

Axxela

2019 SUSTAINABILITY REPORT



**ADVANCING ECONOMIC
EMPOWERMENT AND
INDUSTRIALISATION**

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Note from Our CEO



“ It is our firm belief that the application and maintenance of global best practices across our enterprise has enabled us to ensure high standards of quality, promote occupational health and wellbeing, and protect the environment. ”

Welcome to Axxela's 2019 Sustainability Report. Our Company has experienced tremendous growth by being responsive to the energy needs of our all clients; cultivating a vibrant, diverse and inclusive workplace, and supporting the communities where we operate. This is why advancing economic empowerment and industrialisation is more than just the title of this year's sustainability report. It is our firm belief that the application and maintenance of global best practices across our enterprise has enabled us to ensure high standards of quality, promote occupational health and wellbeing, and protect the environment.

Our longstanding commitment to Environmental, Health, Safety, and Quality (EHSQ) management across our operations led us to achieve a trifecta implementation, evaluation, and certification of integrated Management Systems in 2019: Quality Management System (ISO 14001:2015), Environmental Management System (ISO 14001:2015) and Occupational Health and Safety Management System (ISO 45001:2018), making us the first organisation in Nigeria's oil & gas sector to hold all three certifications simultaneously according to the Standards Organisation of Nigeria (SON). These integrated certifications are testaments to our collective effort as an organisation, and enhance our credibility to advance economic empowerment and industrialisation across sub-Saharan Africa.

The conversation around climate change and environmental upheaval is louder than ever, as it has been defined by many as a potential threat to humanity's existence. At Axxela we realise more than ever that climate change brings opportunities.

Yes, there are risks and potential threats, however, business as usual, is no longer an option. Based on this conviction, we made significant investments across our enterprise in cutting-edge technology that will enable us become more energy-efficient, reduce our emissions, achieve significant cost-savings, and build upon our competitive advantage. We equally implemented a graduate trainee programme in 2019 to attract creative problem-solvers who can think strategically,

collaborate effectively, and implement innovative solutions across our business.

“We implemented a graduate trainee programme in 2019 to attract creative problem-solvers who can think strategically, collaborate effectively, and implement innovative solutions across our business.”

A major operational highlight for us, was the official commissioning of the already completed \$30 million Greater Lagos IV gas pipeline network, which supplies gas to commercial and industrial off-takers along its route.

This project highlights how effective resource allocation and cooperation between governments and private sector players are the best approach to strengthen existing sustainability mechanisms; activities that Axxela is committed to facilitating.

By continuing to position natural gas as a cleaner energy source and socio-economic game-changer, we can fully unlock the vast potential of sub-Saharan countries and create avenues to implement value-adding sustainability programmes.

Thank you for taking the time to read about how we are trying to change the world one community at a time.

Bolaji Osunsanya
Chief Executive Officer
Axxela Limited

2019 Milestones



About this Report

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About this Report

“ It articulates how we have identified and managed matters that we consider material to us and gives insight into our stakeholder engagement approach and how we have responded to their needs.”

This Report covers Axxela's activities carried out in our headquarters in Lagos, Nigeria, and our three operational facilities in Lagos, and one in Port Harcourt, from January 1 to December 31, 2019, unless otherwise indicated herein. The Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and thus adopts the "GRI-Referenced" claim.

We are now in our third year of communicating our key social, environmental, and economic impacts and achievements, as well as updates on various sustainability efforts undertaken by our company, to our valued stakeholders in an annual sustainability report.

This Report provides insights into the framework that we have adopted for championing sustainable development. It articulates how we have identified and managed matters that we consider material to us and gives insights into our stakeholder engagement approach and how we have responded to their needs. The report further highlights our future plans and ambitions in our sustainable development journey.

The Report has been cross-referenced with other frameworks for sustainable development, including the United Nations Sustainable Development Goals (SDGs) – a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity; and the United Nations Global Compact (UNGC) – a voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake partnerships in support of the UN goals.

Considering the transparency and relevance of the Report, we aim to minimise the scope of general and company information that have been published previously. For interested parties, we included additional information in footnotes with references to our 2018 Sustainability Report¹ (2018 SR) our website, and other online sources.

We welcome your comments, recommendations and other remarks in connection with our Sustainability Report or the operations of Axxela. Please direct your feedback or inquiry to:

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Our Approach to Sustainability²

Sustainability is integral to our decision-making and directly supports the delivery of our business strategy. Our approach to sustainability is based on our commitment to ensure that our business generates minimal negative impact and contributes positively to the global or local environment, community, society and economy through innovative business practices to deliver long term value to our shareholders, clients, partners, and host communities².

We are building a long term generational business, and we believe that our company's continued success is spurred by operating safely and by playing a positive role in our society. Our sustainability strategy is focused on the three key areas of: Environmental Sustainability, Community and Social Support, and People Empowerment. These are guided by our robust stakeholder engagement practices and detailed materiality assessment.

Engaging our Stakeholders

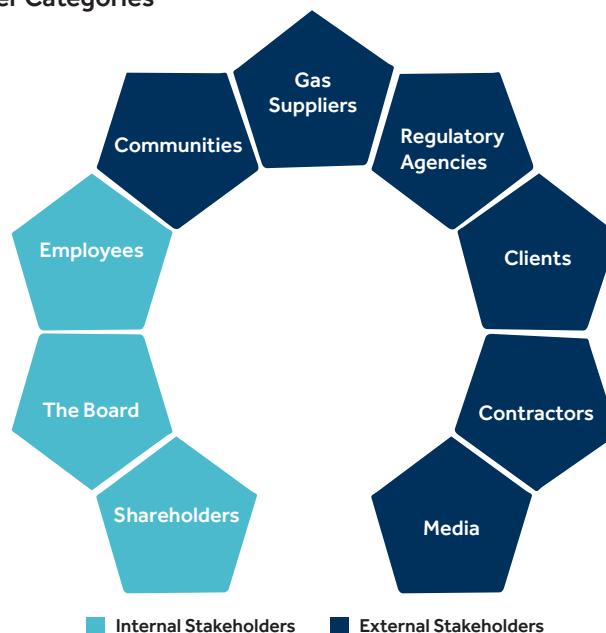
At Axxela, we communicate, interact, and relate with our stakeholders to fully understand and address their reasonable expectations. We then work together to achieve acceptable and mutually

beneficial outcomes. To fully understand our stakeholder interest and reasonable concerns, we have developed a detailed communication plan, created a comfortable environment, engaged our stakeholders to ask pertinent questions, and evaluated and prioritised outcomes to make informed decisions. These decisions are shared with our stakeholders for objectivity and to ensure that they align with mutually agreed goals.

Stakeholder engagement is implemented across all levels of the Company to ensure that we incorporate the opinion and reasonable interest and expectation of a broad range of stakeholder groups. Through honest dialogue and transparent, timely, and fact-based communications, we build steadfast relationships firmly based on mutual respect and understanding.

Our shareholders, the Board of Directors, employees, host communities, gas suppliers, regulatory agencies, clients, contractors, and media, are our key stakeholders. Each stakeholder has unique and specific areas of concern, with varied channels of communication, and frequency of engagement. An overview of our engagement approach with our key stakeholders is described in the table on page 8, with additional details provided throughout this report.

Fig 1: Axxela's Stakeholder Categories



² More information on our sustainability approach available in our 2018 Report

Table 1: Stakeholder Engagement Grid

S/N	Stakeholders	Key topics and areas of interest	Our response
1	Board & Shareholders	Financial and operating performance Share price performance/Return on Investment Payments of dividends, balance sheet strength, and business sustainability Safety, health, environmental, and social performance Reputation and ethics	Assurance of implementing key concerns raised during meetings Review of business structure for more profitable yield
2	Employees	Work environment, strategy, and direction of organisation Workplace diversity and inclusion, wages, benefits, recognition, and commitments Opportunities for career advancement and/or development Workplace agreements, responsible business practices	Engagements on organisational code of conduct, policies, and standards Employee performance appraisal feedback and employee benefits Leadership coaching, training, and development programs Health & safety sessions, occupational health, and safety training
3	Clients	Supply security Gas quality Pricing Safety concerns	Regular updates on state of supply security and pricing Gas analysis reports Organise safety awareness training
4	Contractors	Contract terms and conditions and transparent engagement process Business opportunities, responsible business practices, and operating efficiencies Sustainable brand, innovation, strong partnerships, and pay cycles Safe and healthy work environment	Contract negotiations and agreements and local content partnerships Supplier Code of Conduct, policies and standards Participation in contractor safety programs and continuous improvement initiatives
5	Gas Suppliers	Gas offtake Payment cycle	Front-end engagement of clients
6	Host Communities	Safe and healthy operations/freedom to operate Jobs and local business opportunities Access to education, infrastructure, and skills development Indigenous peoples' rights, community wellbeing Reputation and ethics	Signing Memoranda of Understanding (MOU) Socio-economic programmes Social support and people empowerment programmes Complaints and grievance handling mechanisms, fora, conferences, site visits, surveys, community development committees

7	Regulatory Agencies	Permits and licenses Taxes and royalties Environmental stewardship	Ensure strict adherence to all regulatory requirements, regulatory filings, responses to requests for information, participation in events and forums, collaboration on government/industry campaigns and programs, tours of operations and site visits
8	Media	Financial and operating performance Health and safety performance Community and social performance Environmental stewardship Government regulations and permits	Clarify through press releases, interviews, presentations, publications, and site visits.

Our Materiality Assessment

Our materiality assessment process is focused on analysing issues that are most important for us and our key stakeholders to address at any given time. As a sustainability conscious company, we continue to conduct materiality assessments as the need arises. However, since there were no significant changes in our business model and operating environment, our material topics were based on the results of the materiality assessment carried out in 2018³.

