

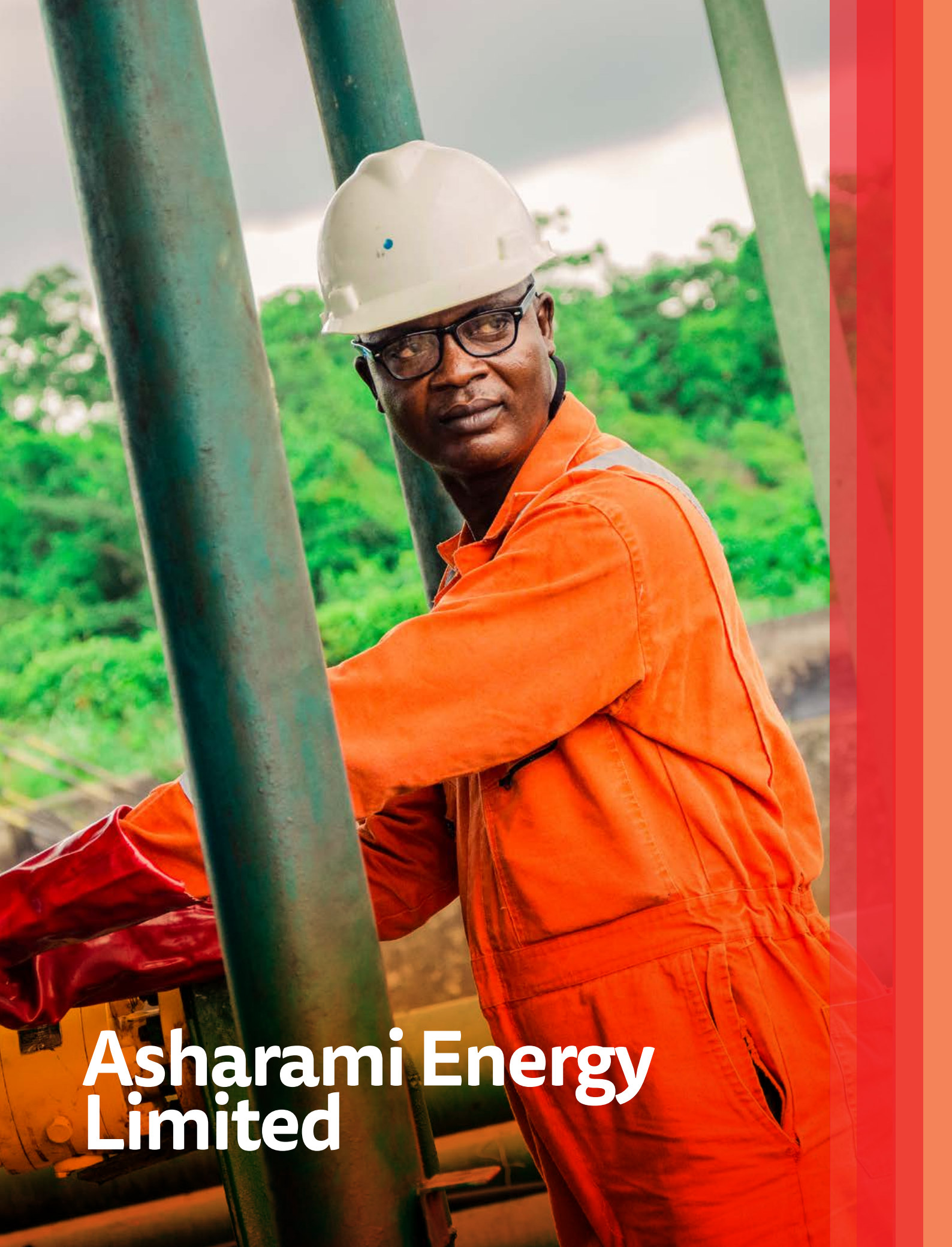


# Transformative Innovation

2019 | Sustainability  
Report

[www.sahara-group.com](http://www.sahara-group.com)





**Asharami Energy  
Limited**

## LETTER FROM THE MANAGING DIRECTOR

**C**onsolidating on the many firsts attained in 2018, Asharami Energy Limited set out to supersede the accomplishments in 2019. With a much-improved economy in mind, the focus was to create additional value and opportunities for our diverse stakeholders in line with our shared value approach, in which our host communities are the major fragment for delivery. After targeted engagements with our various stakeholder groups, we have developed a matrix reflecting the sustainability issues that are relevant to our business and our stakeholders for 2019; these concerns were highlighted through engagements with our stakeholder groups throughout the year. The issues are prioritized to the level of importance to our stakeholders and how they could affect our ability to deliver on our strategic objectives.

In achieving our sustainability mandate, our host communities as partners are key to the delivery of our purpose, thus, we have leveraged on an inclusive approach to fostering growth, empowerment, and sustainable development within the communities through continuous stakeholder engagement, and prioritization of their needs for larger impact in alignment with the global goals.

