



2018  
**SUSTAINABILITY**  
REPORT



**CREATING VALUE  
FOR SUSTAINABLE  
DEVELOPMENT**

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## Our 2018 Performance Highlights





## About the Axxela 2018 Sustainability Report

As part of our commitment to sustainability, we published our first sustainability report — the Axxela 2017 Sustainability Report) — in 2019, which followed the Global Reporting Initiative's (GRI) guidelines. This Report – our 2018 Sustainability Report – was prepared in 2020, and references the GRI Standards without meeting the full requirements, thus adopting the 'GRI-Referenced' claim.

Our guided approach to our selection of the required indices from the Global Reporting Initiative framework covering identified economic, social, and environmental performance has promoted transparency in our application of the Standards. Our Content Index indicates the specific disclosures we have reported.

This Report provides an overview of our key impacts, achievements, and represents activities carried out in updates on various sustainability our headquarters in Lagos, Nigeria, efforts undertaken by our company and our three operational facilities, in 2018. Like our first report, it comprising two in Lagos and one in Port Harcourt, Rivers from January 1 emphasises the processes we have put in place to promote sustainable development. We provide insight to our stakeholder engagement approach, how we have responded to the needs of our stakeholders, and how we have identified and managed matters that we consider material. The Report further highlights our future plans and ambitions in our sustainable development journey. This Report also incorporates other reporting frameworks for sustainable development, including the Sustainable Development Goals (SDGs), the International Finance Corporation (IFC) Standards, and the United Nations Global Compact (UNGC).

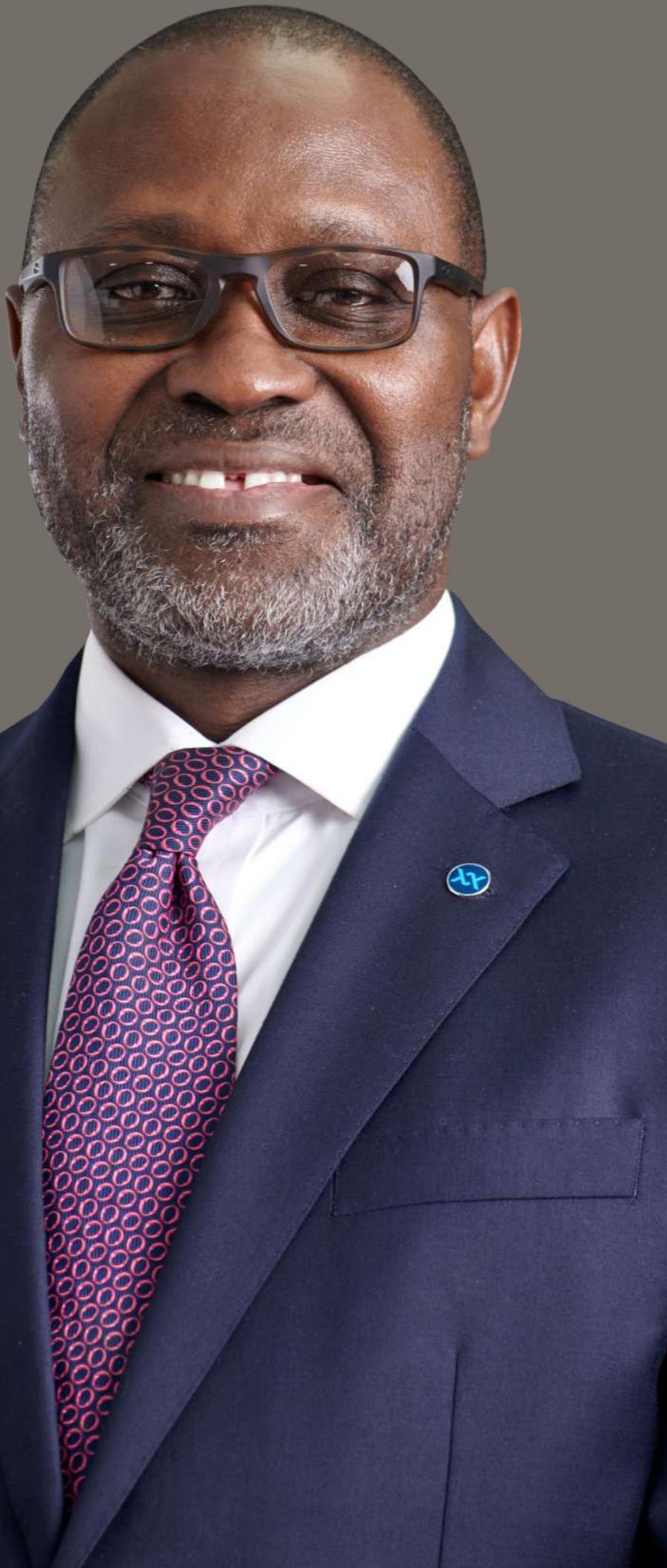
The data presented in this Report represents activities carried out in our headquarters in Lagos, Nigeria, and our three operational facilities, comprising two in Lagos and one in Port Harcourt, Rivers from January 1 to December 31, 2018.

“  
**We provide insight to our stakeholder engagement approach, how we have responded to the needs of our stakeholders, and how we have identified and managed matters that we consider material.**  
”

# A MESSAGE FROM OUR CEO

Axxela has become increasingly committed to the development of a sustainable enterprise, which would enable sub-Saharan Africa's potential economic clusters to grow in an environmentally responsible, socially sensitive, and ultimately profitable manner.

**Bolaji Osunsanya**  
Chief Executive Officer  
Axxela Limited



## Sustainability has become increasingly integral to many business enterprises across the globe. In our efforts to meet sub-Saharan Africa's abundant energy needs, we have become more savvy and nimble in our sustainability approach to ensure desired impact.

**A**s the region's preferred and fast-growing gas and power portfolio company, Axxela has become increasingly committed to the development of a sustainable enterprise, which would enable the sub-Saharan area's (SSA) potential economic clusters to grow in an environmentally responsible, socially sensitive, and ultimately profitable manner. We have also placed greater emphasis in this Report on the provision of accurate and transparent information regarding our responsibilities as a company.

To have the greatest reach and impact possible, we continue to implement a 360° approach towards our entire supply chain — clients, communities, and employees. These principles are working for us, and we have shown that addressing larger social issues can be compatible with building a robust business. An example is that although our work ethics have fostered an increase in operational efficiency to improve our bottom line, we have always hired and continue to hire indigenous skilled labour, because it gives us greater acceptance and rapport in the communities where we operate.

We approach sustainability with practicality and optimism, creating value for our shareholders in the face

of pressing day-to-day demands of excellent business performance. Thus, Axxela's strategy aligns with the energy transition needed to achieve a low-carbon future as envisioned in the Paris Climate Agreement. The SSA requires more energy, but produced and used in cleaner, better ways. As part of our steadfast commitment to positioning natural gas as a much cleaner, lower-carbon energy source than other alternative fuels such as automotive gasoline oil, low-pour fuel oil and coal, we became a designated natural gas shipper on the West African Gas Pipeline (WAGP), the first private company to achieve such a feat.

This Report further highlights our 2018 accomplishments in environmental, social and safety performance, and aligns with well-established environmental, social and economic disclosures that best meet the requirements of our industry and stakeholders. While we are proud of the progress we have made, we are motivated by the challenging opportunities that lie ahead.

**Bolaji Osunsanya**  
Chief Executive Officer  
Axxela Limited

**"We became a designated natural gas shipper on the West African Gas Pipeline (WAGP), the first private company to achieve such a feat."**

## 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 into the future, and how we will conduct our business along the way. One of our core values is professionalism, which is a core component of how we conduct our business.



At Axxela, we understand that professionalism doesn't start or end with having specialised knowledge or being an expert in our field. It is defined by our underlying commitment to global best practices, integrity, accountability, emotional intelligence, and respect for colleagues, clients, and stakeholders.

Regardless of the arena, office or field, we must always bring to fore the desire to uphold these traits; to be better than the day before.

Professionalism is ingrained in our world. It is our mantra.

## Our Brand Pillars



## Our Business

Axxela Limited is the innovative Nigerian private sector-led developer of the country's foremost natural gas distribution network. With our headquarters in Lagos, Nigeria, we are a Helios Investment Partners portfolio company, with Helios owning a majority stake of 75% and Oando PLC owning 25%. We are committed to the development of critical gas and power infrastructure, the delivery of value-adding energy solutions, and we have invested over \$500 million in infrastructure development in the past 18 years.

