

# SUSTAINABILITY THROUGH SYNERGY



2016 | SUSTAINABILITY  
REPORT



# SUSTAINABILITY THROUGH SYNERGY



2016 SUSTAINABILITY REPORT

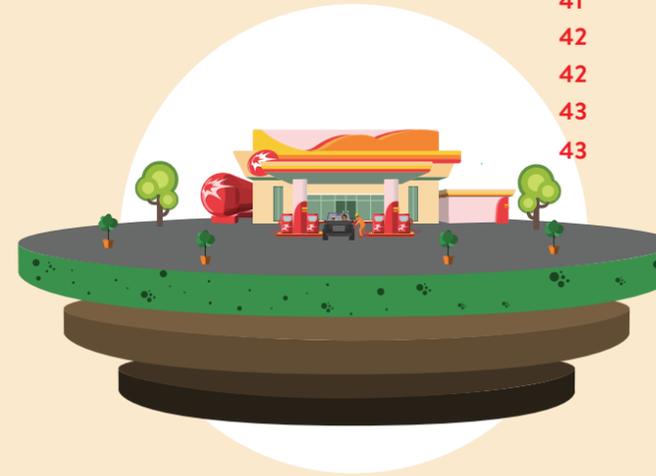


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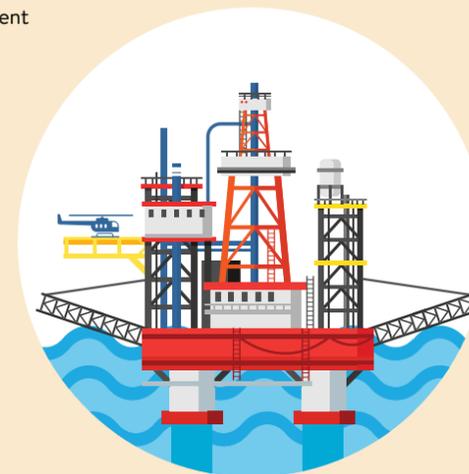
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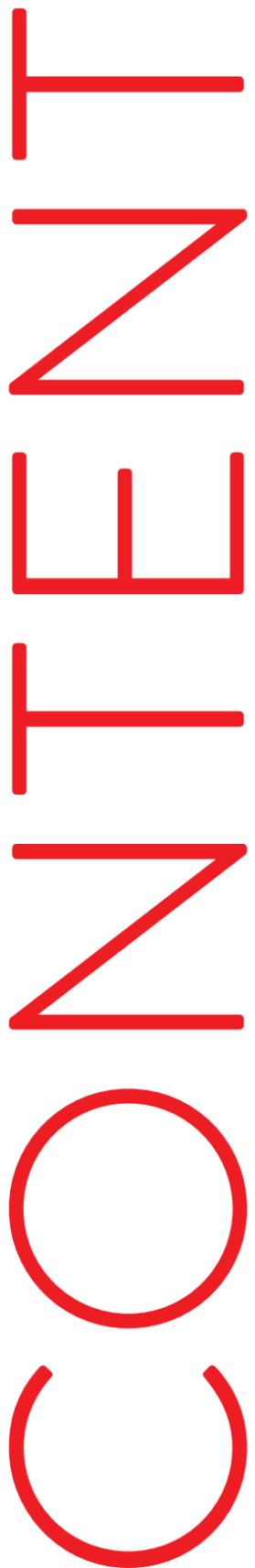
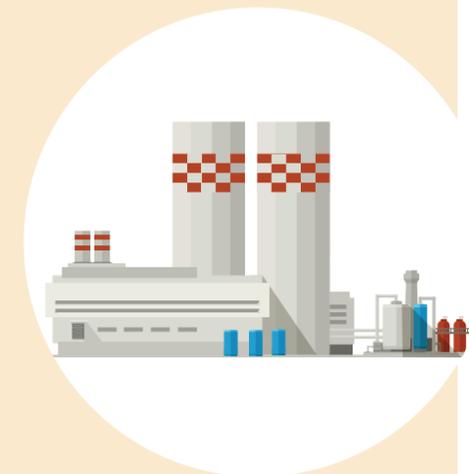
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## About This Report

Sahara 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.

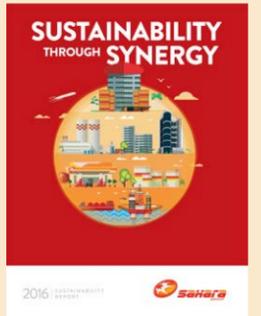
### CONTACT US

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](mailto:corp.gov@sahara-group.com) or in writing to:

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Message From the Directors

# Sustainability Through Synergy – Our Commitment



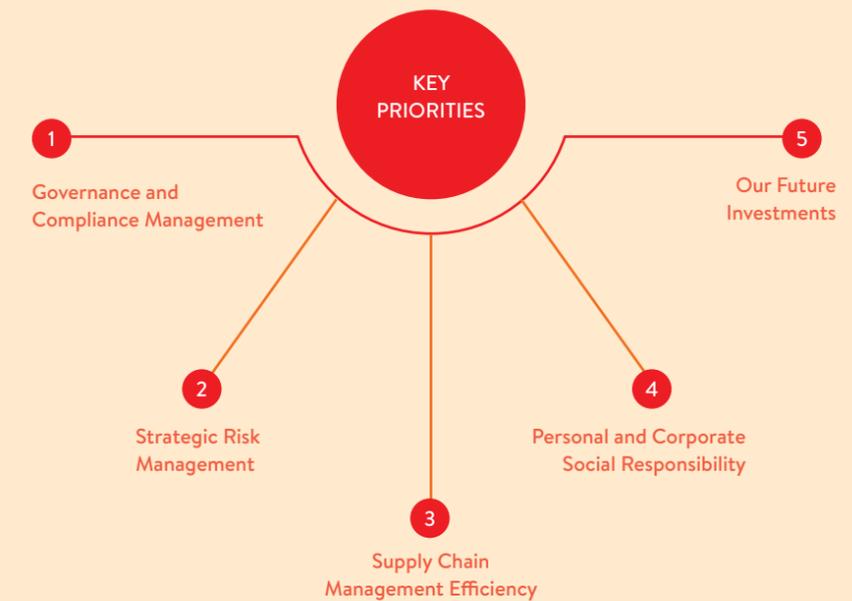
The year 2016 saw the continued downward trend in oil prices across the globe and the downturn of the Nigerian economy. It became necessary for organizations wanting to survive in the local, regional and global market to rethink their strategy towards ensuring sustainability.

Sahara as an organization thrives on business innovation and creativity, understands the need to continuously diversify our approach to wealth creation across the spheres of our operation, considering the interests of all our stakeholders. This is because they are para-

mount in our unrelenting march to sustainable development.

The Board in maintaining its commitment to the highest standards of corporate governance, risk management, compliance, corporate responsibility, and sustainability, developed a strategic approach to synergetic partnerships both internally and externally. This strategy was aimed at creating new opportunities across the various economic and social sectors of its operations, expanding the Group's business and corporate responsibility footprints and preparing all its various stakeholders for the next steps to sustainable business development.

In line with our corporate objectives, the company commenced the process of realigning its assets, operations, and relationships in 2015 towards building partnerships that would create more synergy for its operations and for improved service delivery. This continued through to 2016, with the organization operating on the following key priorities;



## GOVERNANCE AND COMPLIANCE MANAGEMENT

Following our commitment to good governance and compliance, the Group was formally admitted as a member of the World Economic Forum's – Partnering Against Corruption Initiative (PACI) community in May 2015. As a follow up to

the membership, we were admitted as a member of the PACI Vanguard Board, which is responsible for developing strategies for designing corruption out of countries and regions through various initiatives. In 2017, we would reaffirm our commitment to PACI in line with the regulations of the community.

In line with our membership, the Group is currently working on a new initiative with the PACI community towards helping to Rebuild Trust and Integrity in Businesses with a major focus on Nigeria and Africa as a whole.

Also, in recognition of our commitment to good governance and the SDGs, Sahara Group was admitted as a member of the Private Sector Advisory Group of the United Nations Sustainable Development Goals Funds (SDGF) in 2015, the highest decision-making body responsible for driving the implementation of the 17 sustainable development goals of the United Nations. As part of our commitment to the SDG's, in 2016, we were at the forefront of working with the Nigerian Government through the office of the Special Adviser to the SDG's, in creating the needed awareness in Nigeria and bringing together both the Private and Public sector towards setting up a platform that would be responsible for advising on the implementation of the SDG's in Nigeria. This platform, which will be known as the Nigerian Private Sector Advisory Group, will commence its work in 2017.

### STRATEGIC RISK MANAGEMENT

The fall in oil prices has brought about the need for businesses across the country to either realign their operational strategies or become extinct. The unpredictability of the micro and macroeconomic indices such as capital availability, interest rates, inflation rates, government policies - coupled with the huge fluctuations and/or devaluation in the foreign exchange (FX) market in 2015 and 2016 have all had a huge impact on the way business operations and activities are carried out.

In managing these risks, we have had to look internally to ensure that through creativity and innovation, we continually improve on the efficiency of our service delivery in all sectors of our business. This has enabled us to increase the value we provide through improved efficiencies and cost reduction, without resorting to the reduction of our people, who are the most important aspect of our sustainability journey. Instead, in the reporting year, we ventured into new countries, commencing operations in Tanzania, Zambia and looking at more opportunities in other countries in 2017.

We have utilized this period to prepare our structures and people for the next level of business operations which entails managing the value chain more efficiently in various aspects of our business environment, thereby maximizing our ability for wealth creation.



**In recognition of our commitment to good governance and the SDGs, Sahara Group was admitted as a member of the Private Sector Advisory Group of the United Nations Sustainable Development Goals Funds (SDGF) in 2015**



### SUPPLY CHAIN EFFICIENCY MANAGEMENT

As a Group with diverse investments in the Energy (Oil & Gas and Power) and Infrastructure sectors, we understand the need for efficiency within these value chains. In view of this, within the periods 2015 to 2016, we have placed focus on the need for our people to understand their businesses and operations clearly to take out unnecessary bottlenecks which will lead to better efficiency and greater effectiveness in our business operations.

Our strategy had been to operate our independent businesses as separate entities, focusing on how they can complement each other across the various value chains, thereby bringing about greater synergy in our operations and significantly improving on the time required for delivering on our services requirements.

This strategic approach has been quite successful and has created the needed platform for the future of our business operations which is Supply Chain Management Efficiency across all the sectors where we currently have investments. This will improve sustainability through expected partnerships and resource sharing thereby reducing costs and creating new investment opportunities for freed up capital.

### PERSONAL AND CORPORATE SOCIAL RESPONSIBILITY

The Group launched Sahara Foundation in 2014, which is the vehicle for the Group's Personal and Corporate Social Responsibility initiatives. The Foundation implements projects in the following areas - Health, Education, and Capacity Building, Sustainable Community Development and Environment.

We have established partnerships with the United Nations Sustainable Development Goals Fund, The Kaduna State Government and other agencies of the United Nations, towards creating a Backward and Forward integration system for Farmers in Kaduna State. The project which is tagged "Food Africa" was launched in 2016 and will commence full operations in the last quarter of 2017 with the aim of empowering young farmers, eradicating poverty, providing employment, reducing wastage, improving and increasing food production to sustainable levels across Nigeria. This project is just one of the many ways we are engaging in corporate responsibility towards meeting the 17 goals of the United Nations Sustainable Development Goals.

Also as part of our sustainability drive, and in celebration of the Group's 20th year anniversary, we created new platforms for reaching about 12 million youth over a four-year period through various intervention programs under our "Extrapreneur" initiative. The first program to be launched, titled "Grooming Young Film Extrapreneurs", was executed in partnership with the renowned Nigerian filmmaker, Kunle Afolayan.

### OUR FUTURE INVESTMENTS

As we continue our drive towards sustainability, Sahara Group as an organization understands the fact that only businesses who have shown the track record of good governance, compliance, efficient and effective risk management and clear understanding of how to improve on the inefficiencies within their value chain will be able to access the needed investments and partnerships that would be required to take it to the next level of wealth creation for all its stakeholders.

We also understand that organizations who are only dependent on regulatory authorities and governments to provide the needed infrastructure within the environment and



**Sahara Foundation was established to drive the Group's PCSR initiatives and interventions in these key areas: Health, Education, Capacity Building, Sustainable Community Development & Environment**



**> 12 Million**

**Our Plans to reach 12million youth over a 4-year period through our "Extrapreneur" initiative**

or communities where they carry out their operations would sooner than later lose their social license to operate in those environments and/or communities.

Sahara Group recognizes the importance of building necessary partnerships and relationships that will build the required synergies towards continued sustainability.

We marked our 20th anniversary in 2016, a difficult but exciting year. In the face of the challenges that came, we saw opportunities. We remained resilient, deepened relationships, and stayed relevant and unrelenting in touching lives and making a difference. We believe that these experiences have shaped and prepared us for the long-term. To all our employees for their concerted efforts and commitment to sustainability, we are grateful.

The theme for our 2016 Sustainability Report, Sustainability Through Synergy, reflects our efforts to remain resilient in a difficult business environment.

# 2016 Brief



Total Assets

**N1.3 Trillion**



Valuation of Real Estate Assets Managed by CPL

**\$300,000,000**



Capacity added to Downstream Storage at Ibafo

**20 Million Litres**



Upstream Asset Value

**\$257,392,000**



Number of Employees

**3548**



SDGs Impact

**11/17**



Total Power generated by Egbin Power Plc

**5.47 Million MWH**



PCSR Direct Beneficiaries

**100,000**



Expected Sahara's Extrapreneurship Hub Reach

**12 Million**

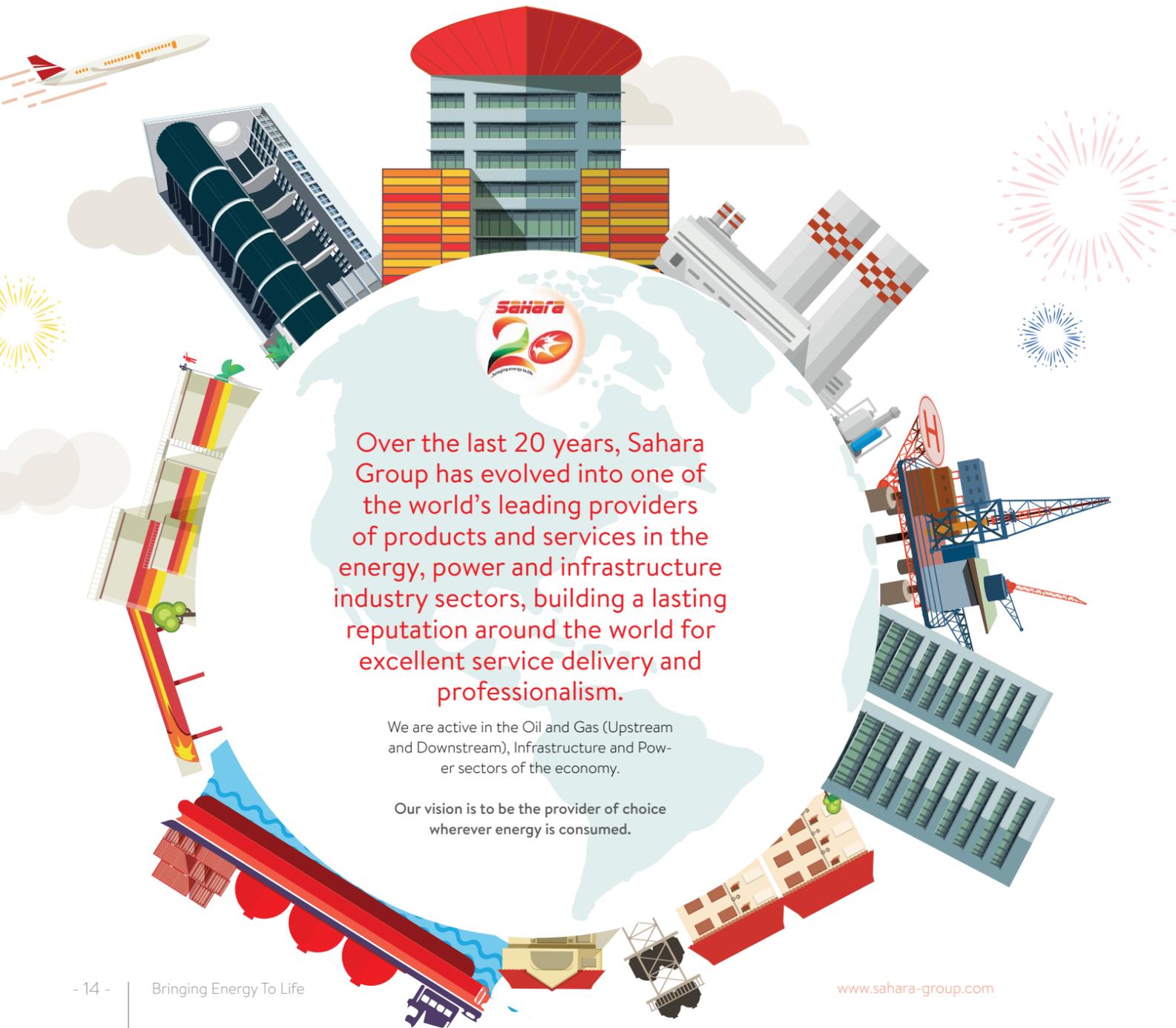


Total spend on Community Investment

**N230 Million**

## Our Milestones

Sahara Group is a leading African Energy (power, oil, and gas) and Infrastructure Conglomerate with operating entities in over 10 countries across four continents - Africa, Europe, Asia and the Middle East. 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.



