

Oando PLC

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Looking to the future

Sustainability Report **2013**



www.oandopl.com

Sustainability

Oando PLC is the largest **integrated energy solutions** group in sub-Saharan Africa with a primary and secondary listing on the Nigerian Stock Exchange and JSE Limited respectively.



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Vision statement

To be the premier company driven by excellence

Mission statement

To be the leading integrated energy solutions provider



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Our approach

Introduction

This is our second sustainability report. It explains the Company's economic, social and environmental strategies and highlights our performance in the reporting year January 1 to December 31, 2013. It reports the activities of Oando PLC and the divisions over which the Company has management control:

- Exploration and Production
- Energy Services
- Gas and Power
- Marketing
- Supply and Trading
- Terminals and Logistics

This report concentrates primarily on our operations in Nigeria, although we highlight aspects of our strategic plans that affect our operations at locations outside Nigeria, where applicable.

Our report is aimed at our stakeholders and it focuses on material issues, developments and concerns that have emerged during the year under review. We consider an issue material where it has the potential to negatively impact our business leadership position, commercial viability and social relevance to the communities and people we work with. At Oando, we are mindful of the impact of our activities on our various stakeholders and on the environment. We work at identifying, understanding and proactively managing this impact in a responsible manner. In making business decisions that push forward our corporate strategy and objectives, we consider the three dimensions of sustainability – people, planet and profit.

Identifying material issues

Each year our operating entities hold numerous stakeholder engagement activities which help us identify issues of concern. Issues identified within the current period or during previous years are reviewed by management who monitor our progress on corrective actions aimed at addressing such issues. We also ensure that feedback from stakeholders are incorporated into our overarching sustainability strategy.

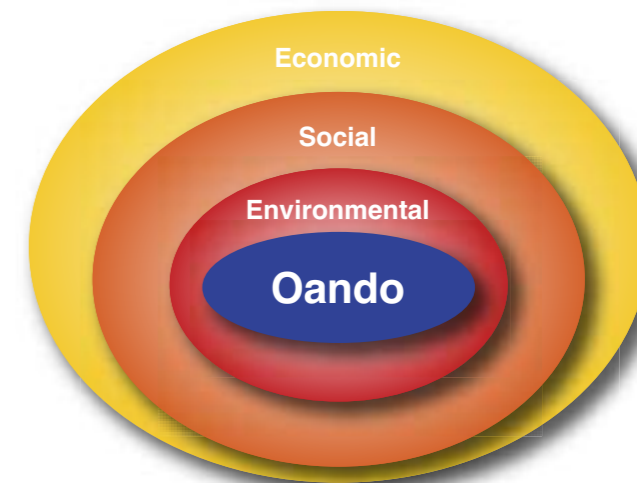
As part of our sustainability process, senior leadership within the Company are interviewed to determine their perspective on sustainability as a concept and how they have incorporated sustainability principles into their respective businesses and operations. This ensures that sustainability is considered at every level of management and also helps the Company identify key training opportunities for employees. Each of these activities have helped us define our priority material issues and the appropriate content for this report.

Three Spheres in Sustainability



We are mindful of the impact of our activities on our various stakeholders and on the environment. We work at identifying, understanding and proactively managing these impacts in a responsible manner.

The Triple-Bottom Line



Our Material Issues in 2013

- Creating value
- Building partnerships
- Access to technology
- Investing in our people
- Workforce wellness
- Building our communities
- Promoting ethical conduct
- Protecting the environment
- Water and air
- Waste management

Our material issues

During the year, senior management collated and analysed the results of regular engagement with key stakeholders. Our material issues for 2013 were identified from these consultative interactions and collaborative activities as listed below.

These issues have been organised under the triple bottom line criteria for assessing organisational performance: economic, social, environment which have been addressed within this report.

This process offers us the opportunity to improve on the Company's services and reputation as we continuously develop the appropriate strategies to navigate the social and political challenges present in our environment. We have further expatiated each of these material issues within this report. Looking to the future, we intend to

develop even more robust approaches to better understand stakeholder concerns and material sustainability issues. There will be a review of our stakeholder engagement processes and systems in 2014 looking at various options that enable stakeholders contribute directly towards our sustainable development and provide an opportunity to get an external perspective on our Sustainability strategy.

We aim to develop a Sustainability Panel comprising senior management, independent experts and advisors who will review the results from stakeholder engagement activities, monitor the Company's performance in relation to material issues identified, advise on risks and opportunities and make recommendations to the Oando PLC Board for amendments to the overall sustainability strategy of the Group.

Our approach



Economic

Creating value

It is essential that we create value for our various stakeholders and in particular for investors, who are entitled to a good return on their investment. We also balance the competing priorities of other key stakeholders to ensure that all interests are catered for.

(pages 40 - 47)

Building partnerships

We aim to further develop strong relationships and partnerships with communities, governments, our business peers and other stakeholders so that we can understand our respective needs better and identify, develop and deploy mutually beneficial solutions. We also have a leadership role to play in promoting positive developments within the industry.

Access to technology

Technology can improve performance and efficiency, minimise the environmental impact of our activities, and provide new business opportunities. Therefore we continuously seek to research and invest in technology that is easily available and affordable which will create tangible benefits to all our stakeholders.

(page 74)



Social

Investing in our people

Our people are an important company asset and stakeholder group. We aim to continually ensure their wellness, reward them for their loyalty and service, and compensate them for work done well. We will not ignore the need to focus on appropriate training and professional development. Our succession planning strategy should enhance sustainable organizational development and business continuity.

Workforce wellness

Healthy employees tend to be happier and more productive employees. Therefore a safe and healthy workplace is a good investment for the long term growth of the Company. Workforce wellness programmes are an essential aspect of our workforce development strategy.

Building our communities

Our host communities are key stakeholders and partners in our business. Community acceptance has a major impact on the success of our operations therefore we look for mutually beneficial relationships for site locations and ensure we make a lasting investment in the education, training and development of the community and its infrastructure.

Promoting ethical conduct

Sustainable success requires high ethical standards, zero tolerance for corruption and a commitment to acting with integrity, fairness and transparency. We shall continue to develop and implement appropriate systems and business practices for employees and business partners with an annual review of ethical conduct-related issues.



Environmental

Protecting the environment

Many of our activities even when managed in a responsible manner can have an adverse impact on the environment. We continually seek new ways by which we can continue to service the energy needs of modern society while protecting the environment that these resources are derived from.

Water and air quality

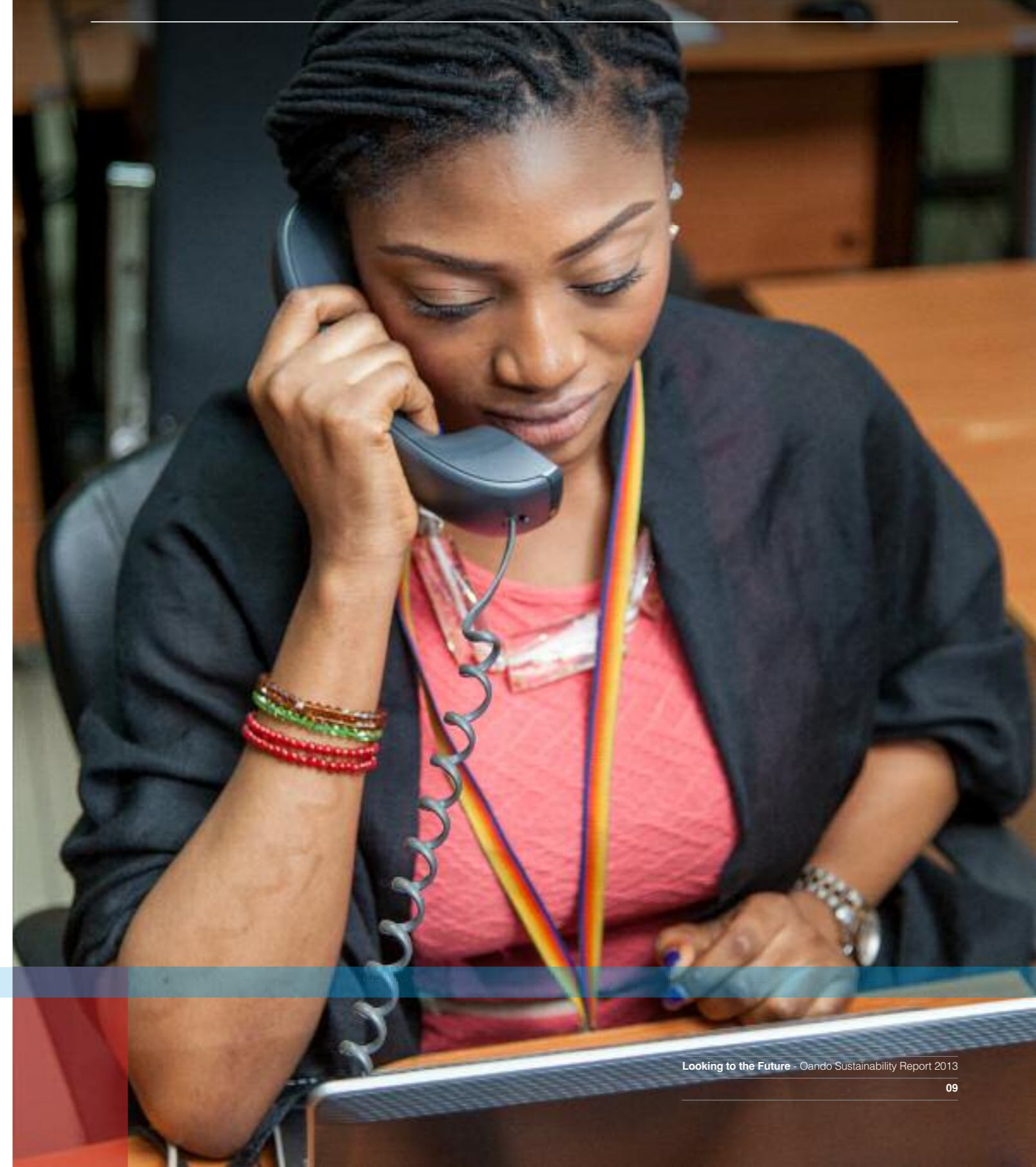
Water is a natural resource and an important one for our business. As a regulated business we are subject to standards in relation to water conservation and air pollution limits. Therefore we need to maintain efficient systems that reduce any negative impact of our operations on these precious resources.

Waste management

Our operations generate a significant amount of waste. We need to effectively manage this to prevent harm to the environment, and to the health of people and animals. We currently achieve this through the operation of the 4Rs waste management technique – reduce, reuse, recycle and recover.

(page 54)

Our people are an important company asset and stakeholder group. We continually review how best to ensure their wellness, reward them for loyalty and service, and compensate them for work done well.



Our sustainability strategy



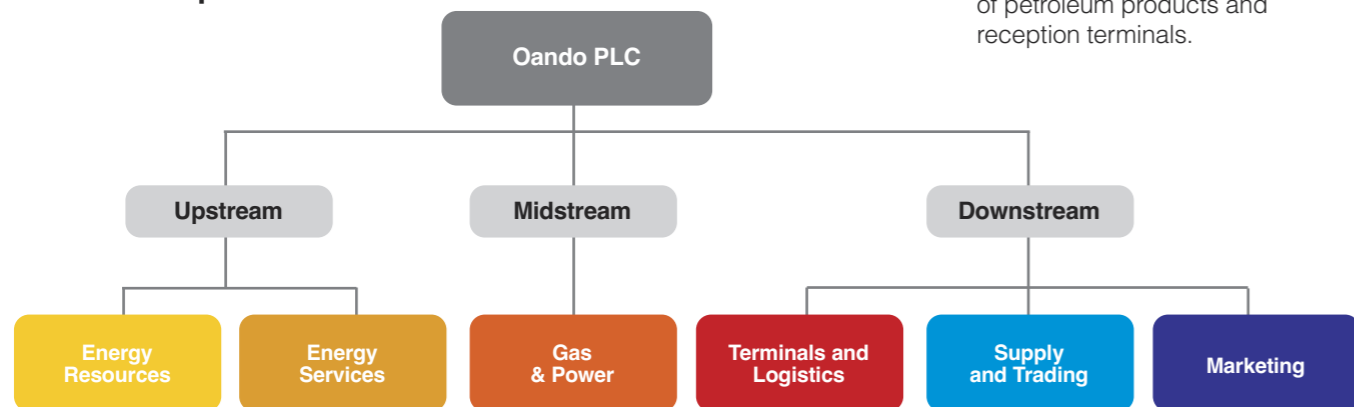
Oando PLC at a glance

Oando is the leading integrated energy solutions provider in sub-Saharan Africa with a primary listing on the Nigerian Stock Exchange, a secondary listing on the JSE Limited, South Africa and a subsidiary listing of its exploration and production business – Oando Energy Resources – on the Toronto Stock Exchange. Our vision is to be the premier company driven by excellence and our mission is to be the leading integrated energy solutions provider.

Our operations are currently focused on sub-Saharan Africa and include upstream, midstream and downstream activities from exploration and production through gas and power distribution to marketing and supply of gas, crude and petroleum products. The Oando business is organised into six divisions – Exploration and Production, Energy Services, Gas and Power and Marketing Supply & Trading and Terminals & Logistics.

- **Exploration & Production:** Oando's exploration and production division has a portfolio of assets at different stages of exploration, development and production.
- **Energy Services:** Oando provides oilfield and drilling rig services to major upstream companies operating in Nigeria and operates the largest swamp rig fleet in the Niger Delta.
- **Gas & Power:** Oando is a developer of Nigeria's natural gas distribution network and captive power solutions. We pioneered the construction of a private sector pipeline network facilitating the distribution of natural gas to industrial and commercial consumers.
- **Marketing:** Oando is Nigeria's leading retailer of petroleum products and has a vast distribution network of over 470 retail service stations. We are also involved in the large scale export and import of petroleum products and crude oil throughout Africa, Europe, Asia and the Americas and we manage the development of petroleum products and reception terminals.

Oando Group Structure



We aim to evolve and transform ourselves into an organisation that continually creates pioneering business opportunities that deliver sustainable economic and social developments and brings increased investment into Africa.

- **Supply & Trading:** Oando Supply and Trading is Africa's largest independent and privately owned oil trading company involved in the large scale export and import of petroleum products and crude oil throughout Africa, Europe, Asia and the Americas.
- **Terminals & Logistics:** Oando Terminals & Logistics, a subsidiary of the Oando Group manages the development of petroleum products reception terminals.

Our strategy

Our sustainability strategy is to become the trusted investment vehicle, employer and partner of choice within the energy industry. We want our performance, our people and our partnerships to be our most outstanding assets. To achieve this we aim to evolve and transform ourselves into an organisation that continually creates pioneering business opportunities that delivers sustainable economic and social developments and brings increased investment into Africa. We want to continue to be the foremost indigenous energy company and build a strong and sustainable brand that will grow over several generations.

At Oando, sustainability is embedded throughout our corporate strategy and we have developed appropriate goals and initiatives to push forward our strategic objectives which are regularly reviewed. In 2013, there was a major review of the strategic direction of the Group and of each operating entity which culminated in a two-day strategy session of the Oando PLC Board of Directors in December 2013. Our sustainability objectives have been updated to align them with our refined corporate strategy.

We recognise that setting appropriate objectives, having clear key performance indicators and being adaptable to changing socio-economic conditions are key to addressing the complex global energy challenges faced today by our world. With economic and technological advances currently occurring at such a fast pace, yesterday's solutions may no longer be efficient or viable options today and could well be catastrophic for our tomorrow if they remain our standard of excellence. We press forward to not only embrace but to define the challenges and opportunities of the future as we endeavour to implement our clear strategies and achieve our aspirations.

The Three Dimensions of Sustainability



People → Planet → Profit

Our sustainability strategy

Our Short/Medium-term goals

- Creating value through inspirational leadership
- Creating value through strategic partnerships

Short/medium-term goals (2013-2018)

We have established a five-year programme which will run from 2013-2018 to implement our strategic objectives of creating value through inspirational leadership and strategic partnerships. These goals have been agreed by senior management and communicated to employees in order to develop and embed the required organisational objectives and development plans that advance the realisation of our overall corporate sustainability mission and vision.

Creating value through inspirational leadership

- We continue to invest in our people, ensuring that we attract, recruit and retain top talent, that we develop our employees, business partners and people who work on our behalf to deliver on our promises
- We aim to ensure that the right people are placed in the right roles and that an effective succession plan is operational within the business, especially in relation to key roles.
- We aim to ensure that we operate safely, responsibly and in an ethical manner, treating people with dignity and respect and promoting inclusiveness and individuality.

Creating value through strategic partnerships

- We aim to find mutually beneficial relationships with business partners, governments, communities and other stakeholders that will lead to superior returns and improve the company's goodwill and reputation.
- We aim to create partnerships with external organisations and other interested parties for the promotion of education and youth employment in the areas of science, technology, engineering and mathematics ("STEM") education with the goal of generating better skills within the industry and improving the livelihood of people within our communities.
- We aim to partner with intergovernmental bodies that promote ethical conduct, human rights, business integrity, economic cooperation, fair competition and environmental conservation

Our Long Term Goals (2018-2028 and beyond)

We have a long term perspective of our future as competitive, innovative and value-driven commercial enterprise. We will continue to develop our strong leadership platform as the leading indigenous energy solutions provider.

- We aim to be at the forefront of a fundamental change in the energy sector in Nigeria and in other sub-Saharan locations. Our participation in the energy debate is on-going as we continue to engage with governments and other leaders to serve the future of the energy industry for future generations.
- Feedback from stakeholders on concerns and opportunities will be central to our progress in this area, and we are best poised through our understanding of the local and regional context and through our engagement strategy to realize this.
- Our disciplined approach to capital structure and valuation in the exploitation of new opportunities and the operation of our existing business will provide a solid foundation for sustainable growth.

Our participation in the energy debate is on-going as we continue to engage with governments and other leaders on the future of the energy industry.

