


Paving the way for a sustainable future



2014

SUSTAINABILITY REPORT

The background of the slide is a composite image. It features a bright orange-yellow sky, likely from a sunset or sunrise. Overlaid on this sky are the silhouettes of several large construction cranes. A dark silhouette of the map of Africa is also overlaid, with its shape partially filled by the orange sky. The cranes are positioned across the frame, with some extending from the left and others from the right, creating a sense of industrial activity.

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.

Further details on our sustainability approach and performance can be found on our website: www.oandopl.com

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MISSION STATEMENT

TO BE THE LEADING INTEGRATED
ENERGY SOLUTIONS PROVIDER



VISION STATEMENT

TO BE THE PREMIER COMPANY
DRIVEN BY EXCELLENCE



Energy Resources



Energy Services



Gas & Power



Terminal & Logistics



Supply & Trading



Marketing





Oando

...the energy to inspire



Our Approach



INTRODUCTION

In our third Sustainability report, we have maintained the focus on our economic, social and environmental performance based on the strategies developed and implemented, the results or outcomes observed, our achievements and the impacts of our activities within the reporting year (from January 1 – December 31, 2014).

This report which features the activities of Oando PLC and the divisions over which it exerts management control, aims to highlight the company's performance across the triple bottom line – people – profit – planet and give our stakeholders a clearer understanding of the material issues that informed our business strategy and decisions during the year. It also aims to provide a proper perspective for the delicate act of balancing different stakeholder interests and expectations against the numerous operational challenges that arose in the period under review.

In putting together this report, we have considered material issues to be those with serious potential negative impacts to the overall sustainability of our business which include our industry leadership position, our ability to continue to add economic value to the various levels of our society and our social relevance within the communities we operate in and with our partners and other key stakeholders.

Furthermore, although we have operations outside of Nigeria, this report is primarily focused on the operations of the company within Nigeria and our definition of "local" refers to all actions and activities within the borders of Nigeria. References are however made to strategic initiatives that affect locations outside Nigeria as applicable, but the regions to which these references are made are clearly stated where they appear in the report.



IDENTIFYING MATERIAL ISSUES

In our preceding report, our model for the determination of Material Issues was discussed in detail. The model involves periodic company management review of the key concerns expressed by stakeholders in their feedback to the company from various stakeholder engagement processes in comparison with the feedback received from previous engagements. The company also identifies the key risks to its continued operations annually. This information is then mapped against the strategies deployed to address the stakeholder concerns raised and risks. Issues that have been adequately resolved or have become irrelevant to our continual optimal performance are then removed from our list of material issues.

Due to the nature of our business and the current micro and macroeconomic factors, a number of material issues have recurred in our current report. Upon closer evaluation, it is evident that despite the company's best efforts at managing these key issues, a good number of them are critical industry concerns, directly related to maintaining functional and operational stability within the oil and gas industry in Nigeria and globally. Our continued focus on developing and implementing effective strategies to address these critical issues would involve scaling-up our collaborative engagements with other industry participants as well as national and global interest groups and agencies.

Sustainability is a key element of our operations and is integrated into every level of decision making within the Company. It is also a huge consideration in our human resource management and human capital development strategy as we seek to identify, recruit and train employees to better appreciate and properly address sustainability issues as they encounter them in their day to day activities.

Senior management also continues to closely monitor sustainability issues within the company and have thus recorded measures of success in managing some of the issues material to our business which we will highlight in the subsequent pages of this report.



OUR MATERIAL ISSUES

OUR MATERIAL ISSUES IN 2014
<input type="radio"/> Creating value
<input type="radio"/> Building partnerships
<input type="radio"/> Access to technology
<input type="radio"/> Investing in our people
<input type="radio"/> Workforce wellness
<input type="radio"/> Building our communities
<input type="radio"/> Promoting ethical conduct
<input type="radio"/> Protecting the environment
<input type="radio"/> Water & Air Quality
<input type="radio"/> Waste Management

During the year, periodic review meetings were held at different levels of management; including: the Monthly Performance Review (MPR) meetings; Executive (Exco) meetings; Group Office meetings; and, Group Leadership Council (GLC) meetings. At these meetings, analysis of the performance of our businesses against set targets are undertaken.

These reviews are done primarily to determine conformity with our corporate strategy, taking into consideration the factors, events and trends which may have occurred within our industry in that period to impact our performance. Review of the feedback from consultations and engagements with key stakeholders form a major part of these periodic reviews due to the potential impact of these views on our performance.

The Board of Directors also receive regular reports from the deliberations of these management meetings either directly or from its Board Committees and gives feedback to Management at the Board meetings or through the Company Secretary.

This feedback process from Management to the Board of Directors and vice-versa happens at regular intervals throughout the year to enable us identify or confirm and monitor closely, the issues material to our operations, as listed in this report. We are also able to refine aspects of our strategy and service delivery as we negotiate the myriad of sociopolitical challenges and opportunities in the oil and gas industry.

As is our custom, these material issues have been categorized under the triple bottom line criteria showing our economic, environmental and social performance for the period under review to provide a clearer view of our sustainability activities and aspirations.

Although we were unable to finalize the plan to review our stakeholder engagement systems in 2014 with the aim of establishing a Sustainability Panel for the organization, we have continued to review the company's performance in relation to the material issues identified. The risks and opportunities presented by the material issues have also been reviewed and on this basis, recommendations for improvement made and escalated through the internal reporting lines to the Governance bodies within the organisation for proper alignment with the corporate strategy. The Sustainability Panel, when fully implemented will comprise of senior management, independent experts and advisors and will function to ensure that we monitor more closely our performance indices in this regard.



Economic

CREATING VALUE

Our goal is to give value in the form of good return on investment to our shareholders while we work at maintaining a healthy balance in considering the competing interests of all other stakeholders.



Social

INVESTING IN OUR PEOPLE

A fully developed workforce is a basic requirement for efficient productivity.