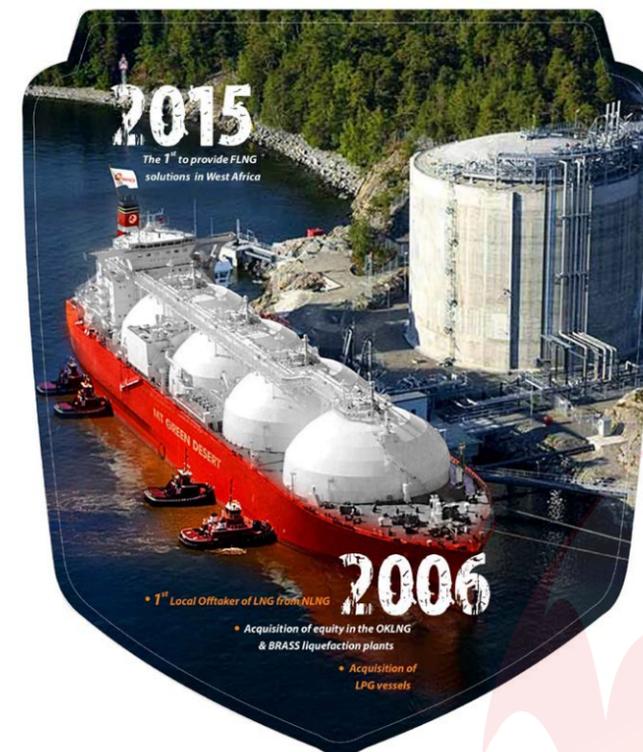
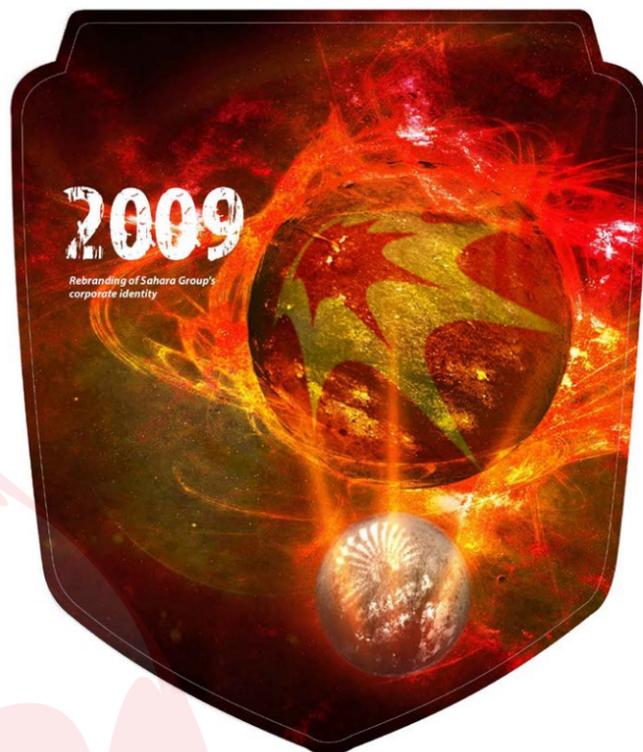
Over the last 20 years, Sahara Group has evolved into one of the world's leading providers of products and services in the energy, power and infrastructure industry sectors, building a lasting reputation around the world for excellent service delivery and professionalism.

We are active in the Oil and Gas (Upstream and Downstream), Infrastructure and Power sectors of the economy.

Our vision is to be the provider of choice wherever energy is consumed.









# Our 20 Year Journey

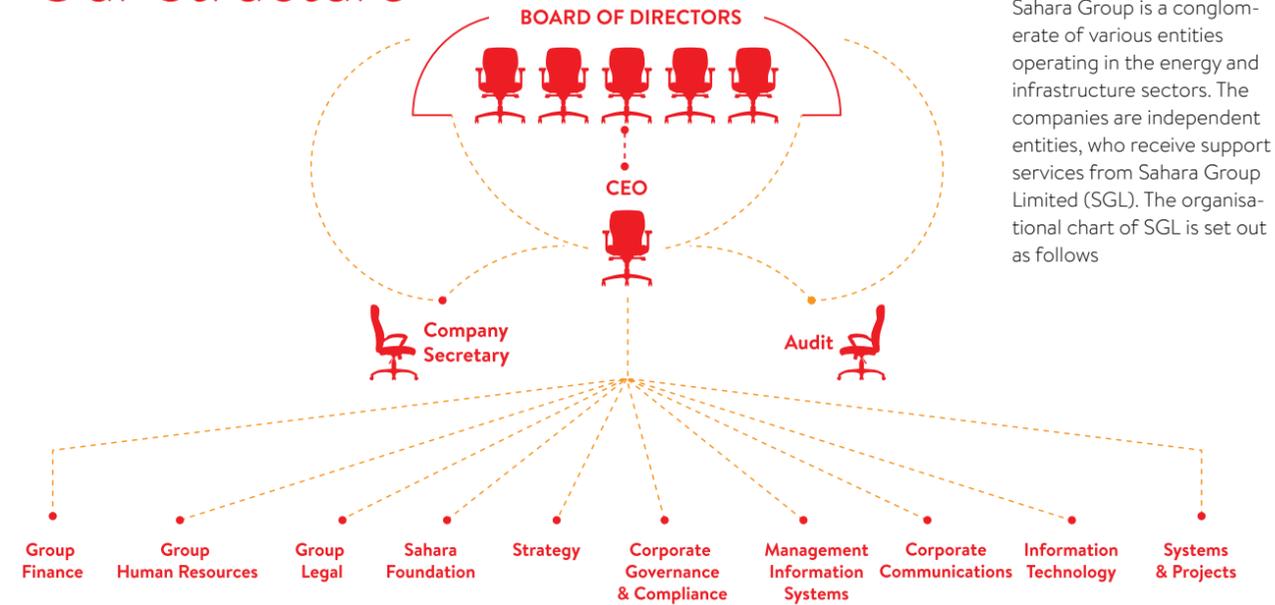
Sahara Group started its journey 20 years ago, as a business created to fill a gap in the Nigerian oil and gas sector. Over the last 20 years we have grown from a small enterprise with humble beginnings, to becoming one of Africa's leading energy conglomerates.

In 2016, Sahara Group celebrated 20 years of excellent delivery in the energy, infrastructure and power sectors. We dared to tread where others feared and broke uncommon grounds through hard work, enthusiasm, belief, and excellence. We have invested heavily in the social capital that is vital to building long-lasting relationships which have been a core factor in our longevity.

We have stayed strong through these years through investing in our people, processes, strategic acquisitions, principal investments and continuous expansion initially within West Africa and continuously globally.

This would not have been possible without the commitment and collaborative efforts all our employees and stakeholders, as such empowering lives and communities and generating value for their benefits is one of our key priorities.

# Our Structure

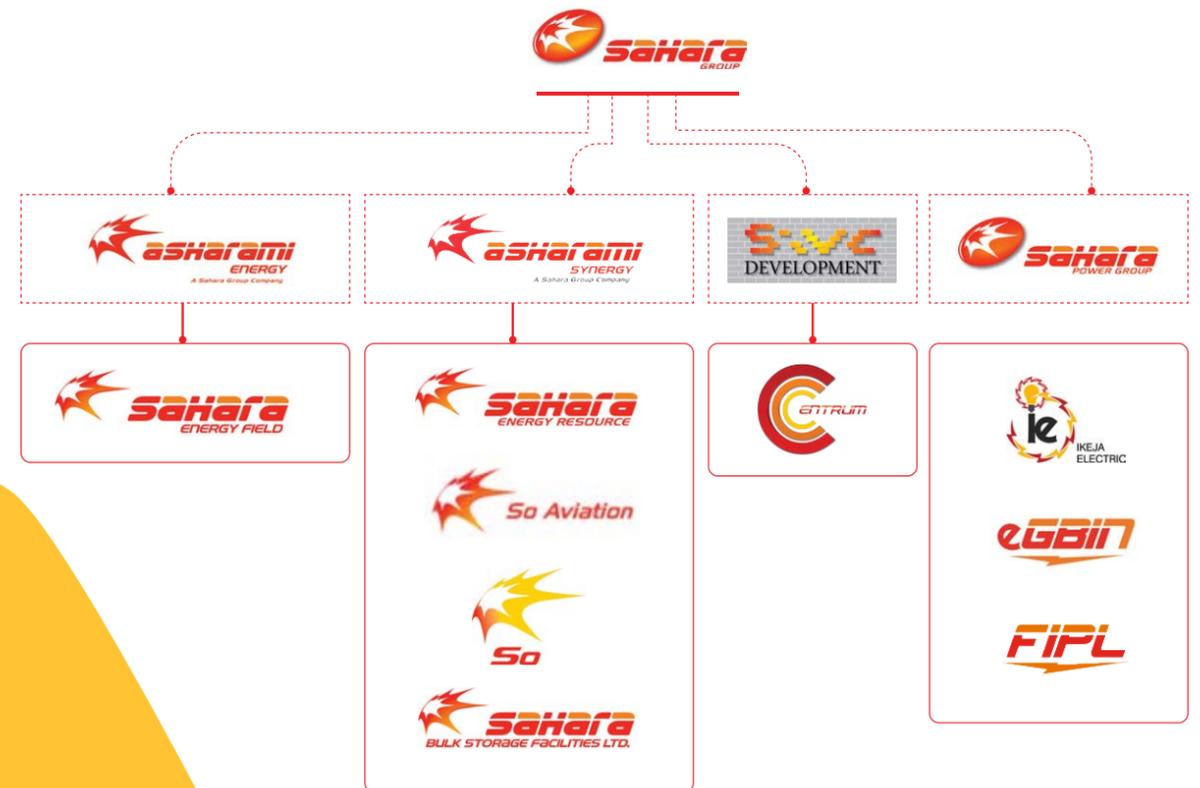


Sahara Group is a conglomerate of various entities operating in the energy and infrastructure sectors. The companies are independent entities, who receive support services from Sahara Group Limited (SGL). The organisational chart of SGL is set out as follows



We dared to tread where others feared and broke uncommon grounds through hard work, enthusiasm, belief, and excellence

# Key Companies associated with the Group





# Our Footprints

Sahara group is a leading African energy (power, oil & gas) and infrastructure conglomerate with operations in Africa, Europe, Asia and the Middle East.



Nigeria



Ghana



Cote D'Ivoire



Singapore



United Kingdom



Switzerland



United Arab Emirates



Tanzania



Cameroun



Guinea



Uganda



Zambia



Mozambique



# Our Business





## Profile

Name  
Sahara Group

Headquarters  
Lagos Nigeria

Established  
1996

Nature of Ownership  
Privately held – conglomerate structure

Total Number of Employees  
3548

Total Assets  
N1.3 Trillion

Personal and Corporate Social Responsibility (PCSR)  
100,000  
Direct Beneficiaries



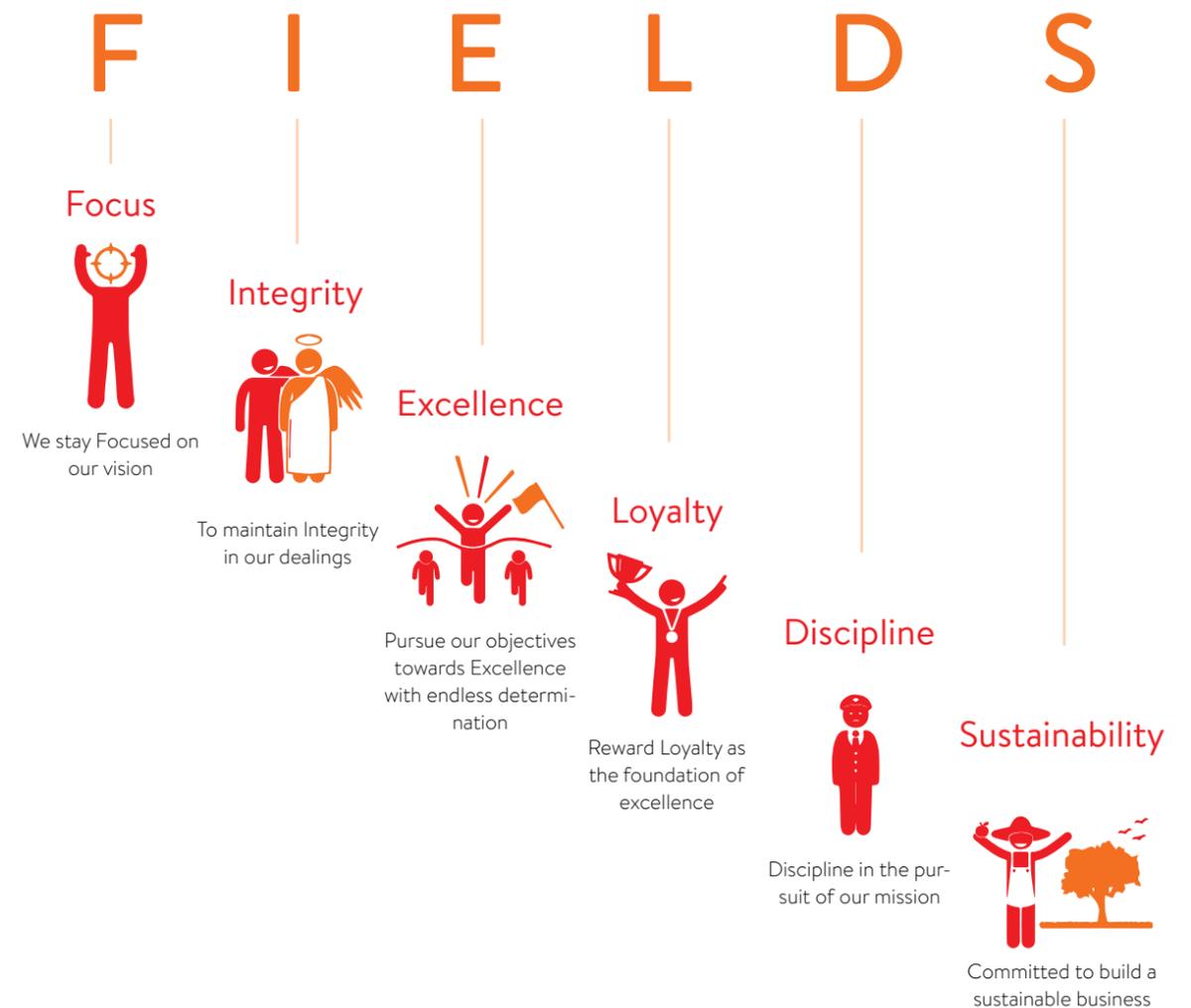
## Our Core Values

At Sahara Group, 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 an atmosphere that promotes creativity and allows individuals express themselves. Each individual in the Sahara family adds to the cultural tapestry that makes us the heterogeneous, 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 communities we operate in.

Sustainability lies at the heart of our operations, services and commercial activities. This is reflected in our core values Focus, Integrity, Excellence, Loyalty, Discipline and Sustainability, captured through the acronym **FIELDS**.



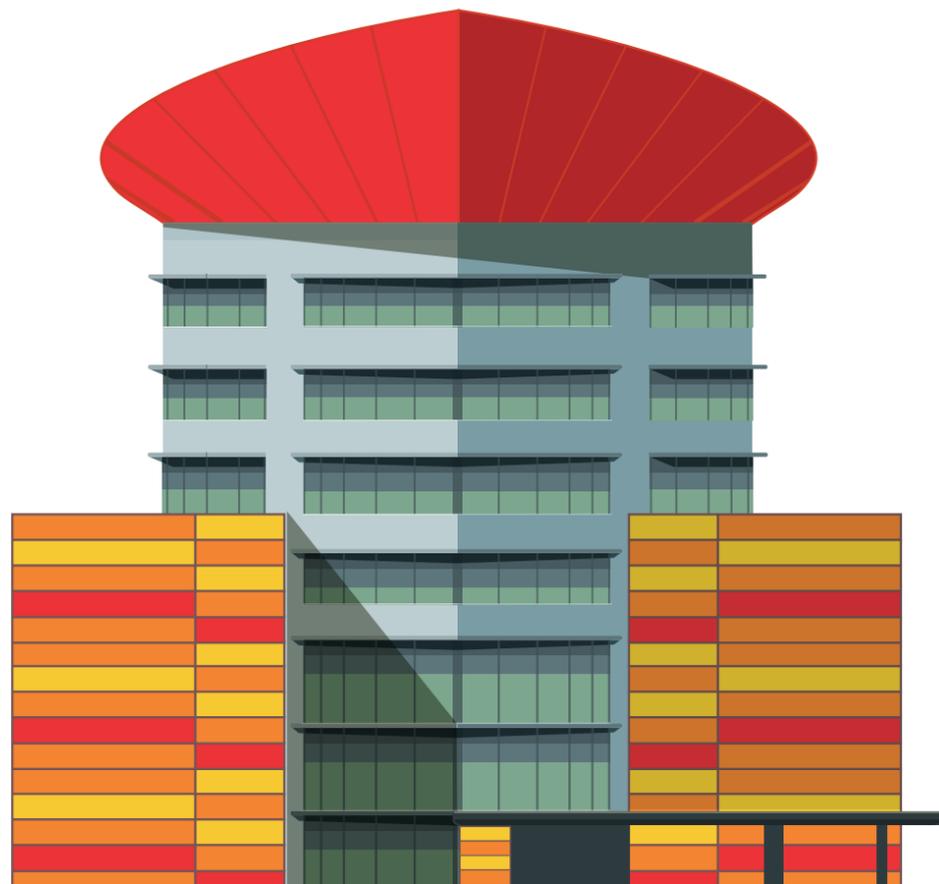


## Vision

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.



## Governance and Ethics

We understand that the objective of corporate governance is to drive stakeholder value maximisation and we recognize that this transcends beyond financial performance. As such, our business framework is centred around people, conduct, society and the environment. Our governance structure is based on the principle of fairness, accountability, responsibility, and transparency.

Our governance mechanisms are embedded in our operations to ensure that from the most senior decision maker (the Board Of Directors) and our employees, we have created a culture of sound governance.

**Our governance mechanisms are embedded in our operations to ensure a culture of sound governance.**

### Board Of Directors

The Board of Directors are the highest decision-making body within the organisation, and by virtue of this, they are responsible for strategic planning, policy formulation, risk management, regulatory compliance, succession planning and oversight on remuneration.

The Board of Sahara Group Limited consists of seven directors who bring a wealth of experience from backgrounds in finance, business administration, engineering and architecture.

Each company within the conglomerate has their own unique governance structure which was developed taking into consideration the size, sector, and environment in which the company operates. Currently, the upstream business Asharami Energy has its separate Board of Directors who have brought to bare their vast experience in the upstream industry towards supervising and directing the affairs of the upstream business of Sahara Group.

### Ethics

We understand ethical management to principles and rules which guide the way that Sahara Group and its employees conduct ourselves. Whilst we operate in an environment that promotes free enterprise, excellence, and competitiveness, the Sahara Business Principles guide our actions and conduct. In line with our Business Principles, there will never be a trade-off between our performance and principles.