Materiality Matters at Axxela

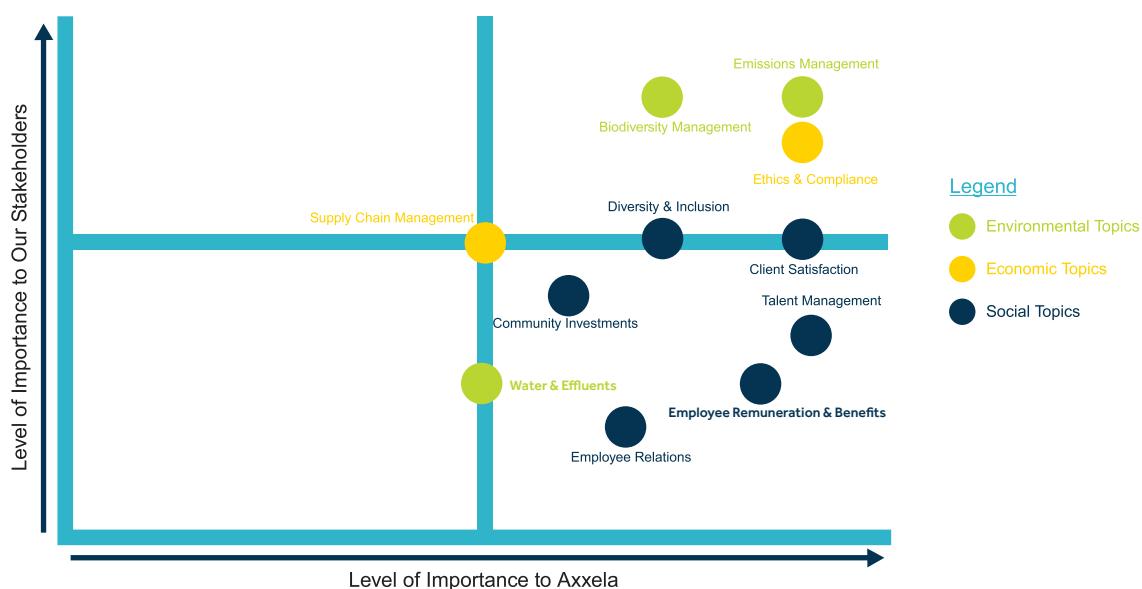
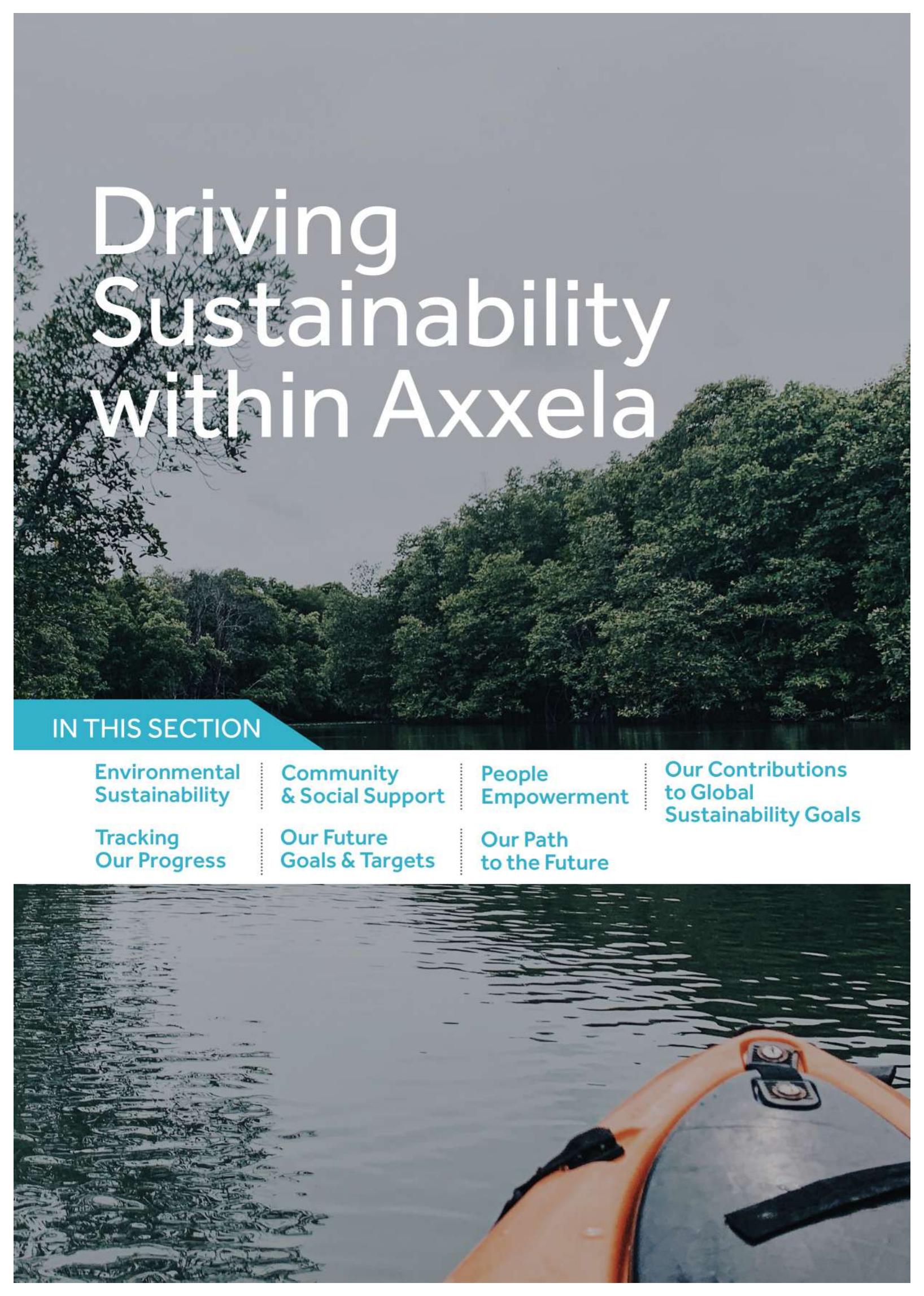


Fig. 2: Materiality Matrix

³ Please find more information about the process of carrying out our materiality assessment in our 2018 Sustainability Report (2018 SR page 18)

Driving Sustainability within Axxela

A wide-angle photograph of a natural landscape. In the foreground, the dark, rippled surface of a body of water is visible. To the right, a large, steep bank covered in dense green foliage and trees rises. The sky above is a pale, clear blue.

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Driving Sustainability within Axxela

"We strive to protect and maintain environmental resources for the present and future generations, as failure to do so will exacerbate our environmental impact, affect our host communities and the society and impact our bottom line. "

Environmental Sustainability

Our understanding of environmental sustainability is ensuring we do not cause harm or damage to the environment or deplete resources that we cannot renew while trying to meet our business needs. Hence, as a responsible energy company, we strive to protect and maintain environmental resources for the present and future generations, as failure to do so will exacerbate our environmental impact, affect our host communities and the larger society, and impact our bottomline.

To avoid these multi-dimensional negative effects, we take our environmental responsibility very seriously, and channel our efforts towards reducing carbon emissions by replacing all our power generating systems with less harmful natural gas to sustainably deliver value in the power and energy industry.

This has led to significant emission savings. We have also channelled our attention to water and effluents management, as well as biodiversity conservation to advance our environmental sustainability goals. As part of our pledge towards a sustainable present and future, we donated 6,000 seedlings to the Lagos State Parks and Gardens Agency (LASPARK) during the launch of its 2019 Tree Planting Initiative and were recognised as the "Most Supportive Private Sector Organisation" for driving its eco-enabling programme to create a cleaner and greener Lagos.

Community and Social Support

Community support is important to us because it provides the foundation needed to build a strong, vibrant community and enhance socio-economic development and improve the lives of the people. Ensuring that our communities grow with us has helped us build valuable relationships and fostered a sense of belonging among community members.

In 2019, we partnered with our host communities to develop community support programmes aimed at identifying and addressing infrastructure, skills, education, and other key issues that can help our communities thrive. In this regard, we have granted scholarships to primary school children and provided infrastructure such as potable water and other facilities. We have also offered diverse forms of empowerment to community members, including sponsoring them on learning and development programmes.

People Empowerment

At Axxela, we give our employees some degree of autonomy and responsibility for decision-making regarding personal job responsibility, while supporting their growth and development.

Empowering our employees has led to increased loyalty, commitment, productivity, and job satisfaction. This has further enhanced the realisation of our vision to become sub-Saharan Africa's preferred and fast-growing gas and power portfolio company. We are totally committed to equipping our people with the requisite knowledge and skills to maximise their full potential and deliver excellent business results. In 2019, we continued to empower our people by providing numerous opportunities for capacity building and personal development.

Our Contributions to Global Sustainability Goals

Axxela is committed to advancing sustainability through our business. This commitment is demonstrated through our alignment with global sustainability frameworks such as the Sustainable Development Goals (SDGs) and the International Finance Corporation (IFC). We are driven by the responsibility to create shared value and help build an economy in which resource extraction and distribution is complemented with effective resource management and optimisation to achieve social and environmental benefits. Our efforts and contributions to sustainable development align with the following SDGs, UNGC, and IFC principles:

Table 2: Our Sustainability Alignment with the SDGs, UNGC Principles, and the IFC

S/N	Our Sustainability Approach	Alignment with the SDGs	Alignment with the UNGC	Alignment with IFC
1	Economic Impact of our Business Our business generates both direct and indirect employment to support individuals and communities, tackle poverty, assuage hunger, and provide access to medical intervention where needed. It also empowers individuals to subscribe to quality education for themselves and their wards.	Our economic footprint thus contributes to actualising the following goals, principles, and performance standards: Goal 1: No Poverty Goal 2: Zero Hunger Goal 3: Good Health and Well-being for People Goal 4: Quality Education Goal 8: Decent Work and Economic Growth	Businesses should: Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 5: Effectively abolish all forms of child labour Principle 10: Work against corruption in all its forms, including extortion and bribery	Performance Standard 2: Labour and Working Conditions
2	Environmental Sustainability Our environmental sustainability initiatives focus on energy efficiency, reduction of greenhouse gas emissions, efficient management of water, and biodiversity management.	Our activities contribute to actualising the following goals, principles, and performance standards: Goal 7: Affordable and Clean Energy Goal 9: Industry, Innovation and Infrastructure Goal 11: Sustainable Cities and Communities Goal 12: Climate Action Goal 15: Life on Land	Businesses should: Principle 7: Support a precautionary approach to environmental challenges Principle 8: Undertake initiatives to promote greater environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies	Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources Performance Standard 4: Community Health, Safety, and Security Performance Standard 3: Resource efficiency and pollution prevention

3	<p>Community and Social Investment</p> <p>Our community support and social investment initiatives have seen us provide educational support to elementary school children through our 'back-to-school initiative', provide infrastructure support, including; water facilities, health and sanitation facilities and welfare support through yearly distribution of food items, and empower community members through various training programmes.</p>	<p>Our community and social investment initiatives align with the following goals, principles, and performance standards:</p> <p>Goal 1: No Poverty</p> <p>Goal 2: Zero Hunger</p> <p>Goal 3: Good health and Wellbeing</p> <p>Goal 4: Quality Education</p> <p>Goal 10: Reducing Inequality</p>	<p>Businesses should:</p> <p>Principle1: Support and respect the protection of internationally proclaimed human rights</p>	<p>Performance Standard 4: Community Health, Safety, and Security</p>
4	<p>People Empowerment</p> <p>Our people empowerment drive is focused on building capacity for our employees through sponsoring and providing several knowledge and skills development opportunities for them. Our host community members are also target beneficiaries of our capacity building initiatives and scholarship grants.</p>	<p>Our work empowering people aligns with the following goals, principles, and performance standards:</p> <p>Goal 1: No Poverty</p> <p>Goal 2: Zero Hunger</p> <p>Goal 3: Good Health and Well-being</p> <p>Goal 4: Quality Education</p> <p>Goal 5: Gender Equality</p> <p>Goal 8: Decent work and economic growth</p> <p>Goal 10: Reducing Inequality</p>	<p>Businesses should:</p> <p>Principle 2: Make sure that they are not complicit in human rights abuses.</p> <p>Principle 4: Eliminate all forms of forced and compulsory labour</p> <p>Principle 5: Effectively abolish all forms of child labour</p> <p>Principle 6: Eliminate discrimination in respect of employment and occupation.</p>	<p>Performance Standard 2: Labour and Working Conditions</p>

Tracking Our Progress⁴

We are committed to growth and ensure that our goals and targets are achieved at the stipulated time. We track progress to enable us to constantly focus on the things that are important to us, and adjust for the better if necessary. The table below shows the progress that we have made towards achieving our 2020 Goals which were published in our 2017 report.

