engage members across the business and providing time off work for union members to attend union functions, assignment of a dedicated unit (HR Operations) to attend to union matters and collaborating with the Union through tripartite sessions for developing Procedural Agreement and Conditions of Service.

We are an equal opportunities employer and provide opportunites for all to develop their potential within Sahara Group regardless of age, class, gender and race.

Our employees remain the most valuable assets. Our quest for excellence and unity in diversity emains our driving force as Saharians.

#### Anthony Youdeowei

Group Managing Director











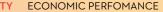




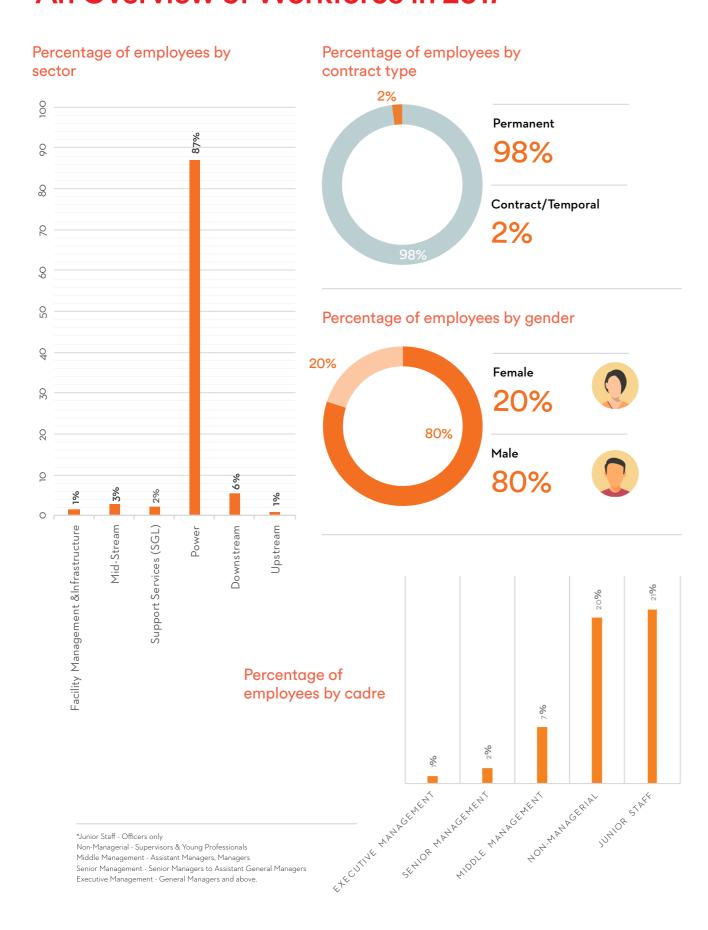




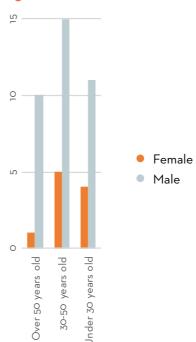




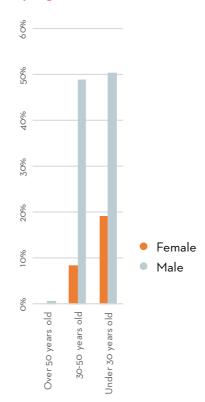




#### Number of staff exits by Age and Gender



#### Percentage of new hires by Age and Gender



# **Building Future Leaders**



The development of high quality future leaders is a key priority for Sahara Group. To continuously foster innovation and excellence, we actively build a pool of talent who will ensure the continuity of our organization.

In 2017, we were proud to bring on board 397 new employees into the Sahara family, of these new employees came in through our Graduate Trainee programme. This programme was designed to stimulate entrepreneurial skills, offer cross-sectional understanding of our business, while developing talents that would be immersed in various functional sectors of our company.