**We strongly uphold our corporate values and passionately conduct our business in a highly ethical manner. In view of this, all 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**



### TAKING A STAND AGAINST CORRUPTION

Over the last years, Sahara has been involved in initiatives, alliances and activities aimed at developing and strengthening its corporate governance and compliance systems towards rebuilding "Trust and Integrity" in businesses. Some of these alliances include our partnership with the World Economic Forum, Partnering Against Corruption Initiative (PACI) and the Sustainable Development Goal Funds (SDG-F).

The thrust of this pursuit of best practice is to ensure that Sahara Group operates a sustainable enterprise that conducts its businesses transparently and efficiently to the benefit of all stakeholders. Sahara also believes that by applying itself to the highest standards of good governance, it will serve as a model for other businesses to enhance the quest for corporate responsibility and citizenship in Africa and the world. This is confirmed by Sahara's membership of the World Economic Forum's Partnering against Corruption Initiatives (PACI) Vanguard Council and signposts our firm resolve to this cause.

### REGULATORY COMPLIANCE

Sahara Group as a responsible organisation seeks to ensure compliance with all applicable laws and regulations, as we understand that it is of great importance to our business.

In 2016, we were subject to one monetary fine of N500,000, which was handed over by the Lagos State Infrastructure Maintenance Agency to our downstream business, for failure to obtain a permit prior to constructing

two masts/towers in 2013. The Lagos State Infrastructure Maintenance Agency Law, 2004 ("Law") established the Lagos State Infrastructure Maintenance Agency (hereinafter referred to as "Agency") to amongst other functions monitor the erection of towers, masts or laying of cables within the state. The fine has been paid and there were no health and safety-related legal cases or disputes involving the non-power entities within Group during the reporting period.

## Risk Management

The essence of having an Enterprise Risk Management system in all areas of our operations is paramount to ensuring that we continually manifest our vision of "being the provider choice wherever energy is consumed".

Between 2015 and 2016, the Group was assessed for corruption risks. No significant risks were identified and the internal control structure of the group deemed to be sufficient, considering the scale and complexity of the organisation.

However, operating in sectors with high perception level of corruption, the Group in order to continually manage and mitigate risk challenges relating to corruption, put in place a system that provides information

relating to our business operations. This led to creation and implementation in 2015, of the Sahara "Frequently Asked Questions" section on the Group's website towards providing information relating to our business activities in line with our PACI commitment of transparency.

Asides the above, the Group in line with its objectives of going public in some of the sectors we operate, has realigned its Group-wide Enterprise Risk Management (ERM) System to sector-specific ERM systems which have become operational for its upstream activities and is supervised by the



Sahara Group operates a sustainable enterprise that conducts its businesses transparently and efficiently to the benefit of all stakeholders.



In order to continually manage and mitigate risk challenges, the FAQ section was created on the group's website, in line with our PACI commitment of transparency

Board Audit and Risk Management Committee. The system for the downstream business activities will become operational in 2017 upon the combination of the independent companies within the downstream business into Asharami Synergy.

Between 2015 and 2016, there were no confirmed incidents of corruption with employees or our business partners. Though there were various allegations and investigations of perceived corrupt activities, the Group was cleared of all the allegations of any wrongdoing. In the reporting period, there are no public legal cases regarding corruption that have been brought against the organization or its employees.

**0**  
**ZERO**  
Total incidents of corruption with employees or business partners in 2015 & 2016

## Sustainability At Sahara

As an organization operating in the energy and infrastructure sectors, we recognize that our activities have a significant impact on the people we work with, our host communities and the environment in which we operate.

We recognize that our long-term success is hinged on our ability to pursue our current business needs whilst preserving the ability of future generations to achieve theirs.

Our commitment to sustainability is embedded in our business principles framework and guide all that we do.



### PEOPLE

- » We provide healthy, safe and secure work environment
- » We treat people with fairness, respect and decency.
- » We help employees to develop their potential.



### CONDUCT

- » We act with integrity, accountability and transparency.
- » We comply with legal, regulatory and licence requirements.



### SOCIETY

- » We work to ensure that neighboring communities benefit from our presence on an enduring basis.
- » We support human rights within our areas of influence.



### ENVIRONMENT

- » We make a positive contribution to the protection of the environment
- » We go beyond compliance with local to meet internationally acceptable best practice.

### CONTRIBUTING TO GLOBAL SUSTAINABLE DEVELOPMENT

In September 2015, the United Nations and its member states adopted the Sustainable Development Goals (SDGs), which builds on the progress made on the Millennium Development Goals. The 17 Sustainable Development Goals seek to mobilise action amongst various stakeholders on social, economic and environmental issues in areas that are critical for humanity and the planet. The success of the SDG's depends on actions both from governmental organizations, non-governmental organizations and the private sector.

Furthermore, the Sahara Group has adopted the SDG's as a core operating standard for its activities whereby it is directly implementing/operating SDG goals 1 to 8, 13, and 16 to 17 (stronger institutions). As part of our commitment to supporting global efforts in achieving the Sustainable Development Goals, our activities through Sahara Foundation, have had an impact on 11 of the 17 goals. A key achievement in 2015 was the admission of the Sahara Group as a member of the Private Sector Advisory Group of the United Nations Sustainable Development Goals Funds (SDGF), the highest decision-making body, responsible for driving the implementation of the 17 Sustainable Development Goals of the United Nations. In 2016, we were at the forefront of working with the Nigerian government through the Office of the Special Adviser to the SDG's in creating the needed awareness in Nigeria and in bringing together both the Private and Public sector, towards setting up a platform that would be responsible for advising on the implementation of the SDG's in Nigeria.



A key achievement in 2015 was the admission of the Sahara Group as a member of the Private Sector Advisory Group of the United Nations Sustainable Development Goals Funds (SDGF)

**11/17**  
Impact on the SDGs



### Materiality

Our approach to sustainability reporting is driven by identifying what matters most to our stakeholders and what is critical to the success of Sahara Group.

We achieve this by constantly engaging in dialogue and communicating with our stakeholders, both internal and external, through various channels. By listening and learning from their perspectives, we continue to create real value for them.

#### PROCESS FOR DETERMINING REPORT CONTENT

To identify the key areas of interest for our internal and external stakeholders, we conducted a materiality assessment using surveys, in addition to our routine interactions with our key stakeholders. This helped us evaluate the importance of information to be reported on and its influence on stakeholder decision making Vis-a -Vis the social, economic and environmental impacts of the organization.

In developing the report content, we adopted the process set out by the Global Reporting Initiative (GRI) G4 Guidelines, which is set out below.

#### Step 1: Identification

We reviewed the list of sustainability topics as set out in the GRI G4 Guidelines and narrowed these down to 12 topics, considering the nature of our business, feedback from stakeholders during the reporting period and where we have a significant impact within and outside the organization.

#### Step 2: Prioritization

To select the material topics which would be detailed in the Sustainability report, we applied the principles of materiality and stakeholder inclusiveness.

We considered the views of our stakeholders, expressed both before and during the reporting period. Specifically, for the report, we conducted interviews with department heads that have direct responsibility for executing company strategy. We also conducted

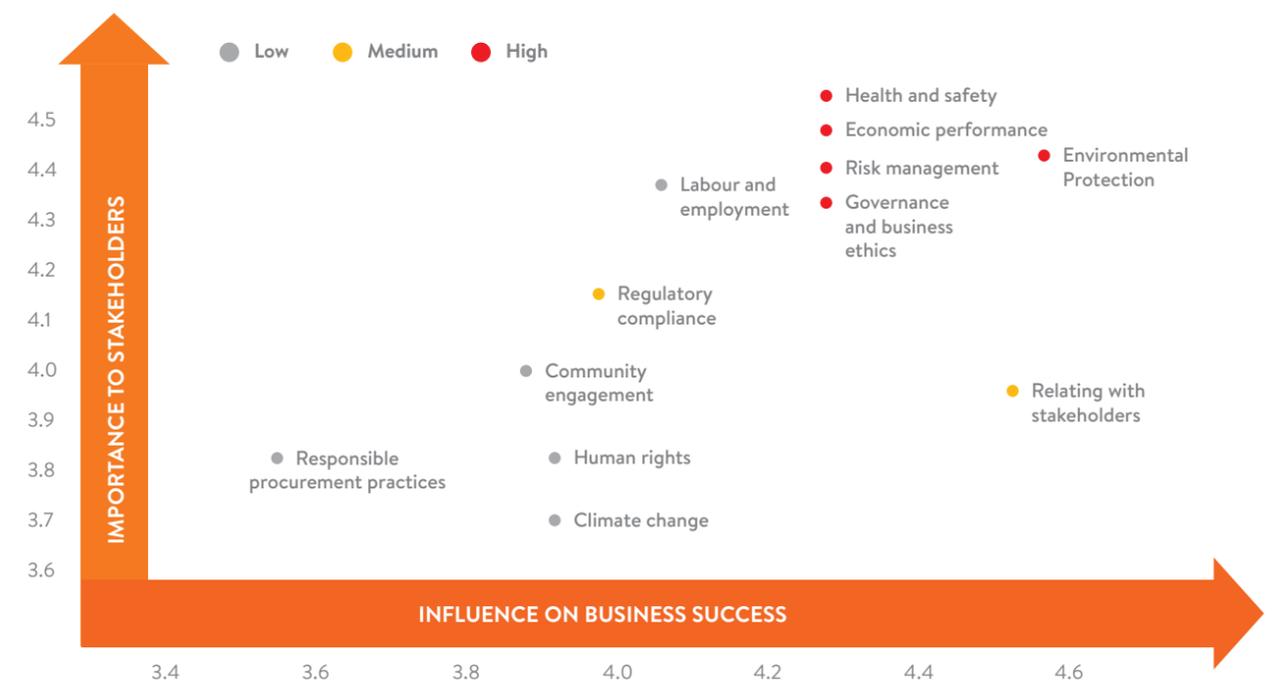
a survey and received responses from stakeholders such as our employees, shareholders, community groups, and suppliers. The results of our survey are presented in the Materiality Graph below:

These results were presented to the executive management for review, based on the company's objectives. From our engagement with all our stakeholders, we identified five key sustainability topics:

- » Economic performance
- » Health and Safety
- » Environmental Compliance
- » Governance and business ethics
- » Risk management

#### Step 3: Validation

Using the principles of Completeness and Stakeholder inclusiveness, we reviewed the information collated, to ensure that the report is a balanced reflection of our sustainability performance, including both our positive and negative impacts.





## Stakeholder Engagement

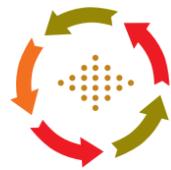
Our corporate governance practices and decisions are made in the best long-term interests of our stakeholders, who we identify as quite important to us. We are one of the world's private employers of labour serving thousands of customers across 4 continents and territories, as well as investors.

We recognise that relating with all our stakeholders through formal and informal communication channels for their opinions and input, is undoubtedly essential to conducting our business and management activities.



## Continents

Effectively relating with all stakeholders in four continents



STAKEHOLDER GROUP	INTEREST	COMMUNICATION METHOD	FREQUENCY
Executive Management and Employees	Economic performance Risk management Health and safety Environmental protection Decent Labour Practices	Town hall meetings  Surveys	Ad Hoc  Ad Hoc
Shareholders and Investors	Economic performance Governance and Business Ethics Risk Management	Business Meeting Presentations Frequently Asked Questions	On a need basis Quarterly updates
Suppliers	Health and safety Environmental protection Climate change	Contractor safety engagement meetings	Continuous
Community	Environmental protection Community engagement initiatives	Community Development Association meetings	Monthly
Media	Governance and Business Ethics Community Engagement Initiatives	Media Parleys	Quarterly
Government and Regulatory Agencies	Regulatory Compliance Economic Performance Governance and Business Ethics	Business Meeting Regulatory Inspections and Audits	Quarterly, Bi-annually and yearly

# Our Activities

Our business activities are divided into four sectors; Upstream (E&P) and Downstream Oil and Gas, Infrastructure and Power.





## Upstream At Sahara

**A**sharami Energy undertakes the responsibility of overseeing the upstream activities of Sahara Group and was initially made up of independent companies managing the various assets of the Group in the upstream sector. Following a strategic collaborative partnership of the independent companies, Asharami Energy is realigning its assets and operations, thereby bringing about the needed synergy towards reinforcing operational efficiency and performance, in its continued journey of building a sustainable upstream business.

Asharami Energy, through its transformational and sustainability agenda from the inception of its operation in 2004, has grown its assets over the years to an enviable portfolio of high yield blocks that cuts across onshore, swamp and offshore. In order to successfully partake in International Oil Companies' (IOC's) divestment and government bidding rounds, the company focused on leveraging relationships, its indigenous status and local content participation. Acquisitions of proven reserves from both near-term and long-term producing assets has been a major part of our strategic drive towards sustainability.

As a company that understands the value of people in driving sustainability, in Asharami Energy, our people are our greatest assets. They are our key strategic resources because their knowledge, expertise and ideas drive innovations, developments and build strong relationships that are key to the sustainability of our business.

Sustainability is integral to our overall strategy as we seek to deliver long-term wealth and value creation, whilst minimizing our environmental footprint in order to create and leave behind positive impacts in the communities where we operate and the society as a whole. Asharami Energy understands the importance of inclusiveness in its operations, which has been achieved through strategic partnerships with host communities and other stakeholders within the complete value chain of our business operations. Our strong ties with all our stakeholders have been pivotal in our continuous drive to ensuring sustainability.



In line with Asharami Energy's commitment to continued sustainability reporting, we plan to produce our first independent detailed sustainability report by 2018, showcasing our journey towards building and maintaining a sustainable business.

**Olajumoke Ajayi**  
Chief Executive Officer  
Asharami Energy

## Our Upstream Activities

Sahara Group's upstream division is responsible for acquiring, exploring, appraising and developing commercial oil and gas assets in established basins and emerging frontiers.

Nigeria is Africa's largest oil producer and the 6th largest producer worldwide. In 2016, Nigeria's output accounted for 90 percent of exports and 50 percent of government revenue. The abundant energy resources have made the sector a key driver of national economic growth. Asharami Energy Limited (AEL) is an indigenous Exploration and Production company that drives the upstream business activities in Sahara Group, by capitalizing on our understanding of the opportunities in this terrain.

Our vision is to become the pre-eminent exploration & production company operating in Sub-Saharan Africa. Our strategic focus is on achieving long-term sustainable growth and value creation through intelligent acquisition and strategic development of assets across Africa, including through our acquisitions in the Niger Delta and the Gulf of Guinea. We operate as an investment vehicle for the acquisition of proven reserves and near-term producing assets at reasonable entry costs while participating in high-quality IOC asset divestments, farm-ins and government bidding rounds. Since the inception of our operations in 2004, our assets that span from land to swamp to offshore, have

grown through our three-pronged approach of Initial Opportunity Identification, Capital Sourcing & funding and Expansion through fulfilling the minimum work commitment as stipulated in our governing contracts.

AEL has 4 onshore assets and 2 deep offshore assets in Nigeria; a shallow offshore asset in Ghana and two deep offshore assets in Cote D'Ivoire. We operate all Nigerian assets except OML 18 where we are in partnership with Eroton. We are also in partnership with Foxtrot on CI 500 asset and Petroci on CI 502 asset in our investments in Cote D'Ivoire. Each of AEL's assets is in different phases in the exploration and production value chain, ranging from the point when performance bond is signed and work commitment approved.

Our key sustainability issues for our organisation were responding to global energy demand, stakeholder management, environmental protection, asset integrity and process safety. (*The Report Nigeria 2016 page 90*)

<b>Name of entities within sector</b>	Asharami Energy Limited (Holding Company) Enageed Resource Limited Sahara Energy Fields Limited (SEFL) Sahara Upstream Production Nigeria Limited (SUPNL) Sahara Energy Exploration and Production Limited (SEEP)	
<b>Activities</b>	Intelligent acquisition and strategic development of assets across Africa	
<b>Locations of operation</b>	Nigeria, Ghana and Ivory Coast	
<b>Supply chain profile</b>	Types of suppliers	OEM, Product and Service suppliers
	Number of suppliers engaged	Over 185 suppliers
	Location of suppliers	Lagos, Port Harcourt, Warri
	Estimated monetary value to suppliers	Over 58 million dollars



**4** Onshore Assets

**2** Deep Offshore Assets



**1** Shallow Offshore Assets



**2** Deep Offshore Assets

## Asset Integrity

AEL has an interest in 9 assets set out in Table 1 below. Oil Mining Licence (OML) 148 hosts a number of fields including Pologbene, Tonjor, Oki-Oziengbe and Oluegi field. The block in recent times have undergone exploration and appraisal well drilling as part of AEL's work programme obligations, leading to a new field discovery in Oluegi and doubling of initial reserves figures in the Oki-Oziengbe South field. The block currently has operation activities geared towards building an alternative evacuation route for produced oil such as pipeline construction and laying, mooring point construction, loading bay construction and other end-facilities installations.



Our exploration activities show that the Oki field (a producing field within OML 148) has a commercial quantity of crude with the reservoir straddling two assets. OML 148 managed by Enageed Resource Limited (ERL) with 89 percent and OML 111 which is owned by Nigeria Petroleum Development Commission (NPDC) with 11 percent. Following the fulfillment of the requirement of its Oil Prospecting License (OPL), the company applied for an Oil Mining Lease (OML) which was granted as OML 148 in 2015. AEL signed the Unitization and Unit Operating Agreement (UUOA) and Flow Station Management Agreement (FSMA) with Nigerian Petroleum Development Company (NPDC) and was appointed operator of the asset; the Oki-Ozengbe South field.

### CURRENT STATUS OF AEL ASSETS

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 Exploration and Production Limited	Sahara Energy Exploration and Production Limited	Sahara Energy Field Limited	Petroci	Foxtrot	Sahara Energy Fields Ghana Limited
Stage of Asset	Production	Production	Exploration	Exploration	Exploration	Development	Exploration	Exploration	Exploration

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 are stated below;

Asset	OML 18	OML 148	OPL 228	OPL 284	OPL 286	Tsekelewu	CI-500	CI-502	SWCTP
Reserves/ Pro-spective Resource/ Production	11,160BOEPD	50MMBOE 4500BOEPD	N/A	3200BSCF - Gas	939 MMBO -Oil 1405 BSCF -Gas	18.95 MMSTB -Oil 44.93 BSCF - Gas	276 MMBOE	280 MMSTB -Oil 350 BSCF - Gas	377 MMSTB -Oil 158.3 BSCF - Gas
Location	Onshore Nigeria	Onshore Nigeria	Onshore Nigeria	Deep Offshore Nigeria	Deep Offshore Nigeria	Swamp Nigeria	Shallow Offshore Cote d'Ivoire	Deep Offshore Cote d'Ivoire	Shallow Offshore Ghana
Stage of Asset	Production	Production	Exploration	Exploration	Exploration	Development	Exploration	Exploration	Exploration

## Challenges

The global slump in prices of crude oil resulted in a significant reduction in upstream investment and Asharami Energy was not immune to this. In the course of 2016, we faced some significant setbacks.