In demonstration of our commitment to the Sustainable Development Goals, we have aligned our business strategies with the SDGs particularly at a time when the society increasingly is turning to the private sector and asking that companies respond to broader societal challenges. Undeniably, the public expectations of AEL have never been greater and as such, we lay equal emphasis to financial and social performance with sustainability remaining an integral component of our operations. Thus, we will continue to enhance the process by developing and applying innovative solutions to issues critical to our stakeholders, sustainable development, and climate change.

As we positively look forward to the coming years, I would like to use this medium to appreciate all our stakeholders for having faith in us and making the journey seamless. We are committed to a sustainable world, a better and secure future for us all.



**Olajumoke Ajayi**  
*Managing Director*  
*Asharami Energy Limited*



# About Asharami Energy Limited

**A**sharami Energy Limited is an upstream company within the Sahara Group involved in the acquisition of assets, exploration, drilling and production as well as monetization of its hydrocarbon resources. It was incorporated in Nigeria under the provisions of the Corporate Affairs Commission of Nigeria, with a strategic mandate to deliver sustainable growth through the acquisition and development of viable assets across Sub-Saharan Africa.

## Our Operations

Asharami Energy Limited has a diverse portfolio of 9 oil and gas assets in basins across West Africa including: Nigeria, Ghana & Cote D'Ivoire. These assets are at various stages of development ranging from exploratory fields to mature producing.

All our wells in Nigeria are onshore, and our business management is run from our head office located in Ikoyi, Lagos while our branch office and field operations are in Benin City and Ajoki in Edo State respectively.

### Our Mission



To become the pre-eminent upstream Exploration and Production Company operating in Sub-Saharan Africa; focused on long-term sustainable growth and value creation



**88%**

Sahara equity share in Asharami Energy



Oil & Gas assets across West Africa



**Head Office:** 7A Oluwa St. Ikoyi, Lagos, Nigeria

**Benin Office:** No 30 Imuentiyen Street, GRA Benin City.

**Field Operations (Drilling and Production):** Ajoki, Edo, Nigeria

### OML 148 (Nigeria)

producing /development asset

**871Km<sup>2</sup>**

ACREAGE

**100%**

OWNERSHIP

**6**

EXPLORATION WELLS

**55000 BPD**

PRODUCTION CAPACITY PER DAY

As at 31st December 2019, Oki Oziengbe field, the primary production site, had an 89% reserve at 51.12mboe.

### OML 18 (Nigeria)

producing asset located at Onshore Nigeria Delta

**1,035Km<sup>2</sup>**

ACREAGE

**16.2%**

OWNERSHIP

**5**

FIELDS

**45000 BPD**

PRODUCTION CAPACITY PER DAY

### OML 228 (Nigeria)

exploration asset with significant hydrocarbon potential, bordered by several licenses with producing field