New employees brought into the Sahara family in 2017

Sahara Group's three (3) program options for trainees

Graduate Management Training Program (GMTP) Graduate Accounting and Audit Program (GAAP)

Graduate Engineering Management Program-Oil & Gas and Power

# **Diversity and Inclusion**

Our reputation as an employer of choice has been enhanced over the years through our track record of treating our employees fairly and of fostering an enabling working environment that is free from segregation, prejudice, and any form of discrimination in terms of race, skin colour, national origin, gender, disability, religion or age.



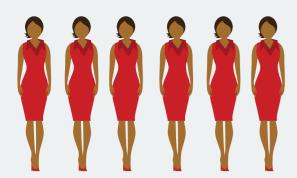


As an organization that comprises of people from diverse backgrounds, experiences and perspective, we encourage a civil and inclusive community that is characterized by mutual respect for the contributions of all employees.

The energy and infrastructure sector industries are traditionally male dominated areas. We recognize that to bridge the gender gap, organizations need to take a proactive role in addressing the barriers to femaleparticipation.

In terms of gender diversity as of 2017, 20% of our workforce were women. Female representation in Senior and Executive management roles made up 21% and 19% respectively of available positions. This gap was less significant in non-managerial roles, where female representation was 36%.

In future, we hope to increase gender balance within our workforce, as we recognize that women add significant value to



Percentage of women in workforce

Female representation in non-managerial roles

36%

Female representation in Senior & Executive management roles

21% & 19%

# **Employee Compensation and Benefits**

Our people are valued as our greatest assets as they drive our business by creating avenues for new opportunities and by people are behind our reputation for the highest standards in all that is critical to our success. Our business principles behind our operations have been designed to focus on our people to promote the Sustainable Development Goal 8 by increasing

labour productivity and improving access to financial services and benefits. We offer both statutory and optional benefits to our emmaximizing our success in respect of our existing businesses. Our ployees to attract, retain and foster employee loyalty and increase employee productivity, while creating an enabling environment that motivates and enriches and encourages a sense of belonging. The standard benefits for our employees include;



#### Group Life insurance

This is a Death-In-Plan scheme to insure employees and provide payment of benefit to the dependent(s) of any employee that dies during service up to a minimum of three times the annual total emolument (Annual Basic Salary + Housing + Transport Allowance) of the employee.



#### Critical Illness Coverage

This is an extension of Group Life Insurance Policy aimed to cover critical illness i.e. a condition where the insured (employee) is diagnosed and confirmed as being terminally ill resulting from Heart Attack, Cancer, Kidney Failure, Stroke, Paralysis, and Coma.



#### Healthcare

Employees are insured with a Health Management Organization. They have the option of registering themselves with the HMOs contracted to provide medical service. This covers self, spouse and 4 biological children.



#### **Employee Compensation** Scheme

This is designed to provide adequate compensation for employees or their dependant in the event of death, injury, diseases or disability arising out of or in the course of employment. The company remits 1% of the entire month's payroll to NSITF "a body saddled with the responsibility of coordinating and implementing the provisions of the Act, managing the funds and compensating employees (or dependants)



### Welfare Packages

Monetary scheme aim at assisting employees to subsidize expenses incurred on their weddings, Child Birth and Bereavement.



#### Opportunities for Secondment/ **Exchange Programmes to other** Sahara Locations

This kind of benefits are for high performing employees within the Group.



#### Mentorship Programmes with **Executive Directors**

This kind of benefits are for high performing employees within the Group and compensating employees (or dependants)



#### Status Car & Vehicle Allowance Option

Status Car & Vehicle Allowance Option -Status Car scheme provides either a Branded Car for employees within OFF - AM2 grade or Non-Branded Cars to MD or Other grade levels in a sensitive customer facing roles to project the company's image to clients. Vehicle Allowance is a monetized option to assist employees within grade level AM3 - GM to finance the lease of a Vehicle which has now form an integral part of their remuneration



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## **Learning & Development**