As an employer of choice, we aim to continue to hire, develop and retain the best hands in the industry while remunerating them appropriately.

We also aim to provide career development opportunities through effective succession planning to ensure a steady pool of skilled professionals required to drive the continuous growth of our Company.



Environmental

PROTECTING THE ENVIRONMENT

The protection of our environment is a critical aspect of our operations as our core activities possess the inherent risk of damage to the environment. This is further complicated by the threat of sabotage and oil theft. Our aim is to promote and deploy innovative solutions that meet the energy needs of our modern society with the least damage to the environment from which we derive natural resources.

BUILDING PARTNERSHIPS

Strategic collaborations with partners ensure that we go further and achieve more. We aim to identify & engage with reputable partners with complementary development aspirations. It is also our aim to provide the necessary industry leadership for our sectoral development and continued sustainability.

WORKFORCE WELLNESS

We have put programs in place to ensure that our employees are healthy and have a sense of safety and security at work. This will greatly increase their productivity and reduce the rate of absenteeism and medical costs. Employees that are thus motivated secure the future of the organisation and contribute to the development of the economy.

WATER, GAS FLARING AND AIR QUALITY

The proper utilization and management of our natural resources; including water and air, is critical to our business sustainability. We remain well within the agreed regulatory limits on water and air quality while we seek ways to reduce our ecological footprint.

ACCESS TO TECHNOLOGY

Deployment of the right technological solutions at a reasonable cost improves business efficiency, profitability and ensures our adherence to sustainability best practices. Oando is committed to harnessing and maximizing the potential of technological innovation in order to meet its sustainable development goals.

BUILDING OUR COMMUNITIES

Our host communities are a major stakeholder group in our operations and their overall development and advancement are of great benefit to our operations. We consider our hosts to be our partners and we work with them to establish mutually beneficial initiatives and programs across all sectors of the community.

WASTE MANAGEMENT

Waste generation is a direct consequence of all human activities. Our goal is to ensure the proper management of waste generated from our operations to prevent such negative environmental catastrophes as pollution, contamination and other forms of environmental degradation. We continue to manage this through our observance of the 4 R's waste management technique.

PROMOTING ETHICAL CONDUCT

The sustenance of all our achievements over the years is dependent on our adherence to the ethical standards that we have set and the way we have chosen to conduct all our operations. We intend to continually promote global best practice in our business conduct and ethics.

Our Sustainability Strategy

Oando has presence in different locations around the world. Our operations are however currently focused on West Africa and include upstream, midstream and downstream activities. We are front runners in all sectors of our operations.

We are a transformational company with an outstanding workforce that strives towards delivering the highest standards that guarantee a brighter future.

We are passionate about and committed to transforming the fortunes of our nation.

- Bermuda ■ Nigeria ■ UK ■ Benin Republic ■ Ghana
- Togo ■ South Africa ■ Canada

1,500 
Employees  

OUR CORPORATE CULTURE

Oando's corporate culture is hinged on our core values of Teamwork, Respect, Integrity, Passion, and Professionalism (TRIPP), which embodies the 'Oando Way'.



Teamwork

Everyday, our people understand the need to work collaboratively towards actualising the organisation's corporate goals and strategic objectives.



Passion

At Oando, we perform our tasks with enthusiasm and vigor, with an underlying zeal to always perform at an extraordinary level.



Respect

We encourage that due regard and consideration be shown by all employees to everyone they interact with. By appreciating the worth of others and valuing their contributions, productivity is improved, and a work friendly work environment is created.



Professionalism

Courtesy, fairness and a strong work ethic are our hallmark in the manner in which our employees conduct their duties and these characteristics are a critical component for our achievement of business excellence. The Oando Group comprises of various divisions, each division includes companies that are leaders in their respective markets.



Integrity

Reliability, honesty, and trustworthiness are integral to all our business dealings and employees' interpersonal relationships. In the conduct of the business our focus is on what is morally right and not only in doing the legal minimum.

ASSET OVERVIEW



Exploration & Production

Oando's Exploration and Production division has a portfolio of assets at different stages of development.



Energy Services

Oando provides oilfield and drilling rig services to major upstream companies operating in Nigeria through its subsidiary, Oando Energy Services Limited and operates the largest swamp rig fleet in the Niger Delta.



Gas & Power

Oando Gas & Power Division 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. The development of our gas infrastructure has positively impacted on industrial activity in the south east and south west of Nigeria.



Marketing

Oando Marketing PLC is Nigeria's leading retailer of petroleum products and has a vast distribution network with over 470 retail service stations.



Supply & Trading

Oando Supply and Trading Limited is Africa's largest independent and privately owned oil trading company involved in the large scale import and export of petroleum products and crude oil throughout Africa, Europe, Asia and the Americas.



Terminals & Logistics

Oando Terminals & Logistics Limited is a subsidiary of the Oando Group that develops and manages infrastructure for the evacuation and reception of petroleum products. Through strategic investments, local knowledge and a dedication to the development of Africa's Oil and Gas industry, Oando has boldly transitioned from a dominant downstream player to an integrated energy group.

19 LICENSES

for the exploration, development,
and production of oil and gas assets



OANDO ENERGY RESOURCES INC. (OER)

A leading Exploration & Production company with a portfolio consisting of 10 oil and gas assets situated in Nigeria and the Gulf of Guinea. The Company is listed on the Toronto Stock Exchange and has a local operating capacity, partnering with both indigenous and international oil companies.

Our Local Advantage

We are an independent oil and gas company with world class operations and excellent relationships with government agencies and departments, regulators, local indigenous players and International Oil Companies (IOCs). OER is strategically positioned to benefit from favourable terms granted to indigenous companies under incoming legislation and Government policies, thereby increasing the profitability of its projects.