Table 3: Our Progress

Sustainability Pillar	Key Focus Areas	2020 Fiscal Year Targets	2018 Fiscal Year Achievements	2019 Fiscal Year Achievements
Environmental Sustainability	Green house Gas Emission Biodiversity Management Water Management	Adopt environmentally friendly technology and new techniques for reduction of GHG emissions Adopt a yearly Tree Planting Initiative Adopt and renovate a community garden/park	Reduced GHG emissions by 10% No water-borne illness recorded amongst employees in core operation areas Provided 5,000 tree seedlings to Lagos State Parks and Gardens Agency as part of our annual tree planting initiative	Reduced GHG emissions by 25% Sponsored LASPARK's 2019 Tree Planting Initiative with 6,000 seedlings. No water-borne illness recorded amongst employees in core operation areas.
Community Investment	Education and empowerment Provision of Social Amenities and Infrastructure Welfare Support	Provide scholarships to about 300 pupils in identified local communities Provide infrastructure and refurbishment in select host communities as may be required Provide seasonal welfare support for about 500 identified members of host communities	Provided Back- to- School scholarships for 100 scholars Scholarship grant to Oromeruezimbu community in Rivers State as well as Marine training to a member of the aforementioned community Renovation of lavatories at Dele Ajomale School Isolo, Lagos Renovation of Olowogbowo Primary School Building Provided welfare support in the form of distribution of food items to various communities Donated over 100 mosquito nets in our Clamp Back Malaria program	Provided-Back-to-School scholarships for 100 scholars Scholarship grant to Oromeruezimbu community in Rivers, State as well as marine training to a member of the aforementioned community Commissioned the fully renovated Elegbata Sports complex, in Lagos Island Provided welfare support via the distribution of food items Organised a book drive to donate books to Olowogbowo Methodist School and Dele Ajomale Primary School students
Product Quality and Innovation	Adoption of Relevant Technology to Promote Efficiency in Production Quality, Safety and Regulatory Compliance	Increase gas sales to about 1,128 MMSCM per year as a result, increase client base Zero penalties as a result of non-compliance with regulatory bodies Maintain zero fatalities and LTI	Achieved annual gas sales of about 612.7 MMSCM Zero penalties resulting from non-compliance with regulatory bodies Zero fatalities and LTI	Achieved annual gas sales of about 720.85 MMSCM Zero penalties as a result of non-compliance with regulatory bodies Zero fatalities and LTI

⁴ Please find more information about our 2020 goals in our 2017 Sustainability Report (2017 SR page 23) <https://axxelagroup.com/sustainability/>

Employee Engagement and Relations	Training and Employees Development Communication and employee relations Health and Safety Labour and Human Rights	Ensure employees have at least 20 hours relevant training for career advancement Promote well-being in the workplace by providing ergonomic friendly chairs and desks for all employees Organise yearly out-of-office health, safety and environment day for all employees Conduct periodic HMO sensitisation for all employees	All full-time and contract employees received regular performance review. 100% employees received post training assessment to ascertain effectiveness and relevance of training Full compliance rate to all labour and human rights laws hence there we no record of child labour or forced labour in our operations Health benefits (HMO) for all employees Periodic health and safety drills conducted for all employees Organised our second out of office Health and Safety Day	All full-time and contract employees received regular performance review. 100% employees received post training assessment to ascertain effectiveness and relevance of training 100% compliance rate to all labour and human rights laws hence there we no record of child labour or forced labour in our operations Health benefits (HMO) for all employees Provided ergonomic friendly chairs and desks for employees Periodic health and safety drills conducted for all employees
Sustainable Operating Practices	Procurement/ Supply Chain Management Business Continuity Increased Client Base Climate Change	Organise periodic engagement sessions for vendors to acquaint them with our policies and code of business conduct Ensure our vendors are screened using social and environmental criteria as required by the GRI Update our risk register periodically to take into account new factors that could impact our operations Expand our operations beyond Nigeria to West Africa Create alternative means of gas supply to adequately satisfy our ever-expanding client network Measure our GHG emissions, electricity and water consumption annually and strive to reduce it referencing local and international codes and standards	Over 80% vendors, suppliers and business partners satisfied our engagement prerequisites and criteria Proactive management of Business Operations ensured trigger points were not activated Expanded our operations to Togo	Over 80% vendors, suppliers and business partners satisfied our engagement prerequisites and criteria Proactive management of business operations ensured trigger points were not activated for business disruptions Expanded client base in our current and new Pipeline Natural Gas (PNG)

Our Path to the Future

Our commitment to building a more successful and sustainable business is reflected in our Vision, Mission, and Core Values. These articulate our path in to the future and how we will conduct our business along the way. One of our core values is 'Partnership' which shows our commitment to ensuring that our business is operated in a way that fosters strong positive relationships between all our stakeholders.

Vision

To become sub-Saharan Africa's preferred and fast-growing gas and power portfolio company.

Mission



To deliver high yield portfolio of investments across the gas and power value chains leveraging strategic partnerships to deliver value-adding energy solutions to our clients, whilst facilitating sustainable economic development in our chosen markets.

Partnership

- **Teamwork** - Promote teamwork and unity in carrying out our duties by acknowledging different views and perspectives, while working together to achieve shared goals.
- **Cooperation** - Encourage and support others in the pursuit of their goals
- **Workplace Relationship** – Build positive relationships with your colleagues based on mutual trust and respect.
- **Client Focused** - Ensure our actions promote and not hamper the development and sustenance of strong business partnerships.
- **Knowledge Sharing** - Proactively share useful information with others to assist them in fulfilling their duties
- **Open-Mindedness** - Be willing to learn from the experience, expertise, and perspective of others.

Sustainable: We pride ourselves in meeting sub-Saharan Africa's increasing demand for energy while prioritising economic and environmental sustainability.

True Partnership: Axxela is uniquely positioned as a partner of choice in creating value-adding energy solutions effectively and efficiently.



Growth-Oriented: Using our resources, insights and capabilities, our goal is to remain sub-Saharan Africa's fast-growing gas and power portfolio company.

Visionary: At Axxela, we are constantly delivering innovative solutions to shape the future of the gas and power industry in Africa.

About Our Company

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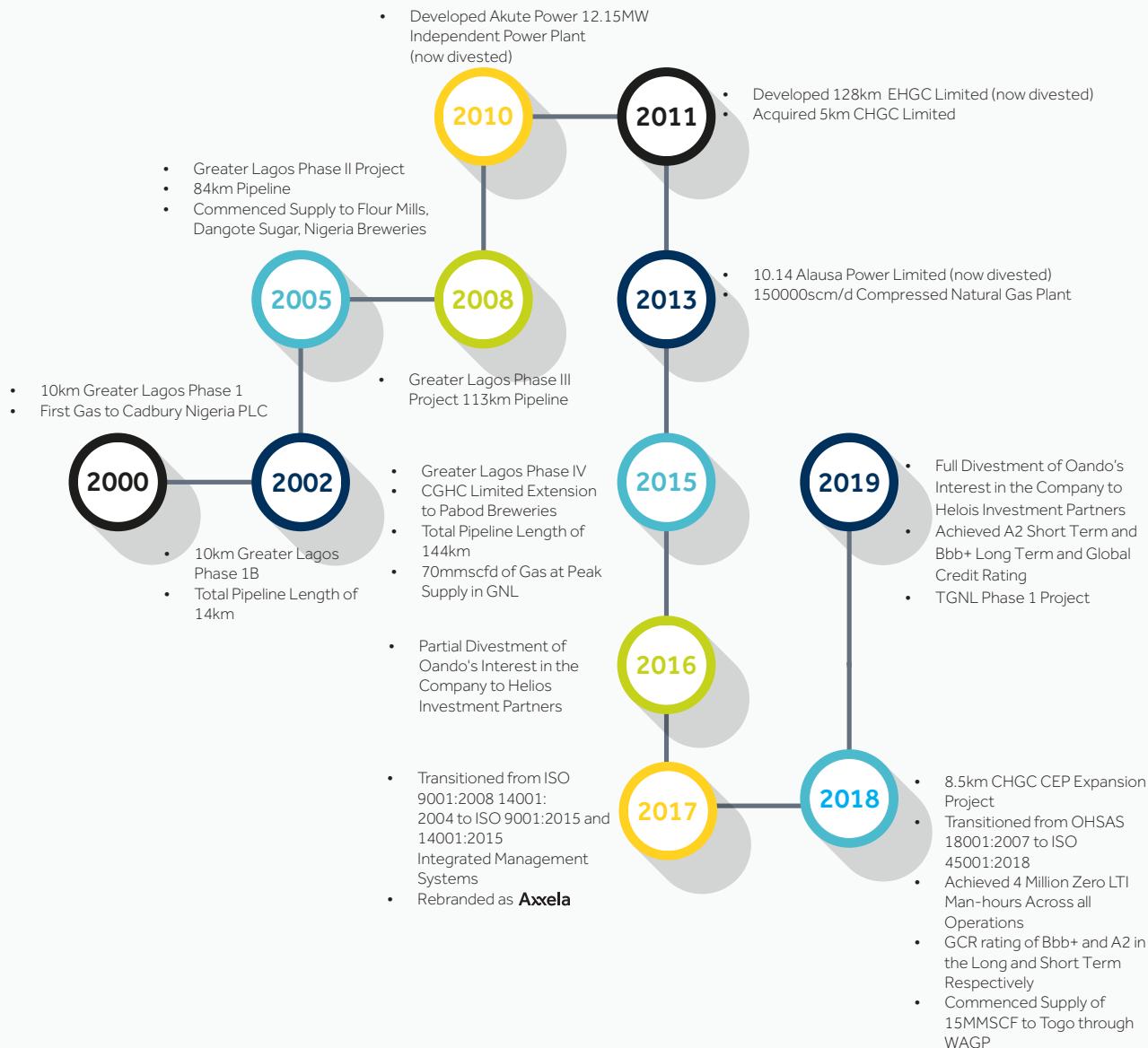
[Compliance](#)



About our Company

Axxela Limited also known as 'Axxela', is the pioneering indigenous private sector-led developer of Nigeria's foremost natural gas distribution network. Established in 2017 with headquarters in Lagos Nigeria, Axxela is a 100% owned Helios Investment Partners portfolio company. With over \$500 million in infrastructure developments over the last 19 years, we are truly committed to the delivery of value-adding energy solutions. Our operations span gas processing, transmission, and distribution, as well as power generation with the overarching goal of spurring the socio-economic advancement of key hubs across sub-Saharan Africa.

Our major products are compressed natural gas (CNG) and Pipeline Natural Gas (PNG). At peak production, Axxela delivers about 80 million Standard Cubic Feet of gas Per Day (SCFD) to over 160 industrial and commercial customers via our vast network of gas infrastructure. With over 301km in gas pipeline infrastructure built, Axxela provides unique energy solutions primarily through our subsidiaries: Gaslink Nigeria Limited, Gas Network Services Limited, Central Horizon Gas Company Limited, and Transit Gas Nigeria Limited.

Fig 3: Key Achievements and Milestones

industries, and commercial businesses.

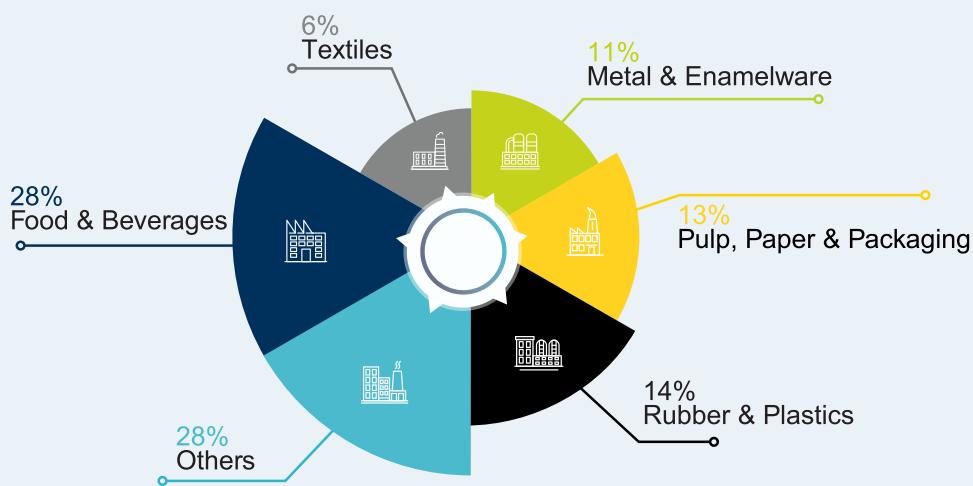
Our Operations and Value Chain

As a forward-looking gas manufacturing company committed to delivering quality products to our clients in different parts of the country, we have functional subsidiaries tasked with supplying pipeline natural gas and compressed natural gas to our clients in different parts of the country.