**Fig 1: Our Journey**



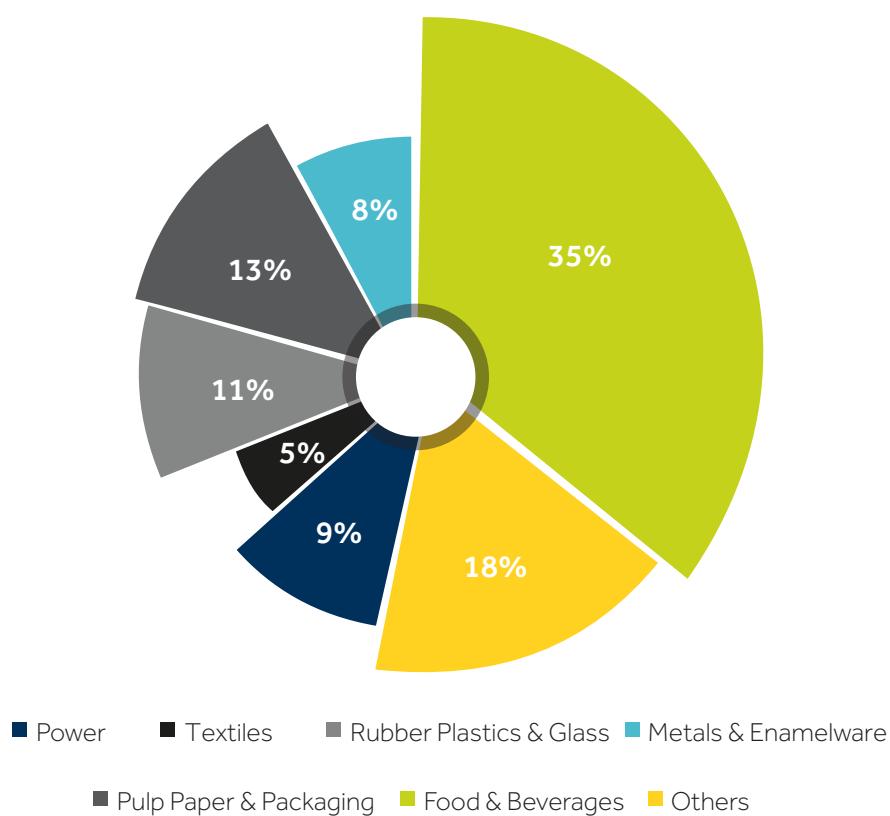
## Our Operations and Value Chain

As a forward-looking gas and power 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 different categories of clients in different parts of the country. Due to the nature of our business, our supply chain cuts across both local and international entities, with an estimated monetary value of approximately N1 billion in 2018. Our suppliers and contractors characteristics include construction, engineering, hospitality, consulting, and financial services amongst others. Depending on the nature of the job, labour can either be intensive or non-intensive. Suppliers are identified and selected based on the unique sourcing strategy adopted (single source, tender, prequalification for construction contractors per activity or project). Selection criteria include written communication, tender evaluation scoring, and adherence to our core values.

### Our Client Categories

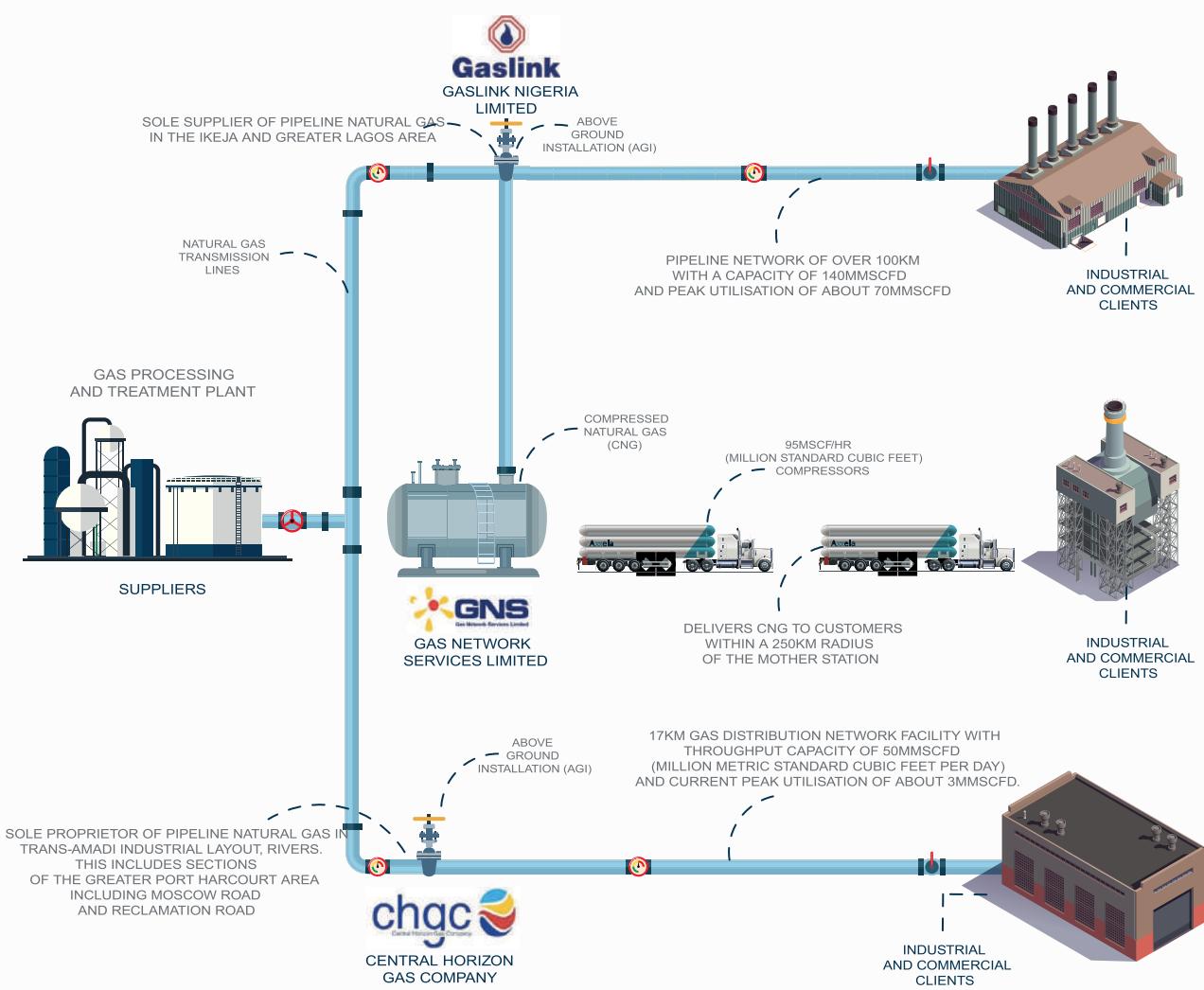
Due to the versatility of our product in its ability to serve as an alternative source of energy for heating and power generation in both large and small scale power and manufacturing and industrial plants, our clients are of varying categories and include public corporations, government parastatals, manufacturing industries, and commercial businesses.

**Fig. 2: Client Sectoral Split**



## Our Subsidiaries

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 175 industrial and commercial clients via our vast network of gas infrastructure. With over 280km in gas pipeline infrastructure built, we provide unique energy solutions primarily through our subsidiaries below:



## Economic Contribution

Our business in gas distribution has long term value for our clients — industrial and commercial — for the manufacturing sector in particular, and for Nigeria. We have made huge investments in the country that are yielding equally monumental positive impacts.



## Industry Membership

We adhere to high standard of governance, social, and environmental policy and performance. We also belong to several industry associations, collaborating to reflect their values, and enable external stakeholders hold us accountable.

In our 2017 Report, we detailed our relationship with the Nigerian Gas Association (NGA), a member of the International Gas Union (IGU), and the professional body responsible for the advocacy of the interests of the Nigerian gas industry.

In 2018, we were continuously involved in the growth aspirations of the NGA as seen in the table below.

**Table 1: Our Partnership with the NGA**

Partnership	Partner 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	<p>In 2018, Axxela's CEO delivered the keynote address at the Nigerian Gas Association International Conference. He was also presented with the NGA Leadership Award in recognition of his exemplary leadership during his tenure as the NGA president from 2014 to 2016</p> <p>Axxela's Head, Gas &amp; Power Infrastructure, Myke Oseh was elected as the Deputy Secretary-General of the NGA</p> <p>Axxela was given an award for our exemplary contributions to the Nigeria Gas Association</p>

## Leadership and Governance

Axxela's Board of Directors provides the overall direction and provides overall strategy and direction for the business. The Board has established corporate governance policies and processes that guide Axxela's day-to-day activities, sustain the trust of all our stakeholders, oversee effective risk management, and ensure that adequate systems are in place to safeguard the company's assets.