In 2017, we continued to leverage on our internal learning faculty, via learning sessions involving technical and soft skill trainings

Human capital development is an essential part of our organizational strategy and we continuously improve the technical requirements of our employees in our organization. The training support and development of employees are core priorities for ensuring an efficient workforce. We have integrated a formal learning process into the workday activities as well as systematic talent management in the areas of internal knowledge sharing and e-learning programs. The continuous training and development exercises represent a lifelong contribution of the company to its employees. These programs address perfomance gaps which ensure continous development through a

In 2017, we continued to leverage on our internal learning faculty, via learning sessions involving technical and soft skill trainings. Some key learning sessions included, Line Managers workshop to develop effective delegation and employee engagement skills, on-the job training and a self-management and leadership workshop aimed at developing leadership capacity within our organization.

We also introduced our Personal Development Plan platform, through which we have encouraged and empowered employees to have a more active role in determining their learning avenues for self-improvement.

# **Performance Management**

One element of the people pillar of our corporate governance framework is our promise to ensure that all employees reach their potential and achieve their objectives in the organization. We achieve this through our performance management system, which is a 360-feedback mechanism which ensured that there was a continuous review of all employees' performance and career development across the business irrespective of gender and grade level. This provides confirmed employees with timely and effective feedback from their line managers, subordinates and peers. To inculcate equitable employment practice providing equal career progression opportunities to all employees, employees of gender and grade level, there was a continuous review of all employees' performance and career development across the business

Our performance management cycle begins with employees agreeing with their Line Manager on their annual performance targets in January of every year. By June of the year, a mid-year performance review is done, while in December an annual performance review takes place. In the year 2017, 95% of the entire workforce across the business including the Power entities received regular performance review.



Average workforce that received performance review in 2017 using our 360-feedback mechanism



Percentage of employees who received continuous performance/career review



## **Succession Planning**

To protect the growth, development and survival of Sahara Group, 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. An estimate of 4.06% of employees will retire in 5 years, while an estimate of 5.17% are expected to retire in 10

As we build the leadership pipeline, our key consideration was to ensure that there are qualified and strategic leaders to fill key positions to drive and implement Sahara's strategic growth plans. There are some key questions that have driven the implementation of various programs across board to ensure that at every level we are grooming strategic and visionary leaders.

While development has been addressed at the entry level through the graduate programmes such as the Graduate Management Talent Programme (GMTP), Graduate Engineer Programme (GEP) and the Graduate Analyst Programme (GAP). which occur annually or biennially, there was a need to further develop our employees at the higher levels.

In Ikeja Electric, we ran a Graduate Engineer Programme with 25 trainees comprising of Graduate Engineers, Linesmen and Distribution Sub Station Operators who will be injected into our technical operations in 2018. These fresh engineering graduates are undergoing a 12-month intensive training to equip them with the skills necessary to succeed. The training is being conducted by our in-house training facility, made up of class room and a job rotation programme to various technical functions within the compositions and drive performance in order to attain Sahara Group's pany. In 2018, these 25 Engineers will be posted to the various functions within Technical Department as Engineers

Furthermore, Sahara Group launched the **Sahara Leadership** successors within the organization.



Programme (SLP); a 12 months leadership program geared at grooming strategic and visionary-minded leaders, with implementation capability, who will be purposefully equipped with the competencies and qualities required, to occupy leadership overall goals and business objectives. The successful employees are placed in our talent pool as we sustain a healthy pipeline of

### **Labour Practices and Grievance Mechanisms**

Sahara Group frowns at any disruptive

However, we endorse our employees right to freedom of association and collective representation, regardless of their job role, location, department or sector. An effective grievance mechanism through our Grievance Policy has been put in sive working environment that provides access to justice for all and manages

that our employees may raise. This is because it is in the best interest of both the company and our employees to consider and resolve any issues that may arise in a mutually

acceptable manner. The Group has developed a grievance policy gatherings or unions activities that can be , which is an internal dispute resolution mechanism by which an inimical to the flow of operational duties employee may have his or her grievances addressed.