Reporting framework

Our report falls under the GRI application level C, which requires us to self-declare on at least ten GRI performance indicators across the economic, social and environment categories.

GRI 3.1 Guidelines

The Global Reporting Initiative ("GRI") is a non-profit organisation that produces one of the most widely used standards for sustainability reporting around the world and seeks to make such reporting as routine as financial reporting. We have prepared this report in accordance with the GRI G3.1 Guidelines which include guidance on defining report content and technical protocol for applying the report content principles.

Our report falls under the GRI application level C, which requires us to self-declare on at least ten GRI performance indicators across the economic, social and environment categories. We also align our commitments and reporting with the ten principles of the United Nations Global Compact.

This report should be read in conjunction with the Oando PLC 2013 Annual Report and Accounts ("2013 Annual Report"). We have provided an index on page 90 showing how and where we addressed GRI disclosures within this report and within the 2013 Annual Report. However we have

structured our report around our strategic objectives and the material issues that have emerged from our stakeholder engagement activities as this approach allows us to focus on what we wish to achieve as an organisation. The 2013 annual report is available on the company's website - [www.oandopl.com \(http://www.oandopl.com/wp-content/uploads/oando-plc-2013-annual-report.pdf\)](http://www.oandopl.com/wp-content/uploads/oando-plc-2013-annual-report.pdf)

GRI 4 Guidelines

In May 2013, the GRI published the latest version of its guidelines, G4. However the GRI will continue to recognise reports based on G3.1 Guidelines for two reporting cycles and any reports published after December 31, 2015 should be prepared in accordance with the G4 Guidelines. This gives companies like Oando, who already report on sustainability, sufficient time to transition to the new provisions. We are currently reviewing the changes to standard disclosures under G3.1 with the intention of applying the new guidelines from our 2014 sustainability report.

Chairman's Statement



HRM Oba M. A. Gbadebo CFR
Chairman

I am pleased to present Oando's 2013 Sustainability Report. This is our second year of reporting and as we continue to grow as a business, embedding sustainability into our business practices remains a priority, from the conceptualisation of our products and services, to their delivery and to the development of the communities in which we operate. This year, Oando was honoured with the 2013 Africa Oil and Gas Corporate Social Responsibility Initiative Award in recognition of our sustainability endeavours in improving the learning environment of public schools within the Federal Republic of Nigeria.

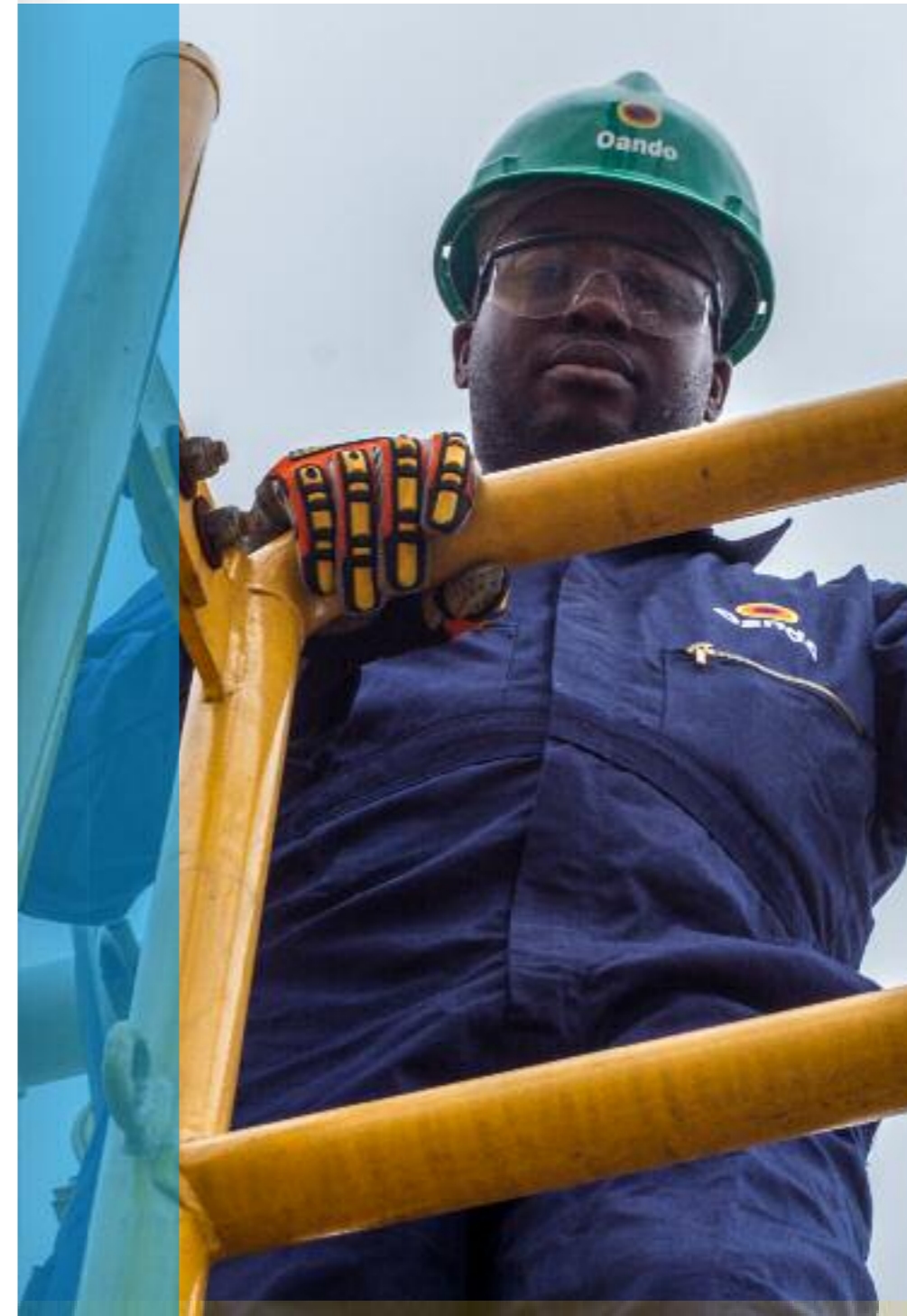
2013 was a year of re-evaluation for the Group. Changing global and national trends necessitated a major review of the Company's strategic plans, an analysis of internal and external changes and an evaluation of the performance of each operating entity. Our sustainability strategy is to become the trusted investment vehicle, employer and strategic partner of choice. We have set ourselves the objectives of creating value through inspirational leadership and strategic partnerships to ensure that we realise this strategy. The Board will continue to monitor our performance against targets over the next few years to ensure that we remain adaptable and innovative.

Some highlights of the year

Our business continued to perform well against targets achieving operational efficiency of over 90% at our three operating rigs during the reporting period. We completed several oil mining lease (OML) capital projects including the work-over of the Abo 9 well that started in 2012. Our downstream operations delivered positive financial results with a turnover of over N221 billion. Our aviation turbine kerosene (ATK) sales grew by over 40% largely assisted by our business expansion into Ghana. In our gas distribution business, we successfully commissioned our second independent power plant (IPP) that commenced operations in September 2013 and provides electric power to the Lagos State Government Secretariat and other government facilities in the Alausa area of Lagos State.

In relation to our people, we have maintained a good safety record with zero lost time injury recorded at each rig for 2013. We invested immensely in employee training programmes and ran various wellness initiatives, such as, free health check screenings during our EHSSSQ week in July. In addition to welcoming applications for publicised vacancies, we run targeted recruitment programmes like our two year graduate training programme and our active recruitment of Nigerians in the diaspora to bring new skills and innovation into the industry and back to Nigeria. We have succeeded in maintaining a voluntary attrition rate of 8% across the Group and we continue to work towards ensuring that key knowledge is retained within the business through effective succession planning and leadership development programmes.

“Our sustainability strategy is to become the trusted investment vehicle, employer and strategic partner of choice.”



Areas of development

We recognise that there is still much to be done to achieve our long term goals and reach our full potential. In 2013, there were ongoing security challenges at some of our operations, crude oil theft, sabotage and disruptions to our gas supply to clients as a result of pipeline vandalism. There are also political and regulatory constraints that affect our operations and our ability to conduct our business in the most efficient manner. We have increased security at many of our operations and in some cases developed alternative routes for the evacuation of our crude oil. We have also put in place mitigants to manage our social and political exposure. Our priority is to protect the safety of our assets including our employees and thus secure our financial sustainability.

We continue to develop mutually beneficial relationships that strengthen our market position, give us access to innovation and technology, and promote business growth. We want to share risks and costs, create value, meet the expectations of our stakeholders and stay in business. Our strategic objectives will fortify Oando's position as a key energy market participant and long term contributor to the development of the industry. We hope to show you in this report that we are making progress against our targets and thank you all for continuing on this journey with us.

HRM Oba M. A. Gbadebo CFR
Chairman

Group Chief Executive's Statement



Mr J.A. Tinubu
Group Chief Executive

As the largest integrated energy solutions group in sub-Saharan Africa it is our responsibility to develop a business model that protects our future and sustains our economic, social and environmental viability. We need to continue to deliver returns to our investors, provide employment opportunities and partner with stakeholders and others that share our vision in mutually beneficial relationships. These factors are critical to our business. At Oando, sustainability is not incidental to the way we do business, it is fundamental to it.

Our approach to sustainability includes adherence to the principles and policies of national and international initiatives that promote ethical conduct and integrity. This is rooted in our vision and mission statements. I take this opportunity to reiterate our commitment to the ten principles of the United Nations Global Compact (UNGC) and the values of the Convention on Business Integrity (CBI).

“At Oando, sustainability is not incidental to the way we do business, it is fundamental to it.”



Our approach to sustainability includes adherence to the principles and policies of national and international initiatives that promote ethical conduct and integrity.

Our long term perspective

The Company has grown significantly over the last ten years since the 2003 merger of Unipetrol Nigeria Plc and Agip Nigeria Plc to form Oando. We considered it appropriate to conduct a major review of our businesses and strategic direction in 2013. Our long term perspective is transformational. Our ambitions involve the autonomous and self-sustaining ability of our six primary divisions. Discussions with respective Chief Executive Officers (CEOs) for each operating entity and senior management within the Group were held to agree on the future direction of the Company.

We have already taken steps to divest assets that do not support this strategy and acquire assets that will help fund our growth and align with our corporate objectives. There are a number of challenges and risks to our strategies including reduced earnings, political impact and technological limitations. We are subject to volatile oil prices, exchange rate fluctuations, high operating costs and underdeveloped infrastructure.

Group Chief Executive's Statement



Our strategies

The CEOs of each operating entity have agreed their respective long term strategies following a major review in 2013. Our upstream operations, Oando Energy Resources (OER) who operate our exploration and production (E&P) business, and Oando Energy Services (OES) who operate the largest swamp drilling rig fleet in the Niger Delta, have focused their strategies on their people, their partnerships and new technology.

OER's business strategy is to deliver organic and inorganic growth in production and reserves using safe, ethical and sustainable methods, utilising OER valued assets including employees and partnerships, while minimising the environmental impact of operations.

OES is positioned to be the preferred upstream oilfield services provider in Africa, delivering quality, safe and efficient services by leveraging on the competency of our people, strategic partnerships and technology.

Oando Gas and Power is the largest private sector gas distributor and developer of captive power solutions in Nigeria and handle our midstream operations. OGP aims to fund sustainable business growth in a manner that maintains value, minimises costs and risks, creates successful stakeholder relationships and provides exciting growth and development opportunities for employees.

Our downstream operations consist of our terminals and logistics business and the retailing of our refined petroleum products. Oando Marketing PLC (OMP) manages this aspect of our business with a distribution network of over 470 retail service stations. The OMP strategy is to become a retail company that delivers a good return on investment in the smartest possible way, using sustainable means and technology and relying on the best people.

SMART objectives have been developed by senior management to push forward these strategies. We have already begun to make progress and we have identified areas of investment that will allow us to adapt, improve and ultimately achieve our ambition to become the trusted investment, employer and partner of choice. We remain committed to our social responsibilities with our continued support of the Oando Foundation with funding and donations in kind from our corporate businesses.

Mr J.A. Tinubu
Group Chief Executive

We remain committed to our social responsibilities with our continued support of the Oando Foundation with funding and donations in kind from our corporate businesses.



Awards & Recognitions

- 2013 Africa Oil & Gas Corporate Social Responsibility Initiative Award at the 2013 Africa Oil & Gas Awards
- Best Independent Oil & Gas Company, Africa by the World Finance magazine
- Nigeria Content Development (NCD) Investment Company of the year 2013 Award from Orient Energy Review Magazine
- Appreciation Award for Oando Marketing PLC's participation and contribution to the success of the 39th Ladies Open Golf Championship
- Intels Logistics Safety Awards Recognition on Overall Commitment to Health, Safety and Environmental values within the workplace
- Best Nigeria Content Development (NCD) Investment Company award at the annual Shell Nigeria Exploration & Production Company (SNEPCo) NCD Exhibition



Oando PLC's superior performance and outstanding leadership continues to attract local and international recognition, supporting our efforts to become Africa's leading integrated energy solutions provider.



Stakeholder engagement

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Our engagement approach



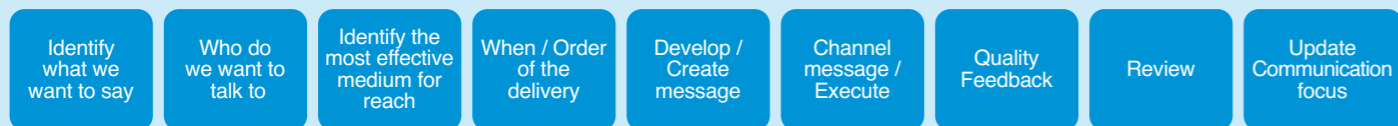
Purpose

Our primary purpose for stakeholder engagement is to create, build and preserve mutually beneficial relationships. We want to understand and respond to the interests and concerns of the people that are affected by or have an impact on our businesses. Effective stakeholder engagement also helps us manage risks including reputational risk and identify opportunities, manage social expectations and influence developments within our industry. As different stakeholders vary in their expectations, we are constantly looking at new models of engagement that will allow us to be effective with each stakeholder group and improve the company's performance as a consequence.

Strategic model of engagement

We believe that a strategic approach to stakeholder engagement is an essential component to improving our economic, social and environmental performance. We have developed a model of engagement that involves a six stage process where we:

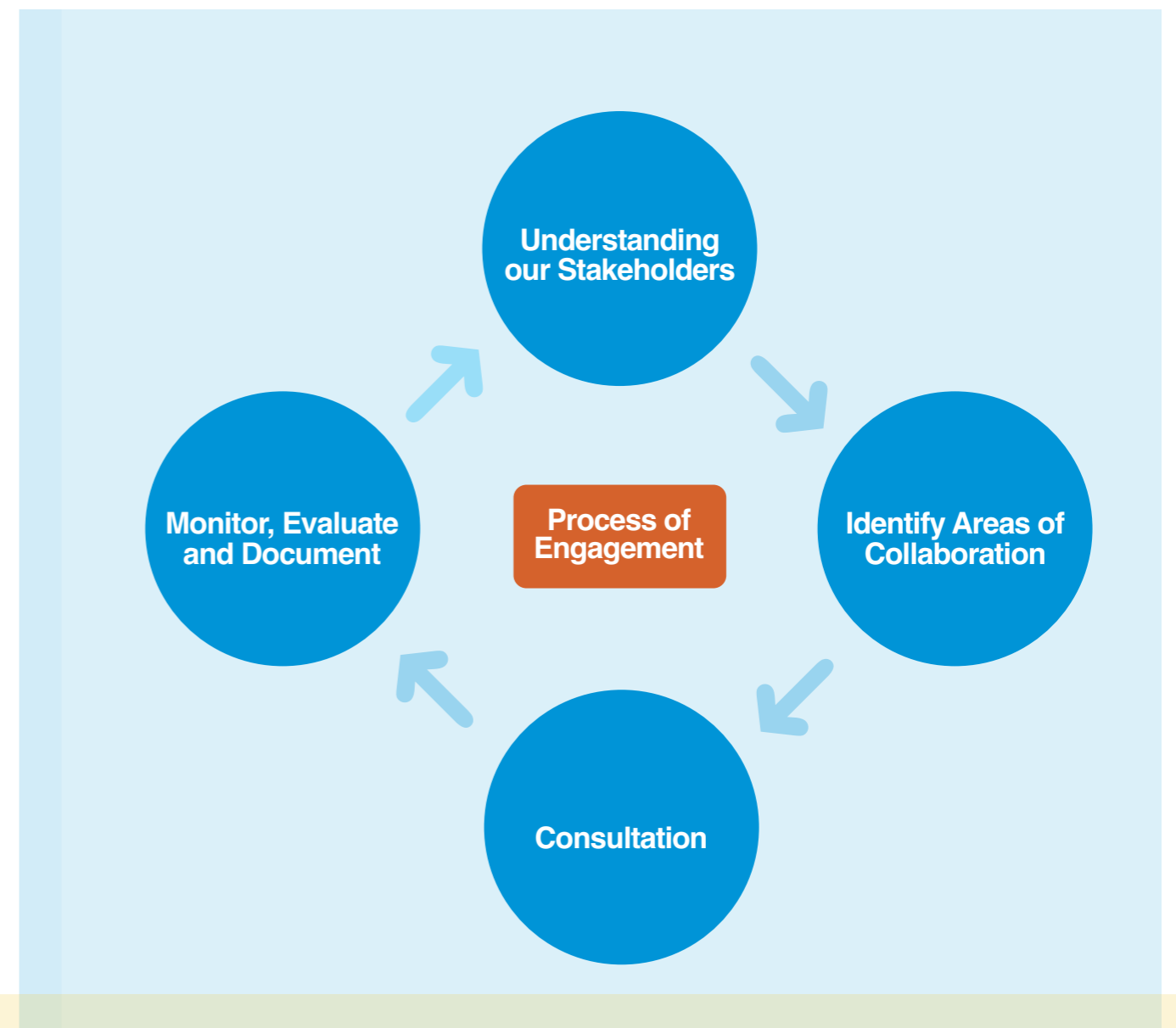
1. Identify what we want to say
2. Identify who we want to talk to
3. Identify the most effective medium to reach our potential audience
4. Determine the timing and order of the delivery of our communication
5. Develop a concise message that clearly states what we wish to say
6. Deliver the message according to plan
7. Obtain quality feedback
8. Review adequacy of communication in view of feedback received
9. Update communication focus



Effective stakeholder engagement helps us manage risks, including reputational risk and identify opportunities, manage social expectations and influence developments within our industry.