Guided by strong principles of transparency, accountability, responsiveness, fairness, and a robust corporate governance system, the Board provides experienced and independent leadership and oversight of management activities to achieve high standards of governance essential for managing our business for long-term corporate success and financial growth.



The Board, which consists of the Chairman, five Non-Executive Directors and one Executive Director, is the body in charge of the fulfilment of ethical regulations and the prevention of criminal risks within the Company. It also provides oversight of risk management including the strategic, financial, legal, operational, regulatory, climate, reputational, and compliance risks facing the company. The positions of Chief Executive and Chairman are held by separate persons in accordance with the Securities and Exchange Commission (SEC) Code.

## 2018 Axxela Board Members



**Jubril A. Tinubu**  
Chairman



**Tope Lawani**  
Non-Executive Director



**Omamofe Boyo**  
Non-Executive Director



**Bolaji Osusanya**  
Chief Executive Officer



**Jeremy B. Bending**  
Independent Director



**Nitin Kaul**  
Non-Executive Director



**Ogbemi Ofuya**  
Non-Executive Director

## 2018 Axxela Management Team



**Bolaji Osusanya**  
Chief Executive Officer



**Tuoyo Ejueyitchie**  
General Counsel & Company Secretary



**Uchenna Okpala**  
EHSQ Manager



**Franklin Umole**  
Director, Business Development



**Timothy Ononiwu**  
Chief Financial Officer



**Olufisayo Duduyemi**  
Strategy & Planning Manager



**Babatunde Baba-Agba**  
Head, Sales & Marketing



**Chukwuma Ezeike**  
Head, Operations



**Ngozika Achebe**  
Human Resources Manager



**Myke Oseh**  
Head, Gas & Power Infrastructure



**Emmanuel Anyaeto**  
Head, Gas Demand & Supply



**Kehinde Alabi**  
Financial Controller

## The Board undertakes the following responsibilities:

- **Strategy and Planning:** The Board reviews, approves, and monitors the implementation of the Company's strategic and financial objectives
- **Executive Management and Succession Planning:** The Board reviews, monitors and evaluates executive team members' performance using established performance evaluation metrics
- **Human Resources:** Guided by Governance and Remuneration Committee, the Board performs the function of review and approval of appointment, remuneration, and termination of employment of members of the Executive Team
- **Risk Management:** The Board oversees the establishment, implementation, and monitoring of a Group-wide risk management framework
- **Financial:** The Board provides oversight of the Group's affairs, and approves the consolidated annual financial statements and the accounting policies of the Group

- **Corporate Governance:** The Board is responsible for reviewing and approving the Code of Business Conduct and Ethics of the Group, and all policies relating to the management of the Group
- **Audit and Compliance:** The Board reviews and approves the Group's processes and procedures to ensure compliance with internal control systems and regulatory guidelines

## Board Committees and their Functions

Our board committees have oversight roles where each committee receives information, reviews, and provides counsel and organisational direction, as deemed appropriate, to management. Members of the three board committees are responsible for addressing relevant issues and making recommendations for final approval to the entire board. The board committees function independently, and are provided with sufficient authority, resources, and assigned responsibilities with our enterprise.

**Fig. 3: Axxela Board Committees**



**Table 2: Board Committees and their Responsibility**

S/N	Board Committees	Responsibilities
1	Strategy and Finance Committee	<ul style="list-style-type: none"> <li>• Responsible for developing the Company's business and objectives</li> <li>• Responsible for setting the Company's strategy to achieve its objectives</li> <li>• Responsible for reviewing the Company's long term financial planning strategies</li> <li>• Responsible for monitoring the long term financial sustainability of the Company</li> </ul>
2	Safety, Audit and Risk Committee	<ul style="list-style-type: none"> <li>• Responsible for formulating the Company's risk strategy and monitoring its risk exposures and capability to identify and manage new risks</li> <li>• Responsible for properly defining the Company's policy on environmental, health, safety, and social governance affairs</li> <li>• Responsible for periodic evaluations to identify hazards and associated risks and also for ensuring the application of suitable precautionary and control measures in the operations of the Company's business</li> </ul>
3	Governance and Remuneration Committee	<ul style="list-style-type: none"> <li>• Reviewing the organisational structure of the company</li> <li>• Responsible for reviewing the performance of the executive management team</li> <li>• Responsible for monitoring the appropriateness of the company's disciplinary processes</li> <li>• Responsible for developing a remuneration and incentive policy for the executive management team</li> </ul>

## Driving Sustainability in Axxela

**“Our approach to sustainability integrates economic, social, and environmental matters, arising from robust stakeholder engagement and materiality processes, into our business goals.”**

Axxela's core strategy is steeped in sustainability, which we ensure is articulated in everything we do. This enables us to be more responsive to changing client needs, and to better manage business risks and opportunities. By responsibly conducting our business, guided by a high sense of integrity, we are building a company that will have a long term impact on the economy, society, and our environment.

Our approach to sustainability integrates economic, social, and environmental matters, arising from robust stakeholder engagement and materiality processes, into our business goals.

Our sustainability strategy is driven via three focus areas: environmental sustainability, community and social support, and people empowerment.

### Engaging our Stakeholders for Shared Benefits

Our engagements with our stakeholders are an intrinsic part of our processes, and how we run our business. At Axxela, we believe that meaningful stakeholder engagement can help us better understand the needs of our stakeholders, and is the first step towards building formidable, long-term, and mutually beneficial relationships.

We continuously engage our key stakeholders — individuals, groups, or organisations that are important to our success or failure, or that may be potentially affected by our activities — sharing our goals, plans, and expectations, to create desired outcomes which benefit everyone.

Our unique stakeholder engagement approach is implemented from corporate to site levels, using different methods of engagement and communication channels to ensure that we thoroughly comprehend and adequately respond to the reasonable concerns of our stakeholders. Through honest dialogue,

transparent, timely, and fact-based communications — key elements essential for building trust and fostering relationships — we strive to deliver on our commitment to become the region's preferred gas and power portfolio company.

Our key stakeholders include our employees, customers, shareholders, host communities, key gas suppliers, and regulatory agencies, amongst others. We engage our stakeholders on a daily, weekly, monthly, quarterly, and yearly basis, or as the need arises. These engagements happen for various reasons, and because each stakeholder has unique and specific areas of concern, the medium and frequency of engagement varies. No specific engagement was conducted for the preparation of this Report. An overview of our approach to engaging our key stakeholders is described in table on page 16, with additional details provided throughout this Report.

**Fig 4: Axxela's Stakeholder Categories**



**Table 3: Stakeholder Engagement Grid**

S/N	Stakeholders	Key Topics and Areas of Interest	Responses	Communication Channels	Frequency
1	Employees	Safe and healthy 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	Health/safety lectures & discussions with employees Occupational health and safety training and employee benefits Engagements on organisational code of conduct, policies, and standards Leadership coaching, training, and development programs Ethics conversations between managers and employees Performance feedback	Intranet, Newsletters Company website/portal CEO Communiques Town hall meetings Training and development sessions One-on-one engagements Performance review sessions Team meetings Team bonding sessions and retreats	Daily, Weekly Monthly and as the need arises
2	Board/ Shareholders	Financial and operating performance Share price performance/Return on Investment Dividend payments, balance sheet strength, and business sustainability Safety, health, environmental, and social performance Reputation and ethics Corporate governance	Implement key concerns raised during meetings Review business structure for a profitable yield	Periodic reports Periodic shareholders meetings Investor releases Direct engagement Formal correspondence	Monthly, Quarterly/ annually and as the need arises
3	Clients	Information on gas market trends and innovations Periodic integrity test on facilities/constant monitoring of gas quality Alternative source/storage of gas in times of shortages Increased maintenance on metering equipment	Implemented via quarterly newsletters Increased frequency of technical checks on Client locations Educated Client on different offerings from Gaslink and Axxela group as a whole (FSRU, Mini — LNG, etc) Introduced safety training for Clients at different locations	Client meetings Newsletters Workshops/ business meetings Safety trainings Client satisfaction survey Client appreciation dinner and awards	Daily/Weekly, Quarterly, Periodically, Annually