**1,915Km<sup>2</sup>**

ACREAGE

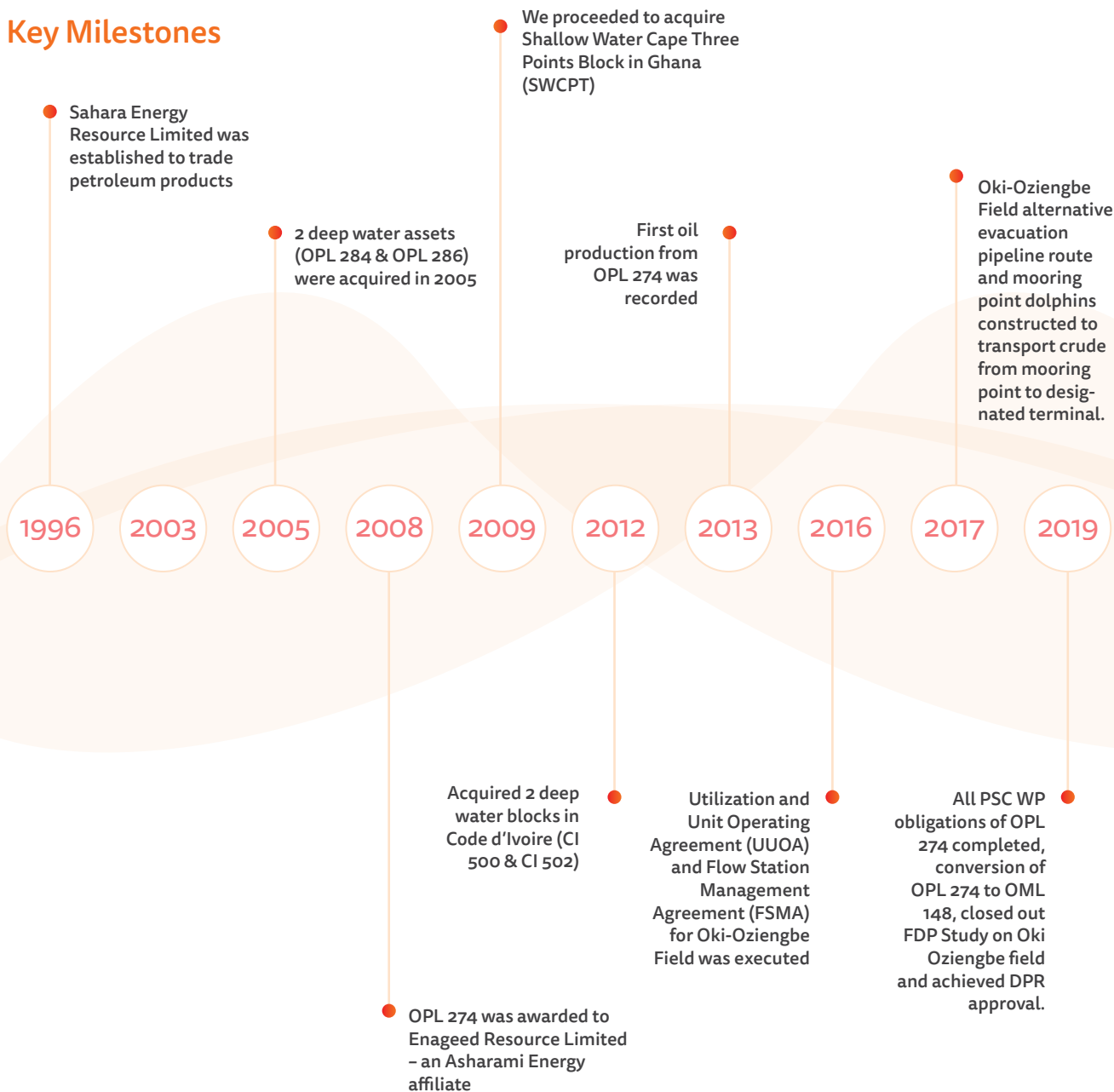
**100%**

OWNERSHIP

Our clients are spread across the oil and gas, power, petrochemical and infrastructure sectors. We have continued to serve Shell West Supply and Trading Limited, the geographical reach of our products spread across different countries including Switzerland, France, South Africa, USA, Netherlands, India, Abidjan, Darussalam and some selected refineries



## Key Milestones



## Risk Management

Risk Management at Asharami Energy is highly cross functional. We have considered that the effectiveness of our risk management is dependent on the collaboration of all stakeholders within the organization. The Health & Safety, Production, Engineering and Management Information Systems (MIS) teams work together to identify risk and put mitigants in place to address these risks.

The identified risks and mitigation measures are developed into our robust risk management framework that is approved by the Board. All employees and management are updated on risk management and progress is communicated in Quarterly Management Information Systems meetings as well as Board meetings.