The grievance procedures allow employers to deal with grievances fairly, consistently and speedily. It also allows for both management and employees to have adequate channels of communication for discussion on any problems, concerns, complaints or dissatisfaction, which may jeopardise industrial harmony.

This promotes a peaceful and inclusive working environment that provides access to justice for all and manages legitimate conplace to promote a peaceful and inclu- cerns, problems or complaints that our employees may raise. This is because it is in the best interest of both the company and our employees to consider and resolve any issues that may arise in a legitimate concerns, problems or complaints mutually acceptable manner. It is worthy of note that in 2017, there were no labor related grievances within any of our companies within the group.

#### Conclusion

It is our goal to ensure that we move forward in the years to come as we continue to build on our successes while constantly looking to improve on existing practices to ensure we remain a relevant, forward looking company and contributor to the growth and development of our nation.



At Sahara, we are a force for positive change and we show it through our engagement with our community partners and the environment.



eing the vehicle that drives the Group's Personal and Corporate Social Responsibility, Sahara Foundation has an unwavering commitment to promote good corporate citizenship in every corner of the world where we have influence. At Sahara, we are a force for positive change and we show it through our engagement with our community partners and the environment. In 2017, we fostered our Extrapreneurship drive created and created the SaharaHub platform which connects young people with interest in emerging markets with other stakeholders to promote cross-sectoral collaboration. This concept is centered on wealth creation and preservation. The SaharaHub (www.saharahub.com) has continued to provide resource, inspire networking and collaboration of a mass scale for local, regional, national and global beneficiaries.

Io further promote our business and sustainability footprints, we adopted the United Nations Sustainable Development Goals (SDGs) as a reference framework. The SDGs agreed by world leaders in 2015 influenced our work in aligning our interventions to address specific goals and in establishing the Private Sector Advisory Group (PSAG) Nigeria with the Office of the President on SDGs and other private businesses in Nigeria with the support of the United Nations Sustainable Development Fund. The PSAG helps with new frameworks that can be used to challenge how the private sector in Nigeria can work and strategize to ensure we end poverty, achieve gender equality, end climate change and achieve quality education and decent jobs in Nigeria by 2030.

Our guiding principle is to be at the core of ensuring sustainable livelihood for youth and ensuring that communities are sustainable. We believe that this approach creates a multiplier effect and will help us attain the Sustainable Development Goals.

#### Oluseyi Ojurongbe

Manager, Sahara Foundation

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t is our belief that community engagement is highly critical to the continuous growth of our business, more so for businesses that source for raw materials from a host community. If our business must remain sustainable, the communities in which we operate must be constantly engaged in decision-making as key stakeholders.

At Sahara Group, we understand this to be key to the business growth and success both in the present and more importantly, for the future.

Howbeit, community engagement for us is more than just ensuring production is not hampered. It is about being human and giving back to communities that have given so much to us. It is about ensuring that while the needs of today are met through our activities in these communities, the needs of generations to come are not hindered from being met. We collaborate with the host communities in which we carry out our business activities to jointly make decisions that favour both parties.

Community engagement played a key role in the growth and successes recorded in the year 2017 which significantly surpassed that of 2016 because our practice also improved just as our relationship with the communities improved. Mutual trust and peaceful coexistence were developed and because rather than betray the trust our host communities have bestowed on us, we improved on it, the business benefitted. Community members do not see Sahara Group as extorters or users but as fellow community members who have the community's interest at heart.

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Community engagement played a key role in the growth and successes recorded in the year 2017 which significantly surpassed that of 2016 because our practice also improved just as our relationship with the communities improved.