Acquisition Opportunities

Current divestment of upstream assets by the IOCs and the Government's ongoing asset bid rounds, create opportunities for indigenous independents such as OER, to acquire valuable assets and reserves, and increase production capacity.

Sustainable Value

Our mission is to deliver sustainable value to stakeholders by continually growing reserves through the development of our existing portfolio and acquisition of new assets. We actively contribute to the sustainable development of the communities in which we operate by adhering to our robust Environmental Health and Safety Management System, we ensure that our operations are carried out in a safe, environmentally friendly and socially responsible manner and provide economic empowerment opportunities to the locals.

We are committed to Nigeria's upstream sector with significant investments in a robust portfolio of oil and gas fields, as well as participating interests in onshore and offshore producing assets.



OANDO ENERGY SERVICES (OES)

A leading provider of energy services to E&P companies in Nigeria, OES offers its clients high quality support for their operations with a view to increasing efficiency and lowering operating costs. Our primary focus entails utilizing world class safety practices in all our operations thus resulting in OES being associated with some of Nigeria's well-known oil industry projects.

Continuous Investment

OES has invested over US\$400 million in the acquisition and upgrade of its four rigs and continues to invest heavily in asset maintenance and integrity programmes with the aim of optimizing operational performance.

In addition, the company recognizes the importance of ensuring its people are adequately trained and as such, uses various learning and talent development systems to identify the training needs of all individuals within the organisation.

Today, training is provided via a number of methods including on-the-job training, web-based courses and classroom learning which are either provided locally or internationally by reputable training schools. In line with OES' growth plans which include expanding its rig service offerings to comprise providing deep water drilling assets, OES envisages making significant investments over the next few years as it positions itself to realise its objectives.

Growth and Development

OES is positioned to leverage on its current range of services to meet the changing needs of its clients by introducing new service lines that complement its existing portfolio. To support this rapid growth, the company is developing its operational base within the Onne Oil & Gas Free Zone. This base which will serve as the central point for coordinating the company's logistical and procurement activities, is strategically located close to many of OES' clients who also utilize the Onne facility to support their operations.

Providing High Quality Services

Over the years, OES has become skilled in identifying and executing cost effective solutions that add value to its clients' operations. The company has built long lasting relationships with reputable third parties both locally and internationally who share its commitment to offering world class service and deliver on quality.

「233km」
Pipeline grid



OANDO GAS AND POWER (OGP)

The leading private sector gas distributor and developer of captive power solutions in Nigeria. The division pioneered gas distribution in the Greater Lagos area, expanding into eastern Nigeria and is set to link western and northern Nigeria. OGP is now well positioned to benefit from its first mover advantage and dramatically increase its customer footprint in the near term.

Continued Investment

OGP continues to focus on aggressively developing Nigeria's domestic natural gas infrastructure and leveraging the same towards becoming a leading gas and power provider to the last-mile customer. We have made significant investments by developing a 233km gas pipeline grid as part of Nigeria's expanding gas and power infrastructure with long term plans in place to develop a gas network spanning over 600km.

OGP aspires to provide industrial and commercial users with access to efficient, cleaner, and cheaper fuel and power. Our aim is to replicate the success of the Lagos gas distribution network in other parts of Nigeria. The division continually looks to expand its horizons by developing unique independent power generation solutions in areas where it has existing gas infrastructure while taking advantage of synergies with Oando's exploration and production assets.

Strengthening Its Capabilities

OGP has consistently demonstrated competitive leadership in the Nigerian energy market and has leveraged the capacity of its gas grid to build an independent power generation plant in Akute and develop a Compressed Natural Gas (CNG) facility in Lagos.

The Akute Power Plant was commissioned to generate constant electricity to the Lagos Water Corporation, significantly increasing the supply of water to millions of residents in Lagos State. The CNG plant ensures gas gets to customers not connected to the gas grid as far as 100km away. In addition, the division has been awarded a mandate to build and operate a Natural Gas Central Processing Facility in Rivers State that would be the anchor for national power generation, petrochemical and gas-based industries in the State.

Revolutionising natural gas distribution via pipelines to enhance the global competitiveness of local industries



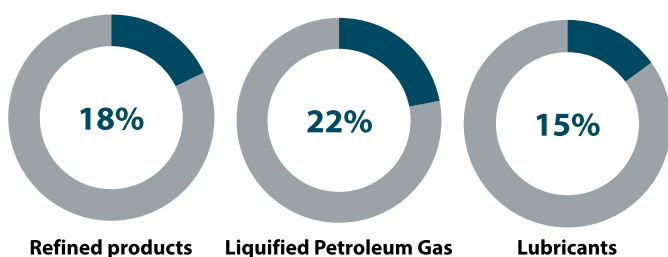
OANDO MARKETING (OMP)

The nation's leading supplier and distributor of refined petroleum products. Distributing over 2 billion litres of products annually and with a market share of 18%, 22% and 15% in refined products, Liquefied Petroleum Gas and lubricants respectively. OMP has successfully transited into the leading consumer brand in the downstream sector over the last 5 years.

As the nation's leading oil retailer, 1 in every 5 cars is fuelled by Oando. Oando Marketing offers tailor-made value-adding solutions to meet the needs of our numerous customers including:



MARKET SHARE



Nigeria's Leading Oil Retailer

OMP's businesses span across sales, marketing and distribution of the major petroleum products, including Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Dual Purpose Kerosene (DPK), Aviation Turbine Kerosene (ATK), Low Pour Fuel Oil (LPFO), Lubricating Oils, Greases, Bitumen and Liquefied Petroleum Gas (LPG, commonly known as cooking gas).

Oando Value Added Peddling

A unique service that guarantees the effective supply of diesel (AGO) and lubricants to mid-sized companies with multiple operating sites across the country.

Oando vendor-managed inventory: A unique customer service initiative which ensures regular fuel and lubricant supply to the customer.