Process of engagement

- Understanding our stakeholders
- Identifying areas of collaboration
- Consulting with stakeholders and receiving feedback, and
- Monitoring, evaluating and documenting our communication with stakeholders



Key stakeholders

Identification

In line with the Group's strategic direction towards autonomous and independent operation, each business entity has the responsibility of identifying their key stakeholder groups, developing appropriate stakeholder engagement activities and communicating any outcomes or issues to the Group.

Our primary stakeholder groups are our investors and shareholders, employees, business partners and vendors, governments and regulators, communities and customers. Other stakeholder groups that affect or are affected by our business include the media, our competitors and peers, intergovernmental bodies, funders and interest groups. These groups were identified using various tools including consultations, internal and external brainstorming sessions, responses to news and advertisements, feedback from the potential stakeholders, discussions with members of the community and with government.

It is important to Oando that we identify and understand our stakeholders. This allows us to gain a broader perspective of our business from all sectors giving a clearer picture of potential opportunities and challenges thus increasing the success of our businesses. It also ensures buy-in by our stakeholders who become an integral part of the development, planning, implementation and evaluation of the business. Effective stakeholder engagement reduces the risk of being blindsided by concerns that may become stumbling blocks in the development of projects and it further



strengthens our position as we create connections among a diverse group of people that might not otherwise interact with each other.

Engagement

Our people are trained to listen, engage and where possible, partner with our stakeholders on our corporate activities. We have set out the engagement activities for each operating entity and key achievements as a result of such engagement activities in subsequent pages of this report. Senior management provides

feedback through regular reports and management meetings to ensure that any stakeholder concerns are recorded and expectations taken into account when reviewing activities, targets and strategy. It should be noted that our stakeholder engagement activities are integrated into our business practices. There will be a review of our stakeholder engagement processes and systems in 2014 and we are looking at options that will enable stakeholders contribute directly into our sustainability reporting from 2015.

It is important to Oando that we identify and understand our stakeholders. This allows us to gain a broader perspective of our businesses from all sectors giving a clearer picture of potential opportunities and challenges thus increasing the success of our businesses.

Oando Key Stakeholders



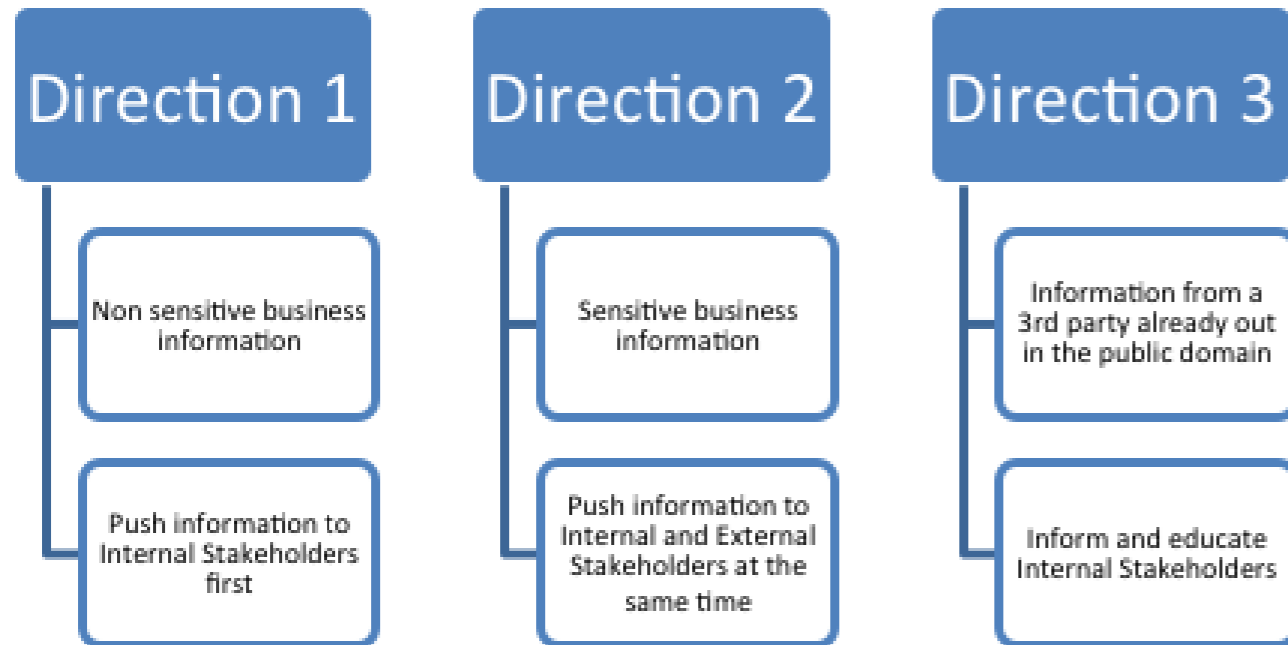
Key stakeholders

Employee stakeholder engagement

Our employees are an important stakeholder group. We ensure that we gain feedback through surveys and several channels including an independently managed ethics whistleblowing hotline. In 2013, there were over 12 surveys run on a variety of issues including catering, security, procurement, health and safety, the results of which helped shape the implementation of a number of employee-related initiatives. During the year we also introduced a new strategy for communicating company business information to all stakeholders with a specific objective to improve employee access to timely

company business information. Our aim is to ensure that our internal stakeholders are not the last to hear of emerging company news.

Feedback on the new engagement process has been very positive. Employees gain access to company news in a timely manner and as a result can better and more confidently advise or discuss company business with external participants. There is reduced anxiety arising from the lack of information and employee expectations are better managed. Most importantly, employees have become more involved in the company's business generally as opposed to exclusively focusing on their specific areas of responsibility.



Employees gain access to company news in a timely manner and as a result can better and more confidently advise or discuss company business with external participants.



2013 Business Entity Engagement and Key Achievements



Oando Energy Resources (OER)

Engagement through:

- Consultation and meetings with representatives of host communities,
- Community committees made up of company, government and community representatives to review local issues that may arise
- Setting up Community Trust Fund Boards (CTFB) that agree and approve various community development projects and peace committees that handle disputes
- Town hall meetings or People's Parliament that provide the opportunity for any member of the community to express concerns or make recommendations for community projects
- Attendance at important industry forums and conferences.

Key achievements:

- Memorandum of understanding (MOU) signed with each community that sets out the expectations and responsibilities of the Company and the community. We currently have signed MOUs with the communities in oil mining lease (OML) 13, 56 and 90.
- The CTFB at OML 56 reviewed projects worth more than \$1.8m in 2013. Infrastructure projects concluded in 2013 include the construction of a 2.8km asphalt road for Ebendo, a water borehole project for Umusadege and electrification projects for Isumpe, Umusam and Umusadege communities.
- We held several town hall sessions during the year and this was attended by the paramount rulers, men, women and youth. Matters discussed included employment opportunities, community development projects and economic empowerment initiatives.
- OER representatives attended the Nigeria Oil and Gas Conference that took place in February 2013 giving us the opportunity to engage with government agencies and our competitors and to contribute to the energy sector debates and strategies.



Oando Energy Services (OES)

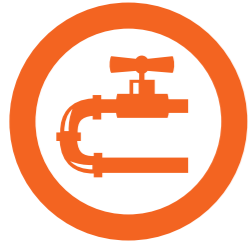
Engagement through:

- Collaboration with our clients, host communities and business partners to agree key infrastructure requirements to be developed. This provides us with an insight into the needs of the community and reduces the need to conduct independent community assessments.
- Monthly face to face meetings with our clients through their respective Community liaison officers (CLOs) and the use of tradeshow to showcase our activities and new initiatives.
- Attendance at government organised stakeholder forums and meetings with government agencies. Submission to periodic audits to ensure our ongoing compliance with relevant legislation.

Key achievements:

- Our infrastructure projects have provided employment and training of indigenes within host communities, providing a positive impact on the economic future of those communities.
- We introduced a client interface system at our operations in Elekahia and Abuloma which allows clients to communicate directly with us as needed.
- During the year OES held a customer interactive session at the offices of the Nigeria Agip Oil Company (NAOC) where NAOC communicated their future strategic direction.
- We hosted 3 trade shows in 2013.
- OES representatives attended the Nigerian Content Consultative Forum (NCCF) during the year and met with the Department of Petroleum Resources (DPR) to discuss requirements of the Nigerian Petroleum Industry Offshore Safety Permit (OSP) certificate and its impact on the finances of companies like OES.

2013 Business Entity Engagement and Key Achievements



Oando Gas and Power (OGP)

Engagement through:

- Weekly and monthly customer site visits by our technical and contract performance teams to ensure they have sufficient support and information.
- Publication of a monthly newsletter called "Gas Connect" that provides industry information, information on new products, technical advice and safety guidance.
- A dedicated business development team who have general oversight of the stakeholder engagement process and ensure sufficient engagement with business partners, suppliers and the creation of strategic alliances.
- Participation at industry forums, attendance at workshops or seminars and engagement with governmental agencies

Key achievements:

- During periods of project expansion, we increase the frequency of communication and engagement with our government contacts. During the year, we conducted an environmental impact assessment study for the gas distribution pipeline expansion project in Lagos which involved extensive engagement with the Ministry of Environment including site visits, meetings and stakeholder workshops.



Oando Marketing (OMP)

Engagement through:

- Roadshows and seminars to present company products and solicit feedback from customers. Regular engagement with customers through purchase of products, SMS texting and the OMP quarterly surveys
- Meeting and discussions with various stakeholders including members of host communities, youth councils and the Petroleum Tankers Drivers (PTD)
- Written and verbal communication with government agencies to discuss any requirements that have implications for our business operations

Key achievements:

- During the year, OMP representatives met with HRM Oba F.O Aremu Aromire, the Ojora of Ijora Land, Lagos State to introduce the LPG lamp and barbeque grill at his palace
- In 2013, the OMP team held community meetings with the youth in Marine Beach, Apapa Lagos and the vehicle inspection officers arm of the PTD.
- There was a stakeholder meeting held with the Elekahia Youth Council to resolve staff re-alignment.
- During the year OMP had discussions with the Ministry of Commerce on new charges that might apply to LPG plant owners

OMP held an extended sales team (company dealers and secondary distribution point staff) training organized by Business Innovation Facility in June 2013 as part of DFID project to support our initiatives to reach out to the BOP (Base-Of-the-Pyramid) sections of the society.

Principal stakeholder concerns

Responding to stakeholder feedback

Stakeholder group	Basis of identification	Engagement methods	Principal issues and concerns
Investors and shareholders	<ul style="list-style-type: none"> → Ownership of significant shares can influence key decisions like the selection of Board members → Profits of the Company affects dividend payout → Investor expectation can influence share value and ability to raise finance 	<ul style="list-style-type: none"> → Annual General Meeting (AGM) & Extra-Ordinary General Meeting (EGM) → Roadshows → Website information → Media announcements → Communications with executive members of shareholder associations → Investor calls 	<ul style="list-style-type: none"> → Prompt communication on company business → Dividends → Diversification of asset portfolio → Growth opportunities → Company reputation
Employees	<ul style="list-style-type: none"> → We depend on employees to deliver on our promise of good products and services → Employee wellness and capability affects our operational performance. A motivated workforce leads to growth of the company 	<ul style="list-style-type: none"> → Employee surveys → Presentations and seminars → Talent review and calibration sessions → Communication with union representatives → Newsletter, intranet and email 	<ul style="list-style-type: none"> → Salary and benefits → Working conditions → Career growth opportunities → Health and safety
Business partners and vendors	<ul style="list-style-type: none"> → Impact on the Company's reputation → Important source of business resources → Value creation through payment for goods and services 	<ul style="list-style-type: none"> → Due diligence and Know Your Customer (KYC) procedures → Communication of policies like the business code of conduct → Supplier trainings → Supplier performance evaluations → Attendance at conferences and trade shows 	<ul style="list-style-type: none"> → Terms and conditions → Procurement procedures → Health and safety
Government and regulators	<ul style="list-style-type: none"> → Political decisions can influence business significantly → Good relationship can lead to influence on policy and initiatives within the energy sector → Compliance with industry Regulations raises the reputation and profile of the Company 	<ul style="list-style-type: none"> → Face to face meetings → Attendance at conferences → Attendance at forums → Participating in government consultations and discussions → Submission of statutory returns → Audits 	<ul style="list-style-type: none"> → Compliance with regulatory requirements → Participation in national and international initiatives in relation to education and job creation
Communities	<ul style="list-style-type: none"> → Local and sustainable employment pool → Information resource → Community acceptance can impact success of operations 	<ul style="list-style-type: none"> → Surveys → Committees and town hall sessions → Memorandum of understanding with community leaders 	<ul style="list-style-type: none"> → Creation of sustainable community development projects → Safety, environment, social and economic impact on the community → Transparency and accountability → Access to jobs and vendor opportunities → Skills development and education
Customers	<ul style="list-style-type: none"> → Business success depends on loyal and satisfied customers → Understanding customer needs leads to development of the right products and services → Potential to damage reputation if customer's needs are not met and a source of free advertising if customers are satisfied 	<ul style="list-style-type: none"> → Letters, emails and meetings → Information presentations, seminars and newsletters → Invitation to forums and conferences → Feedback questionnaires and surveys 	<ul style="list-style-type: none"> → Operational effectiveness → Reliability of service → Innovative products → Value for money



Governance

Governance is about ensuring that the right structures, processes, standards and people are in place across the organisation. We believe that strong corporate governance is essential for the achievement of sustainability and the promotion of stakeholder interests. Oando has formulated clear positions on key sustainability issues like transparency and acceptable standards of conduct. Our policies and procedures are aimed at strengthening governance within the Group and are reviewed periodically to ensure continued relevance and adherence to global practices. We have provided within this report a highlight of our Corporate Governance principles and practise.

Meet our Board

The Oando PLC Board is the highest governing authority within the Group. The Group has a unitary Board that comprises seven non-executive directors (four of whom are independent with no material relationship with the Company except as directors) and four executive directors. The Board is headed by our Chairman, HRM Oba Michael Adedotun Gbadebo, CFR, the Alake of Egbaland, who is an independent non-executive director. At Oando, the position of Chairman and Group Chief Executive are vested in different individuals in accordance with Corporate Governance best practice.

The Chairman is supported on the Board by a group of individuals from diverse academic, professional and ethnic backgrounds. There is a clear board appointment process for all new directors joining the Board who undergo appropriate induction and training on their fiduciary duties and responsibilities to the Company.

The Board ensures that there is an appropriate balance of power and authority so that no one individual can dominate the Board's decision making process. During the year the Board was strengthened by the appointment of Mr Francesco Cuzzocrea, a Swiss national with over 30 years' experience in private and investment banking, finance and portfolio management.

The Board are invited to regularly update their skills through the Board training programme to ensure that there is an appropriate balance of skills, experience and knowledge of the Company to enable them discharge their duties and responsibilities effectively.

The non-executive directors have the responsibility of ensuring that the Chairman encourages proper deliberation of all matters requiring the Board's attention. All directors have access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense, if they deem this necessary.

A Board evaluation exercise was undertaken during the year to evaluate the effectiveness of the Board and the Governance Framework of the Group. The process also assisted in identifying measures that would further strengthen the Board. The exercise was carried out by KPMG Advisory Services and their recommendations have been reviewed by the Board. Further information on each Board member can be found on the Company's website or on pages 64 – 65 of the 2013 Annual Report which is available at www.oandopl.com.

Board Responsibilities

The Board has ultimate responsibility for governance, risk management and the strategic direction of the Group. The Board is accountable to shareholders for the performance of the Group and are required to act in good faith, with due care and in the best interests of the Group and all its stakeholders.

The Board meets at least once every quarter, with additional meetings scheduled whenever matters arise that require the attention of the Board. There is a schedule of matters reserved for the Board and a delegated authority framework that specifies the approval limits for financial, operational and corporate decisions throughout the Groups' hierarchy. Our governance structures provide clear lines of authority and accountability from the Oando PLC Board through to operating entities. The Board retains full and effective control over the Group and monitors executive management implementation of plans and strategies and any exercise of delegated authority is reported to the Board.

Our governance structure is in compliance with the Company's Articles of Association, the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 ("CAMA") and the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria. We also review our governance structure against leading governance codes, including the King III Code of Corporate Governance (South Africa) and the UK Corporate Governance Code. There are clear lines of communication and accountability at all levels within the Group, from the Board of Directors through to each operating entity and any issues encountered at the operational levels are fed back up to the Board through management.

18% non-Nigerian Board members

27% female Board members

Board Committee structure

There are four Committees of the Board: the Audit Committee, the Governance and Nominations Committee, the Risk, Environmental, Health, Safety, Security and Quality Committee and the Strategic Planning and Finance Committee.

Each committee of the Board has terms of reference that guide the execution of their duties, copies of which can be found on the Company's website or requested from the Company Secretary's office. In exercising their duties, each committee is required to consider the economic, social and environmental impact of their decisions and recommendations. More information on Board committees can be found on pages 71 – 73 of the 2013 Annual Report which is available at www.oandopl.com.