# Managing Community Relations

Our approach in managing our community relations was by identifying our stakeholder groups through a combination of approaches which included brainstorming within our team for those who are affected in any way by our activities, liaising with community leaders and members and consultation with implementing partners with expertise and experience with the communities involved

This approach allowed us to identify all concerned groups to ensure that the interests of every group of stakeholders identified was well represented in our chosen engagement strategy. Every individual or group whose interests might be affected as a result of our business operation is identified. This ensures that everyone wins and no one or group is treated unjustly or feels marginalized. We are not oblivious to the fact that sometime, the representatives of a group among the stakeholders spectrum may not act in the best interest of those that they represent. Therefore, we have put in mechanisms that check for such injustices. Through implementing partners who are experienced and well-grounded in the communities of engagement and our observation, we ensure that all groups are catered too especially those whose voices may be swallowed by their sheer minority. At Sahara, we put great effort to ensure all stakeholders are attended to and as such established partnerships with ENACTUS Nigeria for the design of innovative power solutions for host communities, Carter Centre to provide access to potable water in the communities and United for Sight for the implementation of eye-care programme.

Our production process ensures minimal to zero environmental pollution. This is our first and most important approach to community protection. At Sahara, we ensure that we operate with the best safety and production stan-

Through implementing partners who are experienced and well-grounded in the communities of engagement and our observation, we ensure that all groups are catered too especially those whose voices may be swallowed by their sheer minority.

#### Our approach to community relations



Brainstorming within our team for those who are affected in any way by our activities



Liaising with community leaders and members



Consultation with implementing partners with expertise and experience with the communities involved



dards thereby ensuring biodiversity, environmental protection and preservation.

Also, we ensure that our contractors and suppliers operate and align with the Sustainable Development Goals. When community interventions are carried out in our host communities, we ensure all groups benefit so that it is not a certain group alone that takes all the benefits. To ensure this is the case, we keep an open line of communication between us and the communities through our Community Liaison Officers. At the outset of our business, we are committed to ensuring best practice in all our operations. That commitment means, from us adopting the latest technology, safest operation techniques and best approaches in our dealings with people, suppliers, communities and the environment. The commitment we made has served as the core driver for our sustainability efforts. We



Zero Environmental pollution ensured in our productions

ensure that the communities and environment are not only preserved in the course of us doing business but that community members lead better and more prosperous lives as well. The 'adopt a community approach' is currently being explored in our upstream host communities and it is an all-round approach (education, health, power, technology) that will be deployed over a 4-year period.

Our performance is evaluated mainly by pre-set parameters (baseline studies) which are identified from the needs assessment phase and project outputs and outcomes are then compared against the baselines. Our evaluations reveal that partnering towards attaining a more sustainable world is the way to go. Other private sector organizations and key stakeholders are implementing programmes along these areas.

Our interventions are more people focused now and fully aligned with the Sustainable Development Goals (SDGs). Hence, partnerships drive scale and long term sustainability.

# Sahara Partnerships for Community Development



#### The Carter Center







### **Enactus Nigeria**

For the Design of innovatie power solutions





#### **Unite for Sight**

For implementation of eye-care programme





# SUSTAINABLE GALS DEVELOPMENT





8 DECENT WORK AND ECONOMIC GROWTH



























Our interventions are more people focused now and fully aligned with the Sustainable Development Goals (SDGs).





# **Community Relations Projects**

### **Food Africa Project**

The Food Africa Project is a collaborative initiative between Sahara Group, United Nation- Sustainable Development Goals-Fund (SDG-F), Roca Brothers and the Kaduna State Government, directed at empowering the people and alleviating poverty through food security.

The project is an Agro-base initiative envisaged to integrate the entire food value chain - the farmer, wholesaler, retailer and consumer- providing a sustainable source of food security, poverty alleviation and eradication, skill acquisition and social inclusiveness.

This project is aimed at contributing to the achievement sustainable development goals 1, 2, 8 and 12 - No poverty, zero hunger, decent work and economic growth, and responsible consumption and production respectively. By reason of the collaborative nature of the project, goal 17, partnerships for the goals, is being achieved.