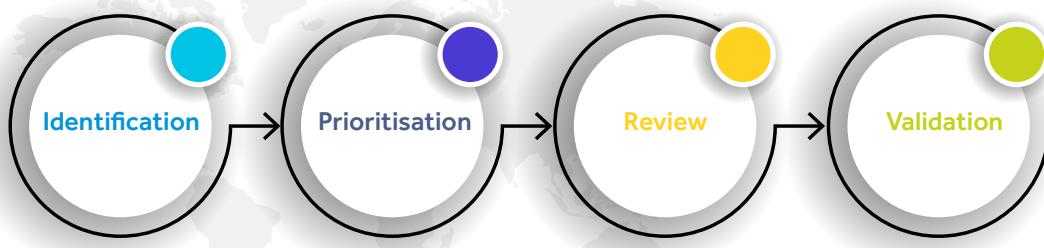
4	Contractors	Innovation Sustainable brand Operating efficiencies Business opportunities Contract terms and conditions Responsible business practices Transparent engagement process Safe and healthy work environment	Contract negotiations and agreements Supplier Code of Conduct, policies, and standards Participation in contractor safety programs and continuous improvement initiatives Local content partnerships	Vendor forum appraisals and feedback Meetings and personal communications	Annually, Quarterly and as the need arises
5	Gas Suppliers	Gas offtaker Payment cycle	Front-end engagement of Client Structured payment plans/agreements	Proactive & reactive meetings GTAs GSPAs	As the need arises
6	Host Communities	Safe and healthy operations Freedom to operate Jobs and local business opportunities Access to education and skills development Infrastructure Indigenous peoples' rights Community wellbeing Reputation and ethics	Memorandum of understanding Socio-economic programmes Compliance and grievance handling mechanisms Fora, conferences, site visits, and surveys Community development committees	Engagement sessions Meetings and personal communications	As the need arises
7	Regulatory Agencies	Permits and licenses Taxes and royalties Environmental stewardship	Ensure all regulatory requirements are adhered to Regulatory filings Responses to requests for information Participation in events and fora Collaboration on government/industry campaigns and programs Operational tours and site visits	Workshops Project monitoring and audits Meetings and personal communications	Annually and as the need arises
8	Media	Financial and operating performance Health and safety performance Community and social performance Environmental stewardship Government regulations and permits	Press releases and interviews Presentations and publications Site visits Editorial board meetings Media parleys	Phone calls Emails Company website Digital channels	As the need arises

## Material Issues at Axxela

The concept of materiality is a key element of our sustainability reporting process. Our approach to defining materiality is focused on identifying sustainability topics that are most important to the Company and our key stakeholders. These topics are carefully assessed and prioritised based on their relevance to economic, social, and environmental impacts of our business, as well as by determining which areas could substantively influence our stakeholders' perception of the Company.

Our materiality assessment, which is part of our stakeholder engagement process, is designed and conducted to gather insight into the relative importance of these sustainability topics. The assessment is also structured to guide our sustainability goals and enable genuine responses, which help us make better business decisions. Our materiality identification follows a four-step process that enables us to focus on key risks and opportunities, and in turn improves our reporting and our overall business performance.

**Fig 5: Materiality Process Flow**



For the 2018 reporting year, we based our materiality assessment on applicable sources, including our policies and standards, Code of Conduct, insights from stakeholder engagement, the Global Reporting Initiative's Sector Disclosure Guidelines, our overarching goals, local operating context, and global and relevant industry standards and codes. We then conducted an internal review to determine which topics were material and validated these topics with our relevant stakeholders.

Our material topics in 2018 are plotted on the matrix below:



## Promoting Environmental Sustainability

As a foremost company delivering value-adding energy solutions across Nigeria, we recognise that our activities have a direct impact on the environment. To reduce environmental impact, we channel our efforts towards the reduction of carbon emissions from our operations. This is done by substituting diesel and other CO<sub>2</sub> generating substances that significantly contribute to climate change with natural gas. This is also done to improve our energy efficiency and deliver value in the power and energy industry across SSA, with strong emphasis on environmental stewardship.

In this regard, we have made strong commitments to protect our environment by aligning our environmental sustainability efforts with the SDGs, UNGC, and IFC frameworks — see Table 5 below. Our efforts and contributions to environmental sustainability have led to significant emission reductions for the Company, and will no doubt have a positive impact on the environment. We have also channeled our focus to water and effluent management and biodiversity conservation to advance our environmental sustainability goals.



## **Supporting our People and Communities**

Innate support for our people is a long-term strategic tool for Axxela's continued growth, productivity, increased loyalty, improved performance and engagement, and the ability to retain valuable employees. We support our employees in diverse ways, going beyond the work environment to gain their trust and commitment to deliver exceptional results. This is achieved by empowering and motivating our employees, enhancing their skills through the delivery of learning programmes, engaging them in different activities and initiatives, and improving their capability to deliver innovative, world-class business solutions.

We focus our community support initiatives on social support such as education — as a powerful agent of change — to enhance children's personal, economic, and social opportunities, and offer them a unique opportunity for a better future.

### **Social Support**

Our focus is to advance education at the basic level through the award of scholarships to primary school children, and infrastructural support for our host communities. This ranges from the provision of potable water to healthcare facilities as part of our commitment to SDG 3 (Good Health and Wellbeing) and SDG 6 (Clean Water and Sanitation) within our host communities. Our community support initiatives have enabled us achieve far-reaching positive impacts, earned us social license to operate, helped us build trust, and significantly enhanced our relationships with our host communities.

### **People Empowerment**

At Axxela, we believe that empowering our people helps them stay true to our culture and values, builds confidence in their capacity to execute our mission and goals, and establishes essential trust in our organisation, ownership, and leadership among our people. To this end, we focused the Company's resources on empowering our people by providing them with numerous opportunities for numerous capacity building that will enhance their knowledge, skills, and opportunity to personally succeed in a way that leads to the

success of the Company. Beyond empowering our people, we extended our empowerment initiatives to our host communities by providing them with learning and development programmes, with the aim to contribute to their success.

## **Mainstreaming Our Impact with Global Sustainability Frameworks**

We understand that global challenges such as poverty, inequality, resource scarcity, environmental degradation, and climate change call for deliberate, collective, and collaborative actions by individuals, governments, and institutions if we are to make any significant progress. The 17 Sustainable Development Goals with 169 sub-targets provide us with the blueprint needed to address these challenges and achieve a better and more sustainable future for all.

At Axxela, we have continued to demonstrate our commitment to advance the Sustainable Development Goals through our business strategy and initiatives. Driven by the responsibility to support the attainment of the SDGs by 2030, we work to achieve economic, environmental, and social benefits by complementing resource extraction and distribution with effective resource management and optimisation. Our key activities and initiatives that directly align with the SDGs, UNGCs, and IFCs are indicated in the table on page 21.

**Table 4: Business and Sustainability Alignment Pathways**

S/N	Our Sustainability Approach	Alignment with SDGs	Alignment with UNGC	Alignment with IFC
1	<p><b>Economic impact of our business</b></p> <p>The direct and indirect employment generated by our business contributes to hunger and poverty reduction, supports the health and well-being of people, and provides access to improved quality of life and quality education. Our economic efforts align with the SDGs, UNGC, and IFC frameworks, thus contributing to the attainment of Goals 1, 2,3,4,</p>	<p><b>Goal 1:</b> No Poverty</p> <p><b>Goal 2:</b> Zero Hunger</p> <p><b>Goal 3:</b> Good health and Well-being for People</p> <p><b>Goal 4:</b> Quality Education</p> <p><b>Goal 8:</b> Decent Work and Economic Growth</p>	<p><b>Principle 3:</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining</p> <p><b>Principle 5:</b> The effective abolition of child labour</p> <p><b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p><b>Performance Standard 2:</b> Labour and Working Conditions</p>
2	<p><b>Environmental Sustainability</b></p> <p>Our environmental sustainability initiatives have enabled us take actions to improve the Company's water and effluent management, biodiversity conservation, and energy efficiency, thereby reducing green house gas emissions.</p>	<p><b>Goal 7:</b> Affordable and Clean Energy</p> <p><b>Goal 9:</b> Industry, Innovation, and Infrastructure</p> <p><b>Goal 11:</b> Sustainable Cities and Communities</p> <p><b>Goal 12:</b> Climate Action</p> <p><b>Goal 15:</b> Life on Land</p>	<p><b>Principle 7:</b> Support a precautionary approach to environmental challenges</p> <p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility</p> <p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies</p>	<p><b>Performance Standard 1:</b> Assessment and Management of Environmental and Social Risks and Impacts</p> <p><b>Performance Standard 6:</b> Biodiversity Conservation and Sustainable Management of Living Natural Resources</p> <p><b>Performance Standard 4:</b> Community Health, Safety, and Security</p> <p><b>Performance Standard 3:</b> Resource Efficiency and Pollution Prevention</p>
3	<p><b>Community and Social Investment</b></p> <p>We focused our community support and social investment initiatives on providing educational support to elementary school children through our 'back-to-school initiative', and provision of community infrastructure such as potable water, health, sanitation facilities, and welfare support through the yearly distribution of food items.</p>	<p><b>Goal 1:</b> No Poverty</p> <p><b>Goal 2:</b> Zero Hunger</p> <p><b>Goal 3:</b> Good Health and Wellbeing</p> <p><b>Goal 4:</b> Quality Education</p> <p><b>Goal 10:</b> Reducing Inequality</p>	<p><b>Principle1:</b> Support and respect the protection of internationally proclaimed human rights</p>	<p><b>Performance Standard 4:</b> Community Health, Safety, and Security</p>