Our Client Categories

Our clients are of varying categories and include public corporations, government parastatals, manufacturing industries, and commercial businesses. This is attributed to our product's ability to serve as an alternative source of energy for heating and power generation in both large and small scale power, manufacturing and industrial plants.

Figure 4: Client Sectorial Split

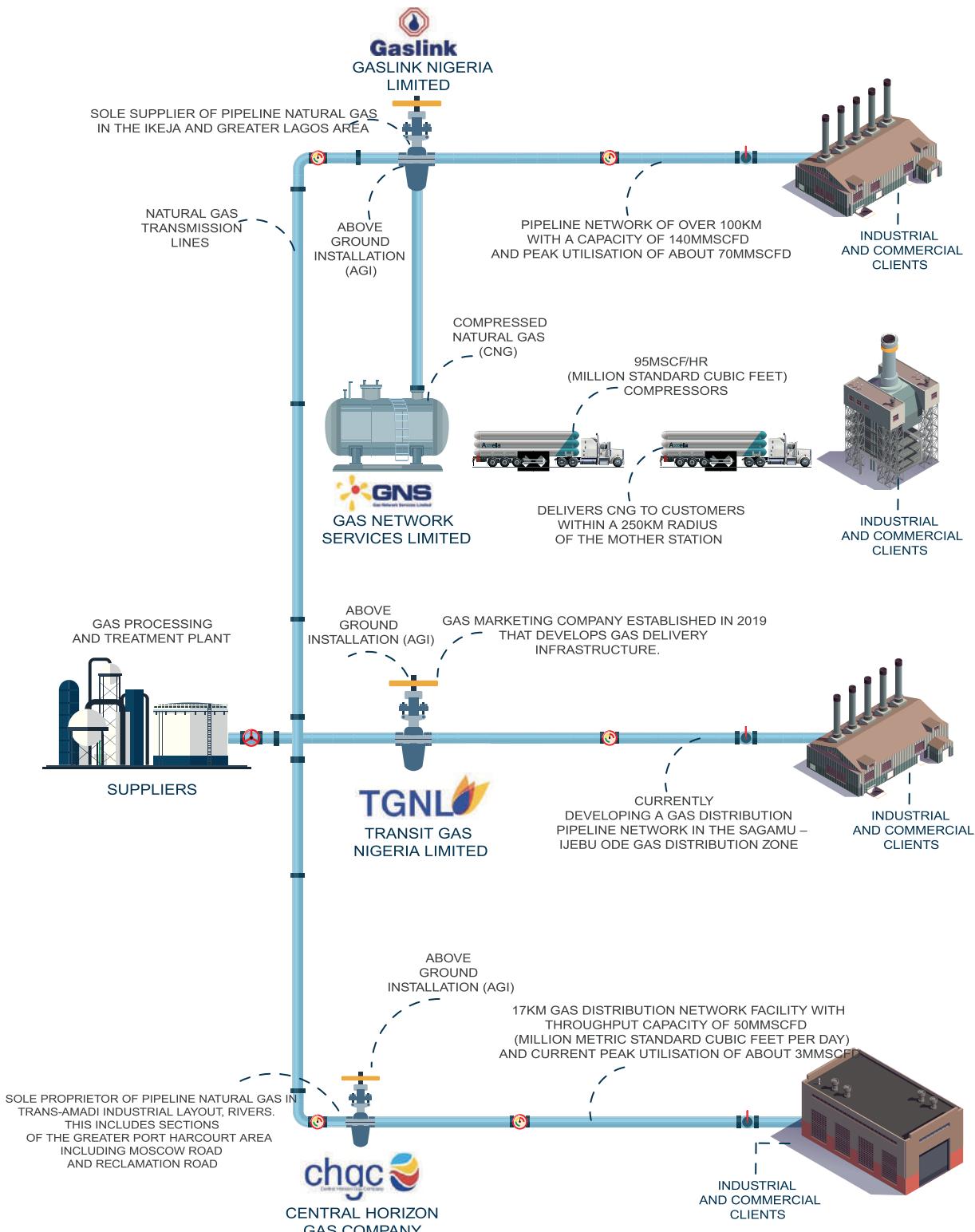


Industry Membership

To be abreast of events and trends, establish best practices, accelerate corporate engagement in a meaningful, and take advantage of partnership opportunities, Axxela is an active member of various industry associations.

Partnership	Partnership's Profile	Updates on Axxela's Involvement
Nigerian Gas Association	The Nigerian Gas Association is the professional body responsible for the promotion and protection of the interests of the gas industry in Nigeria	Sponsored the NGA's 20th anniversary celebrations
Manufacturers' Association of Nigeria	The Manufacturers Association of Nigeria provides a platform for the private sector to formulate and articulate policy suggestions that are complementary to the government's policy formulation efforts	Axxela subsidiary GNSL joined as a member
Lagos State Chamber of Commerce and Industry	The Lagos State Chamber of Commerce and Industry promotes and protects the interests of its members and the business community at large through public policy advocacy, creation and facilitation of commercial and industrial opportunity, provision of business development and services, and observance of the highest standard of business ethics	Joined as a member in December 2019

Axxela Subsidiaries



Leadership and Governance⁵

At Axxela, we understand that high standards of governance are essential for sustaining the trust of all our stakeholders and for managing our business for the long-term. Our leadership and governance structure, as well as our policies and processes, are designed to serve the needs of our business, our shareholders and other identified stakeholders and to promote a culture of accountability across our organisation.

Our Board of Directors is the highest decision-making body at Axxela. Essentially, the primary purpose of the Board is to build medium to long-term shareholder value, provide entrepreneurial leadership and ensure oversight of management. The Board ensures that adequate systems, policies, and procedures are in place to safeguard the assets of Axxela and its subsidiaries.

The Board consists of the Chairman, five Non-Executive Directors (two of which are Independent Directors) and one Executive Director (the Chief Executive Officer). The positions of the Chief Executive/Managing Director and the Chairman are held by separate persons in accordance with the Securities and Exchange Commission (SEC) Code.

List of Board Members



Tope Lawani
Non-Executive Director



Omoboyede Olusanya
Chairman



Kaat Van Hecke
Independent Director



Bolaji Osunsanya
CEO/MD



Jeremy B. Bending
Independent Director



Nitin Kaul
Non-Executive Director



Ogbemi Ofuya
Non-Executive Director

Please find more information about the responsibilities of the Board, and the Board committees and their functions in our 2018 Sustainability Report (2018 SR page 13) <https://axxelagroup.com/sustainability/>

2019 Axxela Management Team



1. **Bolaji Osunsanya** – Chief Executive Officer
2. **Tuoyo Ejueyitchie** – General Counsel & Company Secretary
3. **Uchenna Okpala** – Head, EHSQ
4. **Rasheed Olaoluwa** – Chief Operating Officer
5. **Franklin Umole** – Director, Business Development
6. **Timothy Ononiwu** – Chief Financial Officer
7. **Olufisayo Duduyemi** – Chief Strategy Officer
8. **Babatunde Baba-Agba** – Head, Sales & Marketing
9. **Chukwuma Ezeike** – Head, Operations
10. **Ngozika Achebe** – Human Resources Manager
11. **Myke Oseh** – Head, Gas & Power Infrastructure
12. **Emmanuel Anyaeto** – Head, Gas Demand & Supply
13. **Kehinde Alabi** – Financial Controller

Compliance

We understand that compliance with legal, regulatory and internal regulations is essential for earning the trust of our stakeholders, protecting our reputation and creating sustained value. As such, we adhere to the highest standards of business ethics in all our activities and we practice excellent corporate governance. We are guided by our Code of Business Conduct and Ethics which forms the foundation of our internal governance and commitment to responsible business practices.

Our Code of Business Conduct and Ethics is designed to minimise, to the extent possible, incidences of non-compliance. Underpinned by our core values of professionalism, partnership, and excellence, our Code indicates what is expected of everyone who is a part of the Axxela team, such as behaving ethically, legally and responsibly, and displaying a high level of integrity, complying with all laws and regulations, and respecting human rights.

Code of Business Conduct

To maintain awareness and promote a culture of compliance within the Group, the General Counsel & Company Secretary and members of the Legal and Governance Office organise periodic town hall meetings, on-site training sessions, periodic electronic-based information platforms and in-person meetings and discussions to acquaint staff with the contents of the Code of Business Conduct and Ethics and provide clarity on different parts of the Code. All directors and employees within the Group are informed of the requirement to comply with the Company's Code of Business Conduct and Ethics and the Company's various policies. Each staff is encouraged to read, understand and apply the principles and be fully aware of the meaning and significance of the Code and its guidelines.

Furthermore, the Company's Legal and Governance Team, comprising of the General Counsel & Company Secretary, the Legal & Governance Manager and the Legal and Governance Officers, are fully accessible to employees and available to engage daily to provide

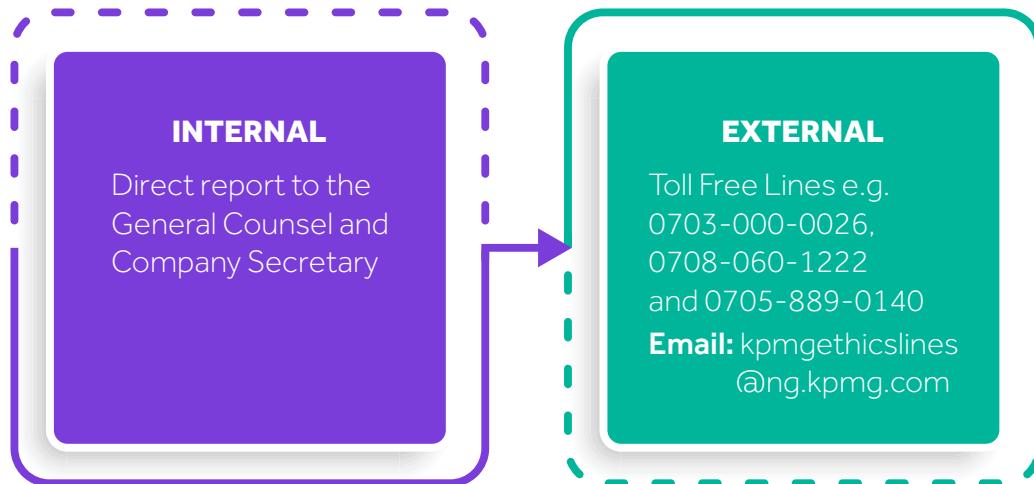
guidance or assistance on compliance issues encountered in the course of implementing their respective activities and functions.

Ethics, Integrity, and Whistleblowing

At Axxela, we are strongly committed to high ethical standards and integrity. Besides creating awareness amongst staff on the need to adhere to the principles in our Code of Business Conduct, we have a Whistleblowing Policy which provides employees with guidance for reporting breaches of the company's rules and regulations or any form of illegal and unethical behaviour to key management functions under the platforms provided.