### Key Risks identified at Asharami Energy Limited

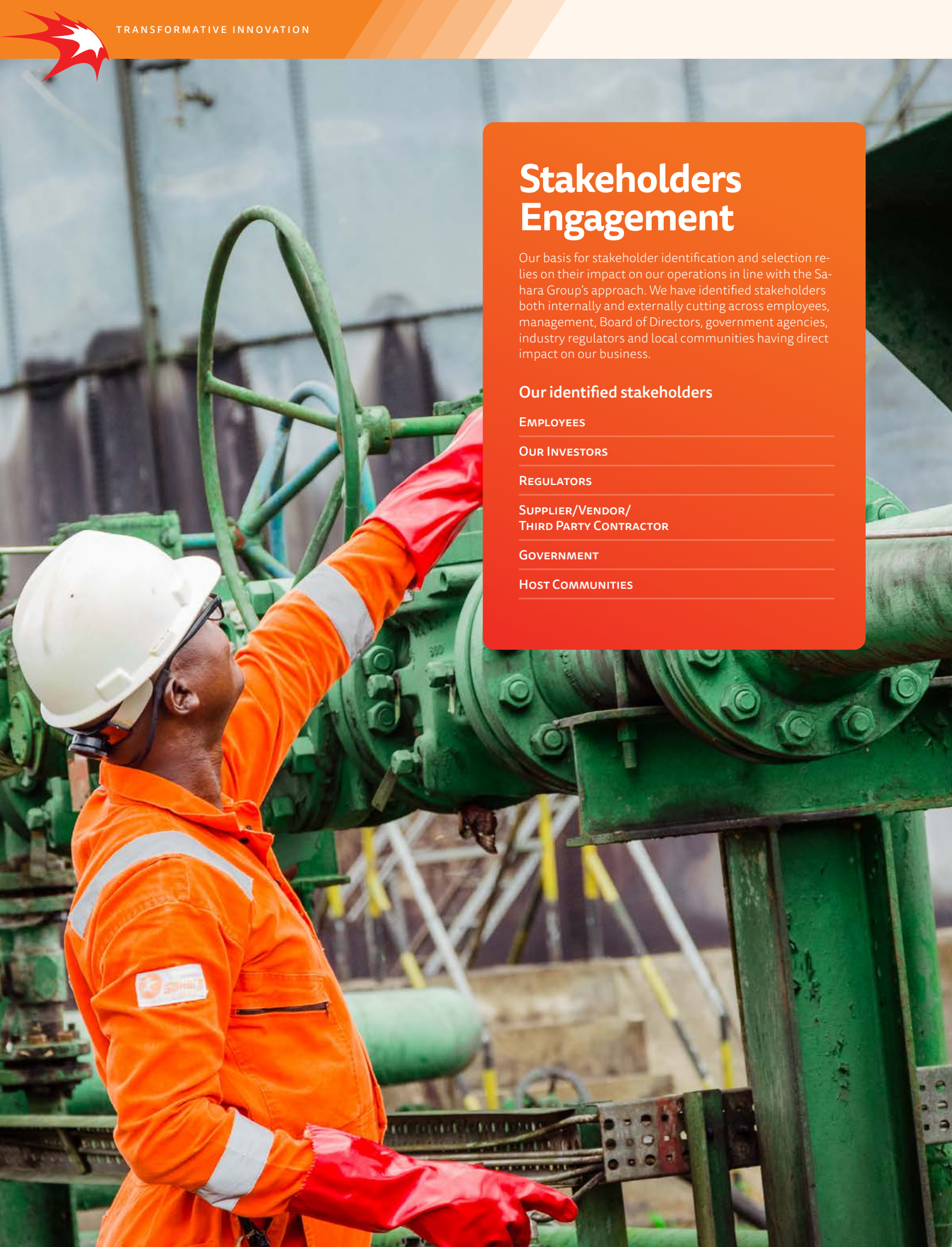
SUPPLY CHAIN RISK

SECURITY RISK

GOVERNANCE RISK

FINANCIAL RISK

OPERATIONAL RISK



# Stakeholders Engagement

Our basis for stakeholder identification and selection relies on their impact on our operations in line with the Sahara Group's approach. We have identified stakeholders both internally and externally cutting across employees, management, Board of Directors, government agencies, industry regulators and local communities having direct impact on our business.

## Our identified stakeholders

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EMPLOYEES

---

OUR INVESTORS

---

REGULATORS

---

SUPPLIER/VENDOR/  
THIRD PARTY CONTRACTOR

---

GOVERNMENT

---

HOST COMMUNITIES

---





STAKEHOLDER	TYPE OF STAKEHOLDER (INTERNAL OR EXTERNAL)	AREAS OF INTEREST	FREQUENCY OF ENGAGEMENT	ENGAGEMENT CHANNEL
Department of Petroleum Resources (DPR)	External	Regulatory Compliance	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
National Petroleum Investment Management Services (NAPIMS)	External	Regulatory Compliance	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
Federal Ministry of Environment (FMEnv)	External	Regulatory Compliance, Greenhouse Gas Emissions, Value Generation	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
Ministry of Petroleum Resources (MPR)	External	Regulatory Compliance, Value Generation	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
Edo State Ministry of Solid Minerals, Oil and Gas (EDSG)	External	Regulatory Compliance	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
National Oil Spill Detection and Response Agency (NOSDRA)	External	Regulatory Compliance	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
Nigerian Petroleum Development Company Ltd (NPDC)	External	Regulatory Compliance, Value Generation	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
Nigerian Content Development and Monitoring Board (NCDMB)	External	Regulatory Compliance	On a need basis	One-on-one meetings, emails, phone calls, Industry and Professional association events
Nigerian Petroleum Exchange (NIPEX)	External	Value Generation	On a need basis	One-on-one meetings, phone calls
Community Representative Council (CRC)	External	Socio-economic contribution to the communities,	Monthly and on a need basis	One-on-one meetings, phone calls, focus group sessions,
Employees	Internal	Compensation and Benefits, Employee Welfare, Sustainability, Working Conditions, Occupational Health and Safety	Daily	One-on-one meetings, emails, circular, posters, employee engagement surveys, performance reviews, etc.
Suppliers	External	Product Quality, Responsible business practices	Monthly	One-on-one meetings, phone calls, emails, sub-contractor pre-qualification