<p><b>4 People Empowerment</b></p> <p>We provided our people with diverse empowerment opportunities by sponsoring and facilitating several training programmes. This capacity-building boosts employee morale and confidence to deliver innovative business solutions. Our people empowerment initiative was extended to members of our host communities to enhance their capacity and adaptability to build a better life.</p>	<p><b>Goal 1:</b> No Poverty</p> <p><b>Goal 2:</b> Zero Hunger</p> <p><b>Goal 3:</b> Good health and Wellbeing</p> <p><b>Goal 4:</b> Quality Education</p> <p><b>Goal 5:</b> Gender Equality</p> <p><b>Goal 8:</b> Decent Work and Economic Growth</p> <p><b>Goal 10:</b> Reducing Inequality</p>	<p><b>Principle 2:</b> Businesses should make sure that they are not complicit in human rights abuse</p> <p><b>Principle 4:</b> The elimination of all forms of forced and compulsory labour</p> <p><b>Principle 5:</b> The effective abolition of child labour</p> <p><b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation</p>	<p><b>Performance Standard 2:</b> Labour and Working Conditions</p>
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**United Nations  
Global Compact**

**IFC** | International Finance Corporation  
WORLD BANK GROUP  
*Creating Markets, Creating Opportunities*

## Our Future Goals and Targets

We aim to always be the leader in our sector, and we have pledged to monitor and analyse our sustainable performance by setting ambitious goals with attendant targets. The table below highlights our approach.

**Table 5: Our Future Goals and Targets**

S/N	Sustainability Pillar	Key Focus Areas	Approaches	2018 Fiscal Year Achievements	2020 Fiscal Year Targets
1	Environmental Sustainability	Biodiversity Management Water Management Green House Gas Emission Reduction of Carbon Footprint	Reduce GHG emissions by improving operational efficiency  Reduce the impact of our operations on the environment by preventing gas leaks and promoting biodiversity conservation  Ensure maintenance of water treatment plant and educate employees on efficient water use	Reduced GHG emissions by 10%  No water-borne illness recorded amongst employees in core operational areas  Provided 5,000 tree seedlings to Lagos State Parks and Gardens Agency as part of our annual tree planting initiative	Identify and partner relevant organisations to adopt and upgrade a community garden/park
2	Community Investment	Education and empowerment Provision of social amenities and infrastructure Welfare Support	Engage and support the communities where we operate to understand and address their needs	Provided Back-to-School scholarships for 100 scholars  Scholarship grant to Oromeruezimgbu community in Rivers, as well as marine training to a member of the aforementioned community  Renovation of the lavatories at Dele Ajomale School Isolo, Lagos  Renovation of Olowogbowo Primary School  Provided welfare support in the form of distribution of food items to various communities	Provide scholarships to about 300 pupils in identified local communities  Provide infrastructure and refurbishment in select host communities as may be required
3	Product Quality and Innovation	Adoption of relevant technology to promote efficiency in production Quality, Safety, and Regulatory Compliance	Adopt technologies and expertise to enable the design and provision of products and services that meet client needs and benefit the society  Ensure our operations and products are compliant with international quality and safety standards	Zero penalties as a result of non-compliance with regulatory bodies  Zero fatalities and LTI  Achieved annual gas sales of about 612.7 MMSCM	Ensure zero penalties for non-compliance with regulatory bodies  Maintain zero fatalities and LTI  Increase gas sales to about 1,128 MMSCM per year

4	Employee Engagement and Relations	Employee Training and Development Communication and employee relations  Health and Safety Labour and Human Rights	Foster a continuous learning environment and encourage employees to develop and advance their careers at Axxela  Enhance employee interrelations through various communication channels and team bonding activities  Provide a safe and healthy workplace for our employees and foster a caring community in our working environment	All full-time and contract employees received regular performance reviews.  100% of employees received a post-training assessment to ascertain the effectiveness and relevance of training  Yearly HMO Sensitization session for employees  Full compliance rate to all labour and human rights laws, hence there was zero 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  Held our annual out of office Health and Safety Day	Ensure employees have at least 20 hours of relevant training for career advancement  Organise annual out-of-office health, safety and environment day for all employees  Conduct periodic HMO sensitisation for all employees
5	Sustainable Operating Practices	Procurement/ Supply Chain Management  Business Continuity  Climate Change	Supply chain management to ensure alignment with our code of conduct, and other social and environmental requirements  Availability of a Business Continuity Management System  Ensure our business strategies are flexible enough to respond to inevitable changes in the business environment, which factor in the long-term trajectory of climate change	Over 80% vendors, suppliers and business partners satisfied our engagement prerequisites and criteria  Pro-active management of Business Operations ensured trigger points were not activated  Expanded our operations to Togo	Ensure all our vendors are acquainted with our policies and Code of Business Conduct  Ensure all our vendors are screened using the GRI Standards' social and environmental criteria  Update the BCMS in line global best practices  Expand our operations to serve more countries across West Africa  Expand our Piped Natural Gas (PNG) footprint to other states in Nigeria  Develop innovative gas supply systems to sufficiently meet the needs of our ever-expanding client network  Adopting local and international codes and standards to significantly reduce our GHG emissions, electricity, and water consumption

# Compliance

At Axxela, our compliance system seeks to build trust and develop long-term beneficial relationships with our stakeholders, while attaining high standards of safety, quality, environmental and regulatory compliance. We understand that compliance with relevant laws and regulations is essential for business success. We have established checks and balances to ensure that we adhere to the highest standards of business ethics in all our activities and that we practice excellent corporate governance.

We are guided by our Code of Business Conduct and ethics which form the foundation of our internal governance and commitment to responsible business practices. Underpinned by our core values of professionalism, partnership, and excellence, we enforce organisation-wide conduct that helps protect against fraud, waste, and other potential liability areas and help build a strong reputation of excellence. We achieve this by promptly and effectively communicating expected conduct and practices to everyone who is a part of the Axxela team, such as behaving ethically and with integrity, complying with all laws and regulations, and respecting human rights.

## Code of Business Conduct

To enhance the Company's core values and beliefs and to promote a culture of compliance and best practices 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 training sessions and in-person meetings

**" We understand that compliance with relevant laws and regulations is essential for business success, we have established checks and balances to ensure that we adhere to the highest standards of business ethics in all our activities and that we practice excellent corporate governance. "**

and discussions to acquaint employees with the contents of the code of business conduct, and provide clarity on different parts of the code that require such. 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. We expect all directors and employees to understand and comply with the code, and we encourage them to review, understand, and be fully aware of the meaning and significance of the Code of Conduct and its application to our day-to-day activities.

To further provide guidance or assistance relating to issues bordering on compliance encountered in the course of implementing respective activities and functions, we ensure that the Company's Legal and Governance Team (comprising of the General Counsel & Company Secretary, the Legal & Governance Manager, Legal and Governance Supervisors and an Attorney), are fully accessible to employees and available to engage with daily.

## Ethics, Integrity, and Whistleblowing

As a responsible energy solutions company, we are strongly committed to high ethical standards and integrity. To demonstrate this commitment, we have established ethical and

responsible business principles and moral standards in our Code of business conduct, and continue to create awareness amongst our employees on the need to adhere to the principles contained in the Code.

Besides creating awareness for the importance of ethics and integrity amongst our employees, we have a whistleblowing policy that 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, with appropriate measures in place to address them before the company faces reputational damage or other forms of losses and damages for the company. All matters reported to the company via the whistleblowing platform are thoroughly investigated before decisive action is taken.

### **Fig 7: Whistleblowing Reporting Platforms**

<b>INTERNAL</b>	Direct report to the General Counsel and Company Secretary
<b>EXTERNAL</b>	Toll Free Lines : 0703-000-0026, 0708-060-1222 and 0705-889-0140 Email: kpmgethicslines@ng.kpmg.com

**For the reporting year 2018, there were no whistle blowing cases or recorded employee infractions. We will continue to adhere to the highest principles of corporate governance and constantly ensure that incidences of bribery and corruption, human rights violation, harassments, and discriminations of any kind are not found in our operations.**

#### **Due Diligence**

To better manage business risks and make informed decisions, we conduct due diligence of our prospective partners and suppliers to understand, gauge, and ascertain that such business dealings do not present any legal, financial or reputational risks for the company, seeing as ethical business conduct is key to our operations. We have a 'Know Your Customer' (KYC) Policy that guides and enables us to verify the identity and establishment of a prospective partner and assess them to ensure that they are not complicit in any unethical business practices such as money laundering, corruption, and funding of terrorism before entering into any contractual or business relationship. Through the KYC Policy, we periodically review the business practices of existing clients to ensure that they are also above board in their business conduct.