PAY-AS-U-GAS

An innovative solution that involves on-the-spot dispensing of LPG using a pump meter into the customer's cylinder.

Oando Marketing have continuously ensured the availability and supply of petroleum products to Nigeria and other West African countries.



OANDO SUPPLY AND TRADING (OST)

The leading indigenous importer of petroleum products in the sub-Saharan region, specialising in the supply and trading of crude oil and refined petroleum products.

Overview

OST's business activities cover the trading of crude to refineries worldwide. The company also procures and trades a broad range of refined petroleum products, which include Premium Motor Spirit, Jet A1, Gasoline, Dual Purpose Kerosene, AGO, Low/High Pour Fuel Oil, Base Oil, and Bitumen to marketing companies in Africa.

Oando Supply & Trading is strategically positioned as the leading supplier of refined petroleum products into Nigeria and other West African markets.

Oando's Trading Business

Oando Supply & Trading and Oando Trading Limited (Bermuda) represent the products trading arm of the Oando Group. Oando Supply & Trading is responsible for the supply of refined petroleum products into Nigeria, whilst Oando Trading Limited trades refined petroleum products and crude oil in international markets.

As part of our continued expansion drive, the trading business has also embarked on a number of initiatives that seek to grow its African footprint culminating in interests or operations in Ghana, Sierra Leone, Liberia, Togo, Benin, Cote d'Ivoire, Cameroun, Congo, Mozambique, South Africa and Senegal.

Key Strengths

- Access to 160 million litres of physical storage in major markets
- Strong management team with over 30 years' combined trading experience
- Knowledge of local and regional market dynamics
- Access to trading lines in excess of US\$1bn
- 100% track record of delivery on all supply contracts

470+
Retail service stations in
Nigeria, Ghana and Togo



OANDO TERMINALS AND LOGISTICS (OTL)

Industrialisation is accelerating in West Africa, and with it, the private development of the much-needed energy infrastructure required to drive growth represents a sustained opportunity for value creation for best in class operators.

Overview

This division, a downstream asset development organisation, combines commercial, technical and socio-political understanding to excel in this space. OTL is set to complete its first major investment as Oando leads the way in significantly reducing the cost of importing products into the country.

The organisation completed the financing and commenced construction of the pioneer Apapa Submarine Pipeline (ASP) project: A jetty in the Lagos harbor connected to the Major Marketers' storage facilities by a half kilometer subsea pipeline, and a new 3km onshore line delivering almost 3 million tonnes of petroleum products a year.

OTL will maintain an interest in advantaged downstream asset development projects such as Liquefied Petroleum Gas (LPG) storage and world scale white fuels terminaling in the southwest that will receive products destined for inland delivery. These projects will seek to further enhance the sector leadership of the downstream division.

In summary, the division is on the verge of creating increased value, whilst the company remains poised to secure additional opportunities as they arise out of new insight and new partnerships.

Oando's entry into the terminals business completes its presence in all segments of the energy value chain.

160mlt
Access to 160 million litres
of physical storage in major
markets

45,000
 Ship berthing capacity for larger vessels of up to
 45,000 tonne cargoes currently restricted
 by shallow draft at other ports

OUR STRATEGY FOR SUSTAINABILITY

Our sustainability strategy which was developed in 2013 is to become the trusted investment vehicle, employer and partner of choice within the energy industry. Our goal is for our performance, our people and our partnerships to become our most outstanding assets. We aim to achieve this by constantly evolving and transforming our organisation into one that creates pioneering business opportunities to deliver sustainable economic and social development and attract significant investment into Africa. Furthermore, we aim to remain the foremost indigenous energy company by building a solid and sustainable brand that will continue to grow over several generations.

At Oando, sustainability is entrenched in every aspect of our corporate strategy and the goals, initiatives and programmes which we have developed to assist us achieve our sustainability aspirations are specifically designed to push forward our strategic objectives which are constantly being reviewed. A major review of the strategic direction of the Group and its operating subsidiaries was undertaken which culminated in a two-day strategy session of the Oando PLC Board of Directors in December 2013.

This enabled us update and align our sustainability objectives more closely with our refined corporate strategy. It is our understanding that setting appropriate objectives, having clear key performance indicators and being adaptable to changing socioeconomic conditions are critical factors to consider in 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 are no longer viable or efficient options for today's challenges and could well be catastrophic, if they remain the standard of excellence for our future. It is therefore imperative that we press forward, rise up to the present challenges, identify the opportunities created by these challenges and fully maximize them by implementing the pre-defined strategies that will enable us achieve our goals.

RISK-BASED APPROACH

We have aligned our sustainability strategy with feedback from various stakeholder consultation. Consequently, key aspects of our sustainability strategy have been approached from a risk-based perspective that effectively manages the threats to the long-term sustainability of our businesses.

Upon identifying our material issues from stakeholder engagements at various levels, the risks and opportunities which these issues present are also analysed and categorized based on predetermined criteria. Mitigating controls are then set up to adequately manage these potential risks based on several criteria such as the likelihood and impacts of such risks materializing.

To this end, the major changes in the company's key risks and indicators for 2014 have been captured in the table below in comparison to the previous year (2013). The mitigating controls established to manage these new/modified risks are also outlined.

This brief risk overview is based on the key risks identified within the period as the total risks in the company's risk register as at 2013 and 2014 would be too numerous to analyze in this report.