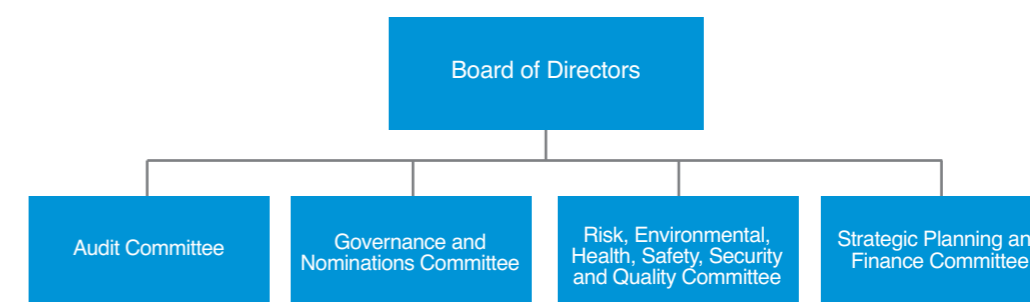
Governance initiatives

As we continue to expand our operations, we are looking to develop higher standards of corporate governance, accountability and disclosure intended to build trust with our stakeholders. Our communications strategies are constantly being reviewed to ensure that we inform our various stakeholders of important corporate news, including any difficult or controversial news regarding the Group and its operations.

Oando Governance Policies

- Code of Business Conduct and Ethics
- Insider Trading Policy
- Dividend Policy
- Related Party Transaction Policies
- Whistle Blowing Policy
- Board Appointment Process
- Know Your Customer Policy
- Remuneration Policy
- Anti-Corruption Policy
- Gifts and Benefits Policy
- Blacklisting Policy
- Records Management Policy
- Information Disclosure Policy
- Environment, Health, Safety and Security Policy

The Company's board committee structure is as follows:



Risk Management

Risk management

The Group Risk Management and Controls (GRMC) team has responsibility for identifying and assessing risks and opportunities for the Group. We have developed an integrated risk management, internal audit and assurance service. The Audit Committee reviews and monitors the effectiveness of the Group's internal controls and risk management system, which has a direct impact on how we identify and manage sustainability issues. Audit reports identify best practice and areas of improvement which were communicated to senior leadership. In addition to these internal audits, third party audits were conducted at different operations for the ISO 14001 certification process.

There are tangible risks and opportunities within the energy sector and specifically within the oil and gas industry. Due to ineffective management by the industry in the past, there is a negative perception of oil and gas companies and substantial regulation of such businesses by governments all over the world. Our focus is on embedding risk management within our existing processes throughout the Group and highlighting key sustainability issues as an integral way we do business, thereby improving our effectiveness and efficiency.

Risk Management process

The Enterprise Risk Management (ERM) framework sets out a top-level risk management process for the identification, assessment, management, and reporting of risks to the Oando PLC Board of Directors. The GRMC team collates identified risks into a risk register noting risk impact, likelihood, rating, characteristics, risk owner and risk controls. Key risk indicators are also identified for each risk and these indicators are monitored periodically for changes. The risk register and controls in place designed to mitigate the risks are assessed as part of the internal and external audit periodic review.

All risks, including sustainability risks, are reviewed by the Group Risk Management Committee who comprise of senior leadership representation from all divisions. The Committee is chaired by the Chief Risk Officer who is the Group Chief Financial Officer. Following their quarterly management meetings, the Committee approves the risk report, which is then presented to the EHSSQ Committee of the Board who have delegated authority to oversee Enterprise Risk.



Significant updates to the GRMC systems

In 2013, we made significant updates to our GRMC systems including the development of a reporting tool to facilitate the monitoring and reporting of risks. A risk dashboard was created which shows the company's risks ranked in order of magnitude and importance and provides easier access to a snapshot of the Group's risks.

We also conducted a thorough review of our internal control activities in order to identify the existence of any ineffective controls and correct them. This will lead to increased accuracy and completeness of the Company's financial reports.

Following the annual audit of controls carried out by internal and external auditors, the GRMC team implemented appropriate solutions to correct any identified weaknesses highlighted by the audit reports.

Key sustainability risks and corresponding mitigants

In 2013, risk assessment workshops were held to review our key sustainability risks, particularly in relation to business profitability and long term business continuity. Some of the risks identified at the workshops and mitigating controls identified and verified are listed below.

Risk Event	Control Activity
There could be a substantial spill from a well or leak from a pipe carrying crude oil or the FPSO which could have an adverse effect on the environment and could lead to penalties and fines from the regulatory authorities resulting in adverse effects on the financial and operational target of the Company.	<ul style="list-style-type: none"> → An emergency response plan is in place which is updated periodically. In addition to standard industry controls, we have a number of other control activities including monitoring and surveillance of the pipelines. Assets that we do not control have optic cables that detect vibration and alert personnel to a hot tap on the line. There is also an insurance policy in place which covers oil spills.
There could be an uncontrollable fire (Tier 3) at a well site or production facility.	<ul style="list-style-type: none"> → There is an emergency response and contingency plan in place which has been communicated to all members of staff. → Dedicated EHSSQ officers are present at OER offices and on sites. → All staff have undergone EHSSQ training. → We have invested in personnel safety equipment.
There is a risk of injury or loss of personnel due to community insurgency, kidnapping, terrorism and militancy.	<ul style="list-style-type: none"> → There are defined Security Operating Levels (SOL) that determine the deployment of security → A Security Control Room has been established that collaborates with Security Agencies and our peers in the oil and gas sector for intelligence gathering and monitoring, communication and the provision of security alerts and advisory to personnel → A journey management plan is developed for each journey that would alert a response team in the event of a missing member of staff. → Situational Awareness Trainings and Town Hall meetings on security issues are held to prepare personnel to manage security incidents adequately in the event that a security risk materializes → We require strict adherence to camp rules (No un-authorized movement in & out of the rig).
There could be a substantial loss of assets as a result of malicious acts or natural disasters	<ul style="list-style-type: none"> → All assets are insured through the Group insurance policy
There is a risk that due to the increased security issues in Nigeria as a result of terrorist organisations there could be an unfavourable working environment for members of staff.	<ul style="list-style-type: none"> → There is a dedicated community relations person within each entity who acts as primary liaison for concerns in this area. → Additional security has been arranged for staff who feel threatened → All necessary insurance policies have been taken eg war risk policy, oilfield energy package policy, protection and indemnity policy → New initiatives like the adopt a community initiative where we employ members of the community ensures we maintain cordial relationships.
There is a risk that militants may block waterways and stop operations	<ul style="list-style-type: none"> → There is increased security available at our operations. → We use security escorts for all vessel movements → We work to maintain good relationships with members of the community
There is a risk that substitute or alternative energy forms may become available and impact our business.	<ul style="list-style-type: none"> → We actively participate in the development of new/cheaper sources of energy. → We actively scan for alternative technologies available to make our services more efficient, effective and affordable.

Creating value through inspirational leadership

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- 64 Promoting ethical conduct



Creating value through inspirational leadership

2013 Awards and Recognition

- Orlean Invest Appreciation Awards for Oando Marketing PLC's patronage and support
- Appreciation Award for OMP's participation and contribution to the success of the 39th Ladies Open Golf Championships
- ASP Advertising Best Practice Award to OMP for the most compliant Advertiser in Oil and Gas category
- Africa Oil and Gas CSR Initiative Award to Oando Foundation in recognition of work done to improve the learning environment in public schools in Nigeria
- World Finance Magazine's Best Independent Oil and Gas Company, Africa Award
- Best Nigeria Content Development Investment Company awarded to OES
- Orient Energy Review Magazine's Nigeria Content Development Investment Company of the Year awarded to OES
- British Safety Council Award to OMP

Creating value for all stakeholders

Value can no longer be considered simply in terms of maximising the financial performance of the Company. Creating value for all stakeholders is an ongoing challenge as the interests and priorities of different stakeholder groups are not always aligned. As a commercial entity, a priority focus for the Group is ensuring that we make adequate returns on our business endeavours. At the same time we need to ensure that we create benefits for society and the environment and curb or reduce the possible negative consequences of our business activities. We consider non-financial factors in all business decisions as an integral part of sustainability evaluation.

It is an ongoing challenge to provide value to various stakeholders in an increasingly resource-constrained and heavily regulated industry in which we operate. However our investors are entitled to receive a good return on their investment, our host communities should benefit from infrastructure developments, our customers want value for money and quality in respect of our products and services and our employees deserve to have a fair and competitive compensation package for their work.

Oando generates economic value through the payment of dividends to shareholders, interest and taxes, providers of capital and governments respectively. We also add value through the provision of employment opportunities to members of the community.

In 2013, the Company returned N2.6 billion to shareholders in the form of dividends. We have put measures in place to ensure that we generate free cash flow to pay a substantial amount of the Company's earnings as dividends to shareholders based on our dividend policy. As noted by the Group Chief Executive, Mr Jubril Adewale Tinubu, in a press conference in February 2013, the act of not paying a dividend in 2012 sent the wrong signal to the market, impacted the Oando share value and is not a mistake we are likely to repeat. In total, the value distributed by the Company in 2013 amounted to over US\$305 million. The Board continues to work on initiatives that will boost the Company's financial performance for the benefit of all stakeholders.

Economic value distribution (N51,279,547,000)

Employees	9,499,057	19%
Government	4,840,505	9%
Providers of Capital	21,637,777	42%
Others	15,302,208	30%
Total	51,279,547	100%

The detailed Value Added Statement can be found on page 176 of the 2013 Annual Report.

N2.6 billion

returned to shareholders as dividends in 2013



Our History

- 1956 Business operations commenced as a petroleum marketing company in Nigeria under the name ESSO West Africa Incorporated, a subsidiary of Exxon Corporation, USA
- 1976 The Government bought ESSO's interests and became sole owners. The Company was renamed Unipetrol Nigeria Limited.
- 1991 The Company became a public limited company - Unipetrol Nigeria Plc – and 60% of the Company's shareholding was sold to the public under the first phase of privatisation.
- 1992 The Company was listed on the Nigerian Stock Exchange February 1992.
- 1994 Ocean and Oil Services Limited was founded to supply and trade petroleum products within Nigeria and worldwide
- 1999 Unipetrol acquired 40% in Gaslink Nigeria Limited (which was increased to 51% in 2001)
- 2000 Ocean & Oil, a private investment company acquired 30% controlling interest in Unipetrol Plc
- 2002 Unipetrol acquired 60% equity in Agip Nigeria Plc
- 2003 Unipetrol Nigeria Plc merged with Agip Nigeria Plc and was renamed Oando Plc
- 2005 Oando Plc became the first African company to accomplish a cross-border inward listing on the Johannesburg Stock Exchange (JSE).
- 2007 Oando Energy Services acquired two oil drilling rigs for approximately \$100 million for use in the Niger Delta
- 2008 Oando acquired 15% equity in OML 125 and 135, emerging as Nigeria's first indigenous oil company with interests in producing deepwater assets. The Company also acquired an additional oil drilling rig.
- 2009 Oando acquired two additional oil drilling rigs.
- 2010 Oando completed a N20 billion rights issue which was 128% subscribed. Oando also launched its first Independent Power Plant for the Lagos State Water Corporation.
- 2012 OER listed on the Toronto Stock Exchange
- 2013 Oando completed aN54.6 billion rights issue exercise which was 101% subscribed

Creating value through inspirational leadership



Communication is key

We have worked hard to improve our communication with different stakeholders, particularly with our investors and employees. Our primary form of communication with shareholders is through general meetings such as the Company's Annual General Meeting (AGM) where shareholders have the opportunity to communicate directly with the Oando PLC Board. The AGM is held once a year. The notice of meeting is sent to shareholders at least 21 working days before the AGM meeting date and includes any resolutions requiring shareholder approval, given with proper notice in accordance with the provisions under CAMA.

The 36th AGM was held on July 25, 2013 at the Incubator, 7/8 Chief Yusuf Abiodun Road, Oniru, Victoria Island, Lagos, Nigeria. It was attended by over 590 shareholders who took part in company business and expressed their opinions on the Company's strategic direction.

We also communicate with shareholders through our roadshows, the media, our website, stock exchange announcements and through investor calls.

In February 2013, Oando hosted a 'Facts behind the Figures' session at the Nigerian Stock Exchange aimed at giving stockbrokers an opportunity to interact with the Company and ask questions about the Company's performance and activities.

During the year, a new communication strategy was implemented by the Group Corporate Communications to improve access to information by all stakeholders (please see pages 26 - 28) with a particular focus on internal stakeholders. We also held several town hall meetings where senior management updated employees on company business and provided them with the opportunity to ask questions.

A focus on business growth

Since Ocean and Oil's acquisition of controlling interest in Unipetrol Plc in 2000 and the subsequent merger with Agip Nigeria Plc in 2003, Oando has steadily grown to become one of Africa's largest integrated energy solutions providers with the addition of gas and power distribution, international supply, trading and energy services to our petroleum marketing business.

Oando employs over 1,000 personnel and we have continued to expand our operations across Sub-Saharan Africa to the Republic of Benin, Togo and Ghana. OMP, our downstream subsidiary, owns Nigeria's largest petroleum retail network with over 470 petrol stations. We are also the largest independent importer of PMS.

In 2012 the Group acquired the Canada based venture company, Exile Resources Incorporated, now known as Oando Energy Resources (OER) and listed the Company's shares on the main board of the Toronto Stock Exchange.

1,000+ **personnel employed by Oando**

~~₦~~54.6 billion rights issue exercise in 2013

In 2013 we continued the expansion of our business with the signing of sale and purchase agreements to acquire the Nigerian assets of ConocoPhillips. The conclusion of this transaction will consolidate our business growth in the upstream oil and gas exploration and production markets as we continue to promote our transformation into the foremost indigenous energy company, delivering better value to shareholders. Stakeholders who expressed concerns over the delayed completion of the ConocoPhillips acquisition were contacted by our investor relations

team and advised on the reasons for the delays which were published through media and our website.

We continue to work diligently towards building what has become known as the African success story in the oil and gas industry. It was therefore a very proud moment for us when Oando Plc was awarded the prestigious World Finance Oil and Gas Award for the for the Best Independent Oil and Gas Company, Africa 2013. World Finance is a leading financial magazine produced by London based World News Media and their annual awards are judged by an experienced and independent panel. It is an honour to be recognised with this award and we look forward to many more successes.

Asset management

We conduct a Management Facility Inspection each year to ascertain the health of our assets and to ensure their operational efficiency. Senior management are responsible for the activities and are accountable for asset management within the Group in their respective locations. All results are fed back to executive management who retain control and oversight over the process. Protecting our assets is a core objective in our sustainability endeavours to manage our resources in a manner that will provide the best long term outcome.



Creating value through inspirational leadership

New product lines

During the period under review, we have continued to grow our business. We commenced work on the Energy Quadrant Project (EQ Project), an initiative to develop systems that use gas for the generation of electric energy as an alternative to diesel. Natural gas is a cleaner source of energy as it emits less CO2 compared to diesel and therefore reduces the production of greenhouse gases.

We plan to pipe natural gas to our Apapa terminal in Lagos for the generation of electric power as part of our 'EQ Project'. This project is expected to eliminate the use of diesel & petrol generators in that area. The EQ Project is also expected to result in savings of over N100 million per year for the Company. It is part of our larger environmental sustainability plan and concurs with our gas flaring objectives. For more information on gas flaring please see page 52 - 53.

Our midstream division, Oando Gas and Power Limited, commenced work on the Compressed Natural Gas

(CNG) project. This involves the development of a natural gas compression facility in Lagos, conceived in response to the needs of customers located in areas inaccessible to the pipeline grid or where it is not economically feasible to connect that area to the pipeline network. This project will operate as a test case in a feasibility study commissioned by the United States Trade Development Agency (USTDA) for a possible nationwide rollout of CNG installations for vehicular use. Results are expected to be available from 2014.

We have continued work on the construction of the Apapa Single Mooring Point (ASPM) jetty berthing platform which will address problems of congestion, bottleneck and environmental hazards experienced due to increasing numbers of petroleum tank depots at the existing Apapa Major Oil Marketers Association of Nigeria (MOMAN) Jetty in Lagos. In comparison to the other jetties, the ASPM jetty will have the capacity to receive larger vessels of

up to 45k DWT (dead weight tonne) in one lot, reducing the need to lighter vessels in several lots. It will also be able to discharge up to 800 m3 (cubic meters) of petroleum products per hour, 24 hours a day, 7 days a week. This will therefore lead to substantial cost savings on imports incurred in the form of demurrage. This project is expected to be completed in 2014.

Operational efficiency

Our business has continued to perform well against targets. Our three operating rigs each recorded operational efficiency of over 90% within the reporting period and we are delivering the products that our customers need. We have developed standardised processes that improve our efficiencies. However, as a multinational organisation with operations across Africa and internationally, we face a number of challenges in applying such processes to all our operations due to diverse cultures and regulatory requirements. We shall continue the measures currently being taken to improve our productivity and quality. In addition, we continue to research new ways of delivering greater value to our customers.