Established by our Board of Directors, the Whistleblowing Policy utilises both the internal and external reporting mechanisms. The internal procedure entails reporting unethical behaviour directly to the General Counsel and Company's Secretary while the external procedure is managed by KPMG Advisory Services. The external platform enables Axxela's internal and external stakeholders to anonymously report unethical activities and helps the Company to adopt measures to address them before they result in reputational damage or other forms of damages and losses.

All matters reported to the company via the whistleblowing platform are thoroughly investigated before decisive action is taken.

Fig 5: Whistleblowing Reporting Platforms

There was no whistleblowing case or staff infraction reported in 2019. We will continue to adhere to the highest principles of corporate governance and constantly ensure that incidences of bribery and corruption, human rights violations, harassments, and discriminations of any kind are not found in our operations.

Due Diligence

We take reasonable steps before entering into any agreement or contract and to avoid committing a tort or offence. To this end, we carry out comprehensive appraisals of all our prospective partners and suppliers to ascertain their claim of non-involvement in corrupt practices or misconduct that may portend legal, financial or reputational risks for the Company.

Because we are keen on promoting ethical business conduct in all our operations, we ensure that we only enter into contractual relationships with reputable companies that have well established due diligence processes in place. For smaller sized business, we guide them through our due diligence process before approving any contractual agreements.

Our 'Know Your Customer' (KYC) policy helps us to verify the identity of the prospective partner and ensure that they are not complicit in unethical business practices, including money laundering, corruption and the funding of terrorist activities. The KYC policy is also utilised to periodically review the business practices of existing clients to ensure that they are also above board in their business conduct.

Conflict of Interest

As sub-Saharan Africa's fastest growing and preferred gas distribution company, we encounter actual and potential conflicts of interest regularly. To guide against this affecting our operations, our Board recently approved an updated Related Parties Transactions Policy to ensure full compliance with all applicable laws and best practice relating to the reporting and disclosure of related party transactions.

We recognise that conflicts of interest come in different forms, however for Axxela, it can be broadly described as scenarios where an employee's interest in the outcome of a particular activity differs from the interests of Axxela or a unit within Axxela favours its interest over another unit which is inconsistent with the best interest of Axxela as an organisation.

This may come in subtle forms like accepting gifts which could impair objectivity of job function or selection process. To prevent this from happening, we have the gifts and benefits policy where all gifts from third parties must be declared to the company and assessed before decisions are taken on such gifts.

Furthermore, as contained in our Related Parties Transaction Policy, all directors and employees of the Company have a duty to always act in the best interest of the Company and to avoid situations that might affect their independence or impair their judgment with respect to any transaction. Directors are required to disclose any real or potential conflict of interest to the Chairman of the Governance and Remuneration Committee. Employees are required to disclose any potential related party transactions or transactions where they may have a conflict of interest to the General Counsel and Company Secretary.

Political Contributions

We always maintain a neutral standpoint on political matters. At Axxela, we neither participate in political activities, nor do we make donations or contributions to political groups or causes. We have a Charitable Donations Policy which sets out the guidelines upon which any member of the Group may make charitable donations. Donations by the Company to political parties are expressly prohibited in line with the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria.



Economic Performance

IN THIS SECTION

Economic Contribution | Supply Chain Stewardship

Economic Contribution

We contribute to a sustainable economy through our business activities. Our prompt delivery of gas to businesses across the manufacturing, construction, and other industries that rely on us for gas supply has not only enabled us generate economic opportunities for ourselves, but has created direct and indirect economic financial and economic value for individuals, industrial entities and our country as a whole.

Axxela has invested over \$500million on infrastructure development in the past 19 years. We developed 301 kilometres of gas, and deliver 80 million standard cubic feet at peak period per day to over 175 industrial and commercial clients. This translates to the growth of our business activities, which results in increased job creation, increased returns to our shareholders, and millions paid to the government as tax revenues to sustain public services.

Supply Chain Stewardship

Due to the nature of our business, our supply chain cuts across both local and international entities and includes suppliers and contractors from the construction, engineering, hospitality and financial services industries, amongst others. We currently have over one hundred registered vendors (suppliers) on our system. While there are some vendors that only provide one-off goods/services, others are engaged from time to time.

Integrity is at the heart of everything we do, including how we manage our supply chain. We have an underlying commitment to procure in a sustainable manner through the adoption of best practices in our procurement processes.

Our Procurement Policy Manual provides guidelines for the purchase of goods and services and ensures that our procurement processes are sustainable. We engage contractors for the expansion of our gas distribution networks and other services by adhering to prequalification criteria that speaks to our core values (Professionalism, Partnership and Excellence) to ensure that our products and services meet acceptable requirements. Our procurement team perform periodic monitoring to assess the

level of suppliers' compliance and alignment with the policy and ensures that due diligence is done prior to the registration of a vendor.

All our vendors are assessed using social and environmental criteria. We design and administer structured questionnaires to prospective vendors, asking for detailed information about their business practices, guiding principles and policies, and assess them for a range of social criteria, including human capital management, immigration and national asylum act, anti-bribery and corruption, freedom of information, and employment tribunal issues. For supplier environmental assessments, we visit the sites of a potential supplier to conduct on-the-spot assessments on health and safety and environmental compliance.

As a responsible business, we subject our processes to external audits by the Standards Organisation of Nigeria (SON) annually. This is done to ensure that we maintain best practices and that we adhere to the Quality Management System ISO 9001:2015 & Environmental Management System ISO 14001:2015. These certifications are used to manage the quality of service we render to our clients, our environmental aspects, fulfil compliance obligations including vendor management, and address risks and opportunities related to our business and the environment. We also audit ISO 45001:2018 - Occupational Health and Safety Management System (OHSMS), a certification which specifies requirements to enable Axxela and its contractors control risks and improve organisational health and safety performance.

“We design and administer structured questionnaires to prospective vendors, asking for detailed information about their business practices, guiding principles and policies and assess them for a range of social criteria, including human capital management, immigration and national asylum act, anti-bribery and corruption, freedom of information, and employment tribunal issues.”

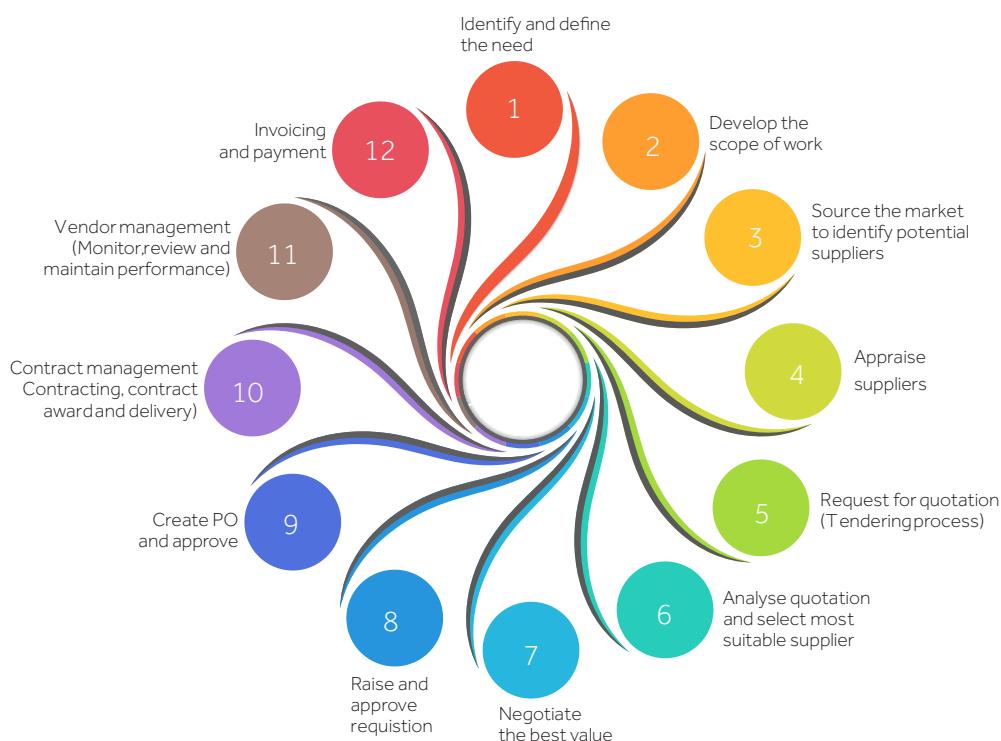
Managing Procurement Processes for Engineering and Construction

We use established criteria and techniques to screen our construction and engineering vendors. Each vendor is prequalified by the required department and supported by our Environment, Health, Safety, and Quality (EHSQ) Team, and tested for their technical ability to successfully execute a project. Furthermore, our (EHSQ) team visits the site of potential construction vendors to examine their processes, focus on quality, reliability of equipment, safety requirements and practice, and leadership diligence. For potential vendors for projects that entail large financial transactions and disbursements, our finance team conducts reviews to ascertain their financial capability to handle such projects before they are registered.

Procure-to-Pay Cycle

Procure to pay cycle is the step-by-step process or sequence guiding the procurement process used in Axxela.

Fig 6: Procure-to-Pay Cycle



Change in Vendor Location

In the case of a change of location or address by a vendor, the supplier or vendor in question notifies us of the change via a written letter or e-mail. This is documented and the relevant changes are effected on the vendor's details on our system. For the reporting year, there were no changes in the location of any of our vendors or suppliers.

We remain committed to upholding sound ethical practices in our vendor selection and management processes.

Environmental Performance

A photograph of a young tree with green leaves growing in a field of yellow flowers, likely dandelions. The background is a blurred green landscape.

IN THIS SECTION

Emissions

Managing Water & Effluents

Conserving Biodiversity



Due to the nature of our business, we recognise that we have direct impacts on our environment and we are committed to minimising our environmental impacts by reducing potential impacts on water, land, air quality, and biodiversity, and engaging stakeholders on effective solutions to the environmental challenges our business pose in each jurisdiction.

We balance our environmental impacts through constant delivery of efficient, reliable and safe energy to millions of consumers who now use cleaner energy and constantly strive to grow our energy infrastructure business in order to connect more consumers to cleaner energy. We also donated 6,000 seedlings to LASPARK 2019 Tree Planting Initiative as part of our commitment to combat climate change. In this regards, we received an award as the most supportive private sector organisation from the first lady of Lagos State, Mrs Ibijoke Sanwo-Olu.



Emissions

Emissions reduction is important to us at Axxela. To demonstrate our commitment, we analyse the fuel used in all our facilities to ensure that it meets established standards before purchase and ensure that we use grid power supply, gas-powered generators, and diesel-powered generators, in order of priority, at our operational bases (GNL, GNSL and CHGC). Axxela implements a robust maintenance plan that ensures optimal functionality of power plants with the aim of minimising carbon emissions to the environment. Periodic audits are carried out by federal and state environmental agencies, and their reports form the basis for performance reviews.

Environmental Monitoring Plans are outputs of the Environmental Impact Assessments (EIAs). For the reporting year, 2019, there were no documented regulatory infractions. Our emissions reduction was achieved through the following plans:

- Fuel switching
- Process redesign
- Changes in behaviour
- Conversion and retrofitting of equipment

The scope of our emissions disclosure only covers energy consumption within the organisation's operations (offices and facilities), using the International System of Units (SI) – Conversion Factors for General Use (manual). Our energy emissions for 2019 is indicated in the table below:

Table 7: Emissions Breakdown

S/N		2018	2019
GHG emissions within the organisation based on CO₂ emission in (Tonnes)			
1	Natural Gas Emissions	195	79.5
2	Diesel	712	573.5
3	Electricity Consumption	57.6	69
4	Petrol	53.6	37.43
CO₂ emissions displacement/savings by conversion to natural gas at Axxela Customers (Tonnes)			

Managing Water and Effluents

Water is a vital resource that supports life and that is fast becoming depleted. This is why we ensure efficient use of water in all our facilities. Water is consumed by our employees and is also used for other critical activities, including as a cooling agent for our plants (generators) and for cleaning and hygiene purposes. Water consumed by our employees and other third parties is examined periodically to ensure it is safe for consumption. Water treatment plants are installed in areas that require water for core operations. No water-borne illness was recorded in 2019.