#### **Conflict of Interest**

We are fully aware that some of the effects of conflict of interest may lead to some forms of compromise that might result in loss of business opportunities and reputational damage amongst others. To prevent the occurrence of conflict of interest from affecting our operations, our Board has put in place a Related Parties Transactions Policy to ensure full compliance with all applicable laws and best practices 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 interest in the outcome of a particular activity differs from the interests of Axxela. It could

also be when a unit within Axxela favours its interest over another unit which is inconsistent with the best interest of the organisation. This may come in subtle forms like accepting and receiving gifts which could impair the objectivity of job function or selection process. Consequently, we have a gift policy where all gifts from third parties must be declared to the company, and assessed before decisions are taken on such gifts.

In accordance with the Related Parties Transaction Policy, all directors and employees of the Company have a duty to always act in the best interests of the Company, and to avoid situations that might affect their independence or 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**

At Axxela, we are guided by high ethical standards and do not support political giving and contributions. 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.

## Environmental and Social Performance

We recognise that our business has both positive and negative impacts on the environment and society. As a result, we are committed to conducting our business in a manner that reduces negative impact, while ensuring that we contribute to promoting sustainable development. To demonstrate our commitment to better manage our impact on water, land, climate, air quality, biodiversity, and the communities where we work and live and through which our facilities traverse, we have improved operational efficiency in our facilities and supported Lagos State Parks and Gardens (LASPARK) with 5,000 tree seedlings as part of our Tree Planting Initiative.



To broaden our contribution to sustainable development, we have made significant investments in our host communities and the society by providing community members with unique opportunities to enhance their skills and improve their livelihood through our social support and people empowerment initiatives.

### Emissions

Increasing the efficiency of our operations to drive emissions reduction and cost-saving is important to business sustainability for us at Axxela. The scope of our emissions disclosure only covers energy consumption within the organisation's operations (offices and facilities), while analysing

the GHG savings from all our clients using natural gas instead of other carbon-heavy fuels. The International System of Units (SI) – Conversion Factors for General Use (manual) was used.

Our performance is analysed yearly to see how we can improve continually throughout the organisation. We have begun tracking our data over a seven-year period to demonstrate trends over time as part of our commitment to transparency.

Our energy emissions and savings for 2018 are shown below.

**Table 6: GHG emissions within the organisation based on CO<sub>2</sub> emission in (Tonnes)**

S/N	GHG emissions within the organisation based on CO <sub>2</sub> emission in (Tonnes)	2018
<b>GHG emissions within the organisation based on CO<sub>2</sub> emission in (Tonnes)</b>		
1	Natural Gas	195
2	Diesel	712
3	Electricity Consumption	57.6
4	Petrol	53.6
<b>CO<sub>2</sub> emissions displacement/savings by conversion to natural gas at Axxela Clients (Tonnes)</b>		
5	CO <sub>2</sub> emissions Savings at client locations	Approx. 615.43

### Water and Effluents

We are aware that climate change is altering patterns of weather and water around the world, causing serious disruptions in water quality and availability. This is also partly due to the high consumption rate of water resulting from an increase in global population and the use by businesses. Although water is not a key resource in our business operations, we use water as a cooling agent for our generators. Water is also consumed by our employees and used for cleaning and hygiene purposes.

Water consumed by our employees is properly treated and is monitored periodically to ensure that it is safe for consumption and will have no negative impact on their health. The total volume of water consumed by Axxela employees in 2018 stands at 177,000 litres. Water treatment plants are installed in the plants requiring water for core operations. However, we do not reuse water, and there was no reported case of water-borne illness in 2018.

### Biodiversity

In our bid to improve the biodiversity of our operating locations, Axxela contributed 5,000 seedlings to the Lagos State Parks and Gardens in the maiden Lagos Tree Planting Initiative in affirmation of our commitment to environmental sustainability and biodiversity.

## Axxela's Employees

**" We support our employees through clear policies, training and development opportunities, health and wellbeing initiatives, and competitive reward programmes."**

We believe that our employees are our most important asset as they help us bring our goals and visions to fruition. As a result, we constantly ensure that we have an environment that favours idea generation and innovation so that our people may 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. We support our employees through clear policies, training and development opportunities, health and wellbeing initiatives, and competitive reward programmes.

To ensure workplace best practices, we ensure that our employees receive adequate training to enable them effectively implement our policies and practices, including but not limited to the Staff Handbook, Services Policy, Offenses and Sanctions Policy, Disciplinary Action Procedure, Axxela Code of Business, Conduct and Ethics, Axxela Gifts and Benefits Policy, Axxela Related Party Transactions Policy and Axxela Total Rewards Framework, amongst others.

### Employee Profile

In 2018, we had a total of 79 employees, comprising 59 full-time employees and 20 contract staff. Out of the total of 59 full-time employees, 43 were male while 16 were female. Also, out of a total of 20 contract staff, 14 were male while 6 were female.

The charts below represent this information.

**Fig 8: Employee Profile**



Full Time employees: 59

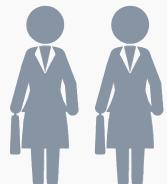


Contract staff: 20

**Fig 9: Full Time Employees**



Male: 43



Female: 16

**Fig 10: Contract Staff**



Male: 14



Female: 6

**Fig 11: Number of Employees Per Region**

Lagos



Permanent employees: 57



Contract staff: 18

Port Harcourt



Permanent employees: 1



Contract staff: 2

Abuja



Permanent employees: 1



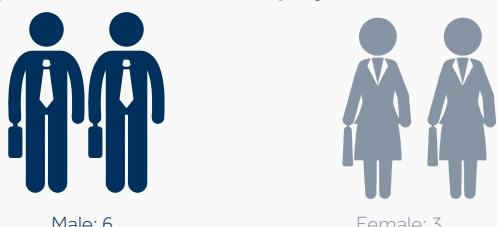
Contract staff: 0

## Employee Growth and Attrition

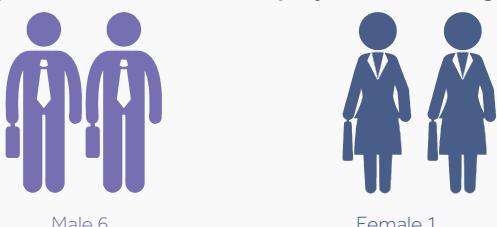
Axxela practices equitable working hours and a conducive environment for our employees.

For the reporting year, 2018, we hired a total of nine employees. The nine new employees comprise of six males and three females. Also, of the nine (9) new joiners, five (5) are under the age of 30, four (4) between 30-50 years of age. Seven employees exited, more than the previous year when five people left the organisation.

**Fig 12: Number of New Employees Hired**



**Fig 13: Number of New Employees Who Resigned**



## Training and Development

Our employees are our biggest assets, and investing in their development is vital to our business growth and success. We are committed to the training and skill enhancement of our employees to increase their knowledge and expertise, enabling them to maximise their potential and deliver optimally in their respective job functions.

We have a three-year view to training which is based on competency assessments and identified gaps. The outcome of our competency assessments enable us to understand the type and scope of training needed, and to develop training plans at the beginning of the year to suit each employee's training requirements. We offer all our employees the opportunity to learn precise skills to improve their performance, including job-specific training, on-the-job training, and coaching and mentoring. To ascertain the level of

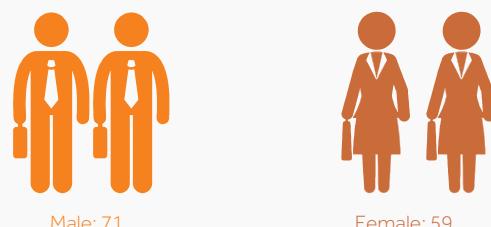
understanding and impact of training on our overall business objective, we conduct performance appraisal and line manager reviews.

Management provides a training budget at the beginning of each year, while Human Resource identifies the training needs of all employees from various departments and includes them in a comprehensive organisation-wide training plan. Once employees complete a training programme, they are required to fill an evaluation form to collect feedback from trainees, as well as assess if the training objective was achieved. In line with our commitment to employee development, all our employees benefitted from the organisation's training plan in 2018. Our average training hours by employee category and gender is indicated in the chart below.

**Fig 14: Average Training Hours Per Employee Category**



**Fig 15: Average Training Hours by Gender**



We conduct an annual gap analysis to identify competency gaps and schedule employee training based on identified gaps and employee career paths to enhance skills and competency.