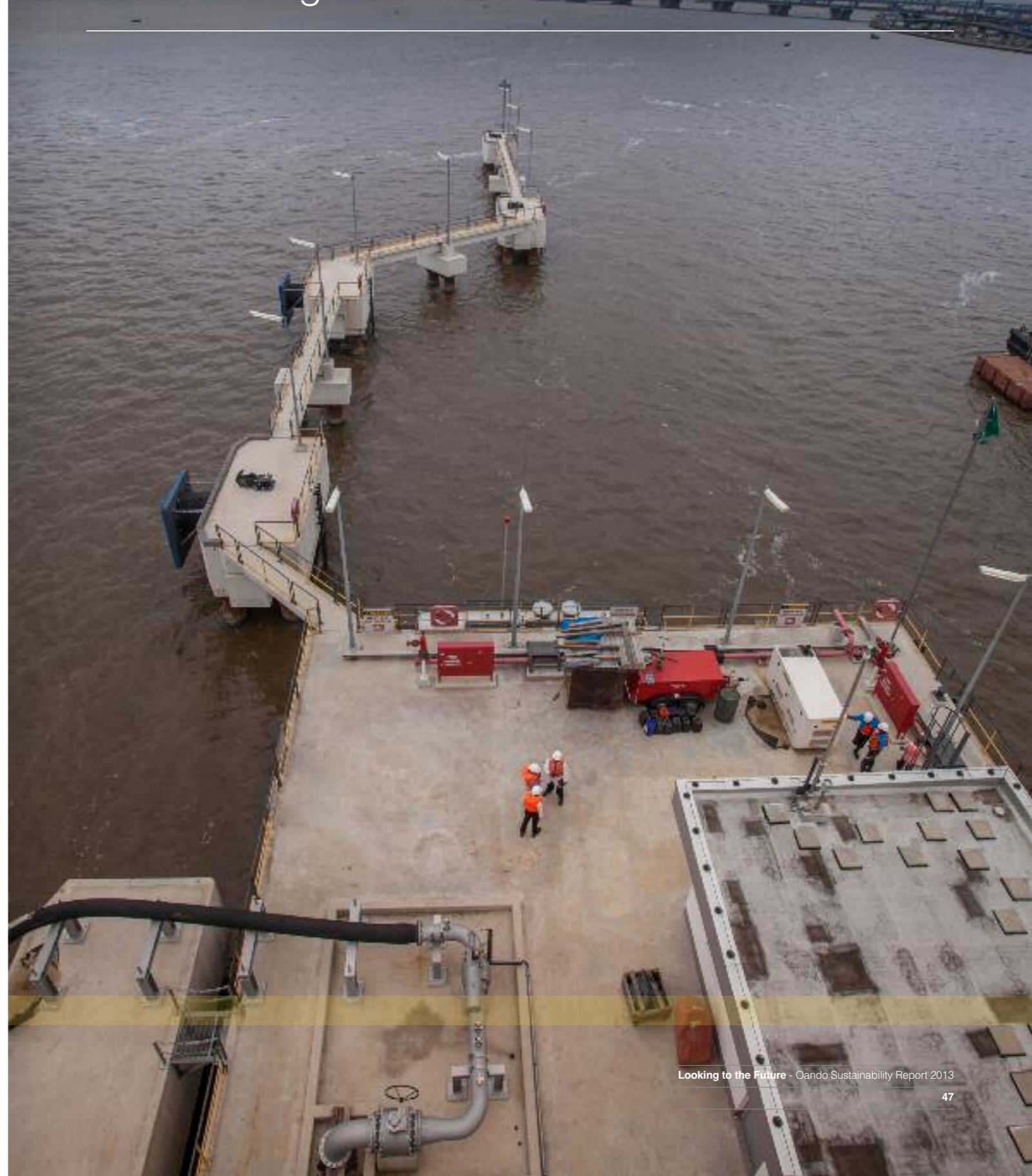
We have reviewed our operational efficiency at our customer facing departments as well as our corporate offices to determine where improvements can be made to deliver better standards of service to our existing and potential customers. Robust governance and risk management frameworks are essential elements to improving our services. We make regular assessments of risk and opportunities relating to our customer base as part of our risk management process and we intend to utilise technology to become a leader in customer satisfaction and quality.



Don't Flare it. USE IT!

As part of the EQ Project we are promoting the increased domestic and industrial use of gas as a source of cleaner and renewable energy. This will help us to be more efficient and eco-friendly.

The Apapa Single Mooring Point (ASPM) jetty will have the capacity to receive larger vessels of up to 45k DWT (dead weight tonne) in one lot, reducing the need to lighter vessels in several lots.



Protecting our environment

Some Oando Environmental Policies

- Environmental Assessment Policy
- Environmental Health and Safety Policy
- Waste Management Policy
- Spill Control Policy
- Emergency Response Policy
- Paperless Policy

Managing our impact

In our pursuit to provide sufficient oil, gas and other energy resources to support the increasing requirements of modern society, we recognise that our operations have the potential to adversely impact the environment in which we operate. Many of our activities, even when managed in a responsible manner may have impacts on the environment. The Board, through the Risk, Environmental, Health, Safety, Security and Quality (R,EHSSQ) Committee, have oversight over our environmental practices. Senior leadership are aware that responsible environmental practices are critical to the long-term viability of our operations. Our Risk, EHSSQ and Legal teams all work together to ensure that we remain compliant to local environmental legislation such as the Environmental Impact Assessment Decree.

The minimum environmental standards, targets and goals are set out in our Environmental Health and Safety (EHS) Policy which was approved by the Oando PLC Board in 2012 and is available on the Company's website. Our aim is to achieve zero spills, zero gas leakages and zero fire incidents. The EHS policy is supported by a number of other environmental policies, some of which are mentioned within this report. Our environmental policies have been communicated to all employees and business partners as a first step to managing our impact and are available on an internal shared portal. Senior leadership are aware of the importance of responsible environmental behaviour around air quality, biodiversity, water and waste management towards the long-term viability of our operations.

Impact assessments

The Company has an Environmental Assessment Policy that provides guidance to employees on procedure in this area. Prior to the commencement of any project, an environmental impact assessment (EIA) is taken to evaluate the potential environmental and socio-economic influences within the proposed location of activities and how our operations could affect them.

During the lifespan of our projects, many of which last for several years, we carry out regular EIAs and take action to avoid, minimise and compensate for any impacts identified. All actions are reported to management and recorded. There is an Oando Incident Review Panel that reviews all EHSSQ incidents and provides quarterly reports to the R,EHSSQ committee who report as appropriate to the Board. Among the assessments concluded in 2013, we conducted an EIA of our terminals through an approved Department of Petroleum Resources (DPR) consultant. We also conducted an Environmental Evaluation and Management Review of the facilities at the Oando terminals during the year.

Our environmental minimum standards, targets and goals are set out in our Environmental Health and Safety (EHS) Policy. Our aim is to achieve zero spills, zero gas leakages and zero fire incidents.



Protecting our environment

LPG is a cleaner and more environmentally friendly cooking fuel compared to kerosene or firewood. We have the opportunity to switch 5 million homes to LPG over the next 5 years. This will reduce the carbon footprints of the Nigerian households that switch to the cleaner LPG.

Our environmental performance

Each operating entity has the responsibility for reviewing their environmental performance each year and setting appropriate targets for improvement. These targets are incorporated into their annual business plans and budgets and reviewed by the Oando Plc Board. Targets vary as a result of the diverse nature of our businesses and priorities will depend on community specific sensitivities. However our broad environmental performance targets are set out on page 86 of this report. In setting out these performance targets we reviewed internationally recognised best practice standards like the 1992 United Nations Rio Declaration on Environment and Development.

In managing the impact of our activities, our wish to actively protect

our natural resources and our environment as a whole are the core focus of our approach.

Oando is an active participant in the African Carbon Asset Development (ACAD) programme through the Oando Low-Cost LPG Rollout O-Gas Project. The O-Gas Project promotes the sale of low-cost, portable LPG cylinders for household cooking as a replacement for non-renewable sources like kerosene, charcoal and firewood. There are other associated benefits including reduced indoor smoke inhalation and less deforestation due to the reduced use of wood fuel. The O-Gas Project supports local entrepreneurship and breaks down barriers to accessing clean cooking fuel by low income households.

Environmental Management systems (EMS)

All our major operations have the ISO 9001:2008 certification, which sets out the requirements for a quality management system standard that covers all areas of business including people, training, services, equipment and facilities. We conducted an Environmental Evaluation Assessment of our environmental management systems (EMS) during the year to assess opportunities for improvement.

The Board has set a target for all our major operations to gain the ISO 14001:2004 certification by 2014. The ISO 14001:2004 is an internationally recognised standard that provides a framework for the development of a comprehensive, systematic, effective and well documented EMS by which our environmental performance can be measured, managed and improved. The certification process is performed by an independent third party organisation.



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employees used the free bus shuttle service in 2013

UN Rio Declaration on Environment and Development (Principle 4)

In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.

A road map to achieving the ISO 14001 certification has been developed. The review process commenced during the year with some EMS being assessed for alignment with the requirements of the standard. Awareness training on the EMS was also conducted for employees and business partners during the year. The benefits of the new systems are already apparent; as it will provide additional assurance to our stakeholders that our environmental impact is being appropriately measured, improved and will enable us reduce the cost of waste management, make savings in the consumption of energy and materials and further improve our corporate image and reputation.

Our green objectives

The Company piloted a number of green schemes at our corporate offices during the year that have helped reduce our collective carbon footprint. These include a free home/office shuttle bus service for employees reducing the carbon

monoxide impact from the daily use of personal cars and the implementation and use of video conferencing facilities reducing the need to travel for meetings.

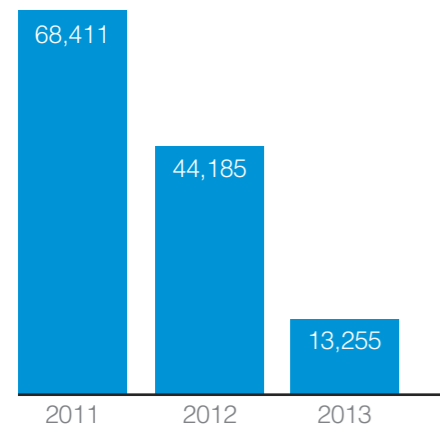
We also introduced a smart print initiative that helps reduce paper waste from erroneous prints, ensure confidential information is more secure and also improves our monitoring of how much paper is utilised in our business. The introduction of smart printing has also led to substantial savings for the Company. The removal of hardware purchase, insurance and maintenance costs resulted in savings of N17 million (38%). Uninterruptible power supply remains a challenge for Nigerian businesses. However going green means that we need to review our energy needs and utilise renewable natural sources. We operate a 10pm generator shutdown policy at our head office on weekdays and we are currently reviewing options for a solar-powered uninterrupted power supply (UPS) system for our power back up.

The ISO 14001 approach



Protecting our environment

Spill incidents



Spill control

We take spill prevention very seriously and have in place robust preventative measures to reduce the risk of spills as much as practicable. In 2013, there was a reduction in volume and number of environmental spills and there were no major incidents. The volume of spills from all plants, terminals and depots was 13,255 litres representing a 70% reduction (2012: 44,186). We attribute this improvement to the ongoing communication and training of our Spill Control Policy and Emergency Response Policy and our highly efficient Spill and Emergency Response Plans. We review our response capabilities and efficiencies with regular emergency response drills at our facilities facilitated by our EHSSQ team.

Water

We are currently reviewing several options for a robust system to enable us monitor and measure our impact on water usage in our areas of operation, increase the use of recycled water and water quality treatment systems. Water management is a priority agenda for organisations like WaterAid and the Carbon Disclosure Project (CDP), who work to bring these issues to the attention of the largest shareholders and corporations in the world.

The CDP Global Water Report published in October 2013 received over 500 responses to its water disclosure survey, compared to approximately 150 companies four years ago, showing that this is a matter of growing interest around the world and requires us to pay closer attention to water risk management for our businesses.

Air, Biodiversity and Gas flaring

We are subject to laws, regulations and limitations on air pollution and quality from various government institutions including the Department of Petroleum Resources (DPR). We review our operations on a regular basis to ensure that we remain within legal limits.

There is growing concern within the energy industry in Nigeria and around the world over the amount of gas flared and options for more accurately measuring and cutting down on these emissions. Gas flaring is a standard way within the oil and gas industry of safely disposing of gases that cannot be commercially used or stored. The World Resources Institute published a paper in April 2013 titled "Clearing the Air: Reducing Upstream Greenhouse Gas Emissions from US Natural Gas Systems" which we have reviewed with interest.

187.923m³ of water recycled or reused by operations in 2013

813.8m³ of water used by operations in 2013

Biodiversity risks and mitigants

Risks	Mitigating Controls
Increased noise levels ranging from 66.0dB(A) in office areas and 89.3dB near generators affecting employees, business partners and the public.	<ul style="list-style-type: none"> → Additional sound barrier wall installed → Reduced access of employees or the public to noisy areas → Use of ear muffs/ear plugs
Soil exposure to direct sunlight for long periods as a result of excavation activities which leads to excessive loss of moisture affecting organisms dwelling in the soil.	<ul style="list-style-type: none"> → Backfilling with topsoil and subsoil → Adequate cleaning and site restoration procedures → Natural attenuation
Failure to contain oil spills, run-off or drainage water containment which could lead to contamination of surrounding vegetation, streams and rivers.	<ul style="list-style-type: none"> → Routine maintenance to prevent spills → Training and refresher courses for all operators and technicians on environmental protection
Degradation of sites due to land acquisition, movement of equipment and road construction	<ul style="list-style-type: none"> → Site restoration through backfilling, vegetation and planting of trees. → Utilising common roads as an alternative to creating new access

We are working to reduce our carbon emissions from gas flaring to below 10% at our operations. This would improve our energy efficiency and provide substantial economic benefits as we would prefer to capture and sell these production by-products than flare it.

Our independent power plants in Akute and the Alausa Power Project with a capacity of 12.15MW and 10.4MW respectively have replaced over 120 generators resulting in reduced CO emissions by over 567 million lbs. There is more to be done and there are a number of challenges to achieving our aims including the lack of adequate gas transmission, distribution and storage infrastructure. We also need to promote more domestic and industrial use of gas as a source of energy and we are proud of our endeavours in this area through

the EQ Project. Further information on the EQ report is on page 16 and information on how we are working with government in this area is on page 75 of this report.

It is unavoidable that our business activities will have an impact on the habitats and ecosystems due to our heavy operations. Biodiversity risk assessment and management is therefore an essential requirement for our business. Biodiversity conservation issues are addressed as part of the environmental impact assessments we perform on all projects and operations.

We are in the process of reviewing a Biodiversity Policy for the Group as we work with the Nigerian Conservative Foundation on the implementation of appropriate strategies on Biodiversity risks.

Protecting our environment

Waste Management

It is a well established fact that effective waste prevention cuts costs and increases profits. Waste prevention or reduction, as opposed to waste treatment, has become a priority objective to most commercial organisations as a result of regulation, landfill shortages and public pressure. Our waste management data can be found on pages 82 of this report. During the year we held waste management presentations for our employees and contractors to raise awareness and inspire them to operate the 4Rs waste prevention technique: reduce, reuse, recycle and recover.

Our Waste Management Policy incorporates the 4Rs in setting our standards. Employees are encouraged to make waste reduction their preferred option. Where waste is produced, every effort should be made to reuse it if practicable. Recycling is the third option in our waste hierarchy and is done where waste cannot be reduced or reused due to cost and environmental implications. Resource recovery is the removal of waste to landfill sites or incinerators.

We have an asset disposal procedure for our IT assets following a health check to determine if items are viable for reuse.

Our paperless policy is well communicated throughout the organisation and supported by the installation of smart printers. We were active participants in the World Environment Day organised by the Rivers State Sustainability Development Agency on June 5, 2013 where we presented a paper on the reduction of food waste using the 4Rs approach.

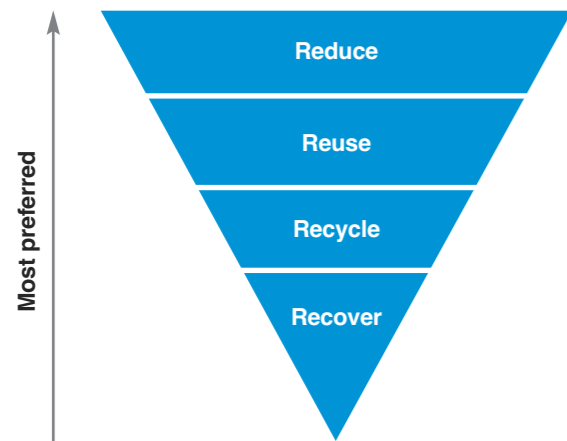
Responsible communication

Apart from external communication on company business, we encourage appropriate communication on environmental and sustainability issues. Our communication channels and procedures for reporting concerns or seeking advice regarding environmental issues are well documented. They often take the form of letters from external sources and requires the completion of our incident report form by internal sources mainly employees. All environmental incident report forms are submitted to the Environmental, Health and Safety ("EHS") Supervisors who investigate, follow up and provide recommendations for prevention.

In 2013, all health and safety incidents reported were dealt with in accordance with our procedures. All incidents are discussed at Executive Committee level and reviewed during the monthly EHS meetings. The Action tracking system ("ATS") is employed to track the close-out actions required. It is our policy that all high risk incident investigations be led by a manager that does not have responsibility for that area of business. The investigation report for High Risk incidents are presented to the Oando Incident Review Panel ("OIRP") within 28 days of the incident occurring.

Waste Hierarchy

- We reduce waste from leaks on the lubricant filling line by installing a leak tester
- Water used in the calibration of trucks is reused
- Leaking cans from our lubricant filling plants are sent back to the manufacturers for recycling



Our paperless policy is well communicated throughout the organisation and supported by the installation of the smart printers.



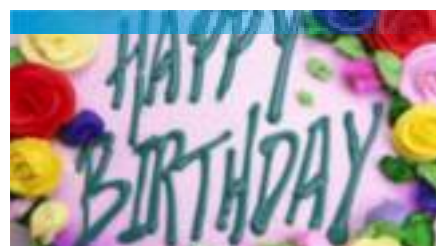
Investing in our people



offered permanent employment. In November 2013, we held a well-attended career fair in Lagos for senior-level professionals. We also actively recruit Nigerians in the diaspora, bringing new skills and innovation into the industry and into Nigeria.

We ensure that our compensation package for employees, including their pension benefits, is competitive and attractive and that there is opportunity for career growth. Periodic employee surveys are conducted to determine the level of employee satisfaction of working conditions and facilities and to identify issues of concern. We also ensure that employees are aware of our grievance procedures. 13 surveys were conducted in 2013. The feedback from one such survey led to changes to the official working hours at our Apapa office and decreased the commuting time for over 98% of the employees based there.