Our main evacuation route, the Trans Forcados Pipeline, was shut down due to incessant vandalization that led to significant downtime and losses. Also, reconciliations from well head to flow station terminals were reporting great discrepancies due to the lack of an appropriate metering system. These formed the basis for the consideration of alternative evacuation routes via barging which was executed through an alternative

crude evacuation route project. In our bid to ensure that all activities were carried out in a sustainable manner, we kicked off the project by setting up a project management team tasked to ensure that the entire project was carried out within project timelines and proposed budget, and in accordance with regulatory requirements and international best practices.

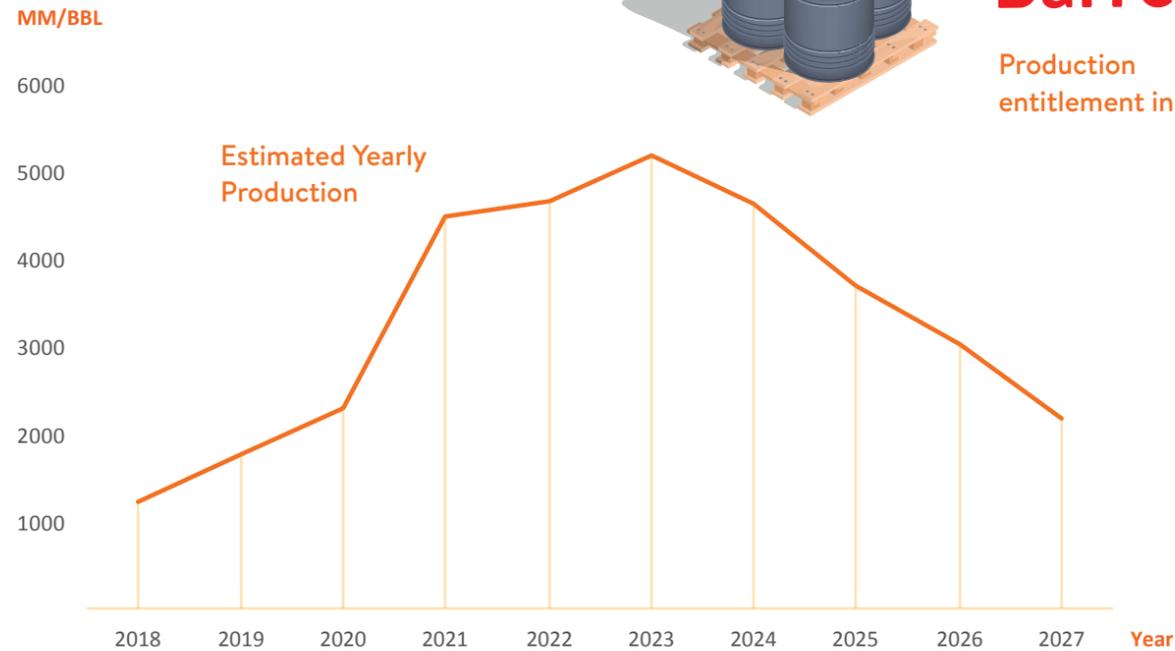
One of our major goals is to commence the lifting of past production entitlement of 1.1 million barrels in 2017 on this asset which has proven reserves of 38.2 million barrels.

The estimated yearly oil production is shown below.



**38.2 Million Barrels**  
Proven Reserves

**1.1 Million Barrels**  
Production entitlement in 2017



Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
MM/BBL	1,219	1,765	2,291	4,480	4,667	5,181	4,624	3,689	3,012	2,166

## Economic Value Distributed

Our total asset value of \$257,392,000 was spent on the exploration, seismic acquisition and drilling of three commitment wells, as required by the production sharing agreement. The company operates a contributory pension scheme for the benefit of its staff. The Company and employee contribute 10 percent and 8 percent respectively of the employee's emoluments effective July 2014. Prior to this date, the company and employees contributed 7.5 percent each of the employees' emoluments.

Whilst 2016, was a difficult year within the sector, we adopted strategies that would ensure that we were able to meet our commitments in line with our targets.



## Environmental Protection

Maintaining the quality of the environment, preventing pollution and protecting biodiversity is of high priority to us. We implement an effective Environmental Management System that ensures national laws, particularly the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN), are complied with prior to project execution. This includes the requirement to conduct an environmental impact assessment and to obtain the approval of the Department of Petroleum Resources (DPR), Federal Ministry of Environment (FME) prior to the execution of any project, to identify and mitigate potential negative impacts on the environment.

Waste generated in the course of operations have a significant risk of having a negative impact on the environment. In line with guidelines from the FME and DPR on hazardous waste management, we focused primarily on waste reduction by adopting a waste minimization strategy for all types of hazardous wastes. This involved ensuring that they are adequately separated before inventory, treatment, and removal are conducted by a certified DPR contractor. During the reporting period, the majority of waste generated was domestic waste. However, our waste management practices will have greater significance in 2017 as the production process kicks off.

## Climate Change

Energy-related activities on extraction, processing, and combustion largely contribute to global Green House Gas emissions.

With the recent introduction COP 21 Paris Agreement in 2015 on the reduction of climate change, managing carbon emissions and improving energy efficiency increased in its importance to us in 2016. The importance of managing the effects of climate change was also captured by Goal 13 of the SDG's, which is aimed at combating the impact of climate change, our activities focused on the reduction of emitted carbon monoxide from diesel-powered generators by the use of a natural gas generator in our locations. Gas flaring during future well testing/production phase will also be minimized as the natural gas will be captured and used as feedstock for power generation and domestic cooking gas.



## Access To Clean Water And Protection of Marine Life

Access to safe water, sanitation and sound management of freshwater ecosystems are essential to human health, environmental sustainability, and economic prosperity. Our onshore asset is in Ajoki, Delta State and includes a river access to the host community. We ensure that all wastewater is removed by a DPR certified contractor for treatment and other uses. As such no wastewater is discharged into the water body. Currently, potable water is supplied by a third-party contractor. However, we are working on reviving a water treatment plant which should be completed in 2017 so as to provide potable drinking water for the community which can also be reused and recycled.



## Oil Spill Management

The upstream operation from drilling to production has a high risk of oil spillage. AEL has incorporated an oil spill contingency plan for all forms of spillage as classified by National Oil Spill Detection and Response Agency (NOSDRA) Regulations. As such, we have

an emergency response team which is well trained to handle any incidents. Furthermore, oil spill drills are regularly conducted for continuous improvement of the system. Oil spill kits are also readily available in strategic positions on the facility.

## Process Safety

AEL has earned the record of one million man-hours without loss time injury on the seismic acquisition on the ongoing additional 126 square km on OPL 274.

Process safety is managed as part the corporate HSE management system. The HSE-MS is a procedurized, simple and visible process to Health, Safety, Environment and Security management. It set clear objective, define definite activity and action items including shareholder engagement, expected behavior, qualification system, skill etc. required to guarantee the health of our people and third companies that work for us, safety of our equipment and the environment where we operate

We develop plant systems and procedures in our sites to prevent unwanted releases that may ignite and cause toxic impacts, local fires or explosions. Some of our safety process practices include a Relief System Layout that consists of High Pressure (HP) and the Low Pressure (LP) flare both fabricated in carbon steel, which handles vent arising from continuous gas flaring during normal operating modes through the Pressure Control Valves (PCV), as there is no provision for gas compression and export in the facility. It also handles emergency relief's flows from Pressure Safety Valves (PSV) in the event of pressure above the agreed standards. The LP flare system receives gas from the process vessels with design pressure lower than 150 psig (pounds per square inch gauge).

Other available and functional safety process devices are Emergency Shut down Valve (ESDV), Pressure Switch High (PSH), Pressure Switch Low (PSL), Level Switch High (LSH), Level Switch Low (LSL).

Also, our flow station is adequately protected from emergencies that may arise from fire or gas disaster through various installed disaster management



**1 Million**  
Man Hours recorded without loss time injury on the seismic acquisition on the ongoing additional 126 square km on OPL 274

equipment such as Main Electric Fire Water Pump, Jockey Pump, Fire Hydrant, Fire Monitor, Hose Reels, Gas Detector, Temperature Safety Element, Fire Extinguishers.

AEL earned the record of one million man-hours loss time injury on the seismic acquisition on the ongoing additional 126 square km on OPL 274 (now OML 14\*).

## Stakeholder Management

Our strong ties and commitment to our host communities have been fundamental to our overall success as one of the leading independent oil and gas companies in Nigeria. Since inception, we have prioritized sustainable community development through the creation of shared value for our local communities which has been critical in not only achieving operational success but also protecting the Company's social license to operate. Without such inclusiveness, there could have been operational disruptions, increased costs and reduced value for our stakeholders.

We have ensured this through constant interaction with our host communities through one-on-one sessions, focus group discussions and public hearings. Through such engagements, we have successfully completed projects such as the donation of a 3-bedroom bungalow to serve as accommodation for healthcare workers in the Ajoki community, Edo State. Prior to this intervention, the people of Ajoki Community had to travel long distances to access healthcare in neighboring communities.

Other projects include the donation of a 2-bedroom bungalow to Ajamimogha community, Edo State, for the teachers of the community school. This project was carried out in line with our International Finance Corporation (IFC) guideline Corporate Responsibility framework after a thorough needs assessment/joint community engagement where it was identified that the project would lead to higher school retention rates and better improved education resulting in the availability of qualified teaching staff. We also refurbished the wooden jetties in Ajoki and Koko and rehabilitated a 4.9km road in Ajoki Community. For many years, the community farmers and fishermen could not carry out their economic activities optimally as goods perished easily due to lack of adequate docking facilities and difficulty in transporting their goods to major markets. The refurbishment and provision of the jetties in Ajoki and Koko communities has led to an improvement in socio-economic activities in these areas as well as the increased safety of their inhabitants as barges now berth safely and boats dock securely. The community is now more accessible, more viable for agricultural and timber business. It has also enabled easy access to AEL's well location, which is located within the community.



**3** 3-Bedroom Bungalow for healthcare workers donated to Adoki Community



**2** 2-Bedroom bungalow donated to Ajamimogha Community



**4.9km**  
Road rehabilitated and constructed in Ajoki Community

## Empowering Local Capacities

As part of our commitment to improve the economic status of community members, we engaged the services of over 100 men and women from our host communities. During location preparation and the drilling campaign of Oki field in OPL 274, which lasted for more than two years, majority of the personnel that made up the drilling team were locals from Ajoki, Ajami-mogha, and Koko communities. Community members were offered employment based on their educational and technical expertise.

**>100**  
**Men & Women**

Over 100 Men and women engaged during the drilling of Oki field in OPL 274, for more than 2 years.



## Relating With Our Suppliers

AEL maintains a collaborative relationship with a network of over 185 suppliers qualified under functional business segment. These suppliers must be registered on the Nigerian Petroleum Exchange (NIPEX), a platform for prequalifying and approving suppliers who can undertake services in the upstream sector.

The location of supplier's administrative, operational and procurement base is a pre-condition to participating in our

supplier qualification program. However, in the 2016 reporting year, resulting from the international crude oil market realities, there was a high level of projects deferment and petroleum operations cost reduction. Supplier engagements were down by about 75% from the 2015 levels, mainly due to early contract termination and limited service call-outs. Low supplier activities became severe with prolonged shut down of Trans-Forcados Pipeline System, which reduced our production capabilities by over 40%.

## Local Sourcing Opportunities And Nigerian Content

AEL considers Nigerian Content as a critical element in its Exploration and Production and routine petroleum operations. We are committed to building a supply chain system focused on developing local capacity, skills and the utilization of services and products provided by Nigerian companies in the petroleum industry. Local companies mean organizations where Nigerian investors have controlling interests with operational and procurement base located in Nigeria and where foreign national employees do not account for more than 5 percent of the entire workforce. During the reporting periods, Local spend accounted for over 92 percent of total project budget in 2015 with a 4% increase in 2016.

In compliance with the Nigerian Oil and Gas Industry Local Content Development Act, we have promoted and encouraged local companies' participation in our operations, specifically in host communities, through the provision of contracts to local artisans and community contractors on a regular basis.

**92%**

Local spend on total project budget in 2015

They provide low to medium risk services including waste disposal, logistics services, Catering, facility maintenance services, provision of unskilled and semi-skilled labors, supply of building material, supply of farm produce etc. This has led to a reduction in rent-seeking and restive behavior and improved the well-being and standard of living of these stakeholders. The volume of transactions made in the last five years of our operations now exceeds half a billion Naira.

## Supply Chain Management System

AEL implements a Supply Chain Management System (SCMS), which defines and sets forth detailed guidelines and clear procedure for supplier qualification, contracts and procurement governance activity, sourcing and procurement of equipment and services, supplier performance management, claim resolution, material, inventory and logistics management, market intelligence analysis, regulatory compliance, local supply capacity development etc. The SCMS is a system of tools designed to measure a broad range of supplier competence and service and product capability including technical/operational capability, financial capacity, corporate governance standards, QHSE and security management, compliance to internationally accepted standard and codes, Human Resource management and Nigerian content. The objective is to increase supply chain value by clearly identifying inherent and latent supply risk and deploy appropriate procurement and contracts methods, supplier relation efforts and market approaches to manage the risks, maximize project value and increase return on capital

employed. The risk management approach to supply chain allows suppliers, services and products to be categorized and managed as a function of associated financial, HSE, operational and reputational risk to company in the event of failure.

The Service and Product risk level relative to the petroleum operation drive supplier relationship management efforts and supplier/product categorization:

- » Category A- Strategic- High Risk, restricted supplier and difficulty to switch
- » Category B- Core- High Risk, limited supplier and longer switch time
- » Category C- Managed- moderate to low risk, ease of switch, abundant supplier market
- » Category D- Blanket- Low risk, easy switch, abundant supplier market

Of the 31 suppliers re-qualified under Category A in 2016, 93% met the minimum re-qualification requirement, 5% had Nigerian content challenges and were required to update their local content program, while 2% were reclassified from Category A to Category B."





## Downstream At Sahara

The oil and gas downstream business cuts across trade, supply, marketing, distribution, logistics and warehousing of refined petroleum products, either as wholesale and/or retail markets. We actively participated in the full value chain during the years under review.

The 2015 and 2016 financial years have been rather challenging, following the global oil and gas market downturn, the difficulty in accessing foreign exchange towards meeting the demand and supply requirements of the sector, increased competition and instability in various government interventions. However, as an organization with a vision of improving on the efficiencies of the downstream value chain, we leveraged on our capacities and capabilities gained through the operation of our independent affiliates to bridge the existing gap currently faced by the sector. We recognized the need to improve the inherent inefficiencies within the value chain towards creating opportunities for continuous and lasting sustainability of the business thereby creating value to all our stakeholders.

This birthed the theme Sustainability through Synergy, where we developed the strategy and the framework required to improve upon identified inefficiencies which are inherent in the value chain. We started the re-engineering process, through an in-house strategic consolidation of the affiliate companies that would enhance the envisioned supply chain efficiency and deliver value to the company whilst exploiting increased opportunities.

We understood the fact that through collaboration of the individual affiliates, we could achieve improved operations, better efficiency, integration and new functionality which are the ingredients of supply chain efficiency. Our implementation of the framework of sustainability through synergy kicked off in 2016. Over the period of reporting on our sustainability efforts, we have seen decent leaps in improving productivity, reducing cost, increasing revenue and boosting employee morale as we understand our employees to be our greatest assets and the cornerstone of our continued success.

As an organization which believes in the development of our people, we continually provide employees with a safe and healthy environment to thrive, thereby giving them a sense of purpose, enabling them to imbibe the right sets of ethical standards.

At Asharami Synergy, we realize the importance of partnerships in improving competitive advantage; therefore, stake-



holder satisfaction remains the mainstay in developing and enhancing our collaborative activities. We understand that the essence of partnerships can positively affect our society and environment. Thus, we have initiated new partnerships, whilst continually improving on the management of existing ones. To this end, we believe that our ability to develop and manage relationships will be key to driving supply chain efficiency and have started this internally by building our sustainability through synergy.

Today in improving operational efficiency towards improving sustainability, our operational and commercial activities are better integrated. Our focus on teamwork and formidable approach to supply chain management is what we believe will bring about the highest level of competency in driving our sustainability footprints

As I conclude, it is my belief that when next I address our efforts towards building and ensuring sustainability, it will be in the 2017 inaugural sustainability report published by Asharami Synergy. Thank you.

**Moroti Adedoyin-Adeyinka**  
Chief Executive Officer,  
Asharami Synergy

## Our Activities In The Downstream Sector

Through the consolidation of our activities in the downstream sector, reinventing our processes, investing in modern technology and reinforcing our expertise our downstream consolidated operations which will be managed under a new business name - Asharami Synergy Limited (ASL) - has evolved into a formidable operational team.

Our current operations cut across 3 countries in West Africa, which are Nigeria, Ghana, and Cote D'Ivoire. ASL's operations cover facilitating the sourcing, supply, trading, marketing, large-scale warehousing of refined petroleum products for retail, industrial, commercial and bulk/wholesale purchases while providing supply chain, delivery and logistics services.

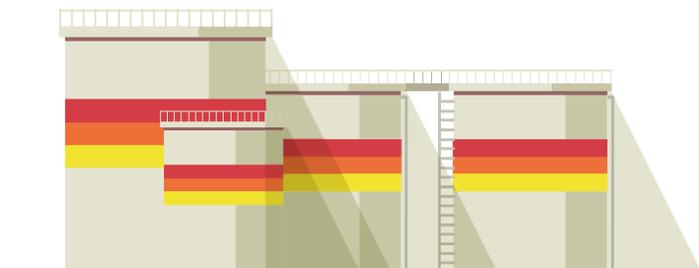
Asharami Synergy was birthed out of the necessity to redefine and improve on the inherent inefficiencies of the current model of downstream petroleum marketing. Prior to July 2016, the merging entities had operated and adopted differing processes and performance evaluation metrics, based on their various industry peculiarities. Also, in recognition of the fact that the merging entities had created their individual budgets prior to consolidation, their financial and business performances were individually measured against the targets set in those budgets.