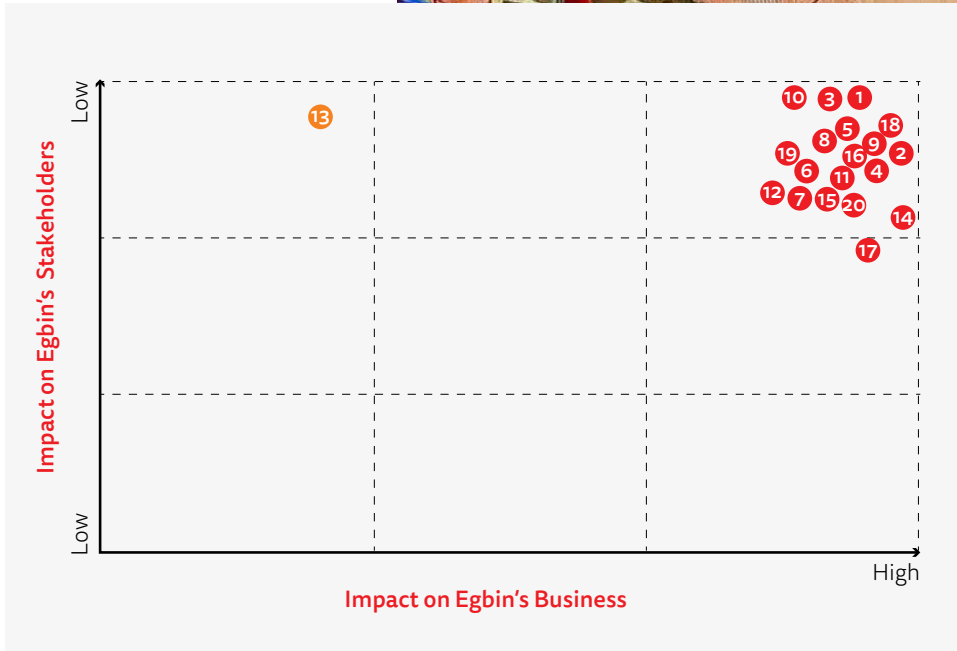
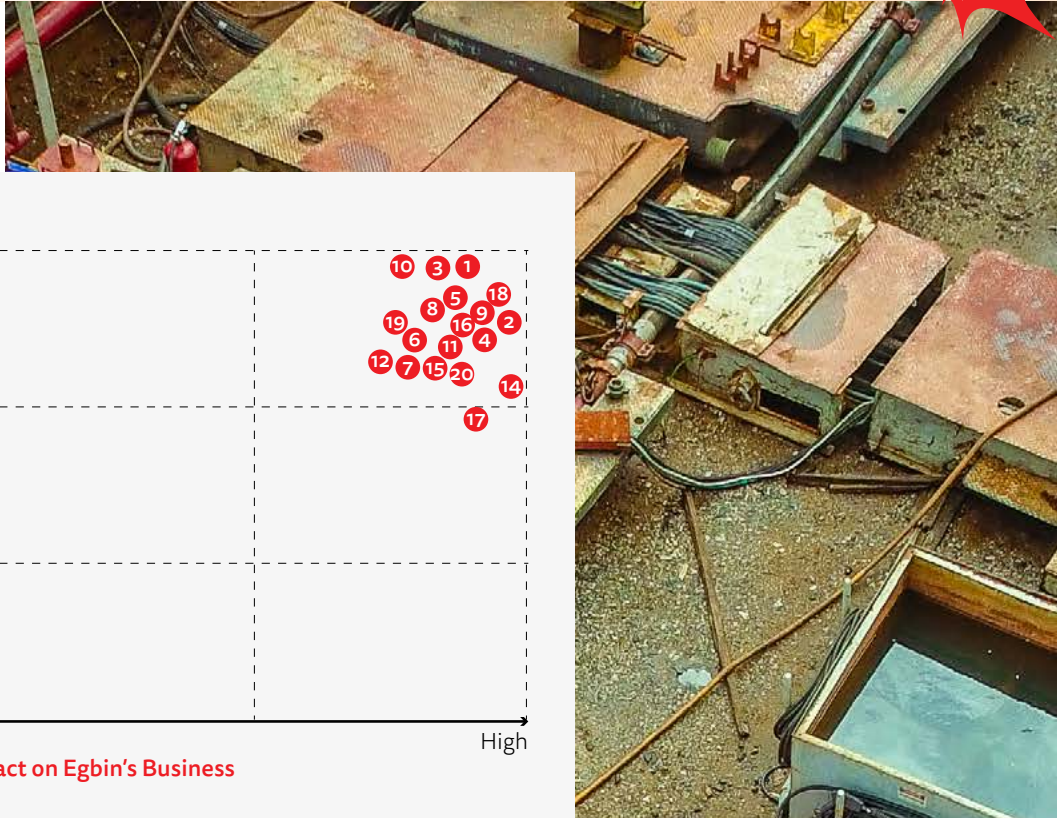
# Materiality at Asharami Energy

While there are several issues connected to our business operations, we have prioritized issues that are relevant to our business and significant to our stakeholders.