S/N	2013 TOP RISKS	2014 TOP RISKS	DETAILS AND MITIGATING CONTROLS FOR 2014 TOP RISKS
1.	Strategy & Business Model Risk	Macroeconomic Risk	<p>DOWNSTREAM BUSINESS</p> <ol style="list-style-type: none"> 1. Worsened risk exposure due to transactional exchange risk on foreign currency denominated payables. 2. Increased Interest rates by CBN and reduction in international oil prices increased the risk that the company may struggle to meet its short to medium term objectives. The reduction in oil prices has led to a reduction in drilling campaigns, which in turn may reduce revenue for the group's oil services business and consequently the Group's profitability. <p>Mitigating Controls:</p> <ul style="list-style-type: none"> • Commodity hedging strategy was put in place to hedge against a fall in oil prices for 12,000 barrels of crude oil per day. • Government subsidies in 2014 covered the exposure that resulted from foreign exchange fluctuation. As a result importation of refined product was limited to Gasoline, the only product that qualified for government subsidy.
2.	Regulation and Regulatory Compliance Risk	Socio Political Risk	<p>BY THE END OF 2014, THERE WAS RISK THAT THE OUTCOME OF 2015 ELECTION MAY LEAD TO:</p> <ol style="list-style-type: none"> 1. Disturbances by militant groups in the oil producing regions leading to business disruption, and the attendant value erosion. 2. Delays in closing out on contracts and approvals by government parastatals such as permits for 2015 crude oil lifting expected from the Federal Ministry of Trade & Industries. Failure to secure this permit may lead to inability to export crude oil. 3. Risk to personnel due to community insurgency/kidnaps. <p>Controls:</p> <ul style="list-style-type: none"> • Active engagement by OER management of the relevant agencies • Robust journey management system • Shut down asset/installation if vandalism is imminent



S/N	2013 TOP RISKS	2014 TOP RISKS	DETAILS AND MITIGATING CONTROLS FOR 2014 TOP RISKS
3.	Macroeconomic Risk	Liquidity Risk	<p>Risks include;</p> <p>The ability of the Group to meet its financial and other obligations to counterparties is at risk and the trend is deteriorating as a result of the continued failure on the part of government and the international oil companies to settle outstanding receivables. N16.5billion revenue loss from non-operated rigs (April 2014-date)</p> <p>Controls:</p> <ul style="list-style-type: none"> Government Hedge through its commitment to pay both the outstanding and interest rate on subsidy payments and FX effect of late payment. The company has a strategic liquidity committee set up by the GCE which monitors the group's liquidity positions and works with treasury to proffer solutions to the liquidity issues. The group treasury unit has strong relationships with the banks which has helped to negotiate better terms on our obligations.
4.	Liquidity Risk	Capital availability Risk	<p>This risk category remained stable over the period. Risks in this category include;</p> <p>High debt levels, leading to inability to raise additional funds for capital projects, especially in OER.</p> <p>Controls include;</p> <p>Restructure the balance sheet by selling down some of PLC's equity in OER, Plans are in place to partially divest of the downstream business. Raise additional capital in OER. Consider partial pay-down of existing loan through cash flow</p>
5.	Capital Availability Risk	Reputational Risk	<p>This risk category remained stable over the period. Risks in this category include;</p> <p>Reputational damage causing lost revenue or share price reduction due to misrepresentations by third parties especially in the press and news media.</p> <p>Controls Include;</p> <p>Proactive communication to stakeholders and an effective corporate communications department.</p>



S/N	2013 TOP RISKS	2014 TOP RISKS	DETAILS AND MITIGATING CONTROLS FOR 2014 TOP RISKS
6.	Reputational Risk	Regulation and Regulatory Compliance Risk	<p>Failure to comply with Foreign Corrupt Practices Act (FCPA) due to actions of third parties or business partners, sanctions from Regulators for non-compliance with listing requirements, change in legislation (or other regulations) in one of the multiple jurisdictions where the company has a presence, which could threaten the advantages derived from the current Group structure.</p> <p>Controls include;</p> <ul style="list-style-type: none"> Conduct rigorous Source of Funds checks on all third parties and potential investors. Perform detailed Compliance Due Diligence on all Business Partners. Ensure awareness of and compliance with all applicable Listing requirements. Monitor changes in legislation/regulation in all applicable jurisdictions of operation to ensure proactive identification and implementation of required changes to the Group Structure.
7	Sovereign/Country Risk	Strategy & Business Model Risk	<ol style="list-style-type: none"> The unending cash call issues faced by JV partners with the NNPC is leading to an adverse effect on Oando's investment in this sector. The risk that swamp assets may be idle has crystallized during the year. <p>Controls Include;</p> <ul style="list-style-type: none"> Diversification from swamp service offerings into deep water activities and increase the basket of service offerings such as fabrication, sand control techniques and equipment rental. Assist the small local oil companies to form a club to share costs of
8.	Exploration Risk	Single Sourcing Risk	<p>The risks in this category include:</p> <ol style="list-style-type: none"> The risk that the dependence of gas sourcing from a sole provider of gas may be detrimental to the company The extent that restiveness in the Niger delta portends a threat/challenge to the OGP business model. Shut down or disruption of our operations or shut down or disruption of the operations of our suppliers. The threat of Supply Security - regularity and consistency with which players upstream of OGP are able to achieve steady supply of products. e.g. Shell, NAOC, TOTAL. <p>OGP is making good progress in securing alternative sourcing arrangements:</p> <ul style="list-style-type: none"> Draft off-take agreements with key partners. Work with regulator to identify alternative gas sources.



S/N	2013 TOP RISKS	2014 TOP RISKS	DETAILS AND MITIGATING CONTROLS FOR 2014 TOP RISKS
9.	Partner and Joint Venture Risk	Partner and Joint Venture Risk	<p>In 2014 and 2013, the risk was associated with the company's joint venture partnership. There is always the risk of delayed decisions or actions due to shared control of operations. Also that JV partners may not be able to fund the agreed business plan.</p> <ol style="list-style-type: none"> 1. To mitigate these risks, there is a Joint Venture agreement in place that addresses all issues of payment. 2. We conduct financial audits of the JV partners and there is significant engagement by parties on the financial, operations and technical aspects of the JV assets.
10.	Process Risk	Process Risk	<p>The risk in this category remained stable in 2013 and improved in 2014. This is the risk of loss, poor or sub optimal operations and failed internal processes. Examples include:</p> <ul style="list-style-type: none"> • Flaws in the design of processes • Inadequate mechanisms for monitoring the effectiveness of processes • Processes are not automated • Processes are not documented. <p>The controls in place are:</p> <ul style="list-style-type: none"> • Periodic review of design and operation of controls as detailed in the documented processes. • The company's Internal Audit team review and report to management on level of compliance with process design and controls of operation. • Periodic ISO review for quality

OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE

The Gas and Power business stated that flood as a result of climate change is one of its biggest risks. This is because flooding could lead to damage to its pipelines facilities, inability to supply products to its customers and ultimately result in loss of revenue. A business interruption insurance has however been taken out by the company to help manage the impact of this risk on its business.