Name of entities within sector	Sahara Energy Resource Limited So Aviation Limited So Energy Limited Sahara Bulk Storage Facilities Limited	
Activities	Sourcing, supply, trading, marketing and large-scale warehousing of refined petroleum products for retail, industry, commercial and bulk purchases while providing supply chain, delivery and logistics services.	
Locations of operation	Nigeria, Ghana, Côte D'Ivoire	
Supply chain profile	Types of suppliers	Tank Construction, Equipment Installation, Fabrication, Design and Supervision Consultants, OEM's
	Number of suppliers engaged	23
	Location of suppliers	Nigeria-Lagos Port Harcourt Onne Calabar Kano Maiduguri Abuja
Estimated monetary value to suppliers	N350,000,000m	

# 20 Million Litres

Additional Storage Facility in Ibafo, Lagos



## Performance Evaluation In 2015/2016

With the downturn in oil prices in 2015 and 2016, the dwindling economic realities required that Nigerian businesses considered a paradigm shift brought about unstable and unclear fiscal policies and the introduction of the autonomous foreign exchange market to mention a few. Our businesses were no different as shown in the following analysis:

## Revenue Analysis

There was a considerable reduction in the revenues by 16% between 2014 and 2015. Gross margin likewise dipped by 32 percent but 2015 recorded an increase in net margin of about 2 percent. Although revenue and gross margin dropped since 2014 due to reduced volumes, net margin has increased since 2014 due to more efficient management of our total expenditure.

### VOLUME ANALYSIS

	AGO	PMS	ATK	LUBES
2015	385,424,840	447,669,025	202,431,040	5,768
2014	424,312,875	546,066,496	229,830,720	13,095



**1**

Retained our position as the No. 1 in the Aviation Fuel Market in 2016

Startup of Kano Aviation Depot

## Challenges

The reporting years were riddled with significant challenges which was because of the global and national economic downturn due to the fall in oil prices. Some of the challenges that affected our performance were;

### Foreign Exchange Instability

The year witnessed a sharp devaluation of the Naira against the Dollar. The reduction of crude production and export occasioned by the restiveness in the Niger Delta led to reduced earnings and subsequently scarcity of foreign exchange to meet the country's importation needs. Businesses like ours which relied on foreign exchange for product importation suffered as there were difficulties in assessing the needed foreign exchange for our desired imports. This impacted negatively on our volumes and margins.

### Fiscal Policy Stability

There was instability in government fiscal and monetary policies as well as delays in the formulation of fiscal policies on the part of the federal government to revamp the economy.

### Economic Recession

The decrease in the country's crude oil export occasioned by the restiveness in the Niger Delta resulted in a huge drop in the country's foreign reserve and foreign exchange available for imports of petroleum products. This scarcity of foreign exchange coupled with devaluation of the country's currency impeded on oil marketers' ability to import the required volume of products. The country's policy to curb rising inflation resulted to illiquidity in the financial institutions making it difficult to source required funds.

### Reduction in Demand

With the increase in the local cost of petroleum products due to the partial deregulation of petroleum products and continued devaluation of the local currency, without any increase in consumers purchasing power, the levels of inflation rose quickly and culminated at an average of 18% at the end of the 2016 reporting year. The rise in inflation

brought with it a sharp decline in consumer spending which led to significant reductions in the sector.

Due to the above factors, there was a major change in the operations of the downstream market dynamics which meant that mostly only market operators with large retail networks could be profitable from the new retail price. The economic realities affected international airlines operating in Nigeria, which represents a significant percentage of our customer base. Some airlines stopped operations completely whilst others were forced to reduce the number flights into Nigeria. These realities saw local airlines struggle to meet financial obligations due to increased cost of operations and reduced volume of customers patronage for their services.

### Product Distribution Difficulties

A major challenge for the operations of our downstream activities stem from the continued inability of product transporters to lift and deliver products from the main petroleum products terminals located at Apapa, Lagos, Nigeria.

The continued state of disrepair of the entry and exit roads into the terminals has greatly affected the turnaround time and efficiency of evacuation of petroleum products for our terminals operations and brings about severe traffic challenges for other businesses operating within the sector who have their locations in the area.

### Other Challenges

- » Introduction of the autonomous foreign exchange market
- » Inability to commence our LPG operations due to challenges with obtaining pipeline right of way.
- » Incessant community disruptions despite our Corporate Responsibility footprints

Despite the numerous challenges, we successfully concluded the following activities in 2016:

## Terminal Expansion

We increased our storage terminal located in Ibafo by an additional 19.5 Million liters of tank storage for Premium Motor Spirit (PMS) popular called petrol. Also, we increased our aviation storage terminal located at Omagwa International airport in Port Harcourt Rivers State by replacing the temporary 100,000-liter mini tank storage with a two million liters tank storage towards increasing operations following the opening of the airport after a significant period of closure. These expansions created additional opportunities to better serve our customers and deliver increased value to them.

## Maintaining Top Spot In Marketing And Sales Of Aviation Fuel

Being the Group (private company) with largest aviation tank storage facility, we leveraged on our capacity and resilience even in the face of economic recession in the country, we still retained our number one position for the marketing and sales of Aviation Fuel and attained a significant milestone of sales averaging one million liters daily, the first ever and a milestone yet to be rivaled in the aviation sector.

During the reporting period, we commenced activities to kick off our Kano Aviation Depot operations towards bringing service to the doorstep of our customers in that locality.

## Process Recertification

As a Group that continues to strive for the attainment of best practices in the sectors where we carry out operations, we understand the value of quality in our offices, products, communities, and environments. At no point in our business operations would we compromise on quality. Towards continually enhancing and improving our standards for quality management systems, we successfully embarked on our recertification audits and review in relation to the following:

- » ISO 14001 – 2004 (on Environment Management System)
- » ISO 9001 – 2008 (on Quality Management System)
- » OHSAS 18001 – 2007 (Occupational Health & Safety)

**2 Million Litres**  
New storage facility in International Airport, Port Harcourt; up from the previous 100,000 liter mini tank storage



## Managing Supply Chain Efficiency

Having successfully consolidated and integrated the Group's downstream operations from independent services providers to a one-stop shop service provider, The 2016 reporting year business performance of the combined entities served as a basis for the development of the 2017 budget for a new focused Supply Chain Management Company - Asharami Synergy. To date, all business processes have been restructured and realigned to achieve the company's strategic goal; "Redefining Supply Chain Efficiency along the energy value chain and beyond". We are shifting our focus from over-reliance on the possible margins from refined product supply, logistics, warehousing and retailing, to offering value-added efficient services across the downstream value chain.

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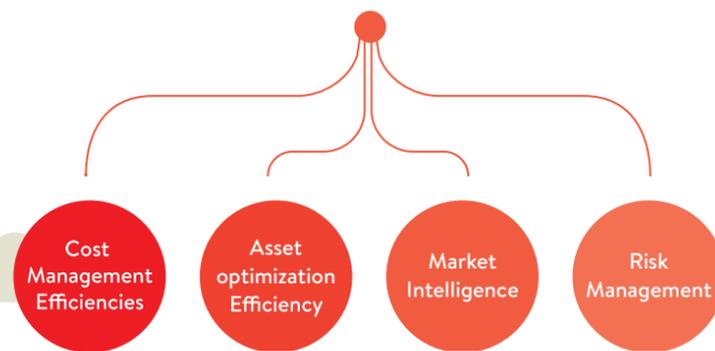
## Looking To The Future

Considering steps being taken by government and observation of other private sector players, the business dynamics of the Nigerian downstream petroleum industry is headed in the direction of change soon. Government actions in boosting local refinery through the establishment of modular refineries and the encouragement of private investment in refineries would put the importation of petroleum products at risk while opening new business opportunities. Although we envisage some challenges ahead due to implementation of the Petroleum Industry Bill and the shrinking of the downstream market due to increasing influx of new entrants into the market, we anticipate the following as outlook for our journey to continued sustainability;

## Improving Supply Chain Efficiency

With the successful combination of the operations Group's downstream businesses, we plan to leverage on our experiences in full value chain towards improving the inefficiencies within the downstream supply chain, to wade through the challenges of the future based on the envisaged change in the downstream business dynamics. Our overall strategic objective is to transition to a fully operational Supply Chain Management organization to enhance service delivery to our customers while maximizing shareholders' wealth and meeting stakeholders' expectation.

### Supply Chain performance key drivers



## Increased Supply And Trading

- » Increase in existing market share of white products
- » Increase in market presence in West Africa
- » Launch of Lubricant line



## Redefining Service Delivery

We recognize that efficiency in any supply chain system is about meeting and surpassing stakeholders' expectation. To improve the inefficiencies and bring our services to the doorsteps of our customers, our approach will be the offering multi-service provision platforms to deliver on all areas of the downstream value chain, thereby creating a completely new customer experience and enhanced service delivery.

Our resilience, inherent prowess for competency and our quest to being the "provider of choice wherever energy is consumed" in our activities will set us on the right pedestal in achieving our set goals of establishing creating a Supply Chain Management System Company towards becoming the one-stop shop in service provision across the downstream value chain, corroborating strategic partnerships with local, regional and international partners in ensuring that we are adequately positioned to maximize service opportunities presented by the development of local product marketing realities.

Our resilience, inherent prowess for competency and our quest to being the "provider of choice wherever energy is consumed" in our activities will set us on the right pedestal in achieving our set goals of establishing creating a Supply Chain Management System Company towards becoming the one-stop shop in service provision across the downstream value chain





## Infrastructure At Sahara

**H**ealthy societies depend on physical and social infrastructure to advance economic opportunity, protect their environment and improve people's lives. Sahara Infrastructure Development and Venture Capital Limited (SIVC) is an investor-driven organization established to address the shortfall needs of the socio-economic infrastructure in Nigeria, Africa, and the world by investing in greenfield and brownfield public-private infrastructure and innovative projects.

In SIVC, we embrace our responsibility for those goals by raising the standard for sustainable management practices in both our internal operations and the delivery of services. Since its incorporation in 2013, SIVC has emphasized the importance of taking projects from concept to completion, thus demonstrating SIVC's range of services and capability to deliver comprehensive, integrated solutions anywhere in Africa and the rest of the world.

In every project we undertake, no matter the scale, we place our emphasis and core focus on protecting people and the environment, promoting local economic development, and partnering with communities and society towards value and wealth creation. We have strategic relationships with international third-party business partners who are engaged from the drafting of feasibility of projects, technical blueprint, bankability and feasibility of projects, while ensuring that we boost revenue generation, create more jobs and impact positively on the economic development of communities where we carry out our projects.

We believe that we are not just delivering a physical asset to our stakeholders, but also an enabling environment that will benefit all in the long term.

At SIVC, sustainability is core to our service delivery objectives and we regard sustainability 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**  
COO, CVL Projects



## Our Infrastructure Development Activities

Sahara Infrastructure Development and Ventures Company (SIVC) delivers comprehensive and integrated solutions and services in infrastructure projects, with investments enhancing economic and social development in Africa and globally, while providing vast and significant financial returns to investors.

Nigeria, Africa's most populous nation, offers significant promise for investors in the infrastructure sector. Thus far, its economic advancement has occurred despite the absence of the enabling infrastructure to drive growth, such as good road networks and stable power supply. Nonetheless, the infrastructure sector was still a driver of growth, contributing 3.41 percent to real GDP in the 2016 reporting year.

Continued investment in infrastructure is critical. As the population continues to grow and demand increases, there will continue to be immense pressures on existing infrastructure. Infrastructure development is not only important for economic advancement, it also creates the enabling environment for the execution of other initiatives which ensure sustainability. Under Goal 9 of the Sustainable Development Goals, players in both the public and private sectors have been charged to "Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human

well-being, with a focus on affordable and equitable access for all".

Through SIVC and Centrum Properties Limited (CPL) the facilities management arm of our infrastructure service provision, Sahara Group has investments in projects that presently address the infrastructural shortage within Africa.

SIVC was established in 2013 to pursue opportunities arising from such investments whilst providing financial returns to investors. We are 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.

CPL, a fully-fledged facility management company in Nigeria, currently manages real estate assets of over \$300 million in valuation. Its portfolio of properties resides in major metropolitan areas of prime African cities: Lagos, Abuja, Port Harcourt, and Abidjan. The vision for CPL is to be the complete solution provider 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 integration of people, property, process, and technology. Our facility management functions typically cover building maintenance, lease reviews and renewals, tenant management and operation maintenance of facilities.

Name of entities within sector	SIVC, CVL, CPL	
Activities	Infrastructure development projects, facility management	
Locations of operation	Nigeria, Ghana, Côte D'Ivoire, Dubai, Singapore	
Supply chain profile	Types of suppliers	Manufacturers Suppliers Wholesalers Retailers Logistic
	Number of suppliers engaged	113
	Location of suppliers	Europe, Asia, Middle East and Americas
	Estimated monetary value to suppliers	N400,000,000m



SIVC and CPL address the infrastructural shortage within Africa as articulated by Goal 9 of the SDGs

## Challenges

In the 2016 reporting year, amidst the challenging macro-economic environment, the company was faced with several challenges, including significant increase in the cost of equipment and building materials, weak demand for property tenancy resulting from a reduction in the disposable income of our customers and payment delays which impacted on our cash flow. Our infrastructure projects which are typically large-scale capital intensive and require the establishment of strategic partnerships, to provide the financing and resources for its execution.

Financing is mostly sought from local commercial banks, often at high interest rates due to the economic realities of the country. Also, to further enhance the competitiveness of our services, some landlords of facilities managed reassigned the management of their facilities to other facility management companies.

Though this led to a fall in our revenue base, we are continually seeking new outlets to add to our management portfolio. To this extent, we are currently undertaking several major sustainable infrastructure development projects such as the following:

# \$300,000,000

Valuation of real estate assets managed by CPL



## Responsible Procurement Practices

Towards ensuring effective and efficient project management in the development of our infrastructure projects, the organization engages the services of various contractors in the delivering on the project objectives. To achieve its goals of sustainability, the company has put in place a comprehensive system of due diligence and Know Your Customer and Business Partner (KYC/BP) process in line with the Group's commitment to the principles of PACI to mitigate the risk of corruption which is perceived to be prevalent in the infrastructure development industry.

To this end, in the 2016 reporting year, SIVC carried out a routine comprehensive due diligence on all its 113 supplier's applications on the Supply Chain Management System database to assess their levels of compliance in areas such as regulatory

compliance, governance and risk management practices, labour, safety, quality management, environmental practices and human rights practices. Following the completion of the due diligence exercise, 16 of the suppliers on the database had their applications rejected due to inability to provide substantial KYC/BP on the quality of product and/or service to be provided as well as incomplete government regulatory requirement registration.

In addition to ensuring that we exercise a positive influence across our value chain, we focused on sourcing materials locally. Although this was necessitated by the scarcity of foreign exchange, it however resulted in an increase (25%) of our purchases and operational procurement were sourced locally through indigenous suppliers and believe this will continue to increase in subsequent years.

# 25%

Operational procurement purchases sourced through indigenous suppliers in 2016



## PROJECTS



### Project Heights

This project is aimed at raising the standard of hospitality and luxury in Nigeria. The project is focused on the development of a 4-star business friendly hotel, with 208 en-suite rooms, situated in Rivers State Nigeria and effectuated under a concession agreement with Rivers State Government. This project is being executed in partnership with Carlson Redizor, who have decades of experience in the hospitality industry, including owning such franchise as the Radisson Blu Hotel, to act as the hotel manager. With an estimated project cost of \$89,013,464 million, the project is slated for completion by the end of 2018.

# 208

En-suite rooms

# \$89,013,464

Project cost for the 4-star business friendly Hotel



Raising the standard of hospitality and luxury with a four star facility



## PROJECTS



### Project Haven

Project Haven involves the development of a facility that encompasses real estate and hospitality services, comprising of a 3 and 5-star hotel, high-end residences, serviced apartments and commercial spaces, and is situated in Abuja, Nigeria's capital. The project is aimed at catering to real estate and hospitality demands in the city. Kempinski Hotels SA is being partnered with as the hotel manager of the 5-star hotel. With an estimated project cost of \$144,055,719 million, the architectural designs are expected to be completed by the end of 2018.

# \$144,055,719

Cost for the 5-star hotel, residential and hospitality real estate project



Real estate and hospitality, comprising 3 and 5-star hotel, high end residences and commercial spaces



### Project Creek

This is a Public Private Partnership with the River State Government, through which a \$479 billion integrated energy logistics facility, situated in Old Abonnema Wharf area of Port Harcourt, Rivers State, Nigeria, will be developed.

# \$479,597,022

Cost for the integrated energy logistics facility in partnership with the Rivers State Government



### Project NAF

Project NAF also known as Centrum Wings Hotel involves the development of a 150 room hotel in Murtala Mohammed International Airport Lagos. This project is a concession/development agreement signed with the Nigerian Airforce Properties.

# \$57,887,279

Cost for the development of a 150-room hotel in Murtala Mohammed International Airport, Lagos. A concession agreement with the Nigerian Airforce Properties



## Power at Sahara

Sahara Power Group (SPG) was established to be the holding company for the 3 operational power assets and companies within the Sahara Group - Egbin Power PLC, First Independent Power Ltd (FIPL), both generation companies and Ikeja Electric (IE) a distribution company.

From the onset, the vision for SPG is to be the largest, most efficient and most effective, privately owned electric power company in Sub-Saharan Africa. For the fulfillment of our vision, we believe in the need to look at synergies across the operational power companies, as the value and performance of the combination of the whole should be greater than the individual.

The theme of our report is 'Sustainability through Synergy'. A sustainable business is one that has the ability to maintain and support its activities or process over the long haul, with the endurance of its systems and processes. I believe that this marries well with the vision for Sahara Power Group, as we aim to be in the power business for the long haul and we intend to endure. We cannot be in business for the long haul without being efficient or effective. For us then, it is also important therefore not only to identify and extract synergies across board, but to also ensure these are consolidated to endure.