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### **Private Sector Advisory Group**

The Private Sector Advisory Group (PSAG) exists to bring together a range of private sector companies to promote and discuss the universality of the Agenda for Sustainable Development and its 17 goals. The platform encourages the exchange best practices and ideas on how articulate a Universal Agenda in different private sector industries, contexts and sizes to incorporate and implement the SDGs into the core business activities and operations.

The Sustainable Development Goals (SDGs) were launched in 2015. A major defining attribute of the SDGs is the inclusion of the role of the private sector in achieving the goals. Following this recognition, the Private Sector Advisory Group (PSAG) was launched in 2016 by the United Nations Sustainable Development Goals Fund. Taking a cue from the PSAG launch and the inclusion of Sahara Group on the PSAG Global board of 13 companies, a local Private Sector Advisory Group was formed and inaugurated in February 2017.

Since its launch in Febraury 2017, PSAG Nigeria now has a board of 17 companies all addressing the SDGs in Nigeria and supporting the government in the attainment of the goals.

In 2017, one of the key achievements of the group is the creation of an SDG Reporting Tool. This tool when launched will enable private sector companies in Nigeria report their SDGs related intervention in a central location that will be fed into the national report that is submitted yearly to the UN. In other words, private sector contribu-



tions towards development objectives will now be collated centrally and reported as part of the national drive towards the goals.



Together with other private sector organizations, we are driving the attainment of the SDGs in Nigeria through private sector efforts while supporting the efforts of government and civil society as well

### Sahara-Enactus Youth Extrapreneurship Challenge



#### Sahara Group has over five years of partnership with Enactus Nigeria.

In 2017, the "Reaching the Goals" project was executed. It was an integrated developmental program structured to facilitate the process of achieving the SDGs in Nigeria by recognizing and challenging critical stakeholders to make commitments and lead the charge towards achieving the SDGs. The project involved student teams pitching their ideas and products designed to address one or more SDGs to an audience of potential accelerators and investors. Of a pool of over thirty innovative projects from student teams across the country, four of the most innovative were shortlisted for the final presentation event. The winner of the pitch received financial reward and professional support to refine their solution for commercial use.

#### The winning innovations for the Reaching the Goals Initiatives are:



Enugu State University of Science & Technology- Etha Stove: Converting algae and cassava water to ethanol to power cooking stoves



Ekiti State University- Enact Engine: Produced bio gas from poultry dung to power a modified generating set used to electrify a poultry farm

#### SDG Supported by Project

















### Saharahub

This platform was created promote the Extrapreneurship framework of Sahara Foundation by leveraging the power of the internet. The website, www.saharahub.com, will be a platform for the provision of growth and development opportunities to young people (15 to 35 years old). Through the platform, we will be directly impacting the lives of 12 million young people across Africa. This initiative targets goal 8 of the SDGs primarily, however, it supports the other goals one way or the other. Saharahub grew membership to over 2,800 registered users and we held 4 twitter chats/forum sessions with subject matter experts in 2017. We also had weekly posts on the opportunities section of the hub with opportunities in the areas of scholarships, training and mentoring. We also invested in instituting partnerships and alliances that will result in unique sustainable growth opportunities.



SDG Supported by Project



Target demography 15-35

Direct Impact on young people across Africa 12million

Membership growth

+2,800

### Renovation of Technical Laboratory in Manhean Senior Technical School, Tema, Ghana

The wood work laboratory at the Manhean Senior Technical School, Tema, Ghana was upgraded to a modern laboratory. The objective of the programme was to create a more conducive learning environment for student of the beneficiary school which will in turn empower them towards self-reliance. Goal 4 - Quality Education - was supported through this project.

**SDG Supported** by Project

















### School Water Sanitation and Hygiene (SWASH) Programme in Tanzania

This project was aimed at improving Teachers and student's capacities in Salma Kikwete Secondary school on the area of SWASH. We also improved the SWASH infrastructures within the school by constructing toilet blocks comprising 6-dropholes each for boys and girls, 1 toilet facility each for physically boys and girls and 1 hand washing station for group hand washing. The project supported goals 3, 4 and 5 of the SDGs.