The downstream division (OMP) however has the most exposure resulting from climate change. The search for more environmentally friendly and efficient fuels may greatly reduce its sales and also reduce its market share.

Also, exposure of its equipment to harsh weather conditions will reduce their life span and increase operating costs, the health and wellbeing of its staff is also being threatened by extreme weather conditions. The increased cost of training of staff to adopt environmentally friendly measures in their day to day operations is an imperative but also another source of concern.

A low-angle, perspective shot of large industrial pipes wrapped in silver insulation. The pipes lead from the foreground into the distance, where they curve upwards and connect to a complex network of steel structures. The scene is set against a dramatic sunset sky with orange and yellow hues near the horizon and darker blues above. A fence with barbed wire is visible in the background. The overall mood is industrial and serene.

Reporting Framework



THE GRI G4 GUIDELINES

The Global Reporting Initiative (GRI) is a non-profit organization that has pioneered sustainability reporting since 1997. GRI is an international, independent organization that helps businesses, governments and other organizations understand and communicate the impact of their businesses on important sustainability issues such as climate change, human rights, corruption and many others.

GRI has produced the world's most trusted and widely used standards for sustainability reporting, called the GRI Guidelines, which enable organizations to measure and understand their most critical impacts on the environment, society and the economy.

Of the world's largest 250 corporations, 93% report on their sustainability performance and 82% of these corporations utilize the GRI's standards to do so. GRI published the G4 guidelines in May 2013, to replace the GRI G3 guidelines used as the basis for our last two reports. Reporting organizations had till December 31, 2015 to transit to the most recent reporting guidelines hence, our current report is based on the new guidelines.

The new guidelines provide reporting organizations with the option of presenting their reports either as "in accordance core" or "in accordance comprehensive".

The "in accordance core" option contains the essential elements of a sustainability report, while the "comprehensive" report builds up on the core and contains additional and more extensive disclosures.

The Oando Group has decided to write her report using the "in accordance core" option. However, in addition to the essential disclosures, the company also offers additional information about its activities and the integration of sustainability principles into its operations. We also align our commitments and reporting with the ten principles of the United Nations Global Compact (UNGC)

This report should therefore be read in conjunction with our Annual Reports and Accounts 2014. The report is structured in a way as to reflect the values of the company and the feedback received from our various stakeholders through our stakeholder interactions while also focusing on the medium and long term goals of the company that will guarantee the sustainability of our business.

The 2014 Annual Report & Accounts of the Oando Group can be found on the company's website www.oandopl.com

http://www.oandopl.com/wp-content/uploads/Oando-PLC-2014-Annual-Report_FINAL_SNG.pdf

The Chairman's Statement

HRM Oba M. A. Gbadebo CFR



Dear stakeholders

I am pleased to once again present to you the sustainability report of the Oando Group for the year 2014. This will be the third report of the company to detail some of the principles which we have employed as a group as we continue to expand our businesses through strategic investment and divestments within our Group.

Oando became a signatory to the United Nations Global Compact (UNGC) in July 2009 and has since been an active participant that continues to align its operations and policies with the ten principles of the UNGC in the four thematic areas of Human Rights, Labour, the Environment and Anti-Corruption and report annually on the progress we have made in these areas towards the overall sustainability of our business.

On the whole, Sustainability has become an integral part of our business and the company has made deliberate efforts to entrench its principles in the daily operations across the various entities.

The 2014 year began with a lot of uncertainty in the oil and gas industry in Nigeria as a whole which in turn greatly impacted the nation's economy because about 90% of the country's revenue is derived from its trade in crude oil. The drastic crash in oil prices resulted in a new reality for the company with some of our subsidiaries recording huge impairments as a result. Despite the harsh economic conditions however, the Company still recorded some laudable achievements as we did not relent in our drive to be a world class integrated energy solutions provider.

The upstream division of the business completed the acquisition of the Conoco Philips Nigerian assets which established Oando's Presence as a major player in the upstream business, emerging as the sixth largest oil and gas producer in the country. This strategic acquisition which amounted to a total cost of about \$1.5 billion dollars increased our production to 54,000 barrels per day.

In the midstream division, Oando Gas and Power continued the expansion of its greater Lagos pipeline expansion and built an independent power generation plant in Akute, Lagos which was commissioned to generate electricity for the Lagos State Water Corporation. In addition, the company was awarded a mandate to build and operate a natural gas central processing facility in Rivers state that will serve as an anchor for power generation within the state.

The Marketing division of the business continued to provide outstanding

products and services to its consumers in the West African region. Its overall annual distribution of refined petroleum products for the year exceeded 2 billion litres. The company maintained various value adding services during the course of the year such as the Smart Pay (a flexible payment solution), Vendor managed inventory, and Value added peddling. The divestment process which will see the Oando Group sell majority of its shares in the downstream business to a new Investor – a consortium comprising Helios Investment and the Vitol Group, also began during the year.

The company maintained approximately 1500 employees in its various subsidiaries around the world with about 50 new employees recruited to full time positions in the course of the year; this number included staff integrated from the Conoco Philips Acquisition.