2016 was a rather challenging year for the power sector and Sahara Power Group was not excluded. We faced challenges differing from high Aggregate Technical, Commercial and Collection (ATC&C) losses, to limited availability of gas supply. Also, lack of foreign exchange and general illiquidity constrained our ability to procure meters and carry out overhauls of some generating units.

In our bid to endure as a company, collaborative measures in our processes and systems were initiated, aimed to help grow and sustain our company, enhancing our effectiveness and efficiency as a team, and accelerating the odds of reaching the full realization of our vision. We fused our knowledge and skills garnered as single entities to become an operating unit, optimally utilizing our resources effectively to continuously thrive.



In conclusion, I believe that I would be addressing our efforts to drive the sustainability of our business in the 2017 inaugural sustainability report that will be published by Sahara Power Group.

Thank you.

George Oluwande  
CEO, Sahara Power Group

## Our Power Sector Activities

At Sahara Power Group, we operate in the generation and distribution sectors of the Nigerian Electricity Supply Industry. Over the last 15 years, we have executed a number of key strategic power projects, and gradually increased our stake in the sector through strategic investments by way of Special Purpose Vehicles (SPV) in power generation (Egbin Power Plant and First Independent Power Limited) and power distribution (Ikeja Electric). Through our investment in new technology, global alliances, and human capital development, we are bringing energy to life.

Sahara Power Group was established with a vision to become the leading integrated, fully certified power company in Sub-Saharan Africa.

Access to stable electricity can have a multiplier effect in driving economic growth, and in enabling the achievement of the Sustainable Development Goals. Under Goal 7 of the Sustainable Development Goals, the focus is on private and public sector players to contribute to ensuring access to affordable, reliable, sustainable and modern energy for all.

Sahara Power's entry into the power sector began in 2001 when it played an active role in the Emergency Power Projects operated by the defunct Power Holding Company Of Nigeria (PHCN). We have continued to

increase our stakes and footprints in the power sector, through strategic acquisitions and alliances. During the privatization exercise, conducted by the Federal Government of Nigeria, which led to the purchase and transfer of former PHCN assets to private investors on November 1st 2013. Sahara Power Group through SPVs, successfully acquired majority shareholding stakes in Egbin power station- the largest power generation plant in Nigeria and Ikeja Electricity Distribution Company- the largest power distribution network in Nigeria. Through strategic partnerships we also expanded our portfolio to include stakes in First Independent Power Limited (FIPL), a licensed power generation company that owns and operates 3 power plants and completing the 4th in Eleme in Rivers State

Through strategic partnerships we also expanded our portfolio to include stakes in First Independent Power Limited (FIPL), a licensed power generation company that owns and operates 4 power plants namely Omoku Power Plant (150MW Gas Turbine), Trans Amadi Power Plant (136 MW Gas Turbine), Afam Power Plant (180MW Gas Turbine), and Eleme Power Plant (75MW Gas Turbine) in Rivers State, Nigeria.



Sahara Power is increasing access to affordable, reliable, sustainable and modern energy, which is line with SDG goal 7

## Electrifying Africa's Most Populous Country

Despite being Africa's most populous country, with rich energy reserves, access to power continues to remain a significant challenge for many Nigerians. Nigeria currently has an installed capacity of around 12,000 MW, yet operates at less than half its installed capacity. The average Nigerian consumption of electricity per capita stood at 144.48KWH in 2014, which is significantly lower than its neighbouring countries Ghana (354.74KWH - 2014) and Cote D'Ivoire (276.15KWH).

Majority of power plants are gas-fired; however, gas supply constraints created by unfavourable tariff regulation and persistent vandalism of pipelines have contributed to the low availability of gas and impacted on the gas supply to Generating Companies (Gencos).

The transmission section of the electricity value chain has continued to be operated by the nationally owned Transmission Company of Nigeria. Significant investment is to upgrade existing infrastructure, and to reduce the incessant incidents of system collapses and forced outages. On the distribution side, challenges faced during the reporting period include the high Aggregate Technical Commercial and Collection (ATC&C) losses which averaged about 49% for 2016, combined with the lack of cost reflective tariff, lack of foreign exchange, liquidity which constrained our ability to procure meters, high energy theft, and transformer vandalism.

For our customers, including residential customers and businesses, who relied on our services to perform critical functions, the lack of stable and constant power supply was often a source of dissatisfaction. This translated to a reliance on petrol and diesel generators, which in turn were sources of air and noise pollution.

Regulatory changes also had an impact on our business, such as the abolition of the fixed charge element in electricity bills, the approval and subsequent reversal

12,000 MW

Nigeria's installed capacity



144.48 kWh

Average Nigerian electricity consumption per capita in 2014

N400 billion

Outstanding trade receivables

of electricity tariffs, particularly in respect of certain members of the Manufacturing Association of Nigeria.

Customer response rates were also a key challenge, and had an impact on all players in the electricity value chain. On the generation side alone, over N400 billion are outstanding as trade receivables.

In the face of these challenges, we remained resilient and achieved key milestones across our entities within the power sector.





## Entity Egbin Power Plc

Sahara Power and its technical partner Korea Electric power Corporation (KEPCO), have a 70% stake in one of the largest gas fired power stations in Africa. Egbin, which was commissioned in 1985, and consists of six (6) units of 220MWH steam turbines and a total installed capacity of 1,320 MW. Egbin is capable of generating up to a quarter of the available Nigeria's generation capacity.

### MATERIAL ISSUES



Energy Conservation and Efficiency



Employee Health and Safety



Efficient Use of Water Resources



Responsible Relations with Communities

### KEY ACHIEVEMENTS

**1100 MWH**  
Generation Milestone Achieved

**5.47 Million MWH**  
Total Power generated in 2016

**10**  
Community CSR programmes implemented

**0**  
Spill incidents in reporting year

**6**  
Restoration of thermal plant unit 6 turbine

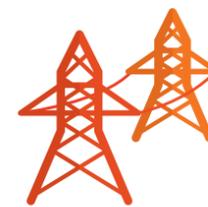
**200 MWH**  
Increased available generation capacity by 200MWH



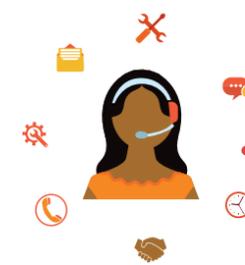
## Entity Ikeja Electric

Sahara Group through an SPV, owns a 60% stake in Ikeja Electric, in partnership with the Federal Government. Ikeja Electric supplies power to over 700,000 customers located within Lagos, Nigeria.

### MATERIAL ISSUES



Improving Electricity Distribution



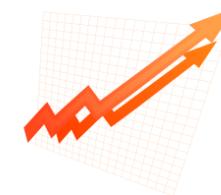
Customer Relations



Labour & Employment



Health And Safety



Economic Performance



Governance And Business Ethics

### KEY ACHIEVEMENTS

**>30,000**  
Meters Deployed

**Live Chat**  
Introduced Live chat platform

**494**  
New Hires

**Whistle Blower**  
Established reporting hotline



## Entity First Independent Power Ltd (FIPL)

Sahara Power through its investment vehicle – NG Power HPS, holds a stake in FIPL, which was previously wholly owned by the Government of Rivers state. FIPL comprises of four power plants:

- » Afam I (180MW) & Afam II (180MW)
- » Eleme – 75 MW (under construction)
- » Omoku – 150 MW
- » Trans Amadi I & II – 36 MW

### MATERIAL ISSUES



Environmental Compliance



Process Safety



Community Relations

### KEY ACHIEVEMENTS

Agreed general operations formality with the current Rivers State Government



## Change Management

One of the most crucial aspects of the privatization process is change management, at the heart of which is a people process. During the takeover of assets acquired following the completion of the power sector privatization exercise as the preferred bidders for generation and distribution assets, a change management strategy was put in place to drive the cultural transformation in our different entities to ensure sustainability.

In line with the outlined strategy, a set of change initiatives and learning & development interventions that would deliver the “people” side of the change effort was set in motion which not only targeted the leadership team but also engaged employees across the organizations, while adjusting key enabling processes such as performance management. As a result, a lot of challenges were identified but not limited to the following;

- » Inadequate bottom up and top down communication.
- » Absence of critical components of performance management process.
- » Massive knowledge gap in the use of available technology.
- » Inadequate consequence management enforcement.
- » Limited to no-brand existence and consistency following the acquisition.
- » Massively disengaged employees due to job insecurity.

Identifying these challenges provided a massive opportunity to drive sustainability through our change management strategies; this has recorded remarkable progress and achievements within the period being documented in this report.

Some of our achievements include but are not limited to the following;

- » Creation of new brand elements across board – Vision, Mission Statement, Core Values.
- » The establishment of several internal and external communication channels which includes social media platforms, monthly internal newsletters, SMS alerts etc.



- » Implementing change strategy sessions, business retreats, roadshows, learning interventions on the need to drive and sustain change initiatives in the organisations.
- » Identifying and training Change Leaders and Champions within the organisations that would work with the Sahara Power Change Management & Internal Communications team.

- » “Change Role Models”. Mobilizing employees to own and accelerate the change process/ initiatives
- » Embedding continuous sustainable change in the fabric of the organizations.

In line with our business sustainability outlook, several success factors were identified in designing and implementing our change management strategy. These include:

- » Understanding the impact of the change on people.
- » Driving both the emotional and rational case for the change process.
- » Ensuring the leadership team are

**We remain unflinchingly committed to continue to evolve and improve on our change management strategies to ensure business sustainability.**

## Community Relations

Our activities in the power sector can have a significant impact on the communities in which we operate. Our generation activities raise a number of environmental issues such as changes to water flow and level, thermal and chemical emissions to water and risk of contamination due to spillage.

**Our activities in the distribution sector also impacted communities in terms of the stability of electricity supply, ensuring we had fair billing practices in place and in ensuring that platforms were in place to enable dialogue and to identify key stakeholder concerns.**

We achieved this through meetings with community groups such as Community Development Associations and Community Development Committees, where leaders and community heads came together to deliberate on the major issues affecting their communities in terms of electricity supply.

We also engaged in a number of social empowerment activities through the implementation of need-based social responsibility projects such as the provision of scholarships by Egbin Power Plc to students located in its host communities, such as Egbin, Ipakan, and Ijede in Ikorodu. Other projects include a Book Donation Outreach carried out by Ikeja Electric on International World Book Day where books were donated to primary schools located within Ikeja Electric's network. Some of these activities were implemented through collaboration with other organisations such as Unilever Plc and the Dr. Ameyo Stella Adadevoh Health Trust.

For the future, we plan to continue to build on our community engagement activities, through strategic partnerships, as well as developing more sustainable interventions such as youth empowerment projects, which will create a real impact in our host communities, and which will strengthen our social license to operate.



**We plan to continue to build on our community engagement activities, through strategic partnerships, as well as developing more sustainable interventions**



## Lighting Up Nigeria

In 2014, in conjunction with the Sahara Foundation, we developed a concept – **Sahara Light Up Nigeria Power Challenge**. The concept was aimed at inspiring dynamic students in the country's tertiary institutions to explore the opportunities in the power value chain towards providing sustainable power supply for use. Following the successful implementation of the 2014 challenge and in order to ensure the overall sustainability of the impact of the project, in 2015, the challenge was structured to get our tertiary institutions undergraduates to develop simple but sustainable power solutions that would help reduce costs and encourage broad utilization of the different available energy sources towards providing energy for their schools and local communities.

In partnership with Enactus, we received a total of twenty-eight project entries after which the entries were streamlined to the top five projects (see table 1 below) which were presented at the yearly Enactus program in Lagos Nigeria. The top five entries made presentations to a panel of judges selected from the Group after which Kaduna Polytechnic emerged as the institution with the best project idea and they received a cash gift towards ensuring the implementation of the project. (see table 2 below for the top three institutions and their gifts amounts).

Kaduna Polytechnic who won the challenge created a self-running hydro-electric system that runs solely on kinetic energy of water which is stored in a 75 litre enclosed tank, which houses the power generating pump and other equipment required to generate electricity. The technology was made from locally modified and recycled parts which were environmentally friendly. This project brought about an alternative to electricity generation for small businesses, a health center, and school within the project impact area. (see table 3 below for the top 5 projects and their impact during the reporting period).



**In 2015, the challenge was structured to get our tertiary institutions undergraduates to develop simple but sustainable power solutions that would help reduce costs and encourage broad utilization of the different available energy sources towards providing energy for their schools and local communities.**



**Entries received in the Lighting Up Nigeria Power Challenge in partnership with Enactus**



### TOP 5 PROJECTS

Tertiary Institution	Project Name
University of Uyo	IKANG – Ibibio word for light
Federal University of Agriculture - Abeokuta	D.T.M.S
University of Agriculture - Makurdi	Feeless Generator
Babcock University	H-Power Generator
Kaduna Polytechnic	REAP



### TOP 3 INSTITUTIONS AND COMPETITION GIFT

Tertiary Institution	Prize Amount
Kaduna Polytechnic	N500,000.00
Babcock University	N300,000.00
Federal University of Agriculture Abeokuta	N200,000.00



### TOP 5 PROJECTS AND IMPACT TO DATE

Tertiary Institution	Energy Generated	No. of hours of supply	Direct/Indirect Impact
University of Uyo	35kWH	24	3,800/13,400
Federal University of Agriculture - Abeokuta	2.5kWH	10 - 12	300/4,000
University of Agriculture - Makurdi	220 Volts	6	3/173
Babcock University	2.5KVA	6	1,800/1,400
Kaduna Polytechnic	6kWH	24	540/950



## Sustainability For All

Globally, there has been increased investment in renewable energy, and Nigeria is no exception. At the beginning of 2016, the Federal Government published the National Renewable Energy & Efficiency Policy (NREEEP). In the policy, the Government set out its vision for Nigeria to attain 30,000MW of power by the year 2030 with at least 30% renewable energy in the electricity mix (Electricity Vision 30:30:30). Although natural gas, which accounts for over 80% of feedstock, is likely to remain the predominant source fuel, use of renewables is likely to become more significant, with international bodies such as the World Bank supporting such investments. Although we do not currently conduct research into, or invest in renewable energy solutions, through the implementation of the NREEEP and other supporting regulations, we remain open to partnering with organisations who align with our business objectives.



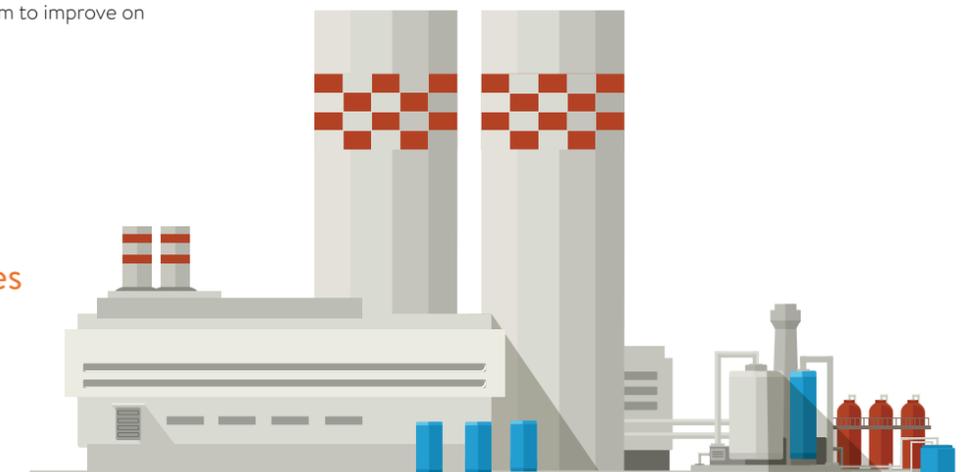
## Our Future Outlook

The Nigerian power sector is fraught with numerous challenges. Nonetheless, in light of the rapid rate of population growth, energy infrastructure to satisfy the increased energy demand, in a safe and sustainable manner is needed critically. On the generation side, in the long term, we intend to increase our generation capacity by investing in a new power project "Egbin 2". This is a proposed combined cycle power plant, with a capacity of over 1350MW. The project is expected to be completed over a five-year period, which will increase the total generation capacity to 2,670MW. On the distribution side, we aim to improve on our ATC&C Loss performance, by reducing our loss figures from 49% to 35%. We also aim to improve on trust and transparency

# 1350MW

"Egbin 2" – Proposed combined cycle power plant (Gas & Steam) to increase total generation capacity to 2,679MW

We aim to improve on our ATC&C Loss performance, by reducing our loss figures from 42% to 35%





# Our People





# Our People

**O**ur people are the foundation of what Sahara represents. As an organization, we seek to attract young and vibrant minds that are empowered to identify and develop opportunities wherever they exist.

In Sahara, we understand that our employees, over 3,500 of them, are pivotal to our sustainable growth. Our value proposition to our employees is to treat them with fairness, respect, and decency. We also provide a healthy, safe and secure working environment, where employees are empowered to develop to their full potential.

**Ifeoma Okoruen**  
Group Head, Human Resources



# Sustainability Context

Goal 8 of the SDG's focuses on achieving full and productive employment, and decent work for men and women by 2030.

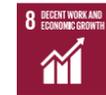
According to the National Bureau of Statistics, in the fourth quarter of 2016, the Nigerian labour force, defined as those within the working age population willing, able and actively seeking employment stood at 81.15 million people, 74 percent of the economically active population. Within this group, unemployment and underemployment rates were high, with 35 percent of the labour force either unemployed or underemployed. Youth unemployment was a critical challenge, with unemployment rates highest for persons aged between 15-24, standing at 25 percent, and 15.4 percent for persons between 25-34. Women were particularly affected, as female unemployment rates (24.2 percent) was 48 percent higher than that of males.

In this context, making progress in achieving Goal 8 is of great importance to sustain economic growth and higher levels of economic productivity in Nigeria.

Sahara Group is committed to contributing towards achieving these goals by promoting the development-oriented policies that support productive activities, decent job creation, entrepreneurship, extrapreneurship, creativity, and innovation.

We are committed to having an impact on about 12 million youths directly over the next four years through our "Extrapreneurship" initiative.

We are also committed to protecting labour rights and promoting safe and secure working environments for all workers, including decent work for both men and women.