Conserving Biodiversity

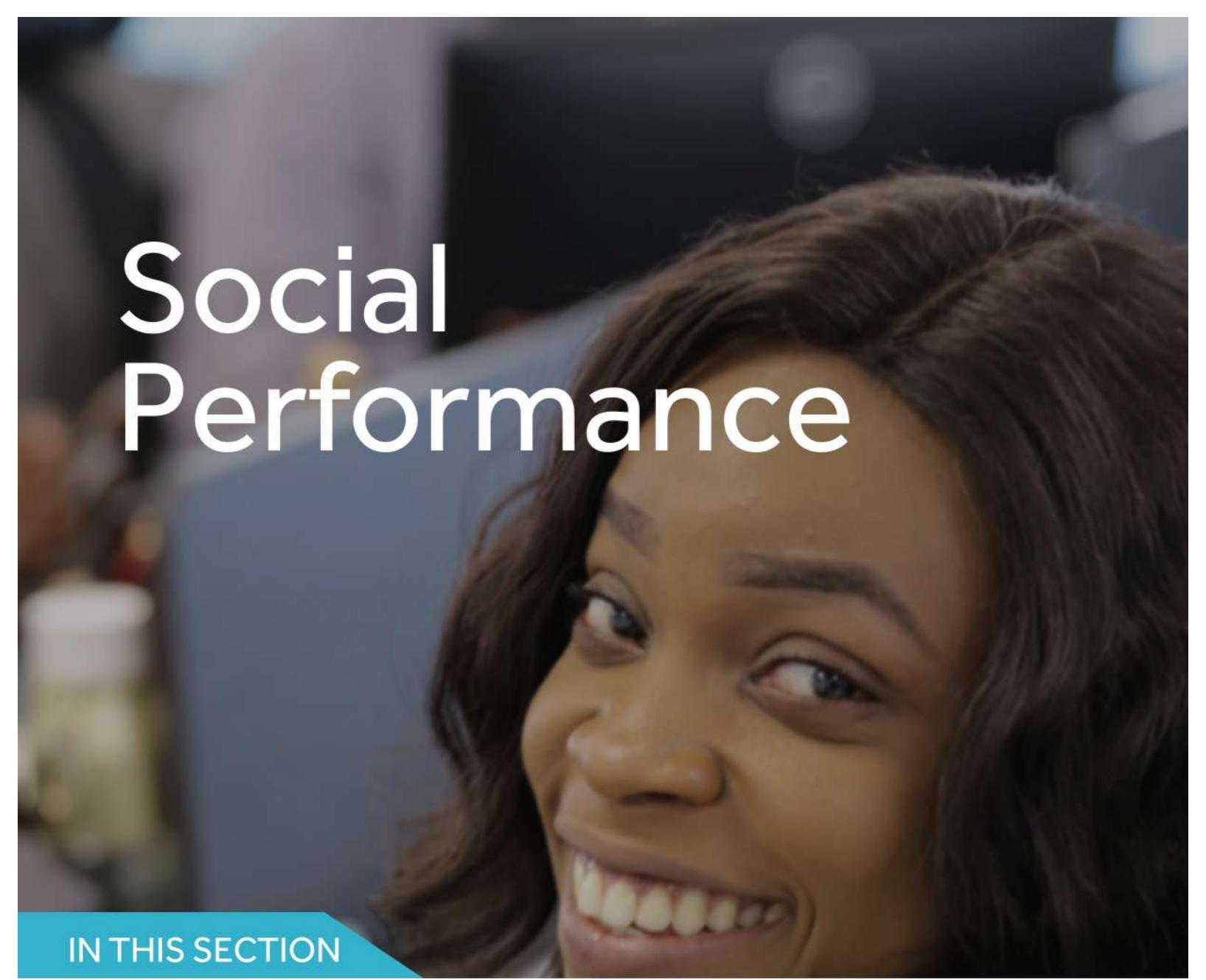
Axxela's business activities have impacts on habitats and the ecosystem, from projects to operations. To reduce our impact on biodiversity, we conduct biodiversity risk assessment to determine the risk of a potential project on the variety and variability of life in the particular area where the project is to be situated and its immediate surroundings. We incorporate senior management into all environmental impact assessment programmes carried out on all our projects and ensure full compliance with the requirements of:

- Federal Ministry of the Environment
- Lagos State Environmental Protection Agency
- Lagos State Parks and Gardens Agency
- Nigeria Inland Water Ways
- Other state agencies in the regions where we operate

Reports from environmental audits carried out by federal and state agencies are used as reference documents for assessing the performance of our management approach.

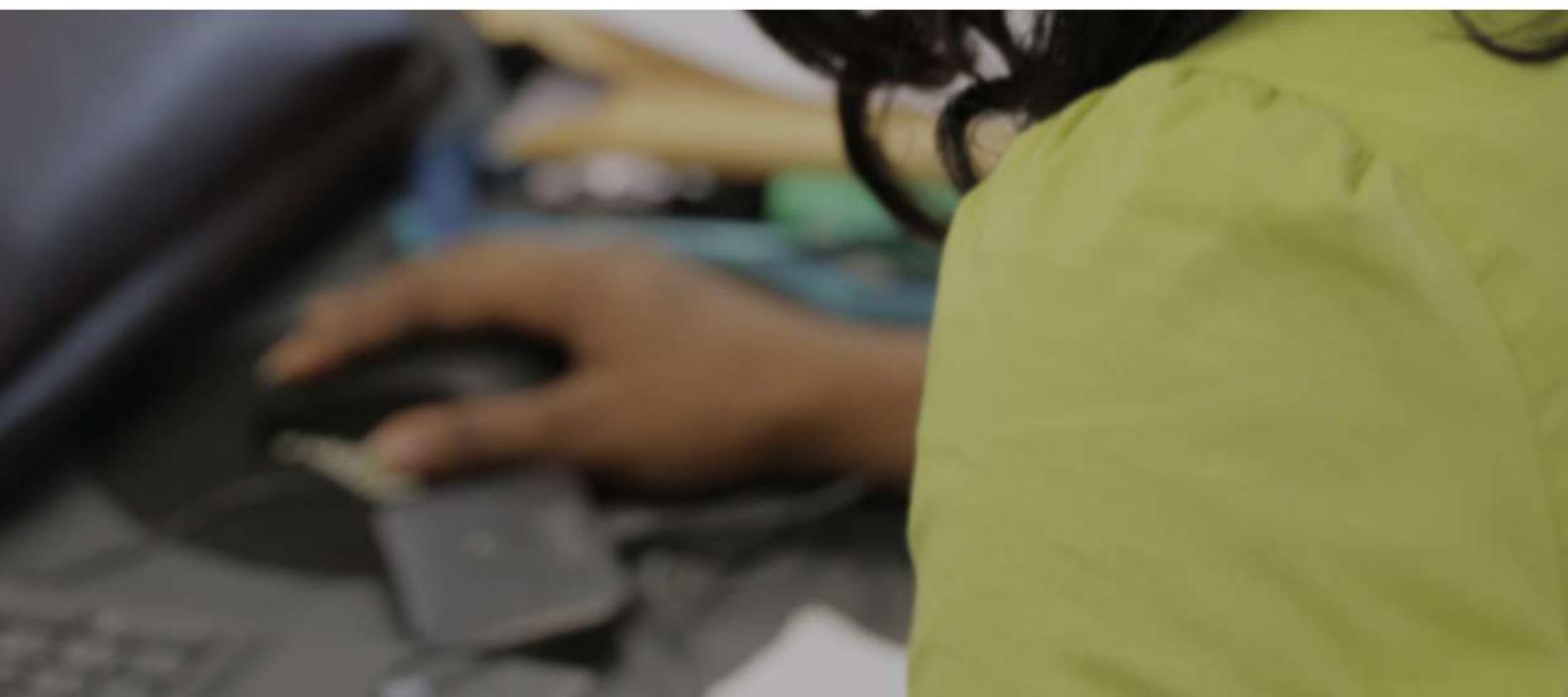
To further contribute to biodiversity conservation, Axxela partners with government agencies towards the restoration and reinstatement of all excavated Right of Way (ROW), as well as any parks or gardens affected. The states in which we operate make it mandatory for all reinstatements and restorations to be carried out by the State Infrastructure Maintenance and Regulatory Agency. There were no infractions recorded in 2019 and no significant adjustment, as management continues to ensure total compliance to existing approach.

Social Performance



IN THIS SECTION

[Employee Experience](#) | [Progressing with Our Communities](#)



Employee Experience

Our employees are our greatest assets as they are responsible for bringing our vision and goals to reality. Therefore, we constantly ensure that we foster a work environment that favours equality, inclusiveness, idea generation, diversity, and innovation. Our efforts toward promoting a motivating work environment has enabled our people to constantly express themselves and share their ideas.

We want our employees to be passionate about our strategy, connected to our values and motivated to achieve their potential. Hence, we support our employees through clear policies, training and development opportunities, health and wellbeing initiatives, and competitive reward programmes.



Employee Profile

We engaged 18 new employees as a result of our portfolio expansion in 2019. During the course of the year under review, we had a total of 89 employees comprising 68 full time employees and 21 contract staff. This shows a percentage increase of about 13% when compared with our 2018 reporting year. Our employee categorisation can be seen in the charts below.

Fig 7: Employee Profile



Full Time Employees: 68



Contract Staff: 21

Port Harcourt



Permanent Employees: 2



Contract Staff: 1

Abuja



Permanent Employees: 1



Contract Staff: 0

Fig 8: Full Time Employees

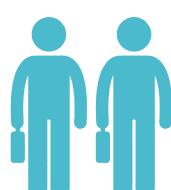


Male: 49



Female: 19

Fig 9: Contract Staff



Male: 18



Female: 3

Fig 10: Number of Staff Per Region

Lagos



Permanent Employees: 66



Contract Staff: 19

Employee Growth and Attrition

Our employee database reveals an overall employee growth during the year under review. A total of 18 permanent employees were engaged, comprising 14 males and 4 females. We promote a work environment that discourages employee turnover and attrition by clearly communicating our visions and goals, optimising our recruitment processes, by offering improved work conditions, as well as providing benefits and perks to keep our employees motivated.