In alignment with technological innovations, Oando entered into a partnership with LinkedIn (a professional network platform) for its selection and recruitment process. We also deployed BrassRing, a smart talent system to enable us attract and hire top talent.

We place great value on our employees and consider them to be the backbone of our growth. Employees are therefore encouraged and supported to grow their talent through a host of development programs and also through our e-learning platform specifically designed for this purpose.

The Group continues to offer competitive remuneration as well as benefits to its employees. There is also in place a pension and mortgage support scheme which is highly valued by our employees and also serves as an incentive to new employees.

The employee attrition rate closed at 5.9% for the year.

The year also saw the introduction of an additional Health Maintenance Organization (HMO), which resulted from the review of the existing HMOs to ensure the continued provision of quality health care services for our employees.

In 2014, we reinforced our commitment to continuous improvement of our environment, health, safety, security and quality performance.

The Oando group takes pride in the quality of its goods and services. Our products are produced with the highest quality materials and we ensure that our services are top class, in line with our core value of professionalism.

We recorded a zero work related fatality, zero downtime arising from community issues, and a zero product quality defect.

Oando Marketing PLC and Oando Gas and Power received recognition from the Standard Organization of Nigeria (SON) as the first two companies to achieve the Integrated Management System (IMS) status in Nigeria.

Oando Marketing was awarded Merit status by British Safety Institute for its exceptional performance in safety, health and environment.

One of our energy services rigs (OES Temwork) recorded 5 years without any lost time incidents.

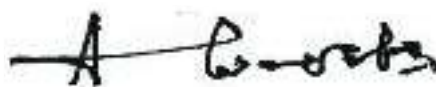
We encountered a number of major challenges within the year which included;

- The drastic crash in oil prices.
Crude oil prices fell from as high as \$110/barrel to somewhere just about \$50/barrel at the end of the year which led to a drastic reduction in the company's earnings and greatly affected our cash flow.
- Inordinate delays in receivables from government Subsidy payments and other receivables from the federal government were delayed, and in some cases not paid at all as at the end of the year, further reducing cash flows
- Foreign exchange issues
Higher foreign exchange rates necessitated a higher amount of capital to trade.

In spite of all the challenges of 2014, the group still maintained a positive outlook for the year 2015. We expect to conclude the ongoing projects in the different subsidiaries to optimize the company's resources and meet its obligations. We also intend to tap into previously unexplored or undervalued energy solutions towards increasing access to energy.

It is our aim to expand our footprint across markets, continue to build our people and reputation, rebuild our investors' trust in the brand and

positively impact our environment and communities. To achieve these objectives, we will initiate and maintain strategic partnerships of mutual benefit and seek to provide inspirational leadership through innovative solutions to industry challenges.



HRM OBA M.A. Gbadebo CFR
Chairman of the Board

Group Chief Executive's Statement

Jubril Adewale Tinubu, GCE



The year 2014 has been one of significant transition for our company. We completed a profound process of transformation as we evolved from a predominantly downstream company to a leading indigenous upstream player in order to strengthen the company and make it able to create long term value to all stakeholders.

As our portfolio evolved significantly over the past year, our commitment to improving the environment, health, safety, security and communities in which we do business has remained constant.

Our strategic focus is to increase our operational efficiencies to support returns in a challenged operating environment through continuous learning and development. We believe that with professionalism, integrity, team work and passion which are our core values, we can act as a positive force, aiming to set high standards in our industry and environment. Our operations are balanced by a responsibility to foster and stimulate a sustainable future for our stakeholders. We align our interests with those of local economies by using local suppliers, building local capacity and supporting local communities.

At Oando, we regularly cross milestones that are important reminders of our development in the unfolding journey to the sustainability of our business. We continue to prioritize security and safety and are pleased to report yet another year of record breaking Lost Time Injury (LTI) performance across all our operations with zero time lost to injury.

We will continue to aim for continuous energy efficiency improvement, in line with global best practice standards. We are currently working on a long-term strategy to redefine our production profile and to promote access to cleaner and cheaper energy, in compliance with the best environmental safety requirements.

In line with our key strategic goal of placing our fundamental growth expectations on the upstream business our strategic focus for 2014 was to increase our operational effectiveness to support returns in a challenging business environment, accelerate the effort to deleverage our balance sheet by adding selected asset sales and return the company to profitability.

At the same time, we maintained and continue to maintain our focus on safety, the development of the talents and capabilities our people and the highest standards of corporate governance to create the necessary platform to be the partner of choice in the acquisition of appropriately priced Nigerian upstream assets as they may be made available through IOC divestment programmes and refinancing efforts of recent acquisitions.

We are convinced that the only way to ensure that our economic, social and environmental gains and achievements are sustained on all fronts and advanced to the next level is by ensuring that we practice effective governance. The principles by which we manage our current activities are expected to deliver on our target to generate our own benefit today and at the same time preserve and protect our natural resources for the benefit of generations to come.

To this end, we remain committed to the tenets of global governance best principles and practices as we recognize and continue to maintain the relationships and engagement platforms that have further propelled us to continuously strive to excel in this regard such as our participation in the United Nations Global Compact, the World Economic Forum, Partnering Against Corruption Initiative, and the Convention for Business Integrity amongst others.

Furthermore, in demonstration of our quest to enhance socio-economic growth wherever we operate and for continuous improvement we have given high priority to sustainability issues and also maintain sustainability reporting as a key strategic element in our business development model.

As Africa's largest integrated energy solutions provider, we are resolute in our determination to continue to implement a business model intended to secure our future by ensuring our sustained social, economic and environmental advancement.



J. A. Tinubu
Group Chief Executive

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 in 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 134, 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 N50 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 a N54.6 billion rights issue exercise which was 101% subscribed
- 2014** – Oando acquired Conoco Phillips Nigerian business for \$1.5b. The company EHGC was sold to Seven Energy for \$250m and OER successfully completed a private placement for \$50m.