**Making progress in achieving Goal 8 of the SDG is of great importance to Sahara Group**





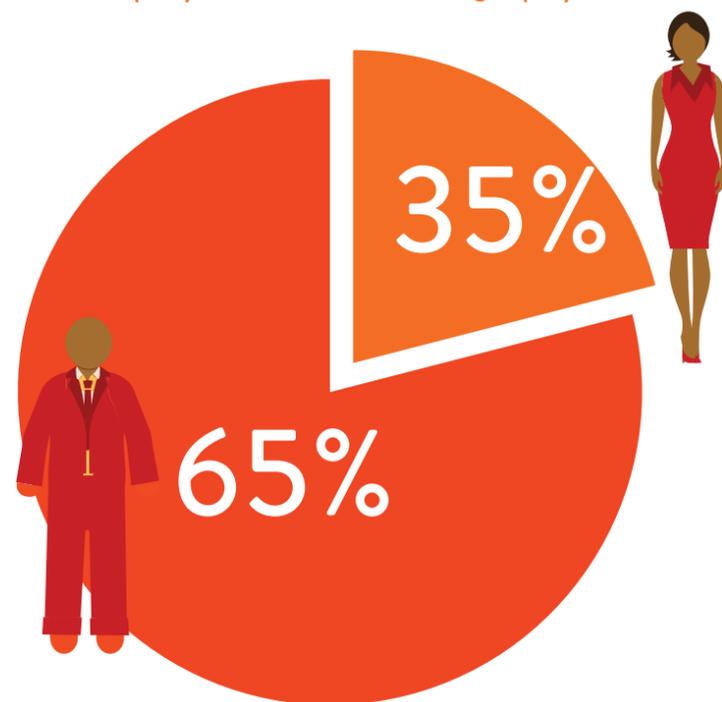
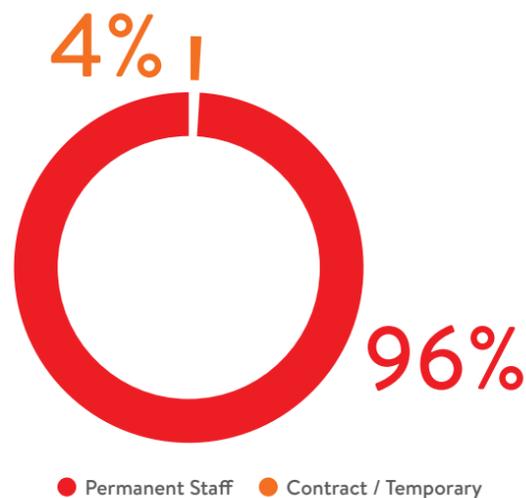
As an organization that understands that a healthy workforce will be stimulated in driving success, we conduct our sporting fiesta tagged SAHARALYMPICS every other year and the 2016 reporting year was another where the different entities under the group gather to exhibit their sporting prowess in various sporting activities from indoor sports such as table tennis and chess to outdoor sports such as athletics, football, basketball, volleyball etc. At the end of 2016 sports fiesta, a new champion emerged in Sahara Power.



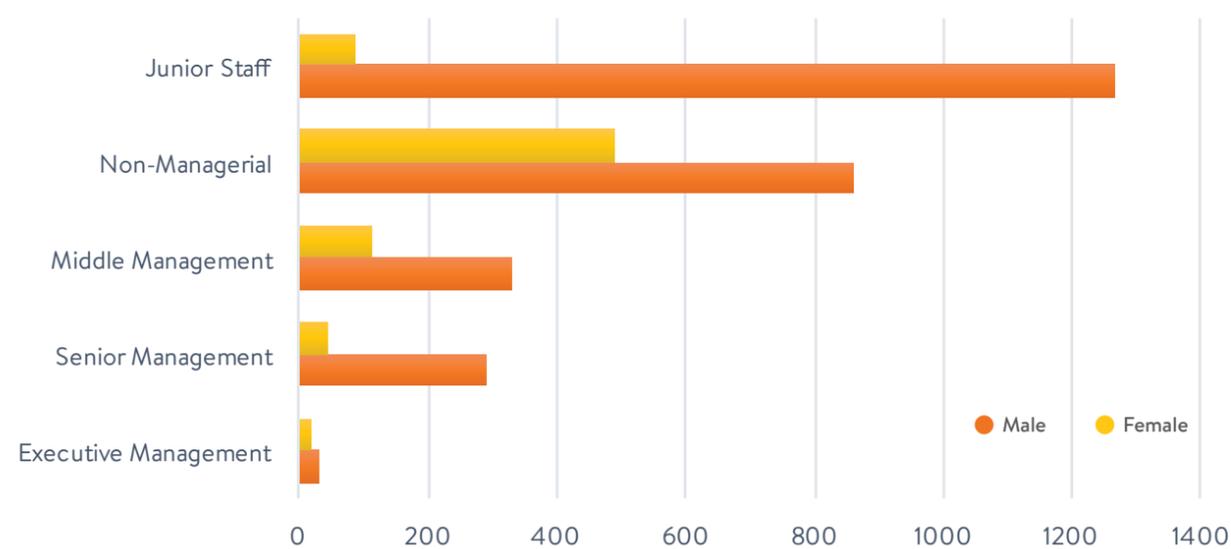


### Employee Gender Demography

#### Employee Status



### Employee Cadre by 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 and manage a pool of talents who will ensure the continuity of our organization.

In the 2016 reporting year, we were proud to bring on board 42 new employees into the Sahara family. 22 of these new employees came in through our Graduate Trainee Programme (GTP) designed to aid the selection of entry level persons into the Group. The balance were direct hires who came into the Group at different and functionalities. This GTP was designed to stimulate entrepreneurial skills, offer a cross-sectional understanding of our business, while developing talents that would be immersed in various functional sectors of our company.

Sahara Group offers three (3) program options for trainees, which are set out below and are looking increasing the variants in subsequent years:

- » Graduate Management Training Program (GMTP)
- » Graduate Accounting and Audit Program (GAAP)
- » Graduate Engineering Management Program- Oil & Gas and Power



The development of high quality future leaders is a key priority for Sahara Group

We actively build and manage a pool of talents who will ensure the continuity of our organization.



## Navigating Through Diversity And Inclusion Tough Times

Despite the difficult economic environment in 2016, we remained committed to our employees, aimed to protect them by preventing job cuts where possible. One way we achieved this was through the introduction of flexible working hours for our employees in our upstream sector, which was most affected by the downturn. In 2016, 11.9 percent of the employees exited the various operating companies based on resignation and termination.

For the future, we will endeavour to improve on initiatives that will enhance and strengthen our employee relations, commitment, and motivation, this is because our people are core to our business execution strategy as such continually maintaining a healthy relationship with our people is a prerequisite for the success of our organization.

Our reputation as an employer of choice has been enhanced over the years through our track record of treating our employees fairly and fostering a unique work environment that is free from any form of discrimination; be it race, skin color, 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 female participation.

In terms of our gender diversity in our organization in 2016, 36 percent of our workforce were women. This was a three percent increase or decrease from 2015. Female in representation in senior and executive management roles made up 16.4 percent of available positions. This gap was less significant in middle management to junior level employees, where female representation was 38 percent.

This level of disparity stems from the fact that approximately a third of our work

force, perform roles in the power sector which are usually male dominated. For the future, we hope to increase gender balance within our workforces, as we recognize that women add significant value to our business.

**Our reputation as an employer of choice has been enhanced over the years through our track record of treating our employees fairly and fostering a unique work environment that is free from any form of discrimination; be it race, skin color, origin, gender, disability, religion or age**



**36%**  
Women in the Sahara workforce

**16.4%**  
Women in senior & executive management

**38%**  
Women in middle and junior management

## 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 maximizing our success in respect of our existing businesses. Our 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 and promote the SDG goal

8 on decent work and economic growth. We offer both statutory and optional benefits to our employees 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, 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 the employee, their spouse, and up to 4 biological children or dependent under provisions of the law of the country.



### Employee Compensation Scheme

This is designed to provide adequate compensation for employees or their dependents in the event of death, injury, diseases or disability arising out of or during employment. The Company remits 1 percent of the entire month's payroll to the National Social Insurance Trust Fund (NSITF).



### Welfare Packages

This is a monetary scheme aimed at assisting employees to subsidize expenses to be incurred on their weddings, childbirth, and bereavement.



### Secondments/ Exchange Programmes to Sahara Locations outside Nigeria

These kinds of benefits are granted to Trainees who have shown exceptional ability.



### Mentorship Programmes with Directors

This platform is a commitment where entry-level workers are paired with senior directors, to enhance their leadership skills and career growth paths.



### Status Car & Vehicle Allowance Option

Status car scheme provides either a company branded car to Graduate Trainees, and non-branded cars to more senior employees. A vehicle allowance is a monetized option to assist employees within middle to senior management to finance the lease of a Vehicle and is now an integral part of the remuneration package.

## Learning And Development

Human capital development is an essential part of our organizational strategy towards attaining our vision of “being the provider of choice wherever energy is consumed” and we continuously improve the technical and other skills requirements of our employees in our organization. In the 2016 reporting year, we focused more on internally conducted formal training due to the economic impact of the instability in the energy sector. We leveraged on our internal learning faculty, through deploying learning sessions. Across the Group learning sessions were deployed to educate employees in different areas of operations locally and globally. 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. Various technical training sessions were also deployed in areas such as Blackstart and Restoration, High Pressure Welding and Training on Power Purchase Agreements/Efficiency Contracts for our employees in the generation companies.

For the future, through our Personal Development Plan platform and the creation of an in-house learning academy, we would encourage and empower employees to have a more active role in determining their learning avenues for self-improvement. In 2017, we plan to start a new program for preparing middle management staff for senior and executive management position called the Senior Leadership Program (SLP) which will be expected to kick off in the second quarter.

Across the Group learning sessions were deployed to educate employees in different areas of operations locally and globally.



## 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-degree feedback mechanism that provides confirmed employees with timely and effective feedback from their line managers, subordinates, and peers. The performance management cycle begins in January and ends in December of each year. Line reports meet with their line managers to discuss their goals for the year in the form of their Performance Objectives (PO). Each employee also receives a mid-year review to ensure that they are on track with their set PO's and where necessary amendments are made to reflect additional objectives that have been identified during the year. In the 2016 reporting year, all our employees received a regular performance and career development review.



In the 2016 reporting year, all our employees received a regular performance and career development review.



## Talent Retention Management

Where an organization fails to recognize and nurture talent, such an organization is likely to record a high rate of attrition as good talents within the organization would exit due to lack of recognition. An essential aspect of the Group's talent and retention management strategy is therefore to identify high performers throughout the organisation.

For Graduate Trainees, the organization carries out Talent Review Management sessions twice in the year. The review seeks to establish the trainees' area of strengths and challenges with a view to channeling their strengths appropriately and equipping the trainees with the right knowledge and skills required for success in their job and /or organization. Also, the session is a feedback mechanism to ensure that the trainees employees are properly placed in the right career paths for the future of the organization.

Beyond the Trainee Program, the company seeks to identify outstanding performers across all employee categories, with a view to rewarding them accordingly, in line with the organisation's promotion . policy. For the future, we plan to implement more rewards and recognition initiatives to ensure that we can retain our top performers.



**2** Number of Talent Review Management sessions carried out in a year.

## Labour Practices And Grievance Mechanisms

We currently do not interface trade unions in our operations. However, we endorse our employees right to freedom of association and collective representation, regardless of their job role, location, department or sector. The organization's Grievance Policy and Procedures provides a grievance mechanism that promotes a peaceful and inclusive working environment, access to justice for all and manages legitimate concerns, 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 mutually acceptable manner. In 2016, we had two labour-related grievances, one was amicably addressed and resolved within the reporting period, whilst the second is currently being litigated.





# Community Engagement





# Our Community Engagement

**A**t the heart of our business objectives, lies a commitment to promoting good corporate citizenship across the globe. Our mission is to ensure positive business footprints by promoting the well-being of the society and by touching lives through sustainable partnerships with our communities and the environment. We achieve this through Sahara Foundation, which is the vehicle through which the organisation achieves its Personal and Corporate Social Responsibility initiatives. Our focus areas for intervention include health, environment, education and sustainable community development.

In 2016, our theme for the year was "Extrapreneurship", through which we established a platform that finds, and connects young people with business interests in emerging markets by leveraging on Sahara Foundation's key strength of bringing together various committed stakeholders and promoting cross-sectoral collaboration. Unlike entrepreneurship which focuses mainly on income generation, extrapreneurship is centered on wealth creation and preservation. Our goal is to reach 12 million young people over the next four years directly through this platform.

We believe that this is a sustainable approach to empowering youths and engendering economic growth and development, and will have a multiplier effect on the rest of the economy.

**Babatomiwa Adesida**  
Manager, Sahara Foundation



Sahara is committed to conducting business in a socially and environmentally responsible manner. The organization continuously seeks sustainable ways of facilitating the production, provision and promotion of alternative sources of energy in order to protect the environment and the welfare of the people. We abide by the highest standards of globally established charters for environmental protection, whilst also promoting awareness campaigns and partnerships committed to safeguarding the environment.

At the heart of our business objectives, lies an unwavering commitment to promoting good corporate citizenship across the globe. This is achieved through the Sahara Foundation - the vehicle for the organisation's Personal and Corporate Social Responsibility (PCSR) initiatives. Our PCSR initiatives and activities of are aimed at empowering the communities where we operate in a sustainable, transparent and efficient manner and have been implemented in the areas of Health, Education & Capacity Building, Environment, and Sustainable Development.

At the heart of our business objectives, lies an unwavering commitment to promoting good corporate citizenship across the globe. This is achieved through the Sahara Foundation





## Education

The need to contribute to human capital development has been the focal point of Sahara Foundation's activities in the educational sector. Our activities in this area include vocational skill acquisition projects, school feeding programmes, competitions which encourage creativity among the youth, capacity development for teachers, career counselling seminars for Post Primary School Students, partnerships and programs with tertiary institutions in understanding projects that will impact on the society and environment towards wealth creation and preserving the environment, upgrade of classroom facilities, provision of scholarships for indigent students and economic empowerment programmes.



Our activities in this area include vocational skill acquisition projects, school feeding programmes, competitions which encourage creativity among the youth, capacity development for teachers and more



## Sustainable Community Development

We operate efficient and cost effective sustainable development programmes that apply internationally accepted and recognized standards of practice in line with the International Finance Corporation’s sustainability framework. We focus our interventionist approach on sustainable projects and programmes with the widest outcome/outreach and impact. This entails enhancing and creating partnerships, alliances and collaboration between our host communities and expert groups, government agencies, NGOs and other relevant stakeholders, where possible. In the coming years, the Foundation will commit to formalizing the already established relationships with its host communities through the “Adopt a Community Initiative”. This initiative is aimed at ensuring deeper ties with host communities through the implementation of sustainable projects that will meet their social needs and demonstrate our support for the communities, the government, and countries where we operate.



### Adopt A Community Initiative

In the coming years, the Foundation will commit to formalizing the already established relationships with its host communities through the “Adopt a Community Initiative”. This initiative is aimed at ensuring deeper ties with host communities



## Health

Our intervention in the health sector seeks to enhance awareness of health matters that reduce productivity due to ill-health. The Foundation has streamlined its focus on preventable diseases and chronic conditions, that are prevalent amongst indigent people and which have a debilitating effect on the lives of the sufferers. Our current areas of intervention include cancer awareness, screening and treatment programmes, eye care programmes, provision of care for people living with HIV/ AIDS, provision of care for people living with physical and mental disabilities, upgrade of medical /laboratory facilities, water, and sanitation.



Our intervention in the health sector seeks to enhance awareness of health matters that reduce productivity due to ill-health.





## Environment

Sahara Group is committed to conducting business in a socially and environmentally responsible manner. The foundation continuously seeks sustainable ways of facilitating the production, provision and promotion of alternative sources of energy in order to protect the environment and the welfare of the people. We abide by the highest standards of globally established charters for environmental protection, whilst also promoting awareness campaigns and partnerships committed to safeguarding the environment. Our interventions include promotion of the use of renewable green energy and creating awareness on the need to reduce greenhouse gases emissions etc. In 2016, Sahara Group was represented at the “Protecting the Planet” Roundtable at the United Nations Private Sector Forum, where our Executive Director led conversations on the importance of protecting our environment.



### “Protecting the Planet”

Environmental protection is important to us at Sahara. This is reflected in our commitment to doing business in a socially and environmentally responsible manner



## Extrapreneurship

Extrapreneurship was identified as the key strategy for the organisations PCSR activities in 2016. We created an Extrapreneurship platform to facilitate a meeting point for talent and opportunity, which would boost growth and development of the Nigerian economy through the creation and preservation of wealth.

In 2016, we participated in the Aso Villa Demo Villa Day, which was designed to discover and celebrate creativity, innovation, and entrepreneurship with a focus on economic diversification as well as inclusive enterprise by young Nigerians. The event produced 30 start-up innovators whom Sahara Group intends to further enhance their development through its extrapreneurship platform.

In addition to bringing the innovators on board the extrapreneurship platform, the top three winners from the AVDD project received financial support from Sahara. They include Tracology, a patented smart payment systems for utility companies; RecyclePoints, a waste recycling and social benefit venture for sustainable development, and Shuttlers,

a multi-staff bus service to assist commuters resolve daily challenges moving around big cities.

We partnered with award-winning filmmaker, Kunle Afolayan, to launch a competition designed to identify and empower young filmmakers in Nigeria. The competition challenged young Nigerian film makers to capture the spirit of entrepreneurship in Nigeria in a Docu-Film with the theme ‘My Nigeria, My Platform...Nigeria through an entrepreneur’s eyes’. This project is expected to be replicated across regions where we currently carry out operations in the African Continent.

Sahara Group hopes to reach over 12 million youths via its Extrapreneurship Hub that will drive integrated economic empowerment programmes through strategic partnerships and support for innovative as well as scalable business ventures.



# > 12 Million

Expected reach through our Extrapreneurship Hub



Tonye Cole & Kunle Afolayan with the beneficiaries of the Extrapreneurship programme



Beneficiaries of the Grooming Film Extrapreneurs during their training programme at the London Film Academy



## Achieving The Sustainable Development Goals



In 2015, Sahara Group was inducted into the Private Sector Advisory Group of the Sustainable Development Goals Fund (SDG-F) in recognition of its contribution to activities that promote inclusive economic growth for poverty eradication, capacity building, food security, access to potable water and promoting peace and justice through its business footprints. The Private Sector Advisory Group would provide the SDG-F Secretariat with guidance and strategic support to achieve better development results in coordination with the private sector.