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SAHARA GROUP / SUSTAINABILITY REPORT 2017











### **Grooming Film ExtraPreneurs Season 2**





The project was themed: Empowering the Girl Child in Africa; and it is expected to directly reach one million people in Africa with the advocacy message for girl's rights, cover stories of the condition of disadvantaged girls in three African countries and equip 90 youth with skills required to become film makers. Through this partnership, Sahara Foundation showcased the challenges faced by African girls face ranging from early mar-

riage, educational deprivation, loss of inheritance, female genital mutilation and limiting societal expectations among others. The programme was centered around the UN's Sustainable Development Goals (SDGs) particularly goals 1, 2, 3, 4, 5, 6, 7, 8 and 17. Goals 4, quality education and 5 are of particular importance to this partnership.

#### **Quotes from Grooming Film Extrapreneurs Beneficiaries**

I want to prove to everyone in the world that I can make it. And I got push and inspiration from the training received from Zuriel. If a lady this young can do so well, then I can too

Bubune Mensah, Ghana Beneficiary

phone and edited it with my teacher's computer. Now my daddy appreciates film making and will support my dreams

Oluwaseun Omotayo, Lagos Beneficiary

Deborah Quartey, Ghana Beneficiary

The staff volunteers from Sahara were amazing too, they used their life experiences to teach me about life and what I can do make my life better. In all, my life changed for the better because of the programme

Konan Amenan Andrienne, Abidjan Beneficiary

#### SDG Supported by Project





















# Economic Performance





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# **Our Economic Performance**

# Sahara Group Limited



тс	OTAL ASSETS	16,221,942.00
rini	Community & CSR Investments	-
<b>1</b> %	Income Taxes	17,481.00
	Finance Costs	-
	Other Operating Expenses (Excluding Staff Costs)	558,196.00
B	Employees' Emoluments & Other Benefits	1,003,704
(%))	Other Incomes	13,325.00
	Revenue	1,636,595.00
		N'000

# Sahara Power Group



TC	OTAL ASSETS	592,491,610.40
	Community & CSR Investments	-
	Income Taxes	-
	Finance Costs	-
	Other Operating Expenses (Excluding Staff Costs)	787,261,298.00
B	Employees' Emoluments & Other Benefits	298,005,063.70
(%))	Other Incomes	-
	Revenue	679,295,555.00

N'000

### Downstream – Asharami Synergy Plc



		N'000
	Revenue	126,069,376.80
(%D	Other Incomes	2,274,521.50
B	Employees' Emoluments & Other Benefits	1,098,733.86
	Other Operating Expenses (Excluding Staff Costs)	5,057,046.76
	Finance Costs	780,986.76
<b>1</b>	Income Taxes	1,528,850.04
	Community & CSR Investments	20,030.84
TOTAL ASSETS		59,041,467.24

# Upstream – Asharami Energy (Uptream) Limited



то	TAL ASSETS	318,658,240.00
	Community & CSR Investments	62,000.00
	Income Taxes	10,685,000.00
	Finance Costs	5,989,210.00
	Other Operating Expenses (Excluding Staff Costs)	23,738,092.00
A	Employees' Emoluments & Other Benefits	976,000.00
(%)	Other Incomes	2,467,920.00
	Revenue	30,274,000.00

N'000



# **Power Operating Entitities**



cicicic		N'000
	Revenue	160,165,501,243.97
(%)	Other Incomes	25,956,340,579.81
A	Employees' Emoluments & Other Benefits	12,100,805,747.00
	Other Operating Expenses (Excluding Staff Costs)	235,529,674,455.63
	Finance Costs	45,735,612,776.50
<b>1</b> %	Income Taxes	2,587,028,379.04
	Community & CSR Investments	69,295,000.00
то	TAL ASSETS	908,499,457,399.63