Our voluntary attrition rate in 2013 was approximately 9% across the Group, down 21% from the previous year with a total of 94 individuals leaving the organisation (2012: 114). However we recognise that we can do better and have set ourselves a target of achieving a maximum 5% voluntary attrition rate by 2017. We want Oando to be the preferred and trusted employer of choice within the energy industry.



Every little helps!

The Corporate Communications team's new initiative of sending each employee a goodwill message on their birthday since July 2013 has been well received.

The key to our success

We want to attract, recruit, develop and retain people who will become the key drivers to our success and one of our biggest assets. Our recruitment and selection policy sets out a clear process and eliminates discrimination on the basis of gender, age, race or ethnicity. Appointments are made on merit against objective criteria with due regard for the benefits of diversity including gender diversity. We welcome solicited and unsolicited job applications in our drive to consider a wider pool of candidates. Our two-year graduate training programme attracts bright university graduates at the end of which successful candidates are

1517 Oando employees in Nigeria as at 31 December 2013

1.58% The percentage of expatriate Oando employees



Competency-based training programme

We run competency-based training. Employees are provided a list of skills required for the performance of their duties and asked to identify any gaps in knowledge or skills. At the conclusion of each assessment, a three year training and development plan is set for the employee and a clear career progression strategy established.

Personal development

The personal development of our employees is an integral part of employee supervision and appraisals. In addition to internal training and awareness sessions arranged by the Company, employees, consultants and contractors are encouraged to seek appropriate courses on a broad range of subjects that will better enable them provide value in their roles. In 2013, there was a particular focus on safety with the EHSSQ department conducting 53 health and safety seminars for employees in Nigeria, Ghana and Togo. The sessions were interactive and focused on reminding employees of the impact of their activities on others, teaching them to minimise and control harm to health, safety and the environment.

During the year we invested over US\$967 million in employee training, including travel costs. In 2014, we will review options for a leadership development programme to provide

our management team and other high potential individuals with the skills, strategies and behaviours essential for leadership positions with the aim of rolling out a programme by 2015. This will strengthen our succession planning process and improve retention of key knowledge, skills and individuals within the Company. The Human Capital Management department perform regular risk assessments in compliance with our Enterprise Risk Management framework, identifying and assessing the Company's labour-related risks and ensuring that adequate staffing levels are maintained at all our operations.

Investing in our people



28%
female management

Inclusion and Diversity

Workplace diversity fosters mutual respect. We can learn a lot from people who have different cultures, perspectives, strengths, opinions and ways of working. Employees from different generations can also support each other, to learn new technology and to learn from experience. Although conflict may inevitably occur amongst employees, people who work in diverse environments learn to resolve such conflicts more amicably as they acknowledge each other's differences. Therefore we incorporate diversity into our employment practices always ensuring that we remain compliant to relevant employment regulations.

We support initiatives that encourage a diverse group of individuals, and in particular women, to pursue careers in engineering and science. There is substantial female leadership representation within the Group from the Board of Directors to management level. We have three female board members, representing 27% of the Board and approximately 28% of management is female. The Board recognise that diversity is important for introducing different perspectives into debates and for better anticipation of risks and opportunities. Ethnic diversity is also an important element of our inclusion and diversity programme. As a proudly indigenous company, 98.4% of our employees are locally employed.

39 new employees recruited in 2013:
29 men, 10 women

98.4% of our employees are locally employed

Trade unions

Our employees are entitled to join trade unions without fear of reprisal, intimidation and harassment. A substantial portion of our permanent workforce are represented by trade unions and covered by collective bargaining agreements (CBAs). As at December 2013, there were 311 employee members of the trade union PENGASSAN.

PENGASSAN representatives deal with labour disputes and grievances on their member's behalf with the Company. We review the working conditions of our locations to ensure

that any less than favourable issues are redressed promptly and that employee concerns are discussed within the organisation before they become the subject of dispute. We work to maintain a positive relationship with our employee trade union through a culture of engagement and communication and adherence to the terms of the CBAs with PENGASSAN.

The 2013/14 CBA was signed off by all parties in December 2013 after extensive negotiations. The new agreement includes a salary increase of 22% covering the period January 2013 to December 2014. ,



Safety is a priority

Our Health and Safety initiatives

- Safety training
- Safety procedures
- 14 life-saving rules
- EHSSQ induction for all employees
- Personal protective equipment (PPE)
- Material safety data sheets (MSDS)
- Safe handling of chemicals (SHOC) procedures
- Routine maintenance of all equipment
- Wellness campaigns assisting employees develop healthy lifestyles
- Defensive driving training sessions
- Health week
- Commemoration of World Aids Day



Safety

Our priority objective is to prevent the loss of life and injury to our employees, contractors, business partners and the general public at large. We continuously work to ensure that we have a safe and healthy workforce as this leads to greater efficiency and productivity. We are pleased with our safety performance in 2013 as there were no work related fatalities and all our operational rigs recorded zero lost time injuries (LTIs) with the OES Integrity rig celebrating four years without an LTI incident in August 2013.

We will continue to ensure that we do not become complacent about the inherent risks in our industry. We welcome the recognition of our efforts in ensuring safety in all our operations such as the award of the 2013 Intels

Logistics Safety Awards to OMP for commitments to health, safety and environmental values within the workplace. OMP became a corporate member of the British Safety Council in April 2013 and received the International Safety Award by the British Safety Council during the year for commitment to high safety standards and adherence to international best practices in occupational health and safety.

0 work related fatalities at Oando in 2013

Throughout the year we educated employees on health hazards associated with our business as this reduces potential occupational illness.



EHSSQ training

Employees are trained to recognise hazards and develop a positive work environment, health and safety (EHS) leadership culture. Throughout the year we educated employees on health hazards associated with the business to help reduce occupational illness. Safety equipment is provided to employees wherever needed including personal protection equipment (PPE) and they are trained to use them appropriately. Other training programmes include regular safety briefings, toolbox meetings and EHSSQ monthly and quarterly town hall meetings where specific safety topics are addressed.

During the year, we held a safety week themed 'walk the talk' at all our operational locations in Nigeria, Togo and Ghana. This was aimed at promoting employee responsibility and accountability for EHS matters and reinforcing the belief that leadership by example and personal accountability are the cornerstones for achieving superior EHSSQ performance. We are working to better communicate the importance of EHSSQ considerations in strategic decision-making to ensure that they are high on the agenda at all levels of the Company from the Oando Plc Board to the field operatives.

EHS Reporting

All EHS incidents are reported in accordance with our procedures and discussed by senior leadership at the monthly EHS meetings. We use an Action Tracking System (ATS) to monitor and track the close-out actions required. All high risk incident investigations are led by a manager that does not have responsibility for that area of business. During the year, the EHSSQ Information Management System (IMS) was approved and the first Module of the system, the Oando Incident Reporting Module, was rolled out in December 2013. This will help organise and centralise our incident reporting, investigation and data management. Further modules from the IMS including a KPI Reporting module are due to be rolled out in 2014.

4 years of maintaining zero LTI at the OES Integrity rig

Safety is a priority

Policies and procedures that promote better health and safety

- Alcohol Policy
- Medical Care Policy
- Security Policy
- Transport Policy
- Smoking Policy
- Emergency Evacuation Plan
- Fire Marshall Training
- Permit to Work Policy
- Personal Protective Equipment Policy

Employee wellness

At Oando, we encourage our employees to adopt healthier lifestyles through our wellness programmes. We provide training on healthy eating and ways to combat obesity which is a growing concern in society with a range of associated health risks.

We provide access to quality healthcare facilities for staff and strive to reduce absenteeism on account of illness. The Company instituted the Oando Health Care Scheme which is a programme through which the Company provides access to quality healthcare facilities for staff and their immediate family members.

All employees receive a mandatory annual medical check-up and there are clinics at all our operational bases to ensure that emergency care can be provided before medical evacuation to the employee's identified primary healthcare provider.

Security Challenges

In 2013, we faced security challenges arising from terrorism, crime, militant activities and other security threats to our operations in Nigeria. There are real risks of oil theft, piracy, kidnapping of company personnel for ransom, invasion and destruction of Company property, armed robbery at service stations, assault on our employees, sabotage of our product pipelines and the indiscriminate detention of

Company trucks conveying petroleum products to various destinations across the country.

These challenges are not restricted to our operations in the Niger Delta, although more prevalent in that location. We also face security challenges in the North-eastern states in Nigeria, in particular Bauchi and Adamawa states. These security threats impact on our operational costs as a result of loss of production, restriction on movement and travel disruptions. In addition there are concerns and anxiety by employees and contractors over personal safety.

Our primary obligation in this area is to prevent harm to our personnel. During the year we employed over 480 security personnel to see to the protection of our people and property. Our security personnel are trained professionals and we supplement their knowledge with periodic in-house security awareness training. They are also required to undertake safety induction prior to commencement of their duties. We have also increased surveillance equipment at a number of operations. The effect of the activities of the Niger Delta militants to our business and to oil and gas operators in general cannot be underestimated. We are working with governments and other corporations to combat this situation, further information on which can be found on pages 73 and 75 of this report.

480 security personnel employed to see to the protection of our people and property

We instituted the Oando Health Care Scheme which is a programme through which the Company provides access to quality healthcare facilities for staff and their immediate family members.

Our 14 life-saving rules

We introduced the Oando 14 life-saving rules in 2012 and provided a re-launch in 2013. There is a visible display of the life-saving rules at our offices and locations and they are rigorously enforced. All employees receive a wallet sized copy and we run training sessions during the year.

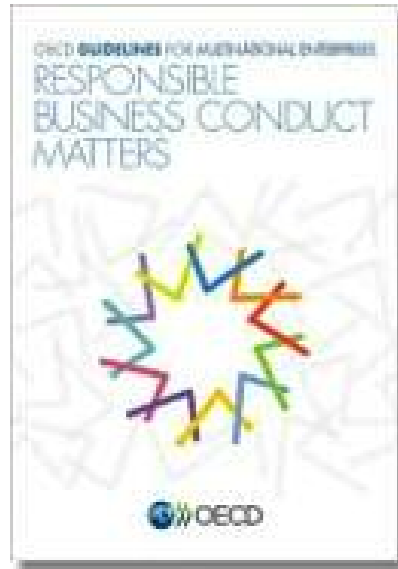
Studies have shown that 80% of high criticality incidents in the industry have been traced to a breach of one or more of these rules. Compliance to these rules therefore saves many lives, prevents major asset damage, prevents environmental pollution and protects the company's reputation.



14 Life-Saving Rules

 Intervene in non-compliant situations	 Verify isolation before work begins and use the specified life protecting equipment	 Do not walk under a suspended load	 Wear the correct Personal Protecting Equipment
 Work with a valid permit where required	 Obtain authorisation before entering a confined space	 Do not smoke outside designated smoking areas	 Follow prescribed journey management plan
 Ensure good housekeeping at all times	 Obtain authorisation before overriding or disabling critical equipment	 No alcohol or drugs while working or driving	
 Conduct gas tests when required	 Protect yourself against a fall when working at height	 While driving, do not use your phone and do not exceed speed limits	

Promoting Ethical Conduct



Business conduct and ethics

Our stance on ethical issues can be found within our Corporate Code of Business Conduct and Ethics, which is complemented by our internal policies and procedures.

Our values constitute our standard of responsible conduct in the way we do business and are communicated to all employees and displayed at all our locations. These documents exist to guide and encourage our people to do the right thing and are continuously reviewed and updated in line with international best practice.

During the year, there was a particular focus on reinforcing the principles behind our Gifts and Benefits Policy and promoting a better understanding of acceptable business gifts.

We have reviewed various international guidelines for responsible business conduct, for example the OECD Guidelines for Multinational Enterprises, a set of government-backed recommendations on responsible business conduct, to ensure that we conduct all our businesses responsibly in line with global best practise and are not directly or indirectly at risk of creating and/or promoting adverse impacts.

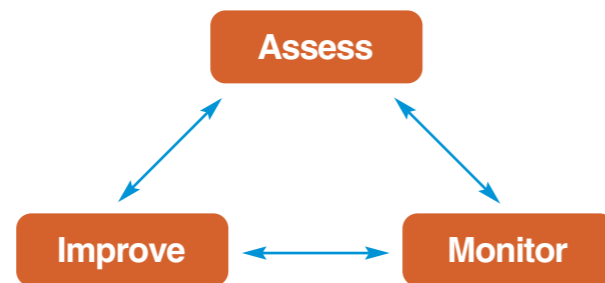
Corporate Code of Business Conduct and Ethics

The Code was adopted by the Oando Plc Board in December 2007 and sets out the standards of ethical behaviour expected of all persons when conducting company business. All Oando directors, managers, employees and business partners are required to comply with the Code and breaches could lead to disciplinary proceedings and summary dismissal or blacklisting in the case of a business partner or vendor. The induction of all employees includes training on the Code and there is an annual re-certification exercise for the whole Group where each person confirms that they have read and understood the Code, will comply with it and are aware of the consequences for non-compliance and affirm their responsibility to report any known or suspected breaches of the Code.

Oando Core Values

TRIPP

Teamwork Respect Integrity Professionalism Passion



Our values constitute our standards of responsible conduct for the way we do business and are communicated to all employees and displayed at all our locations.

Whistleblowing

Whistleblowing is the reporting of suspected or actual wrongdoing, misconduct, illegal activity, things that are unethical and/or endangers the health and safety of others.

Pro-active

Communicate Policies and Procedures on Bribery and Corruption. Conduct regular risk assessments. Ensure due diligence performed. Review internal controls and training requirements.

Re-active

Investigate breaches of the Code and policies and provide recommendations for action.

Due diligence

We are committed to doing business with only reputable, honest and qualified business partners and we take reasonable steps and precautions through our due diligence process to ensure that the integrity of a business partner does not have a negative impact on the Company's reputation.

During the year, the Company acquired licences to Thomson Reuters' World Check Risk Screening solution, a source of intelligence on heightened risk individuals and companies covering aspects of Know Your Customer (KYC) and Anti-Money Laundering (AML). This tool augments the Company's existing policies and procedures that identify and manage financial, regulatory and reputational risks associated with doing business with business partners, suppliers and counter parties.

Anti-corruption

Corruption is a key business risk. We have adopted a zero tolerance policy in this area that applies to every business we manage, regardless of location. This is communicated through the Company's Anti-Bribery and Corruption Policy and the Oando Code of Business Conduct and Ethics. We work with our stakeholders, including governments, to promote good governance and prevent corruption.

We also actively engage in the fight against corruption by affiliating with local and international initiatives like the United Nations Global Compact.

Oando is a signatory to the World Economic Forum's Partnering Against Corruption Initiative (PACI), a global anti-corruption initiative promoting ethical business society and the Convention on Business Integrity (CBI), a body formed in 1987 to empower business transactions within Nigeria against corruption and corrupt practices.

On December 9 2013, Oando joined the rest of the world to commemorate the World Anti-Corruption Day

We are proud of our achievements in this area and zealously protect our reputation.



KPMG Ethics Hotline

IF YOU SEE... SAY SOMETHING

The Oando Whistle blowing hotline is an avenue for employees and other stakeholders to confidentially report unlawful or unethical conduct. The service is managed by KPMG Professional Services who ensure that all reports are channelled to the appropriate authorities for investigation and resolution.

Promoting Ethical Conduct

Our Mission

To be the leading, integrated, energy solutions provider.

Our Vision

To be the premier company, driven by excellence.



International standards

Our approach to sustainability includes adherence to the principles of national and international initiatives which promote ethical business conduct and integrity. This is rooted in our vision to be the premier company driven by excellence and our mission to be the leading integrated energy solutions provider.

We are signatories to the **United Nations Global Compact** ("UNGC") and committed to its ten principles. We have continuously worked to implement the principles in our business operations and have issued an annual "Communication on Progress" (COP) to give feedback to our stakeholders on the outcomes of our implementation of the principles thus far since we signed up. This sustainability report incorporates the elements of our 2013 COP.

In December 2013, our Chief Compliance Officer was appointed as co-chair of the UN Global Compact 10th Principle Working Group.

United Nations Global Compact

The United Nations Global Compact (UNGC) is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and reporting publicly on progress made in implementing these principles in their business operations. Oando committed to the United Nations Global Compact in July 2009 and we committed to informing the UNGC of activities demonstrating our on-going commitment through an annual communication on progress report.

UNGC Communication on Progress 2013

During the reporting period, we issued our communication on progress for the period January 1, 2012 to December 31, 2012. We have included as part of this report how we demonstrated our ongoing commitment to the ten UNGC principles during the period January 1, 2013 to December 31, 2013 and our plans for improving our performance as this report forms a part of our 2013 Communication on Progress.

Our approach to sustainability includes adherence to the principles and policies of national and international initiatives which promote ethical business conduct and integrity.



The 10 Principles of the UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Creating value through strategic partnerships

- 70 Working together
- 74 Developing the industry
- 76 Building a strong foundation



Working together



“Coming together is a beginning, keeping together is progress, working together is success.”
Henry Ford

Partnerships for sustainability

A key ingredient to the achievement of sustainability in modern times is through effective partnerships. Individuals, companies and governments can no longer work in isolation towards achieving long term goals as we are interconnected and our actions have an impact on each other. In today's society, true success can only be achieved through collaboratively working in areas of shared interests and mutual benefit. At Oando, we pursue partnerships that provide us with access to new markets, superior returns and innovative technology. We also seek partnerships that address industry-wide issues, concerns and impacts the energy sector.

Community building

It is important for our business that we communicate effectively with the communities that affect and are affected by our activities. The communities in which our operations are located are referred to as host communities and as our hosts they are key stakeholders and partners in our businesses. Community acceptance of our projects has a major impact on the success of these operations.

The Company negotiates a Memorandum of Understanding (“MOU”) with the host community that sets out the expectations and responsibilities of the Company and of the community. These MOUs are reviewed every four years or as agreed and the intention is to ensure that there is ongoing communication between parties, that local infrastructure initiatives, investment in social programmes and any other community development projects are not imposed but are collaborative, agreed and create real value for our host communities. Our intention is to work together to leave a legacy that lasts long after our operations may have concluded in these locations.