Fig 11: Number of New Staff Hired

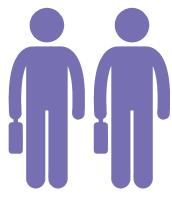


Male: 14



Female: 4

Fig 12: Number of New Staff Who Resigned



Male: 6



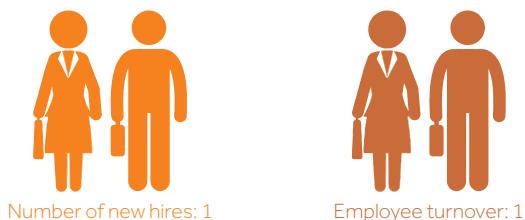
Female: 2

Fig 13: Employees Hired by Age Group**Fig 14: Employee Growth/Attrition Per Region**

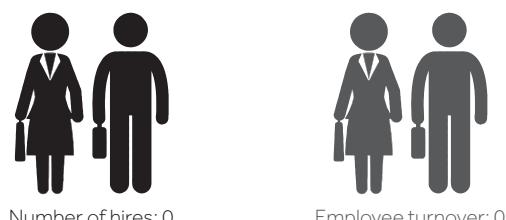
Lagos



Portharcourt



Abuja

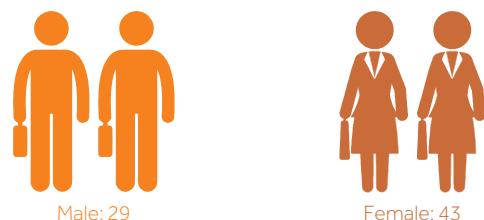


Training and Development

As one of the leading energy companies in sub-Saharan Africa, we give high priority to employee training and development to ensure that our employees acquire the right skills, sharpen existing ones, deliver improved performance, increase productivity, become better leaders and succeed in their present and future endeavours. Our commitment to ensuring that our people succeed at Axxela, we provide them with

opportunities for training and development, in order to maximise their potential and deliver optimally in their respective functions and mandates. Please visit our 2018 Report to learn more about employee training and development at Axxela.

Axxela trains all its employees based on training requirements and identified competency gaps.

Fig 15: Average Training Hours Per Employee Category**Fig 16: Average Training Hours by Gender**

Our focus is always on an individual's ability to perform assigned duties and responsibilities in a safe, efficient and professional manner, starting from senior management and we ensure that everyone's opinion count and that people are free to share ideas and proffer solutions to the challenges that we face as a business. Members of our management and staff are male and female of varying ages and different ethnicities. The charts below indicate the gender diversity and age range of our management and staff:

Fig 17: Employee Categorisation by Gender

Fig 18: Employee Categorisation by Age

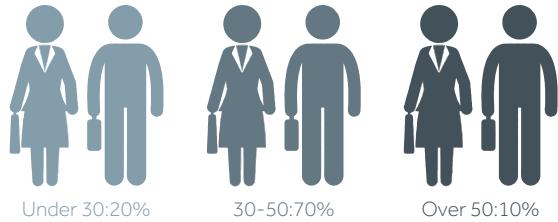


Fig 21: Governance Categorisation by Age

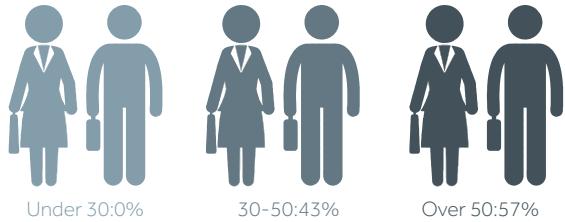


Fig 19: Governance Body Categorisation by Gender



Labour and Human Rights

Axxela is compliant with all labour laws and the principles of the United Nations Global Compact because respecting and upholding human rights is important to our success and sustainability. We do not condone child, forced or compulsory labour in our operations. We also mandate our business partners and suppliers not to condone same. We respect indigenous people's rights and accord them due respect as required. Furthermore, our organisation maintains a work culture where human rights and dignity are respected. For the reporting year, there were no cases of human rights violations either through child labour, forced labour or disrespect of indigenous people's rights.

Employee Remuneration and Benefits

Properly compensating our employees is our way of demonstrating that we value them as humans first, as well as key contributors to the success of our business. At Axxela, we employ best practices regarding employee remuneration and compensation and benefits. We have a HR Policy which consists of remuneration and pay structure applicable to staff of varying grades. The tables below indicate some of the benefits that are applicable to employees of different categories:

Table 8: Benefits Applicable to Employees

S/N	Benefit	Employee Category
1	Life insurance	Permanent Employees
2	Health care	Permanent Employees and Contract Staff
3	Disability and invalidity coverage	Permanent Employees and Contract Staff
4	Parental leave	Permanent Employees and Contract Staff
5	Retirement provision	Permanent Employees and Contract Staff
6	Professional and social club subscriptions	All Permanent Employees
7	Robust long term and management incentive plans	All Permanent Employees

Table 9: Parental Leave

Total number of employees that were entitled to parental leave, by gender	Female : 19
Total number of employees that took parental leave, by gender	Female : 1
Total number of employees that returned to work in the reporting period after parental leave ended, by gender	All
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	All
Return to work and retention rates of employees that took parental leave, by	All

We provide minimum one-week notice period to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them, and this is specified in our collective bargaining agreements.

Promoting Health and Safety in our Workplace

Safety is everything to us at Axxela. We operate in a manner that protects our employees, contractors, customers, the communities where we operate and the environment. We work hard to pre-emptively identify possible risks, by implementing measures to prevent potential incidents, and educating employees and contractors about unsafe behaviours. Our work procedures embed internationally accepted safety principles into our everyday work processes at all levels of the organisation.

We promote a safety-first mentality for all Axxela employees and contractors in order to achieve our goal of zero workplace injuries and illnesses. This has resulted in Axxela achieving Zero LTI for the reporting year under consideration. More than half of our man-hours are realised from contractors, thus, we ensure our safety principles are integrated into their operating procedures.

Emergency Preparedness

Axxela is prepared to respond to a wide array of emergencies that could have negative impact on the operations and the environment. Regardless of the size, severity or cause of an event, each Axxela facility and business units can access trained responders and resources. Cross-functional teams develop and practice emergency response procedures through emergency support groups and incident management teams.

Process safety

Axxela aims to prevent the uncontrolled release of hazardous substances in order to avoid potential significant health incidents, safety and environmental impacts and property damage. Through our process safety efforts, we employ rigorous design, construction and operating standards at our facilities. Safety risks associated

with our operations are identified and we conduct inspection and maintenance programmes to test critical equipment regularly and maintain compliance with applicable regulations.

Worksite health and wellness

The success of our operations depends on a healthy and competent workforce, and as such, our health policy communicates corporate expectations for identifying and managing health risks related to our operations. Our workplace health programs are also specifically designed to consider local health care systems and health needs. We are committed to improving the health of our workforce in order to increase their quality of life and productivity.

Our health and safety performance statistics for the reporting year can be seen in the table below.

Table 10: Health and Safety Performance Statistics

HSE Statistics		2018	2019
S/N			
1	Fatalities - employees	0	0
2	Fatalities - contractors	0	0
3	Fatal accident rate - total workforce (per 1,000,000 work hours)	0	0
4	Lost-time incident rate — employees (per 200,000 work hours)	0	0
5	Lost-time incident rate — contractors (per 500,000 work hours)	0	0
6	Restricted workday case — employees (per 500,000 work hours)	0	0
7	Total recordable case frequency — contractors (per 500,000 work hours)	0	0
8	Total recordable case frequency — employees (per 500,000 work hours)	0	0
9	First aid case	0	1
10	Average noise levels - dBA (GNL Facility)	58	56
11	Average noise levels – dBA (GNSL Facility)	70	63
12	Waterborne illness	0	0
13	Gas leaks resulting from 3rd party damage & vandalism	2	0

Progressing with Our Communities

Fostering a mutually beneficial relationship with our communities through meaningful engagements and providing socio-economic development opportunities will not only ensure that we retain a social license to operate, but will enable us secure community cooperation and build lasting relationships. In this light, Axxela is committed to creating initiatives that provide social and economic benefits to our stakeholders in the communities where we operate and where our pipelines transverse. We implement community intervention initiatives after due engagement and agreement with key members of our communities to ensure that our interventions are relevant and create the needed impact.

We have taken a step further to consolidate these relationships through the signing of different memoranda of understanding that detail all of our commitment to our host communities, as well as their commitment to us.

In line with this commitment, we embarked on several initiatives which align with our social responsibility objectives in the areas of education, infrastructural support and people empowerment. Through our subsidiaries, we provided several interventions for our host communities in the course of the reporting year.

Education

Our focus in this regard is to give children a solid educational foundation. As such, we channel our educational support towards primary education. We give out yearly scholarships to primary school students. The process is managed by a consultant whom we have engaged for the purpose. Through our subsidiary CHGC, we achieved the following:

- Scholarship grant to pupils of Oromeruezimgbu community in Rivers State
- Training of interested candidates in a designated maritime school

Via GNL, we awarded scholarships to 100 primary school pupils through our Back to School project.

Infrastructure Support

Our commitment to improving the lives of members of our host communities has enabled us to support them through the provision of critical infrastructure that will measurably impact upon and improve their living conditions. In the course of the reporting year, our GNL subsidiary renovated the Elegbata Sports Complex to promote sports in the area as a way of discouraging social vices among the youth.



Axxela Book Drive

To improve literacy, creativity, and critical thinking amongst the children in our host communities, our Corporate Communications and Community Relations Team organised a book drive for the students at Olowogbowo Methodist Primary School and Dele Ajomale Primary School. The book drive was funded through the kind donations of our committed and supportive employees who understand the impact the book drive will have on the children. Over 300 books were donated on May 27, 2019 to commemorate Children's Day.



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Independent Limited Assurance Report

To the Directors of Axxela Group

The Board of Directors of Axxela Group (hereinafter “the Company”) has engaged Deloitte to conduct an independent limited assurance engagement regarding selected sustainability information reported in the Sustainability Report for the year ending 31 December, 2019 (hereinafter the “Report”).

To ensure effectiveness and quality, we deployed a multi-disciplinary team; consisting of environmental, social, governance, economic, and assurance specialists with extensive experience in sustainability reporting and assurance, to obtain appropriate and sufficient evidences with the aim of minimising the risk of material misstatements of selected sustainability information in the report.

Our Conclusion

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Based on the results of our limited assurance procedures, nothing has come to our attention that will cause us to believe that the selected sustainability information for the year ended 31 December 2019 is not, in all material respects, accurate, complete and valid in accordance with the Reporting Criteria.

Our Independence and Quality Control

Deloitte is highly committed to maintaining a comprehensive quality control system including established policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the International Standard on Assurance Engagements (ISAE) 3000 issued by the International Auditing and Assurance Standards Board (IAASB), which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour.

Our assurance team of sustainability reporting and assurance professionals performed the engagement in accordance with Deloitte’s independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics.