**Fig 16: Employees Hired by Age Group**



**Fig 17: Employee Growth/Attrition Per Region**

Lagos



Number of new hires: 9



Employee turnover: 7

Port Harcourt



Number of new hires: 0



Employee turnover: 0

Abuja



Number of hires: 0



Employee turnover: 0

### Diversity and Inclusion

We value and promote diversity at Axxela by providing equal employment opportunities and adhering to the principles of equal opportunities with regards to our employees, irrespective of race, religion, ethnicities, sex, nationality, age, and ability. We encourage an inclusive working environment which we consider essential for fostering creativity and innovation. The culture allows for different points of view that enrich the working environment, increases performance and adds value to the Company. We try to ensure that all our employees feel valued and inspired and have the opportunity to be successful in their careers.

During our recruitment processes, we focus on engaging talented individuals who can seamlessly adapt to the company's culture of excellence and contribute to the growth and success of the company. The age and gender ratio of male and female per management and employees is indicated in the chart below.

**Fig 18: Employee Categorisation by Gender**

Male: 72%



Female: 28%

**Fig 19: Employee Categorisation by Age**

Under 30: 26%



30-50: 63%



Over 50: 11%

**Fig 20: Governance Categorisation by Gender**

Male: 86%



Female: 14%

**Fig 21: Governance Categorisation by Age**

Under 30: 0%



30-50: 43%



Over 50: 57%

## Labour and Human Rights

Ensuring fair labour practices and respecting human rights help us sustain our social license to operate, build brand reputation as a good corporate citizen, and to have a healthy bottom line. We respect the rights of all our employees, partners, suppliers, and indigenous people, as required by international human rights best practice and due diligence. This enables us to respect and promote human rights, but also ensures that we are not complicit in human rights abuse. Based on our stance and commitment to human rights, there were no reported cases of human rights violations in our workplace in 2018.

## Employee Remuneration and Benefits

Having a well-designed compensation plan that ensures equity is important to us at Axxela. We employ best practice by ensuring non-discriminatory and fair remuneration, compensation, and benefits for all our employees. Our HR Policy guides remuneration and benefits applicable to all employees and is based on employee grade level and category.

**Table 7: Employee Benefits**

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

## Health and Safety in our Workplace

Across our enterprise, safety is key. We operate in a manner that helps protect our employees, contractors, clients, and host communities. We use an approach that includes identifying possible risks, implementing measures to prevent potential incidents, and educating employees and contractors about unsafe behaviours. Our operational 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 to achieve our goal of zero workplace injuries and illnesses. This resulted in Axxela achieving Zero LTI for the reporting year. As over half of our man-hours are realised from contractors, we ensure our safety principles are inculcated in their procedures.

## Emergency Preparedness

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

## Worksite Health and Wellness

The success of our operations depends on a healthy and competent workforce. Our health policy communicates corporate expectations for identifying and managing health risks related to our operations. Our workplace health programs are specifically designed to consider local health care systems and health needs. Improvements in worker health increase the quality of life and employee productivity.

Below are the statistics of our social performance for the reporting year.

**Table 8: HSE Statistics**

S/N		2018
1	Fatalities — employees	0
2	Fatalities — contractors	0
3	Fatal accident rate — total workforce (per 1,000,000 work hours)	0
4	Lost-time incident rate — employees (per 500,000 work hours)	0
5	Lost-time incident rate — contractors (per 500,000 work hours)	0
6	Restricted workday case — employees (per 500,000 work hours)	0
7	Total recordable case frequency — contractors (per 500,000 work hours)	0
8	Total recordable case frequency — employees (per 500,000 work hours)	0
9	First Aid case	0
10	Average noise levels — dBA (GNL Facility)	58
11	Average noise levels — dBA (GNSL Facility)	70
12	Water borne illness recorded	0
13	Gas leaks resulting from 3rd Party Damage & Vandalism	2





## Supply Chain Stewardship

Throughout our value chain, we promote sustainable supply chain management, as it has become a necessity for businesses to save costs, reduce carbon footprint, protect against reputational damage, and ensure the availability of innovative products and services.

We recognise that our supply chain plays a key role in our commitment to being a responsible business. We have put in place a sustainable supply chain management process and collaborate closely with our suppliers (construction, engineering, contractors, distributors, consultants, hospitality and financial services, industries) to ensure that they understand our commitment to sustainable supply chain management practice. We continually assess our suppliers to ensure that they adhere to our core values, adapt to concerns and trends that relate to our business, and hold them accountable for unsustainable supply chain practices.

To ensure that our products meet global standards, we adhere to pre-qualification criteria when engaging vendors and contractors for projects and services, while our Procurement Policy Manual ensures that we adopt responsible procurement practices when purchasing goods and services.

**"We have put in place a sustainable supply chain management process and work closely with our suppliers — construction, engineering, contractors, distributors, consultants, hospitality and financial services industries, etc. — to ensure that they understand our commitment to sustainable supply chain management practice."**

## Managing Procurement Processes for Engineering and Construction

To ensure responsible procurement practices for engineering and construction vendors, we have established prequalification processes using standard criteria and techniques for our vendors from our construction and engineering supply chains. We conduct site visits to rigorously examine the sites of construction vendors, and financial viability assessment for vendors with projects that require substantial financial transactions and disbursements. Only vendors that meet our established selection criteria are registered.

### Assessment of Vendors Based on Social and Environmental Criteria

We are aware that supplier selection plays an important role in sustainable supply chain management. Therefore, we consider social and environmental criteria when conducting assessments for all our vendors. To achieve set

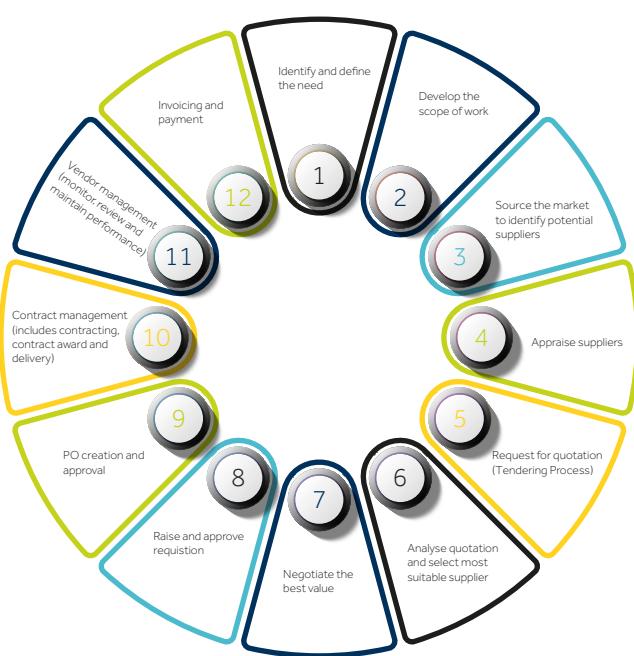
objectives and guided by our social and environmental criteria, we designed questionnaires that seek to address issues such as human capital management, including immigration and national asylum act, anti-bribery and corruption, freedom of information and employment tribunal, as part of our social assessment criteria; while our environmental management system standard, ISO 14001:2015 certification, is used to manage our environmental aspects, fulfill compliance obligations, conduct environmental assessment for vendors, and address environmental risks and opportunities.

In 2018, we transitioned our Occupational Health and Safety Management System (OHSAS 18001:2007 to ISO 45001:2018. This system specifies requirements to enable us and our contractors to control risks and improve organisational health and safety performance.

### Procure-to-Pay Cycle

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

**Fig 22: Procure -to-Pay Cycle**



### Identification of Vendors

Vendors are identified and selected based on the sourcing strategy adopted — single source, tender, prequalification for construction contractors. Selection criteria include written communication, tender evaluation, and scoring, etc.

All vendors, however, go through a due diligence process to certify vendor's compliance before vendor registration and subsequent engagement. For the reporting year, Axxela had over 100 vendors of different categories delivering services to the organisation. These categories include but are not limited to consultancies, engineering contractors, CSR, dealers, educational institutions, financial service providers, general service providers, hospitality, IT and communications, legal services, media & advertising, medical/healthcare, professional body/association, shipping agent, surveyor, tax authority, and transporters.

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

## Our Community Impact

Building harmonious and mutually beneficial relationships with our communities is vital to us as a responsible business entity. Our relationships with our communities are essential for our long term success. We are constantly aware of the importance of the socio-economic development of the communities where we operate and where our operations and assets traverse.

To help make a difference in the communities where we operate and to genuinely understand community interests, concerns, and priorities, we engage community stakeholders transparently and inclusively. We play an active role in building healthy, vibrant, and prosperous communities and work with community members to generate solutions and take collective actions to address prevalent problems.