Our contributions in relation to the achievement of the sustainable development goals were recognised by the United Nations SDG Fund, as they launched their report titled 'Universality and the SDGs: A business perspective'. A case study on Sahara Group's 'Light Up Nigeria Challenge' was featured in the report and highlighted how the SDGs can be incorporated into a company's core business activity and the crucial importance of establishing diverse partnerships to bring about sustainable and targeted change.

Working in conjunction with ENACTUS Nigeria, Sahara Groups hosts the annual 'Light Up Nigeria Challenge' to encourage innovation in alternative and renewable energy resources. The competition harvests projects from students from around the country showcas-

ing alternative energy sources and innovations to help ensure sustainable electricity supply in Nigeria.

The 2015 competition attracted entries from 28 different schools and involved developing simple models to reduce energy production costs and encourage the use of alternative energy sources in communities, small businesses, and schools. The Light Up Nigeria Challenge, provided young people with a platform to present their ideas and to make real change in their communities. It also encouraged power innovation in the energy sector and encouraged the introduction of alternative sources of energy, for environmental sustainability.



**In 2015, Sahara Group was inducted into the Private Sector Advisory Group of the Sustainable Development Goals Fund (SDG-F) in recognition of its contribution to activities that promote inclusive economic growth for poverty eradication, capacity building, food security, access to potable water and promoting peace and justice through its business footprints.**



## Light Up Nigeria

**A Challenge in partnership with Enactus to encourage innovation in alternative and renewable energy resources attracted 28 different schools**



## Food Africa Project

The Food Africa Project is a collaborative initiative involving Sahara Group, UNSDGF, Roca Brothers and the Kaduna State Government, directed at empowering communities and alleviating poverty through food security. The 5- year project is an Agro-based initiative envisaged to integrate the entire food value chain through a system called backward-forward integration process – the farmer, wholesaler, retailer and consumer- providing a sustainable source of food security, poverty alleviation and eradication, skill acquisition and social inclusiveness.

The project seeks to address food security, provide employment, eradicate poverty and empower the people – It is estimated that about 500,000 people will be impacted both directly and indirectly by the project; reduce food wastage through the recycling of food produce that do not meet the proposed standards for offtake and increasing production substantially to encourage the development of sustainable food infrastructure in Kaduna State, with initial investment in vegetables.

The driving force for the project will be the empowerment of capable young women and men from local communities in the Kaduna State. All project activities will thus be carried on by a core team of locally selected young community facilitators, who will benefit from a two-year full-time vocational traineeship, comprising training in technical skills, business management, and a mentoring programme.

They will in turn train at least 1,500 beneficiaries throughout the duration of the project, under the supervision of a Master Facilitator/ Chief Technical Advisor and the Project Management Team.

A hub/marketplace will be established alongside the food processing center. It will allow smallholder farmers to sell their produce directly to customers. The increased availability and greater variety/diversity of food would be to the immediate benefit of local people and directly contribute to improved food security and nutrition.

The hub will allow for the creation of further opportunities for petty trade in other local goods and services. The project will take an active approach to promote entrepreneurship and new start-ups, by providing technical support to at least 500 local young women and men and nominal grants awarded on a competitive basis to those showing the most promise throughout the course of training activities.



**The project seeks to address food security, provide employment, eradicate poverty and empower the people**



**Expected direct and indirect impact of the Food Africa Project**

## Our SDG Performance

Through our PCSR and Volunteer Management policy, which encourages employees to initiate and participate in various activities that give back to the society, we have implemented various community development programmes and successfully contributed to the achievement of 10 out of the 17 Sustainable Development Goals. The following development programmes below have been achieved in line with the SDG's.



Goals	Goal Definition	Specific Activities towards attainment	Goal Portrait
1	End poverty in all its forms everywhere	Economic Empowerment Projects in Onne, Lagos, Calabar and Ogun state	
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	School Feeding Programme for 4000 school children in 53 schools in Osun State.	
3	Ensure healthy lives and promote well-being for all at all ages	Upgrade of Primary Health Centers across Nigeria and deploying eye care, Malaria, and other health awareness programmes.	
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Teacher training programme, school infrastructure upgrade, and scholarship programmes.	

5	Achieve gender equality and empower all women and girls	Vocational skill training for women in local communities	
6	Ensure availability and sustainable management of water and sanitation for all	Provision of mechanized water systems and hand pump boreholes to create access to potable water in rural communities, joint effort in guinea worm eradication across West Africa	
7	Ensure access to affordable, reliable, sustainable and modern energy for all	Encouraging the development of alternative sources of energy through the Enactus programmes.	
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	The School feeding programme has provided employment for farmers, caterers and traders within the beneficiary communities	
13	Taking urgent action to combat climate change and its impact	The reduction of emitted carbon monoxide from diesel-powered generators by the use of a natural gas generator in our upstream production locations	
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Our partnership with the World Economic Forum's Partnering Against Corruption Initiative as a member of the Vanguard Council towards "Rebuilding Trust and Integrity in Businesses" across Nigeria and Africa as a whole	
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	Sahara's partnership with the UN through the Food Africa project.	

## Managing Community Relations

At Sahara, it is our belief that effective engagement of our stakeholders in the communities will significantly reduce the possibilities of any community crisis and promote cordial relationships with our host communities. Community engagement involves working collaboratively with stakeholders who are groups or entities that can be affected by the organisation's actions, objectives and policies. Our host communities are properly engaged and extra effort is put in place to embark on sustainable community development programmes, aimed at impacting changes in their mindset re-orientation especially through our education and capacity building interventions. We are confident that communication is the biggest tool in managing issues in our host communities. This has improved our performance, processes and procedures through the feedback from our stakeholders using pre and post surveys, trace-back studies, impact assessments and performance matrix analysis. In ensuring continuous improvement and peaceful co-existence with our host communities, we initiated the development of a fit for purpose Memorandum of Understanding (MOU)/ Global Memorandum of Understanding (GMOU) with our host communities and also put these strategies in place:

1. Knowing our host community and the key stakeholders.
2. Developing a Community Development plan that is based on community needs and expectations viz a viz the organizational needs and resources.
3. Constantly reviewing the PCSR policies, practices, and procedures in line with changing trends and internationally acceptable standards.
4. Using local merchants, contractors and other professionals for good and services as a means of empowering community members.
5. Evaluating the community relation's efforts to determine the extent to which objectives have been achieved.
6. Ensuring continuous contribution towards societal wellbeing and social reconstruction through sustainable partnerships with key stakeholders in the community.

In a bid to further sustain community partnerships, a 5-year strategic plan has been put in place for community projects based on a needs assessment.

Also, the following policies below have been developed and reviewed to give support to our corporate business objectives of risk management, creating strong alliances and partnerships with our business neighbours, stakeholders and footprint communities;



## Partnering To Provide Relief

Through a strategic partnership with the Federal Government of Nigeria, we have contributed significantly to emergency relief. In March of the 2016 reporting year, the sum of five million naira (N5,000,000) was donated to internally displaced persons (IDP) camps in Maiduguri which shelters tens of thousands of internally displaced persons. The donated funds were targeted mainly at promoting access to education in the IDP camps. This gesture was part of government's plan to cushion the effect of insurgency on the vulnerable population. In collaboration with concerned government agencies, financial funds have been destined to the amelioration of living conditions of those affected by insurgency.

# N5 Million

Donation to IDP camps in Maiduguri in a strategic partnership with the Federal Government of Nigeria





# Health, Safety & Environment



## Our Approach To Safety

Our approach to Health, Safety and Environment management is centered on our absolute commitment to the safety and health of all our stakeholders and the optimum protection of the environment of our business operations. Process safety in all our activities is a key priority.

A positive safety culture creates more productive businesses. From our terminals to offices, offshore sites to vessels, power generation plants to distribution points, we strive to protect our employers, clients, and contractors through our health, safety and environment (HSE) policy as well as an uncompromising security strategy, to ensure continuous operations across our supply chain. In Sahara Group, our Quality, Health, Safety, Security and Environment (QHSSSE) standards set expectations and requirements for our QHSSSE performance. Management Systems have been developed and maintained in line with ISO standards to ensure consistency in our work processes and procedures across the Group, with full certification in the following ISO Standards:

- » ISO 9001:2008 (Quality Management System)
- » ISO 14001:2004 (Environmental Management System)
- » OHSAS 18001:2007 (Occupational Health and Safety Management System)

These standards are reviewed regularly and updated to reflect changes in laws or regulations, incorporate recommendations arising from audits and incident investigations and continuously improve performance. Through our developed annual HSE plan, our QHSSSE programs apprise employees of these requirements and their role in meeting the expectations of these standards. The Company's tiered QHSSSE audit program promotes adherence to these standards and compliance with regulations.

We take proactive measures to prevent any occurrence of avoidable emergencies and incidents but where they do happen, we respond timely, learn from the incident and improve our readiness to achieve total loss control. We ultimately aim to achieve "goal zero" with zero incidents, non-harm to people and no harm to the environment in all our operations and facilities.

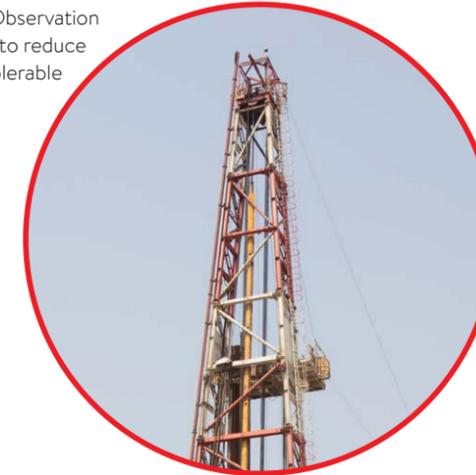
We ensure strong HSE management and performance in our engineering designs, construction, and technology selection as well as continuous development and training of our employees. In this regard, we maintain an effective synergy with all our units for effective coordination and monitoring of all aspects of Safety and Environment in all our projects and operations.



We take proactive measures to prevent any occurrence of avoidable emergencies and incidents but where they do happen, we respond timely, learn from the incident and improve our readiness to achieve total loss control.

## Protection of Our Physical Assets

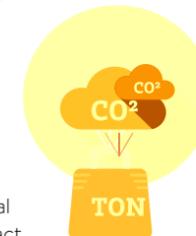
Our comprehensive approach to safety management is based on risk management. Risk assessments are conducted in our various work sites and necessary measures are taken to institutionalize controls for all risks, minimize and mitigate the impact of our activities and ensure that all our operations are carried out in compliance with safety standards. The safe delivery of projects and operation of facilities and offices matters to us and the introduction of Hazard Observation Card and QHSSSE reporter has helped to reduce risk or hazards in the workplace to a tolerable level.



## Environmental Protection

Protecting and preserving the environment is important for environmental sustainability. We seek to protect the environment by minimizing the impact of our activities by reducing emissions, waste and the use of energy. We evaluate the opportunities for preventing or minimizing pollution and waste, taking necessary actions when required. Our compliance goes beyond local regulation to meet internationally accepted standards for health safety and environment protection through:

- » Identifying health, safety and environmental hazards arising from the business and assessing and managing associated risks across the full lifecycle of our projects by adopting a risk-based approach to design, construction, and operations of facilities and offices.
- » Implementing health, safety and environment management systems which reflect best industry practice.
- » Continually improving health, safety and environmental performance so that work related ill health and incidents are reduced and environmental emissions, waste and the use of energy are decreased.



We evaluate the opportunities for preventing or minimizing pollution and waste, taking necessary actions when required

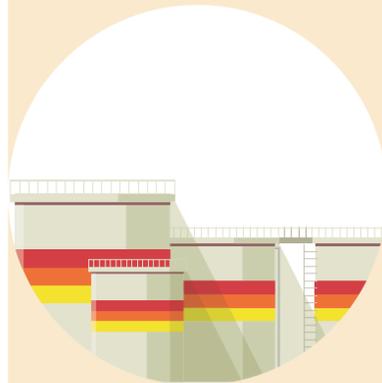


# Economic Performance





## Our Economic Performance



### Downstream

NGN'000

Revenue	102,981,714
Other Incomes	1,549,381
Other Operating Costs	4,882,166
Employee Wages & Benefits	1,138,804
Finance & Interest Expense	1,614,120
Taxes Payable	1,223,791
Community Investments	100,000

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Total Assets	63,868,032
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### SGL

NGN'000

Revenue	1,485,480
Other Incomes	82,008
Other Operating Costs	442,614
Employee Wages & Benefits	1,012,349
Finance & Interest Expense	-
Taxes Payable	52,162
Community Investments	-

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Total Assets	16,000,084
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### Power

NGN'000

Revenue	142,885,019
Other Incomes	539,789
Other Operating Costs	197,467,343
Employee Wages & Benefits	9,387,358
Finance & Interest Expense	17,834,595
Taxes Payable	5,791,018
Community Investments	124,000

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Total Assets	1,134,170,557
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### Upstream

NGN'000

Revenue	-
Other Incomes	27,397
Other Operating Costs	1,218,292
Employee Wages & Benefits	671,688
Finance & Interest Expense	2,468,037
Taxes Payable	-
Community Investments	8,410

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Total Assets	81,507,590
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## Revenue

In the 2016 reporting year, the Group achieved the following revenues with respect to its various areas of operations:

### Downstream

# N103 Billion in 2016

Attributed to the combined downstream business operations.

### Power

# N143 Billion in 2016

Attributed to the operations of the generation and distribution companies.

### Upstream

The upstream company is yet to generate revenue from its operations as it has only just concluded its investments in the development and exploration activities. This is expected to change, following the achievement of its oil mining licence which will enable the company commence production in 2017.

### Employee Wages

# N12.210 Billion

The Group has invested an estimated amount N12.210 Billion on its employees' benefits. This amount represents about 5% of the revenue generated by the various sectors within the Group. This is a 3.52% increase when compared to the amount expended as reported in our last sustainability report.



### Community Investment

# N230 Million

The Group continues to demonstrate its commitment to Corporate Responsibility and aligning these activities towards achieving the Sustainable Development Goals (SDG's). In the 2016 reporting year, they invested over N230 Million on Corporate Responsibility activities.



# Appendix



# GRI Content Index

GRI G4 DISCLOSURE NUMBER	DISCLOSURE DEFINITION	PAGE NUMBER
<b>STRATEGY AND ANALYSIS</b>		
G4-1	Statement from the most senior decision maker of the organisation	5-8
<b>ORGANISATIONAL PROFILE</b>		
G4-3	The name of the organisation	2, 9
G4-4	The primary brands, products and services	13-14
G4-5	The location of the organisation's headquarters	15
G4-6	The number of countries where the organisation operates and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in this report	12
G4-7	The nature of ownership and legal form	9
G4-8	The markets served(including geographic breakdown, sectors served and types of customers and beneficiaries)	29, 40, 46, 50
G4-9	The scale of the organisation	9
G4-10	Total contractor workforce (contractor, sub-contractor, independent contractor) by employment type, employment contract and regulatory regime	60-69
G4-11	Percentage of contractor employees (contractor,sub-contractor and independent contractor) working for the reporting organisation covered by collective bargaining agreements by country or regulatory regime	Not applicable with Sahara Group
G4-12	The organisation's supply chain	13-14
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership or its supply chain	Not applicable
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation	Not applicable
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which	21-23
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	Not disclosed
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	The organisation's financial statement	24, 25
G4-18	Defining the report content and Aspect boundaries	24, 25
G4-19	The material aspects identified in the process of defining the report	24, 25
G4-20	The Aspect boundary within the organisation	24, 25

G4-21	The Aspect boundary outside the organisation	24, 25
G4-22	The effects of any restatements of information provided in previous reports and the reasons for such restatements	24, 25
G4-23	Significant changes from previous reporting periods in the scope and Aspect boundaries	24, 25
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	List of stakeholder groups engaged by the organisation	26
G4-25	The basis for identification and selection of stakeholders with whom to engage	26
G4-26	The organisation's approach to stakeholder engagement	26
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	26
G4-28	Reporting Period (such as fiscal or calendar year) for information provided	84
G4-29	Date of most recent previous report (if any)	2
G4-30	Reporting cycle	84
G4-31	The contact point for questions regarding the report or its content	84
G4-32	The 'in accordance' option the organisation has chosen	84
G4-33	Sustainability Report Assurance	Not applicable
<b>GOVERNANCE</b>		
G4-34	The governance structure of the organisation, including committees of the highest governance body. The committee responsible for decision-making on economic, environmental and social impacts	19
G4-38	The composition of the highest governance body and its committees	19
G4-44	The processes for evaluation of the highest governance of economic, environmental and social topics	Not reported
<b>ETHICS AND INTEGRITY</b>		
G4-56	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	16-20
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour and matters related to organisational integrity, such as helplines or advice lines	19-20
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organisational integrity such as escalation through line management, whistleblowing mechanisms or hotlines.	19-20



SPECIFIC STANDARD DISCLOSURES		
<b>ECONOMIC:</b>		
ECONOMIC PERFORMANCE		
G4- DMA		83
G4-EC1	Direct economic value generated and distributed	83
PROCUREMENT PRACTICES		
G4-DMA		36,48
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	29, 40, 46, 50
<b>SOCIAL</b>		
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4- DMA		60
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	64
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees by significant locations of operation	67-68
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4- DMA		
G4-LA5	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities by region and by gender	Not disclosed as Sahara Group did not have medical records of such
MATERIAL ASPECTS: TRAINING AND EDUCATION		
G4- DMA		68
G4-LA9	Average hours of training per year employee by gender and by employee category	68
G4-10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career endings	65, 69
G4-LA 11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	68
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4- DMA		66
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	66
SUB-CATEGORY: HUMAN RIGHTS		



MATERIAL ASPECT:NON DISCRIMINATION		
G4-HR12	Number of grievance about human rights impacts filed, addressed and resolved through formal grievance mechanisms	69
SUB CATEGORY: SOCIETY		
MATERIAL ASPECTS:LOCAL COMMUNITIES		
G4-DMA		70-79
MATERIAL ASPECTS"ANTI-CORRUPTION		
G4- DMA		20
G4- SO4	Communication and training on anti-corruption policies and procedures	20
G4-SO5	Confirmed incidence of corruption and actions taken	21
<b>ENVIRONMENTAL</b>		
SUB-CATEGORY: EMISSIONS		
G4-DMA		32





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