Selected Sustainability Information

The scope of our engagement was to provide limited assurance over the following selected sustainability information contained in the Report:

Indicators	Selected Sustainability Information <i>(as documented in the 2019 Sustainability Report)</i>	Criteria	Page Number
Corporate Governance	There was no whistleblowing case or staff infraction reported in 2019. The KYC policy is also utilised to periodically review the business practices of existing clients to ensure that they are also above board in their business conduct.	GRI 102-16 GRI 102-17	25 25
Labour Management	During the course of the year under review, we had a total of 89 employees comprising 68 full time employees and 21 contract employees. Employee profile – Full Time Employees (male: 49, female: 19); Contract Employees (male: 18, female: 3) A total of 18 permanent employees were engaged, comprising 14 males and 4 females. Employees Hired by Age Group – Under 30 years: 10; 30-50 years: 7; and over 50 years: 1.	GRI 102-8 GRI 405-1 GRI 102-8 GRI 404-1 GRI 405-1 GRI 401-1	35 35 35/36

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Indicators	Selected Sustainability Information <i>(as documented in the Axxela 2019 Sustainability Report)</i>	Criteria	Page Number
Labour Management	Number of New Staff Who Resigned - male: 6, female: 2	GRI 401-1	35
	Also, 100% employees received post training assessment to ascertain effectiveness and relevance of training.	GRI 404-3	15
	Health benefits (HMO) for all employees.	GRI 401-2	15
	Employee categorisation by age – Under 30: 0%; 30-50: 0%; Over 50: 100%.	GRI 401-3	37
	Governance body categorisation by gender – Male: 87%; Female: 14%.	GRI 405-1	37
	Governance body categorisation by age – Male: 87%; Female: 14%.	GRI 405-1	37
	Average training hours per employee category – Full Staff: 38; Contract Staff: 16; Employees: 38.2.	GRI 404-1	36
	Average training hours by gender – Male 43; Female 29.	GRI 404-1	36
Local Community Support	Parental leave.	GRI 401-3	38
	Through our subsidiary CHGC, We achieved the following: a) Scholarship grant to pupils of OROMERUEZIMGBU community in Rivers State.	GRI 202-1 GRI 413-1	40
	Via GNL, we awarded scholarships to 100 primary school pupils through our 'back to school project.'	GRI 202-1 GRI 413-1	40
	In the course of the reporting year, our GNL subsidiary renovated the Elegbata Sports Complex to promote sports in the area as a way of discouraging social vices among the youth.	GRI 202-1 GRI 413-1	40
	To improve literacy, creativity, and critical thinking amongst the children in our host communities, our Corporate Communications and Community Relations Team organised a book drive for Olowogbowo Methodist School students.	GRI 202-1 GRI 413-1	41
	Provided welfare support in the form of distribution of food items.	GRI 202-1 GRI 413-1	14
	Donated over 100 mosquito nets in our Clap Back Malaria Program.	GRI 202-1 GRI 413-1	14
Environmental Management	Sponsored LASPARK's 2019 Tree planting initiative with 6000 seedlings.	GRI 304-3	14
Emission	Reduced GHG emissions by 25%.	GRI 305-5	14
	GHG emissions within the organisation based on CO2 emission in (Tonnes): Natural Gas Emissions – 79.4; Diesel – 573.5; Electricity Consumption – 69.0; Petrol – 37.4.	GRI 305-1 GRI 305-2	32
Occupational Health and Safety	HSE Statistics.	GRI 403 - 2	39
	Zero fatalities and LTI.	GRI 403 - 9	14
Sustainable Supply Chain	All our vendors are assessed using social and environmental criteria.	GRI 308-1	28
	80% vendors, suppliers and business partners satisfied our engagement prerequisites and criteria.	GRI 414-1	15
	We currently have over one hundred vendors (suppliers) on our system.	GRI 102-9	28
Local and International Affiliations	Nigerian Gas Association.	GRI 102-13	20
	Manufacturer's Association of Nigeria.	GRI 102-13	20
	Lagos State Chamber of Commerce and Industry.	GRI 102-13	20
Economic	For the 2nd year running, we achieved a GCR rating of Bbb+ and A2 with a positive outlook for the long term and short term, respectively.		04

Limitations

This is a limited assurance engagement, hence, is less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance obtained in a reasonable assurance engagement and therefore, we do not therefore express a reasonable assurance conclusion.

We have not performed any work on the stakeholder engagement nor how the material topics were determined. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the selected sustainability information as contained herein.

Deloitte.

Basis of our Conclusion

The International Standard on Assurance Engagements 3000 on which our assurance is based requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the selected sustainability information to determine if the information is free from material misstatements. We obtained all vital statements, evidences and explanations that we considered necessary in order to provide us with sufficient and concrete information on which to conclude in respect of the selected sustainability information.

Within our scope of work, we conducted amongst others the following procedures to arrive at our conclusion:

- Discussions with the Company's staff primarily responsible for matters on sustainability
- Virtual interviews with respective data and process owners
- Review of the sustainability report to derive statements relating to identified and agreed selected sustainability disclosures contained in the report
- Inquiries on the systems and processes for collecting, analysing and documenting sustainability data to ensure proper understanding of the data management process.
- Sighting of pictures, data sheets and other evidences from primary data owners
- Recalculation of quantitative data contained in the data sheets and comparing with quantitative information documented in the sustainability report to ensure accuracy
- Review of reports and supporting documents to verify reported sustainability initiatives conducted by the Company in the reporting period
- Close examination of the sustainability report in relation to the findings from this sustainability assurance exercise and making recommendations
- Considerations of the disclosure and presentation of the selected sustainability information.

For and on behalf of:
Deloitte and Touche
01 September 2020
Bernard Orji
Partner, Sustainability

Responsibilities of Management of Axxela Group and Deloitte

Responsibility of the Management

The Directors are responsible for preparing the Report in accordance with the chosen standards and frameworks such as Global Reporting Initiative (GRI) standards, Sustainable Development Goals (SDGs), United Nations Global Compact (UNG) and for instituting adequate internal controls that it considers necessary to maintain the integrity of a sustainability report that is devoid of material misstatements, whether due to fraud, unintentional errors or other events.

The Directors are also responsible for identifying its stakeholders, determining and prioritising material topics based on its assessment of key issues that are material to its sustainability goals as well as defining its sustainability performance targets.

Responsibility of Deloitte

Deloitte's responsibility is to independently express conclusions, based on our limited assurance procedures, on the reliability of management's assertions on the selected sustainability information in the table below.

This report, including our conclusion, is prepared solely for the Board of Directors of Axxela Group, to assess the accuracy and reliability of the selected sustainability information contained in the Company's sustainability report. We permit disclosure of this report for the year ended 31 December 2019, to enable the directors to demonstrate they have discharged their governance as well as respond to their responsibilities by obtaining an independent assurance report in connection with the selected sustainability information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report except where terms are expressly agreed and with our prior consent in writing.

Appendix

GRI Standards Conformity (Referenced) Table

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	Section Topic	Section /Page
GRI 102	General Disclosures	102-14	Statement from Senior Decision-Maker	Note from Our CEO	04
GRI 102	General Disclosures	102-1	Name of the Organisation	About Our Company	07
GRI 102	General Disclosures	102-2	Activities, Brands, Products, and Services	About Our Company	07
GRI 102	General Disclosures	102-3	Location of Headquarters	About Our Company	07
GRI 102	General Disclosures	102-4	Location of Operations	About Our Company	07
GRI 102	General Disclosures	102-5	Ownership and Legal Form	About Our Company	07
GRI 102	General Disclosures	102-6	Markets Served	Our Operations and Value Chain	08
GRI 102	General Disclosures	102-7	Scale of the Organisation	About Our Company	07
GRI 102	General Disclosures	102-8	Information on Employees and Other Workers	About Our Company Employee Profile	07 29
GRI 102	General Disclosure	102-12	External Initiatives	Our Contributions to Global Sustainability Goals	12
GRI 102	General Disclosures	102-13	Membership of Associations	Industry Membership	20
GRI 102	General Disclosures	102-16	Values, Principles, Standards, and Norms of Behaviour	Compliance Code of Business Conduct	26 26
GRI 102	General Disclosures	102-17	Mechanisms for Advice and Concerns About Ethics	Ethics, Integrity and Whistleblowing	26
GRI 102	General Disclosures	102-46	Defining Report Content and Topic Boundaries	About this Report	03
GRI 102	General Disclosures	102-47	List of Material Topics	Our Materiality Assessment	18
GRI 103	Management Approach	103-1	Explanation of the Material Topic and its Boundary	Material Issues at Axxela	18
GRI 102	General Disclosures	102-40	List of Stakeholder Groups	Axxela's Stakeholder Categories	15
GRI 102	General Disclosures	102-42	Identifying and Selecting Stakeholders	Axxela's Stakeholder Categories	15

GRI 102	General Disclosures	102-44	Key Topics and Concerns Raised	Stakeholder Engagement Grid	16
GRI 102	General Disclosures	102-50	Reporting Period	About the Axxela 2019 Sustainability Report	03
GRI 102	General Disclosures	102-52	Reporting Cycle	About the Axxela 2019 Sustainability Report	03
GRI 102	General Disclosures	102-53	Contact Point for Questions Regarding the Report	Contact Us	45
GRI 102	General Disclosures	102-54	Claims of Reporting in Accordance with the GRI Standards Reference	About the Axxela 2019 Sustainability Report	03
GRI 102	General Disclosures	102-55	GRI Content Index	Appendix	43
GRI 102	General Disclosures	102-56	External Assurance	Independent Limited Assurance Report	42
GRI 102	General Disclosures	102-18	Governance Structure	Leadership and Governance	11
GRI 102	General Disclosures	102-16	Values, Principles, Standards, and Norms of Behaviour	Our Path to the Future	06
GRI 201	Economic Performance	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	Compensation and Benefits	33
GRI 203	Indirect Economic Impacts	203-1	Infrastructure Investments and Services Supported	Progressing with Our Communities	37
GRI 302	Energy	302-1	Energy Consumption Within the Organisation	Emissions	29
GRI 302	Energy	302-3	Energy Intensity	Emissions	29
GRI 302	Energy	302-4	Reduction of Energy Consumption	Emissions	29
GRI 303	Water	303-1	Water Withdrawal by Source	Water and Effluents	29
GRI 304	Biodiversity	304-1	Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value Outside Protected Areas	Biodiversity	29
		304-2	Significant Impacts of Activities, Products, and Services on Biodiversity		
		304-3	Habitats Protected or Restored		

		304-4	IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations		
GRI 306	Effluents and Waste	306-1	Water Discharge by Quality and Destination	Water and Effluents	29
GRI 401	Employment	401-1	New Employee Hires and Employee Turnover	Employee Growth and Attrition	31
GRI 401	Employment	401-2	Benefits Provided to Full-Time Employees that are Not Provided to Temporary or Part-Time Employees	Employee Renumeration and Benefits	33
GRI 401	Employment	401-3	Parental Leave	Employee Renumeration and Benefits	33
GRI 404	Training and Education	404-1	Average Hours of Training Per Year Per Employee	Training and Development	31
GRI 404	Training and Education	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	Training and Development	31
GRI 404	Training and Education	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	Training and Development	31
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of Governance Bodies and Employees	Diversity and Inclusion	32
GRI 413	Local Communities	413-1	Operations with Local Community Engagement Impact Assessments, and Development Programs	Progressing with Our Communities	37

List of Abbreviations

BoD	- Board of Directors
CCCR	- Corporate Communications and Community Relations
CBC	- Code of Business Conduct
CEO	- Chief Executive Officer
CHGC	- Central Horizon Gas Company Limited
CNP	- Compressed Natural Gas
ED	- Executive Director
EHSQ	- Environment, Health, Safety and Quality
FMN	- Flourmills of Nigeria Plc
FTE	- Full Time Employee
GHG	- Greenhouse Gas
GNL	- Gaslink Nigeria Limited
GNSL	- Gas Network Services Limited
HIP	- Helios Investment Partners
HMO	- Health Maintenance Organisation
HR	- Human Resources
IT	- Information Technology
IFC	- International Finance Corporation
KM	- Kilometre
KYC	- Know Your Customer
LTI	- Lost Time Injury
MD	- Managing Director
MMSCFD	- Million Metric Standard Cubic Feet Per Day
MoU	- Memorandum of Understanding
*MMSCM	- Million Metric Standard Cubic Metre
NB	- Nigerian Breweries
NGA	- Nigerian Gas Association
NGMC	- Nigeria Gas Marketing Company
OHS	- Occupational Health and Safety
PH	- Port Harcourt
PNG	- Pipeline Natural Gas
ROI	- Return on Investment
ROW	- Right of Way
RM	- Risk Management
SCFD	- Standard Cubic Feet Per Day
SDGs	- Sustainable Development Goals
SEC	- Securities and Exchange Commission
WGC	- World Gas Conference

*Gas Measurement used by Axxela are reflective of pricing and clients' contract template
1SCM=35.3147SCF

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