S/N	SUSTAINABILITY PILLAR	MATERIAL TOPIC	MATERIALITY LEVEL	SDGs ALIGNMENT
1	Economic	Business (Economic) Performance & Value Creation	●	
2		Regulatory Compliance	●	
3		Responsible Procurement (Product Quality, Responsible business practices)	●	
4		Risk Management	●	
5		Supply Chain Efficiency	●	
6		Technology	●	
7		Market Intelligence	●	
8		Customer Centric Process	●	
9		Operational Alignment with the SDGs	●	
10	Social	Governance and Ethics	●	
11		Quality, Health & Safety	●	
12		Human Rights	●	
13		Security (including Cybersecurity)	●	
14		Community Engagement (Socio-economic Contribution to the communities, Adherence to Agreements)	●	
15		Employee Engagement (Compensation and Benefits, Employee Welfare, Sustainability, Working Conditions, Occupational Health and Safety)	●	
16	Environment	Climate Change	●	
17		Greenhouse Gas Emission	●	
18		Regulatory Compliance	●	
19		Responsible Procurement	●	
20		Environmental Management Systems	●	

PRIORITY | ● HIGH ● MEDIUM ● LOW





To identify our material priorities, we conducted a materiality workshop to assess the issues that matter most to our stakeholders and to our people. We consulted both internal and external stakeholders to get a holistic picture of what matters most, then proceeding to analysing the data gathered to develop the materiality matrix below. Some material issues were ranked as important and remain constant from the previous reporting year. We also identified additional issues important to both internal and external stakeholders in 2019.





# Our 2019 Performance

## Economic Pillar

### Business Economic Performance and Value Creation

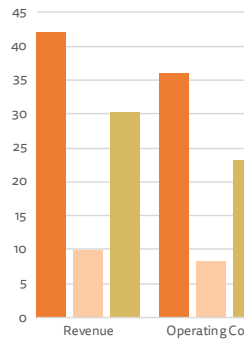
In 2019, there was an increase in our revenue and total asset from 2018, making a total income of N41.99bn. We ensure a system of revenue transparency in our flow from oil and gas activities to our stakeholders.

Asharami Energy operates a contributory pension scheme for the benefit of its staff. Employees contribute 8% while the Company contributes 10% on behalf of the employees

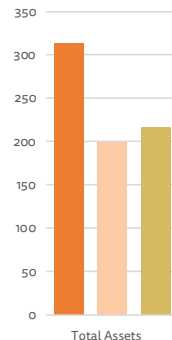
Our social investments in 2019 were focused mainly on education, empowerment and infrastructural development. In empowering the communities in which we operate, we expended a total sum of N518.4m in executing projects focused on the socioeconomic development of the towns, making direct and indirect impact on 10,000 people.

This year, we expanded our production capacity with additional wells to increase our production level. Estimated reserves at our Oki-Oziengbe well increased to 51.12 MMBOE by the end of the year. We have improved our cost optimization activities to ensure business sustainability. In 2019, there has been continuous monitoring of project activities and more efficient management of resources.

Economic value created (N'Billion)



Total Assets N'Billion



#### Our Social Investments



**EDUCATION**



**EMPOWERMENT**



**INFRASTRUCTURE DEVELOPMENT**

**N518.4m**

Expended on community projects

**51.12 MMBOE**

Estimated Reserves at our Oki-Oziengbe well

## Regulatory Compliance

At Asharami Energy, we adhere to policies and procedures regarding compliance with applicable regulatory requirements with respect to our operations, business locations and Nigeria. We have demonstrated our stern commitment to regulatory compliance by following standards set by our regulators (Federal Inland Revenue Service, State tax bodies and other industry regulators). We have a team dedicated to financial reporting and tax processing, reporting to regulators periodically.

We have demonstrated our stern commitment to regulatory compliance by following standards set by our regulators (Federal Inland Revenue Service, State tax bodies and other industry regulators).





## Supply Chain Efficiency

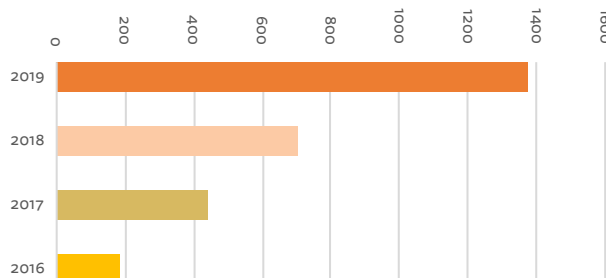
Geographically, we have classified our local coverage into 5 categories captured as: L1, L2, L3, F1 & F2. L1 is defined as the host environment and neighbouring communities where we have our daily operations. L2 refers to the Niger-Delta region which is the operational hub for most Upstream service companies in Nigeria. Our L1 & L2 play a critical role in our operations as most of the service providers are domiciled in that location. Our L3 categorization covers areas outside the Niger Delta and the rest of Nigeria. For our foreign categories, F1 refers to countries within West Africa while F2 covers the rest of Africa.

In 2019, we recorded an increase in our total number of suppliers both local and international. Number of suppliers in our supply chain increased by 95%.