Our Community Relations Strategy

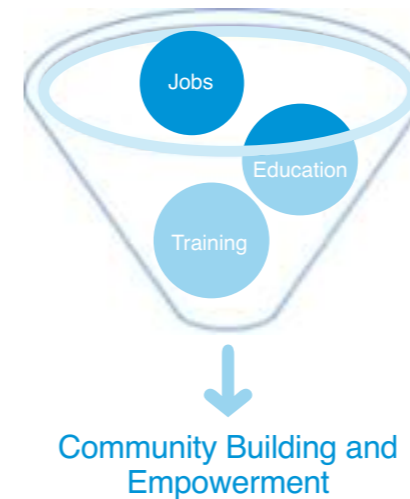
- To be the catalyst for socio-economic change
- To build community capacity as a means for self-reliance and economic empowerment
- To entrench and foster sustainable development
- To contribute towards building the future of our host communities

It is important for our business that we communicate effectively with the communities that could affect and are affected by our activities

\$1.8 million

was applied to sustainable community development projects in OML 56 during the year

Keeping it Local



Keeping it local

We provide a lot of community support, training and development through the Oando Foundation, details of which can be found on pages 76 - 80. In addition, we have worked to ensure that wherever possible, we utilise the information resources and employment pool provided by the local community in which our operations are based. In 2013, a good number of those recruited to our operations were local indigenes and this included more than 40 youths recruited as part of the community involvement strategy of our rigs business.

The needs of each community differ and we utilise our stakeholder engagement activities to determine which infrastructure development projects would be required in the long term. For example, during the year over US\$1.8 million was applied to sustainable community development projects in OML 56 to cover water boreholes in Umusadege, electrification for Isumpe, Umusam and Umusadege, construction of asphalt roads for Ebendo, Umusam and Obodugwa and a number of other such projects as determined by the Community Trust Fund Board.

Encouraging entrepreneurship

We want to help local businesses to thrive and work in partnership with us where possible. As a part of our empowerment programme we work to develop projects and products that encourage and support local entrepreneurship.

An example of our endeavours can be seen through our O-Gas initiative, promoting the sale of low-cost, portable LPG cylinders for household cooking. Although our products are



distributed through our service stations, we encouraged micro-entrepreneurs to sell the cooking stoves as retailers. We partnered with the National Association of Microfinance Banks to provide favourable financing to encourage uptake of the scheme resulting in the sale of 10,000 units.

Increasing our customer base

Like other commercial entities, it is important for our long-term viability and success that we expand our customer base, increasing satisfaction among our existing customers and acquiring new satisfied customers especially in the growth markets. To achieve this, we need to ensure that we are continuously adapting our products to meet the requirements of our customers and that we become leaders in customer satisfaction and quality. Our customer portfolio is diverse, ranging from individuals and small businesses to large corporations and governments.

In 2013, we added 244 new customers to our database of high volume customers in our downstream operations in Nigeria. We have developed a number of techniques to achieve our increased customer targets. These include customer engagement and feedback, loyalty incentives, competitive deals and discounts, fair terms and conditions

New Customers Welcome

A wider, more established customer base would make our business easier to grow, more predictable and more sustainable.

Working together

Case Study Customer Appreciation

On July 9, 2013, Oando Energy Services (OES) hosted a customer interactive session in Lagos where customers were invited to discover more information about the company and its services and this provided a platform to gain valuable insight into the industry and the way forward in delivering quality services. The event was a way of appreciating and acknowledging the loyalty and contribution of our customers to Oando's success. Two further sessions were held in Port Harcourt at the Nigerian Agip Oil Company (NAOC) and the Golden Tulip Hotel on July 11, 2013 and July 12, 2013 respectively.

and prizes from competitions. The strong position of the Oando brand in the energy market allows us to leverage the Group's strengths and increase our competitive advantage. We are looking to further develop these initiatives as we are not complacent about our achievements.

Successful customer retention is a lifetime effort which begins with excellent customer service to ongoing stakeholder engagement. It is important that we anticipate the needs of our customers and provide effectively and efficiently for those needs through our products and services. We want to reach new customers and turn them into satisfied ambassadors. We collaborate with our customers to ensure that we tailor products to their specific needs. Improving the reliability of our customer services is a team effort and requires not just our employees but also cooperation with our business partners and local suppliers. We need to have strong teams that understand the local economy as this informs our strategic marketing efforts.

Our supply chain

Employing and developing suppliers or vendors is another way in which we contribute to the local communities in which our operations are based. They are our business partners and we look for mutually beneficial relationships in

considering their selection, ensuring that they can provide the necessary resources needed for our businesses and also reviewing how we can support and build their capacity within the industry.

Our procurement procedures take into account political, social and commercial considerations and we have a comprehensive and well developed vendor management procedure that ensures a standardised and fair process applicable to all. Selection is subject to a thorough and objective assessment of the character, reputation, competence and financial stability of the vendor through our due diligence and tender processes. We also require our vendors to have established policies on environmental, health and safety (EHS) and human rights. In the event of unfavourable findings, the procurement team is advised to halt registration proceedings.

Managing the supply chain

Our vendors are essential to the success of our business and the development and management of our supply chain is an important aspect of our sustainability commitment. Our reputation and image can be affected by the service they provide so we work to ensure that they remain competent and capable of providing excellent service.

Thomson Reuters, World Check

In 2013, we acquired licences to use the online screening tool provided by Thomson Reuters, World-Check, a tool that provides high quality risk intelligence that serves the Know Your Customer (KYC) and Know Your Business (KYB) value chain of highly regulated industries. World-Check enables compliance with money laundering, counter-terrorism, bribery and anti-corruption legislation. It is used to provide auditable proof of due diligence to regulators.

We work to support the Nigerian government's goal of ensuring that all children have access to free, compulsory, good quality primary education in line with the second goal of the eight United Nations Millennium Development Goals (MDGs).

Vendor Compliance

All vendors must comply with Oando's corporate policies and procedures including the Oando Code of Business Conduct and Ethics and our Environmental, Health and Safety Plans.

We provide regular information updates and training through our vendor forums. We have simplified our terms and conditions and payment policies. There is an annual review of vendor documentation to monitor their compliance with laws and regulations, including tax returns and with the Company's corporate policies. Inactive or non-compliant vendors are cautioned, trained or removed from our systems through our blacklisting procedures.

Local content

There are various approaches to supporting local companies. Increasingly governments place obligations on organisations to build 'local content'. We are proudly indigenous and have continued to utilise indigenous companies in 2013, increasing local content participation in the oil and gas industry.

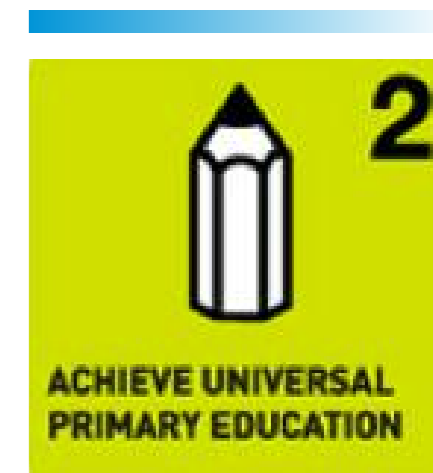
In 2013, we won the awards of Best Nigeria Content Development (NCD) Investment Company at the annual Shell Nigeria Exploration and Production Company NCD exhibition and the NCD Investment Company of the Year Award from the Orient Energy Review magazine through our Oando Energy Services operation. We are committed to ensuring that local businesses have the opportunity to participate in our supply chain.

Nigerian Content

Oando is member of the Nigerian Content Consultative Forum (NCCF) of the Nigerian Content Development Monitoring Board (NCDMB) set up with the primary objective of finding better ways of implementing the Nigerian Oil & Gas Industry Content Development Act 2010 (NOGICD Act), generally referred to as Local Content Act 2010.

Working with governments

Oando works in partnership with the Nigerian government on a number of initiatives including, supply chain development and development of the oil and gas industry. We also work to support the Nigerian government's goal of ensuring that all children have access to free, compulsory, good quality primary education in line with the second goal of the eight United Nations Millennium Development Goals (MDGs). This is primarily done through the Oando Foundation and its Adopt-A-School initiative.



Millennium Development Goals

Nigeria is a signatory to the MDGs. Goal number two requires countries to ensure that by 2015 all children, boys and girls alike, are able to complete a full course of primary schooling

Developing the industry

Technology

Technological advancement is crucial to the development of the oil and gas industry as it is to most industries seeking to find new, innovative and more efficient methods of utilising their resources. Investing in technology will lead to the development of safer and more efficient extraction of petroleum, natural gas and other natural resources, reaching areas that previously were unreachable, providing costs savings and reducing waste. We want to use technology to create tangible value for our stakeholders. We have already started utilising available technology to improve our efficiency within our business, from the use of Instagram to determine staff attendance at our petrol stations to the development of projects such as the Compressed Natural Gas project developing a natural gas compression facility. However we need to partner with universities, research bodies, technology suppliers and other stakeholders to explore technology options specific to the oil and gas industry.



We encourage senior leadership to join forums and professional membership organisations that not only promote their careers but also push forward matters of interest on the agenda to participants in the oil and gas industry. Our Group Chief Executive and a number of other senior managers, engage with the Society of Petroleum Engineers in Nigeria (SPE) as members and partners. Oando is also an ongoing supporter of the SPE and active participant in its programmes. In 2013, we were co-sponsors of the Oloibiri lectures and energy series at the SPE's 37th Nigerian Annual International Conference and Exhibition (NAICE)

where we received a silver award in recognition of our contribution. NAICE is one of the largest upstream oil and gas events in Africa attracting industry practitioners and providing an opportunity for learning, debate and challenge to develop initiatives that will deliver a sustainable future for the industry.

Partnering with competitors

There are a number of strategic alliances that we at Oando value greatly including our relationships with engineering, procurement and construction (EPC) contractors. We regularly participate in industry 'hubs'

where knowledge and experience is shared between participants with the aim of developing the industry and adding value to respective customers. This collaborative approach can also be seen in a number of our projects including our joint venture terminal depot at Apapa, Lagos, the Oando/Total Joint Venture Terminal built in conjunction with Total Nigeria PLC and provides product receipt, storage and distribution facilities.

In the upstream sector of our business we have formed alliances with organisations that promote local content participation in the petroleum industry.

In line with our long term strategic objectives, we work with the government and other industry participants to develop appropriate laws that regulate, protect and promote the growth of the oil and gas industry.

Case Study Government Partnership

Our IPPs in Akute and Alausa have a capacity of 12.15MW and 10.4MW respectively and are operated under a public private partnership (PPP) with the Lagos State Government. They replaced over 120 generators and have led to a substantial reduction in CO2 emissions and substantial cost savings for the Lagos State Government. The 24 hours uninterrupted electricity supply has also helped the Lagos State Water Corporation (LSWC) achieve a 300% increase in their supply capacity to their two main water treatment plants in Iju and Adiyin. This is another example of effective collaboration for the greater good of the industry, society and the environment. The power plants are designed to run on natural gas, a cleaner, safer and more environmentally friendly energy source compared to diesel. The commissioning of the second power plant also marks Lagos State as the first state government with its secretariat fully powered by natural gas.



Making a difference

In line with our long term strategic objectives, we work with the government and other industry participants to develop appropriate laws that regulate, protect and promote the growth of the oil and gas industry. During the year, we held discussions with the Nigerian government on the proposed Petroleum Industry Bill (PIB) intended to subsume regulatory and fiscal and petroleum laws of Nigeria under a single piece of legislation.

We also continue to work towards achieving the industry goal of total flare out by 2020 in compliance with the deadline recommended by the International Oil Companies (IOCs) to the Nigerian Government.

Oando has continued to work with the Lagos State government to provide stable and uninterrupted electricity supply to the Lagos State Water Cooperation (LSWC) from the launch

of our first independent power plant (IPP) in Akute in 2010 to the recent commissioning of our second IPP in Alausa in September 2013. We have identified the need for IPPs as a welcome resolution to the crippling power problem in Nigeria. There are plans to expand the distribution network of the IPPs and we are currently working with Orlean Invest on the installation of IPPs at Onne and Lekki. Our IPP strategies also align with our Energy Quadrant Project - one of the utilization strategies employed to achieve our total gas flare out objective by 2020, further information on which can be found on page 46.

We will continue to participate and promote government projects like the National Integrated Power Project (NIPP) that seek to address the issues around insufficient electric power generation and excessive gas flaring. For more information on gas flaring see pages 52 - 53.

Building a strong foundation



Oando Foundation

The Foundation is an independent charity set up by Oando Plc in 2011 to empower communities across Nigeria through capacity building and sustainable development. It donates to orphanages and special needs schools, grants scholarships and develops teacher training programmes and other projects that promote its mission. During the year, a new teacher training programme which includes a teacher developments needs assessment was unveiled. The programme is due to run in 2014 in 22 of the adopted schools in partnership with Pearson Nigeria Limited. Further information can be found at www.oandofoundation.org.

The primary focus of the Foundation is education and the improvement of access to quality basic education for all children in Nigeria. This focus on education came as a result of the realisation that the education system in Nigeria required the support of the private sector to achieve its goals. The United Nations Educational, Scientific and Cultural Organisation (UNESCO) has reported that there are approximately 10.5 million primary school aged children out of school in Nigeria, more than any other country in the world and the country that has experienced the highest increase since 1999. This is despite the free education provisions made under the Universal Basic Education (UBE) programme launched by the Federal Government of Nigeria in 1999.

2013 Adopt-A-School-Initiative (AASI) Achievements

- 20 additional schools adopted bringing total to 47
- Over 300 scholarships awarded to outstanding pupils
- New ultra modern ECCD and model ICT Centre installed at Archbishop Taylor Primary School in Lagos boasting state of the art TV, DVD and projectors powered by solar energy
- Six ICT teachers from adopted schools trained in partnership with Microsoft.

N130 million

provided by Oando Foundation in 2013 through donations and sponsorship

One in five (20%) of the out of school children in the world are in Nigeria. Despite free education, 52% of children drop out as a result of cost-related factors.

This shows that the country is far from achieving the 2015 target of ensuring that there is universal primary education as set under the MDG. Therefore it is important that the government and private corporations work together in partnership to turn this trend around.

Adopt-A-School Initiative

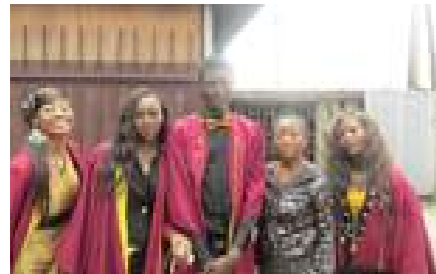
The Adopt-A-School Initiative (AASI) is the Foundation's signature project through which the lives of many children in Nigeria have been positively affected. It is a public-private partnership project designed to improve the deplorable state of public schools in Nigeria by upgrading and refurbishing them to acceptable standards through their 'adoption'. This is done by the rehabilitation of the adopted school's infrastructure, teacher training, upgrading of Early Childhood Care and Development Centres (ECCD), the establishment of ICT/Creative centres, provision of scholarships and strengthening

community participation in school management and governance through capacity building for the School Based Management Committee (SBMC) and Local Government Education Authorities (LGEA). The Foundation is committed to adopting 100 schools by 2015.

Poverty is a major barrier to the education of children in Nigeria. Despite education being nominally free, 52% of the children that drop out of the education system, do so as a result of cost related factors. The money received through the Sponsor-a-Child campaign goes a long way towards changing the life of the sponsored child and yours. The Foundation also supports the transition from primary to secondary schools through the "Oando Scholars Programme" awarding scholarships to the ten highest performing students in each adopted school. The Foundation awarded over 300 scholarships in 2013 taking the number of students on the scholarship programme to over 500.



Building a strong foundation



Graduation ceremony of 4 Gaslink scholars at Excellent Foundation College on July 23, 2013

Gaslink Back-To-School Programme

The Gaslink Programme, which commenced in 2007, offers a six-year scholarship to 100 children of primary or secondary school age who are indigenous to the communities in which Gaslink Nigeria Limited has its pipelines. It seeks to encourage children within host communities to return to school, fostering a harmonious relationship between the Company and the community. There are currently 73 students from the following communities on the programme: Agidingbi, Apapa, Ilasamaja, Ilupeju, Isolo, Keke Agege, Mushin, Obanikoro, Ojota, Omole, Oregun, Orile, and Wasimi-Maryland. The programme is funded by Oando Gas and Power Limited and currently managed through the Oando Foundation.

Employee Volunteering

The Employee Volunteer Programme (EVP), tagged 'Inspired Hands', is an initiative of the Oando Foundation providing an opportunity for Oando employees to give their time and talent to uplifting the local communities in which they live and work and effect positive changes. The EVP was launched as part of activities to commemorate the United Nations Volunteer Day in December 2012 and over 100 employees signed up to the programme. They have since contributed their time and effort to helping with different community projects. On International Volunteer Day on December 5, 2013, the employee volunteers engaged in community sanitation activities at one of our adopted schools, Zumuratul Islamiat (ZI) Primary School I, Akute, Ogun State, turning an area with dilapidated structures into a more habitable and conducive learning environment. We are currently reviewing more efficient methods of collating data on employee volunteering commitments.



What next?

The Foundation continues to focus on ensuring the achievement of its objectives. Donor/Partner engagement remains key to success and includes the identification and interaction with potential donors and partners, telling the Foundation's story to national and international funders or others willing to support and partner in this laudable cause.

In 2013, the UK Department for International Development (DfID) partnered with the Foundation to provide resources and technical support for teacher training in ten of the Foundation's adopted schools and we continue to work with other

potential partners to encourage similar support. We also ran capacity building training for Early Child Care Development (ECCD) teachers and caregivers in partnership with Incubator Africa and Arc Lights Limited during the year. Teacher training is an important aspect in ensuring better education for the children.