To demonstrate our commitment to foster a healthy and thriving community, we embarked on various educational projects, such as the award of scholarships to 100 school children, donation of funds, infrastructural support, and people empowerment.

### 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 selected candidates in a designated maritime school

Through our Gaslink subsidiary, we awarded scholarships to 100 primary school pupils via our 'back-to-school project'.

### Infrastructure Support

Supporting community infrastructural development definitely improves the lives of community members and ensures high-quality outcomes for them. Additionally, it creates a platform for a mutually beneficial relationship, secures community support, and offers us a

unique opportunity for future business growth. In 2018, our GNL subsidiary supported communities by providing the following infrastructure support infrastructure for one of our host communities:

- Renovation of lavatories at Dele Ajomale
- Renovation of Olowogbowo Primary School



### People Empowerment

We are aware that people empowerment is essential for building confident, stronger, and more independent people and communities, and has been identified as a key means to achieve the Sustainable Development Goals. On that account, and after due engagements with our host communities, we reached an agreement to train community members in skills that can offer them employment opportunities in the oil and gas sectors, preferably offshore. Based on this understanding, our people empowerment initiative focuses on sponsoring select community members on marine training, which was why one community member was sponsored for marine training in 2018.

## Renovation of Olowogbowo Primary School



School Before Renovation



School After Renovation



Sick Bay Before Renovation



Sick Bay After Renovation

## Our Community Impact



The Axxela Community team with teachers of Olowogbowo Primary School



The Axxela Community team with Students and Teachers of Olowogbowo Primary School



## 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, 2018 (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 2018 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 2018 Sustainability Report)</i>	Criteria	Page Number
Corporate Governance	We are guided by our Code of Business Conduct and ethics which form the foundation of our internal governance and commitment to responsible business practices.	GRI 102-16	26
	We have a whistleblowing policy that 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.	GRI 102-17	26
	We have a Charitable Donations Policy which sets out the guidelines upon which any member of the Group may make charitable donations.	GRI 102-17	27
	Zero penalties as a result of non-compliance with regulatory bodies.	GRI 102-17	24
Labour Management	In 2018, we had a total of 79 employees, comprising 59 full-time employees and 20 contract employees.	GRI 102-8 GRI 401-2	30
	Out of the total of 59 full-time employees, 43 were male while 16 were female. Also, out of a total of 20 contract employees, 14 were male while 6 were female.	GRI 102-8 GRI 401-3	30

# Deloitte.

Indicators	Selected Sustainability Information (as documented in the 2018 Sustainability Report)	Criteria	Page Number
<b>Labour Management</b>	For the reporting year, 2018, we hired a total of nine (9) employees. The nine new employees comprise of six males and three females.	GRI 401-1	31
	Seven staff exited, more than the previous year when five people left the organisation.	GRI 401-1	31
	All full-time and contract employees received regular performance reviews.	GRI 404-3	25
	Average training hours per employee category.	GRI 404-1	31
	Average training hours by gender.	GRI 404-1	31
	Employee categorisation by gender and age.	GRI 405-1	32
<b>Local Community Support</b>	Governance categorisation by gender and age.	GRI 405-1	32
	Our focus is to advance education at the basic level through the award of scholarships to primary school children, and infrastructural support for our host communities.	GRI 202-1 GRI 413-1	21
	In GNL, we awarded scholarships to 100 primary school pupils through our 'back to school project'.	GRI 202-1 GRI 413-1	37
	Renovation of lavatory at Dele Ajomale School Isolo Lagos communities.	GRI 202-1 GRI 413-1	24
<b>Environmental Management</b>	One community member was sponsored for marine training in 2018.	GRI 202-1 GRI 413-1	37
	We have the environmental management system ISO 14001:2015 certification.	GRI 304-1	36
	We supported Lagos State Parks and Gardens (LASPARK) with 5,000 tree seedlings as part of our Tree Planting Initiative.	GRI 304-3	24
<b>Emission</b>	GHG emissions within the organisation based on CO2 emission in (Tonnes): Natural Gas 195; Diesel 712; Electricity Consumption 57.6; Petrol 53.6 tCO2e.	GRI 305-5	29
<b>Occupational Health and Safety</b>	In 2018, we transitioned our Occupational Health and Safety Management System (OHSAS) from ISO 18001:2007 to ISO 45001:2018.	GRI 403-1	36
	Zero fatalities and LTI.	GRI 403-9	24
<b>Sustainable Supply Chain</b>	We consider social and environmental criteria when conduction assessments for all our vendors.	GRI 308-1	36
	Over 80% vendors, suppliers and business partners satisfied our engagement prerequisites and criteria.	GRI 414-1	25
<b>Local and International Affiliations</b>	In our 2017 report, we detailed our relationship with the Nigerian Gas Association ("NGA"), a member of the International Gas Association (IGU), and the professional body responsible for the advocacy of the interests of the Nigerian gas industry.	GRI 102-13	10
<b>Economic</b>	Achieved Global Credit Rating of Bbb+ (NG) with a stable outlook and A2 in the long term and short term, respectively.		02

## 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 (UNGC) 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 2018, 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

<b>GRI Standard Number</b>	<b>GRI Standard Title</b>	<b>Disclosure Number</b>	<b>Disclosure Title</b> Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	<b>Section Topic</b>	<b>Section /Page</b>
GRI 102	General Disclosures	102-14	Statement from Senior Decision-Maker	A Message from Our CEO	04
GRI 102	General Disclosures	102-1	Name of the Organisation	Our Business	07
GRI 102	General Disclosures	102-2	Activities, Brands, Products, and Services	Our Business	07
GRI 102	General Disclosures	102-3	Location of Headquarters	Our Business	07
GRI 102	General Disclosures	102-4	Location of Operations	Our Business	07
GRI 102	General Disclosures	102-5	Ownership and Legal Form	Our Business	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	Our Business	07
GRI 102	General Disclosures	102-8	Information on Employees and Other Workers	Our Business	07
				Employee Profile	30
GRI 102	General Disclosure	102-12	External Initiatives	Mainstreaming Our Impact with Global Sustainability Frameworks	21
GRI 102	General Disclosures	102-13	Membership of Associations	Industry Membership	10
GRI 102	General Disclosures	102-16	Values, Principles, Standards, and Norms of Behaviour	Compliance	26
				Code of Business Conduct	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 the Axxela 2018 Sustainability Report	03
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GRI 103	Management Approach	103-1	Explanation of the Material Topic and its Boundary	Material Issues at Axxela	19
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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		
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## List of Abbreviations

BoD	Board of Directors
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	Green House Gas
GNL	Gaslink Nigeria Limited
GNSL	Gas Network Services Limited
GSPA	Gas Sales and Purchase Agreement
GTA	Gas Transportation Agreement
HIP	Helios Investment Partners
HMO	Health Maintenance Organisation
HR	Human Resource
IT	Information Technology
KM	Kilometre
KYC	Know Your Customer
LTI	Lost Time Injury
MD	Managing Director
MMSCFD	Million Metric Standard Cubic Feet Per Day
*MMSCM	Million Metric Standard Cubic Meter
MoU	Memorandum of Understanding
MW	Megawatts
NB	Nigerian Breweries Plc
NGA	Nigerian Gas Association
NGMC	Nigeria Gas Marketing Company
OHS	Occupational Health and Safety
PH	Port Harcourt
PNG	Pipeline Natural Gas
RM	Risk Management
ROI	Return on Investment
SCFD	Standard Cubic Feet Per Day
SDGs	Sustainable Development Goals
SEC	Securities and Exchange Commission
SSA	Sub-Saharan Africa
WAGP	West African Gas Pipeline
WGC	World Gas Conference

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

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## Contact us

We welcome stakeholder enquiries and feedback for clarification and improvement. Please direct your feedback or enquiry to:

**Emmanuel Uche Okpala**  
EHSQ Manager

**The Wings Office Complex**  
**8th Floor, East Wing**  
**17A Ozumba Mbadiwe Avenue**  
**Victoria Island, Lagos**

⌚ [uokpala@axxelagroup.com](mailto:uokpala@axxelagroup.com)  
✉ [234-1-2700-035](tel:234-1-2700-035)  
🌐 <https://axxelagroup.com/sustainability/>

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**Kevin Johnson-Azuara**  
Corporate Communications Lead

**The Wings Office Complex**  
**8th Floor, East Wing**  
**17A Ozumba Mbadiwe Avenue**  
**Victoria Island, Lagos**

⌚ [kjohnson-azuara@axxelagroup.com](mailto:kjohnson-azuara@axxelagroup.com)  
✉ [234-1-2700-035](tel:234-1-2700-035)  
🌐 <https://axxelagroup.com/sustainability/>



**[www.axxelagroup.com](http://www.axxelagroup.com)**