**95%** Increase of suppliers in our supply chain

Supply Chain



**100%**

Percentage of local suppliers in our supply chain since 2016



## Risk Management

Risk management at Asharami Energy encompasses all identified critical risk topics within our operations (financial, operational, strategic, market, political, etc.) and external risks inherent to our business. We have established a contract and procurement risk register for monitoring and managing risks related to our contractors and suppliers. For efficient operations, the Board has approved a Standard Operating Procedure document (SOP) for Materials and Service Requests/ Procurement procedure to guide staff on materials/ services requests.

We also have a Crisis Management Plan that stipulates detailed instructions on how to respond to crisis, manage emergency situations and educates employees on emergency response preparedness. An Incident Management Team is established within the Company and saddled with the responsibility to oversee responses to crises. They are drawn from units across the Company with the Managing Director serving as the Team Leader.

## Market Intelligence

At Asharami Energy, we have developed an approach that enables us to strategically gain deep understanding of our market territories. We aim to grow our presence globally while delivering excellent value based on our industry insight for each area. The geographical reach of our products includes Switzerland, France, South Africa, USA, Netherlands, India. Our products are mainly utilized in the oil and

gas, power, petrochemical and infrastructure sectors respectively. Some of our customers include Mercuria as well as Shell West Supply and Trading Limited, Switzerland and the countries previously listed. With deep insight into the emerging market and understanding of our customers, we are committed to continuous prioritization of customer needs and growth of their business.



**At Asharami Energy, we have developed an approach that enables us to strategically gain deep understanding of our market territories**



# Social Pillar

## Quality, Health & Safety

**S**afety is a critical value for us and creating a healthy workplace is our top priority. At Asharami Energy, our commitment is to protect the health and safety of our employees, contractors, the community and stakeholders within the communities we operate.

In 2019, we recorded zero fatality, zero Lost Time Injury (LTI) and zero restricted workday case. As we improve our health and safety performance, we had one first aid case, one medical treatment case and 4 near miss events in the year. We also recorded 240 unsafe acts/actions in 2019. We are committed to improving our performance at Asharami Energy to achieve zero record across all indicators. Asharami Energy has an HSE Procedures and Standards document which contains the HSE Policy and HSE Management System, setting out necessary arrangements (policies and procedures) which must be followed by employees, contractors and sub-contractors for securing the Health and Safety of all involved in the operations of Asharami Energy.



0 

Recorded Fatalities, & Lost Time Injury (LTI) in 2019

We are committed to improving our performance at Asharami Energy to achieve zero record across all indicators.



Fatality	Lost Time injury (LTI)	Restricted Workday Case	Medical Treatment Case	First Aid Case	Near Miss	Unsafe Acts/ Actions
0	0	0	1	1	4	240

Our Occupational Health and Safety is guided by our Health Safety and Environment Management System. This covers 10 of our full-time staff and 4 temporary employees. Between 2017 and 2019, several hazard identifications, risk assessment, and incident investigation forms were completed. Some of the hazards are slip, trip, fall, fire, explosion, collision with vehicle, fall from height, falling object, asphyxiation, entrapment, pinch point, drowning, personnel injury, crushing, noise, chemical burns, radiation etc. We also deploy trainings to employees on health and safety and conduct safety audits to identify improvement areas within our operations.



## Community Engagement

As we identify the need of our host communities, we invest in projects that results in the sustained socioeconomic development of where we operate. We have a well-defined process of identifying the needs of our host communities before embarking on any community development initiative. Amongst the various forms of engagement to strengthen our mutual relationship with the host communities is the quarterly Community Relations Committee (CRC) meetings.

### Some of the our community projects in 2019



#### Rural Electrification of Ajoki Community:

This is a phased rural electrification project started in 2018 and scheduled to be completed over a three-year period.



#### Establishment of a cassava processing facility for women empowerment

This investment is to bridge inequalities and promotes economic growth.



#### Annual provision of scholarships to students

In line with our commitment to promote qualitative education in our host communities, annual scholarships are provided for students at all levels of education (primary, secondary & tertiary) making lifelong learning attainable.



#### Employment opportunities for over 100 local

artisans and contractors during our drilling campaign, improving the wellbeing and standard of living of the indigenes.



#### Construction of Boreholes for 1000 people in Ajoki and Ajamimogha Communities of Edo State

This initiative further reinforces our commitment to aligning with the SDG Goal 6 to ensure access to water and sanitation for all



#### Provision of monthly welfare fund for the aged

to promote social inclusion



#### Local content development

through the provision of contracts to local merchants and contractors leading to over N500 million volume of transactions in 5 years.



#### Mentorship to young business owner to support local

to compete with medium sized businesses outside their communities



Cassava processing facility, provided for women to bridge inequalities and spur economic growth



Borehole constructed for 1000 people in Ajoki and Ajamimogha Communities of Edo State

## N500m

Local content transaction volumes in 5 years

## 100

Employment opportunities for Locals

## 1000

People reached with borehole project

## Employee Engagement

For us at Asharami Energy, employee engagement is key to ensuring productivity and boost employee morale. Our workers have solved some of history's most complex energy challenges. Today we are equipping and inspiring our workforce to do the same while also anticipating those on the horizon.