A new teacher training programme was revealed on World Teachers' Day in October 2013 that would aim to create a more needs-based training plan going forward. We are working in partnership with the National Training Institute (NTI) to strengthen the capacity of teacher trainers in preparation for the deployment of the programme.

New Teacher Training Programme Unveiled

The Foundation invests in the capacity development of teachers at all its adopted schools. In 2013, a new teacher training programme in partnership with Pearson Nigeria was unveiled to commemorate World Teachers' Day. This new programme would conduct Teacher Development Needs Assessment and analysis to determine the appropriate content of training that would give teachers the necessary tools to maximise learning opportunities. The programme is due to run through 2013-2014.



Targets and Data

- 82 Targets and Data
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Targets and Data

Air quality monitoring data and DPR limits

Parameter	Units	Method	DPR Limit	Average
Noise Level	dB(A)	ISO 1996- 1: 2003/Noise meter	80-100	56.16
Sox	ug/m3	Instrumental/Portable Analyzer	(100-150)	0.2575
NOx	ug/m3	Instrumental/Portable Analyzer	150	0.2575
VOC	ug/m3	Gas Detection Tubes	160	16.96
CO	ug/m3	Instrumental/Portable Analyzer	N/A	<0.01
SPM	ug/m3	Instrumental/Portable Analyser	250	39.76
Radiation/LSA	µS/hr	Instrumental/Portable Analyser	N/A	0.085

Waste Management (Non-hazardous and Hazardous waste)

	Non-hazardous Waste						Hazardous Waste			Total (kg)
	Food (kg)	Glass/Ceramic (kg)	Plastics (kg)	Paper/Packaging (kg)	Other Domestic (kg)	Metals/woods (kg)	Oily waste (kg)	Sludge (kg)	Medical/ Others (kg)	
January	1045.5	16.5	300.5	694.5	367.0	192.0	144.5	0.0	0.0	2760.5
February	1226.5	43.0	210.5	496.5	236.0	211.0	105.5	0.0	0.0	2529.0
March	1327.0	22.0	346.0	615.0	344.5	151.0	130.5	400.0	0.0	3336.0
April	1522.5	37.0	344.0	711.9	308.0	191.5	146.0	0.0	0.0	3260.9
May	1316.0	31.0	457.5	688.0	451.0	128.0	144.5	0.0	0.0	3216.0
June	1332.5	20.5	519.5	672.0	528.0	780.0	10159.5	5400.0	2.5	19414.5
July	1230.5	23.0	282.0	638.0	269.0	184.0	163.5	0.0	0.0	2790.0
August	1382.0	18.5	300.0	734.0	316.0	164.5	157.0	0.0	0.0	3072.0
September	1428.5	36.0	507.5	770.5	762.0	189.0	121.0	400.0	0.0	6910.0
October	1397.9	35.5	547.0	886.8	725.5	217.0	5108.5	0.0	0.0	7053.9
November	1441.0	32.5	579.0	1061.7	834.5	179.0	27587.5	15100.0	0.0	7757.9
December	916.0	10.0	165.0	579.4	360.0	95.0	158.0	400.0	3.6	4300.8
Total	15565.9	325.5	4558.5	8548.3	5501.5	2682.0	44126.0	21700.0	6.1	66401.5

Gas Flaring

2013	2013	Oando's share
	BBLS	BBLS
Oil Production	8,075,195.00	1,211,279.25
	MMSCF	MMSCF
Gas Production	13,065.08	1,959.76
Gas Flared	8,724.29	1,308.64

Employee Data

Employee Category	OES	OMP	OGP	OER	OSHS/Group	Total
Permanent Staff (Active)	49	292	48	55	111	555
Permanent Staff (On study leave or leave without pay)	0	7	1	0	2	10
Contract Staff	409	384	16	10	68	887
Consultants	35	7	0	5	5	52
Interns	0	2	1	6	4	13
Expatriates	22	2	0	0	0	24

Age and Gender (Employees recruited in 2013)

Entity	Number	Age Group	Male	Female
Group/SS	16	27-37	10	6
OGP	5	24-38	4	1
OMP	11	26-43	8	3
OER	4	30-45	4	0
OES	2	29-45	2	0
OST	1	27	1	0
Total:	39	24-45	29	10

Permanent Employees by Gender ratio per subsidiary

Levels	OGP		OMP		Group/SS		OER		OES		OST	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior	28	8	176	55	31	39	17	13	23	7	12	2
Management	10	2	37	6	25	16	20	5	17	2	2	2

Employee lost time injuries

Entity	Total No. of Employees and contractors	Total lost work day cases	Injury Rate	Occupational Diseases Rate	Lost Day Rate	Absentee Rate	Fatalities
OMP	664	0	0.55	0	0	0	0
OES	494	0	0	0	0	0	0
OGP	64	0	0	0	0	0	0
OER	78	0	0	0	0	0	0
TOTAL	1300	0	0.55	0	0	0	0

Targets and Data



Employee Training

Training / Activity	No of Participants
Abuja Aviation	
ISO 14001 Environmental Management Training	27
Waste Management training	27
Apapa Terminal	
ISO14001/OHSAS training	91
Incident management system	36
General Induction for staff working in Lube	37
Training on Manual Handling for lube plant	18
Contractors Forum	31
ISO14001/OHSAS 18001 Training for drivers	41
Importance of Nearmiss reporting for Maintenance staff	8
Training on Emergency response and 14 lifesaving rules for Fastlink Security guard	19
Training on Emergency response and 14 lifesaving rules for Rapid Vigil Security guard	26
General EHS Orientation for Handy Andy	23
Know your terminal Staff orientation	45
Contractors awareness campaign	36
Training for laboratory staff on oil Spill prevention and Safe Handling of Chemical	4
EHS orientation for All terminal staff	61
Apapa terminal Health week	36
PTW/JHA training for Managers/Supervisors	21
Contractors awareness Campaign march	110
Training for white product staff on Oil spill prevention , and safe Loading procedure	10
Contractor awareness training February	146
Induction for Rapid vigil security outfit	36
OMP Head Office	
ISO 14001/OSHAS 18001 Awareness training	557
EHS Level 1	44
EHS Level 2	27
EHS Level 3 (23 Jan. 2013)	16
EHS Level 3 (20-22 Nov. 2013)	25
Journey Management	62
Ikeja Aviation	
ISO 14001/ISO 18001 Awareness Training Session	48

Employee Training

Training / Activity	No of Participants
KLP	
First aiders Training (RED CROSS)	20
Promoting a positive Safety culture	9
Forklift Refreshers	6
EMS awareness	11
Contractors EHS	16
Elements/Implementation of EMS/OHSAS	62
Waste segregation awareness	28
OES	
IWCF	6
BANKSMAN SLINGER	51
HLO	83
ADVANCE FIRE FIGHTING	40
ADVANCE FIRST AID	14
BOSIET	16
HUET	6
GMDSS	3
Onne	
EHSQ Monthly Meetings	34
Weekly Safety Peptalk / Tool box meeting	30
Health Education - Think, Eat Save	21
Health Education - Hepatitis	28
Health Education - Pancreas Health	30
Training - Waste Management	5
Training - Hazard and Incident Reporting	23
Training - Oando Fire Marshal Guideline	8
Training - EHS level 1 and 2	33
Training - OHSAS 18001 and ISO 14001 module 1 and 2	42
Monthly emergency drills	50
Monthly safety Marshal meeting and Rehearsal	12
Drivers Safety Campaign	15
OER	
Fire fighting	20



Targets and Data

Targets

Our targets are intended to ensure that we achieve our strategic objectives and refocus our activities on areas of particular concern for our stakeholders taking into consideration any material issues. We outline below some of our 2013 targets and outcomes during the year. We have also provided some of our 2014 targets. Full explanations of our achievements and where we could do better can be found within this report.

Our performance

Targets for 2013	2013 Outcome and Comments	Targets for 2014
Financial		
Profitability Return on capital employed of 3%	Target met ROCE of 6% in 2013	Return on capital employed of 3%
Capital structure Gearing level of 60% by 2020	Ongoing "There was a 19% reduction in the debt/equity ratio in 2013, from 72% in 2012 to 58% in 2013 as a result of the Group's objective of managing capital to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital	Gearing level of 60% by 2020
Dividend Dividend should amount to 25% - 35% of profit after tax over the long term.	Target (met) The average dividend payment over the last 5 years has been 41% of PAT Due to the challenges faced in 2013 and with the prospect that the year 2014 will reap the rewards of the strategic initiatives employed in the preceding year, the board of directors proposed, in accordance with the Company's dividend policy, that N0.30k be declared as dividend for 2013..	Dividend should amount to 25% - 35% of profit after tax over the long term.
Environment		
Monitoring CO2 Emissions	Target not met During the year, our emissions were below the DPR/Nigerian Ambient Air Quality standard (NAAQS) limit for a Daily average discharge rate.	Establish mechanism for lowering the company's CO2 emissions by 3 - 5% in 2014
Waste Management Agree new waste management target for next 10 years	Target met The Company has agreed to implement a new Waste management plan that will commence in 2014, involving a 50% reduction in paper and waste paper from prints.	Achieved 80% reduction in paper and waste paper from printing. Audits, records, Standard Operating procedures and procedural manuals were utilized in soft copy
Environmental management system upgrade 100% of operations to achieve ISO 14001 environmental management system certification by 2015	Ongoing Fully achieved ISO 14001 and OHSAS 18001 for our downstream operations with a gap analysis carried out in all locations	Complete the ISO 14001 Certification for other entities and locations.

Targets for 2013	2013 Outcome and Comments	Targets for 2014
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Safety		
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Zero fatality Zero fatality at our operating oil rigs	Target met Zero fatality in 2013	Zero fatality at our operating oil rigs
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Our people

Targets for 2013	2013 Outcome and Comments	Targets for 2014
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Training		
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Succession planning Identify and create development plans for key roles and their successors for all management positions	Target met	Increase leadership capability through ensuring attendance by every manager of a leadership development programme by 2015
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Ethical conduct All employees confirm that they have read, understood and complied with the Corporate Code of Business Conduct and Ethics	Target met	Undertake a major review of the Code of Business Conduct and Ethics. 100% of operations to conduct a review of their ethical conduct risks and action plans
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Employee wellness		
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Employee attrition To achieve an 8% voluntary employee attrition rate	Target met Voluntary attrition rate of 8% in 2013	To achieve a 5% voluntary attrition rate by 2017
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Diversity		
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Increase female participation and leadership To increase the percentage of women in the workforce and number of female managers	Target met In 2013, women in the workforce 27% (20% in 2012) and female managers 23%.	Develop a detailed diversity strategy with accompanying targets and implementation plan
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Targets and Data

Our partnerships

Targets for 2013	2013 Outcome and Comments	Targets for 2014
Community		
Education To increase the number of schools adopted by the Foundation in 2013	Target Met A total of 20 additional schools were adopted by the Foundation in 2013 bringing the total number of schools adopted by the Foundation to 47.	To adopt 28 schools in 2014 to bring the number of schools adopted to 75.
Employee volunteering To review the option of employee volunteering within the communities we operate in	Target met Employee volunteering trial run took place at Zumuratul Islamiat Primary School I, Akute, Ogun State in December 2013.	To develop an employee volunteering programme for greater participation in Oando host communities.
Diversity		
Increase female leadership To increase the percentage of women in the workforce and number of female managers	Target met	Develop a detailed diversity strategy with accompanying targets and implementation plan
Business Partners		
Code of Conduct To ensure all business partners are signed up to the Company's corporate code of business conduct and ethics	Target met All business partners are provided the code of conduct and it is incorporated into standard contract of service	To develop a separate code of conduct for business partners, including Suppliers and Business Partners

GRI Content Index

Key:

Fully Reported	●
Partially Reported	◐
2013 Sustainability Report	SR
2013 Annual Report	AR

Global Reporting Initiative Index

We have provided below our Global Reporting Initiative ("GRI") report index showing how and where we have addressed requirements under the GRI 3.1 sustainability reporting guidelines within this report and in our 2013 Annual Report.



GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organisation.	●	SR 10, AR 7 - 21
2. Organisation Profile			
2.1	Name of the organisation	●	SR 2
2.2	Primary brands, products and/or services	●	SR 10, AR 7 - 21
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	●	SR 10, 11, AR 32 - 61
2.4	Location of organisation's headquarters.	●	Lagos, Nigeria, SR Back Cover Page
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues	●	Where We Are
2.6	Nature of ownership and legal form.	●	AR 66
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	AR 32 - 61
2.8	Scale of the reporting organization.	●	→ Employees - 1,578, Revenue - N673billion, → Offices in Bermuda, Ghana, UK, Togo, South Africa, Canada, Benin Republic and Nigeria.
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	In December 2013, Oando PLC executed a Share Purchase Agreement with Seven Energy International Limited for the divestment of the Oando Gas & Power (OGP) division's East Horizon Gas Company. This transaction is in alignment with Oando's growth strategy and will create capacity for OGP to execute other projects.
2.10	Awards received in the reporting period.	●	SR 20 and 21

GRI Content Index

GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
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3. Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided	●	SR 6
3.2	Date of most recent previous report (if any).	●	2012
3.3	Reporting cycle (annual, biennial, etc)	●	SR 6 & 7
3.4	Contact points for questions	●	SR 97
3.5	Process for defining report content	●	SR 6 & 7
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	●	SR 6
3.7	State any specific limitations on the scope or boundary of the report	●	SR 7 & 8
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	SR 6
3.12	Table identifying the location of the Standard Disclosures in the report.	●	SR 90

4. Governance, Commitments and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	SR 36, AR 67 - 73
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	SR 36, AR 67 - 73
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	●	SR 36 -37, AR 64 - 65
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	SR 30 - 34
4.14	List of stakeholder groups engaged by the organization.	●	SR 34
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	SR 26 -27

GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
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Economic

Economic performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	SR 42, AR 176
EC3	Coverage of the organization's defined benefit plan obligations.	●	AR 86
EC4	Significant financial assistance received from government.	●	No significant financial assistance was received from the government.

Market presence

EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	SR 26 AR 85
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Indirect Economic Impact

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	SR 76 - 78, AR 82 - 84
OG1	Volume and type of estimated proved reserves and production.	●	AR 32

Environmental

Energy

EN3	Direct energy consumption by primary energy source.	●	Joules. This was sourced from diesel generators and municipal power supply
EN4	Indirect energy consumption by primary source.	●	SR46
EN5	Energy saved due to conservation and efficiency improvements.	●	SR 46
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	●	SR 46
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	SR 46

GRI Content Index

GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
Water			
EN8	Total water withdrawal by source.	●	SR 53
EN9	Water sources significantly affected by withdrawal of water.	●	SR 52 - 53
EN10	Percentage and total volume of water recycled and reused.	●	SR 52
Biodiversity			
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	SR 52 - 54
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	●	SR 52 - 54
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	●	We are committed to operating only in non-critical habitats with extinction risk.
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	SR 82
EN17	Other relevant indirect greenhouse gas emissions by weight.	●	SR 82
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	SR 53
EN20	NOx, SOx, and other significant air emissions by type and weight.	●	SR 32
EN22	Total weight of waste by type and disposal method.	●	SR 82
OG5	Volume or formation of produced water	●	SR 17
EN23	Total number and volume of significant spills.	●	SR 52
OG6	Volume of flared and varied hydrocarbon	●	SR 83
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	SR 52,53 & 54

GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
Environmental			
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	The Group was not levied with any significant fines and penalties for non-compliance with environmental laws and regulations. We intend to continue preventing any future contraventions and to provide corrective actions for deficiencies that may arise in the coming years.
Social: Labor Practices and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	◐	SR 34
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	SR 33
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	AR 86
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	●	SR 83
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	SR 59
Occupational health and safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	●	SR 60, 83
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	SR 61, 84 & 85
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	●	AR 67-70, SR 36 & 37

GRI Content Index

GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
Social: Human Rights			
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	●	No reports of discrimination over the reporting period.
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	●	We have not identified any operations in which the right to exercise freedom of association and collective bargaining may be at significant risk.
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	●	We support the United Nations Universal Declaration of Human Rights and the ten principles of the United Nations Global Compact. Our Code of Business Conduct and Ethics substantially incorporate ethical principles including child labour. We have not identified any of our operations as having significant risks for incidents of child labour.
Prevention of forced and compulsory labor			
HR 7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	●	No reported cases of violations involving forced or compulsory labour over the reporting period.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●	In 2013, there were no recorded incidents of violations involving rights of indigenous people.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	●	Oando's Code of Business Conduct and Ethics are applied rigorously within all operations.
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	●	None identified.
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	●	No reports of grievances relating to human rights over the reporting period.

GRI Indicator	GRI Indicator	GRI Status	Location of Disclosure
Social: Society			
Local Communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	●	SR 70 & 71
SO9	Operations with significant potential or actual negative impacts on local communities.	●	None of our operations have any significant actual or negative impact on local communities in the areas we operate.
OG10	Number and description of significant disputes with local communities and indigenous peoples.	●	No significant disputes with any of the local communities we operate in.
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	●	No sites have been or are in the process of being decommissioned.
Corruption			
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	AR 75
SO4	Actions taken in response to incidents of corruption.	●	SR 64 & 65
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	●	SR 73
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	According to our Code of Business Conduct & Ethics, no Company funds may be given directly or indirectly to political candidates and political parties. Directors, employees and managers may in their individual capacities, participate in political activities, however, such individual participation must not involve the Company's funds, time, equipment, supplies, and facilities.
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	SR 74
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	AR 79
Involuntary resettlement			
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	●	None of our operations have led to involuntary resettlement.
Asset Integrity and Process Safety			
OG13	Number of process safety events, by business activity.	●	AR 87, SR 84 & 85

Feedback

We have tried to include information in this report that we believe our stakeholders are interested in. However, we always welcome any feedback which would help to improve our subsequent reporting or for anyone who has a question regarding the content of this report.

Please send your feedback or questions to:

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