**IN 2019, 11 MALE (84.61%) AND 2 FEMALE (15.38%) NEW HIRES WERE WELCOMED AS EMPLOYEES AND SENIOR MANAGEMENT STAFF**



**11 + 2**

Male and Female new hires in 2019

## Learning & Development

We are dedicated to the personal and professional development of all our employees in Asharami Energy Limited. We run multiple training programs and offer coaching & mentorship programs for their career growth and work-life balance. We also encourage our employees to take certification exams in their areas of specialty for improving their competency. We offer regular performance and career development reviews to develop all our employees and encourage them to reach their full potential. In 2019, we recorded 5950 training hours by all our employees with 96.94 average training hours per full time employee. Some of such trainings taken by our staff were offered by: Petroknowledge, Petroskills, Glomacs, Lagos Business School, MDT International, Euromoney, Columbia University, CIPM, NAPE, NEXT.



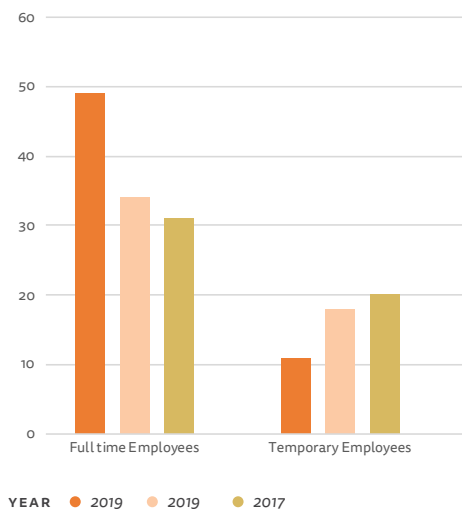
**5950**

Total employees training hours in 2019

**96.94**

Average training hours per full time employee

### Employee distribution by nature of employment



## Compensation & Benefits

We believe hard work and dedication deserves compensation. Asharami Energy provides monetary and non-monetary benefits to our employees, some of which include:



Medical insurance



Bonuses



Maternity leave



Training



## Diversity & Inclusion

We believe in equal opportunity for all regardless of age, gender, religion and background. Our Board at AEL has approved a Diversity and Inclusion Policy to further entrench our efforts at inclusion and diversity in our business. Since we operate in a male-dominated industry, we offer opportunities to females to encourage them to come on-board. Our male and female employees are entitled to parental leave at AEL. In 2019, 100% of our employees (1 male and 2 female) who went on parental leave returned to work.



# Environmental Sustainability

## Regulatory Compliance

**W**e go beyond compliance with local environmental regulation by ensuring we meet internationally accepted best practices. For our business operations, we have aligned with the requirements set out by our regulators such as the Department of Petroleum Resources (DPR), National Oil Spill Detection and Response Agency (NOSDRA) and Environmental Guidelines and Standards for the Petroleum (EGASPIN). Our regular environmental audits and monitoring also covers evaluation of parameters such as air quality, fauna and flora, and groundwater. Regarding high risk and core services such as drilling services (Directional Drilling, Measurement While Drilling, Logging While Drilling), release of heavy metal and emission rate are evaluated.

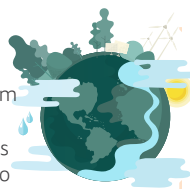
Under the supervision of our operations team, the DPR audits our pipeline and process facility on a quarterly basis. We also conduct annual Health, Safety and Environment (HSE) and Oil Spill Contingency Plan (OSCP) activation audits through the DPR and NOSDRA. Based on the audit outcomes, we ensure implementation of recommendations for improving our operations and further compliance with regulations. In the area of Seismic acquisition, which requires use of explosives, an Environmental Impact Assessment is conducted, and restoration of the environment done.



## Greenhouse Gas Emissions

We are committed to our environmental footprint from a local to global scale. We aim to reduce our Greenhouse Gas emissions through the deployment of a Gas Master Plan in 2018. Upon completion, this will help to harness the flared gas for utilization and reduction of diesel consumption thereby reducing our emission and environmental pollution.

In 2019, our total GHG emissions was 1,228,577 kg CO<sub>2</sub>e. As we work to reduce our diesel usage through a gradual transition to gas powered generator, we seek to reduce our emission level year on year.



## Environmental Management Systems

Our goal is to execute all activities with thorough environmental excellence. We have adopted and implemented an integrated management system at AEL. Our management system covers the requirement of the ISO 14001:2015 Environmental Management System, ISO 9001 (Quality Management System). This guides our workforce in understanding the procedures, responsibilities, and processes required to prevent adverse environmental, economic, and social impacts. Our aim is to obtain the certification of our environmental management systems in the coming years.