Awards and Recognition



- The company through its marketing division was awarded with the International Safety Award by the British Safety Council in recognition of the company's to a safe workplace/work environment across our various operational bases and our earnest determination to ensure utmost excellence in all we do.
- The company received the Integrated Management System (IMS) award by the Standards Organisation of Nigeria in recognition of its commitment to the highest standards in producing high quality products with minimal impact on the environment and its employees. This indicates that the marketing division has fulfilled and synchronized the key elements and requirements common to all 3 standards (ISO 9001 QMS, ISO 14001 EMS, OSHAS 18001) within the company's processes so that similar processes are seamlessly managed and executed without duplication.
- The company received the Africa Product Award for its Automatic Transmission Fluid (ATF) by the Institute for Government Research Leadership Technology in recognition of its commitment to producing high quality lubricating systems for the automotive industry

The Company received an award from the Nigerian Stock Exchange and the Convention on Business Integrity for successfully completing the pilot for the Corporate Governance Rating System ("CGRS"). Of the ten quoted companies that volunteered for the CGRS pilot only 8 were successful (scoring above 70%) in the rating exercise and Oando was one of them. The CGRS methodology combines a composite of scores drawn from a participating company's performance in the following areas:

1. Corporate compliance assessment (50%) – including self-assessment by the Company and independent verification by professional consultants/compliance auditors
2. Fiduciary Awareness Certification Testing (FACT) of directors (10%)
3. Corporate Integrity - based on feedback from stratified, random sample of stakeholders (20%).
4. Expert Multi-Stakeholder Group Assessment (EMSG – 20%).

Our Stakeholder Management Approach



Identification and Prioritization of Stakeholders

Our stakeholders are identified as individuals, people groups or organisations with the potential to significantly impact our business processes and/or outcomes and vice versa.

Every business unit within the Oando group has identified its key stakeholders, following which a stakeholder categorization or prioritization is done. This process is continuously reviewed for projects and new business activities to ensure that all stakeholders are adequately identified and mapped. Some of the criteria used in stakeholder mapping or categorization include stakeholder impacts, influence or power, interests, expectations and perceptions etc.

The stakeholder engagement plan is developed based on the categorization of the stakeholders which includes such factors as the frequency of engagement, the type of communication channels and feedback mechanisms for determining expectations and perceptions.

Typically, the communication channels employed are based on the communication need and the determination of the most effective means to engage the stakeholder to ensure that timely feedback is received.

The proper management of our stakeholders requires that we identify and categorize them appropriately, engage with them through various communication channels to discover their concerns or issues; balance the competing interests and influence of the different groups with regards to our business operations. This ensures that solutions are implemented which provide a return to shareholders whilst also benefiting and addressing the interests of all other stakeholders.

We have equipped our employees through training and development to adequately observe and note the full ramifications of the issues raised during each stakeholder engagement session so that they can rightly assess and direct stakeholder issues through the appropriate channels and ensure that the issues receive the requisite and timely attention at all applicable hierarchies throughout the business. We had planned to develop more robust stakeholder engagement systems that would enable stakeholders contribute directly to our sustainability reporting, but this was not concluded in 2014 due to other business exigencies and a reordering of our funding priorities in light of the global economic challenges within our industry. The development of this process however remains a key strategic initiative that will be actualized in the near future.

Key Oando Stakeholders

Our major stakeholders have been categorized into six major groups
Investors and shareholders
Communities
Government and regulators
Employees
Customers
Business partners and vendors



ENGAGEMENT APPROACHES AND OUTCOMES

Employee Stakeholder Relations

As detailed in our 2013 Sustainability report, we highlighted the strategic importance of our employees as a key stakeholder group through whom we undertake the operational and functional activities of the business and who also interface with all the other stakeholder groups.

Therefore, ensuring that our employees are adequately informed about the company's activities, opportunities and challenges is crucial to our success. The revised information dissemination model launched in 2013 to ensure that business-critical information is communicated to employees in good time and to improve employee access to information was discussed in detail on page 28 of the 2013 Sustainability Report.

It is also necessary for employees to rightly perceive themselves as vital players in the unfolding of the Group's success. To this end, programmes and initiatives geared towards ensuring that employees feel safe, secure, healthy, confident and well equipped to carry out their tasks have been developed and implemented within the year. A number of these initiatives are discussed in the subsequent pages of this report under the "Investing in our People" and "Our Safety Priority" sections.

Furthermore, employees are made aware of the several channels available to them to seek guidance on ethical issues and/or report unlawful or unethical conduct, which include reporting to their line managers, following the Oando Grievance mechanism or engaging with the Governance Office members in addition to other channels such as the whistleblowing hotlines as previously mentioned. A general information email address is also available in the public domain through which any company-related grievances can be reported by any of our stakeholders.

Labour Relations – Engagement with Employee Union Representatives

Oando employees have the right to organize themselves into labour unions in accordance with national legal provisions. Within the period under review, the company engaged with union representatives as stakeholders representing the interests of our employees. As is industry practice, the unions and company management also engage in collective bargaining

sessions at which such matters as work terms and conditions are discussed and agreement reached on such elements as conditions of service, remuneration and welfare of employees. The collective bargaining negotiations take place bi-annually with agreements covering the period till the next round of negotiations.

In addition, the employee union representatives are key players in matters relating to employees such as disciplinary committee sessions, reassignments and/or redundancies, with the unions receiving notice on such activities before they take place.

Customer Relations

Owing to the nature of their business, the downstream subsidiary has the largest customer base within the group as major marketers, suppliers and distributors of refined petroleum products. In addition, the division also maintains a large number of customers across the industrial, marine and aviation sectors.

The Gas and Power business which operates in the midstream division is the developer of Nigeria's foremost natural gas distribution network and captive power solutions with a focus to develop, generate and distribute power and gas to a network of industrial, residential and commercial customers in Nigeria.

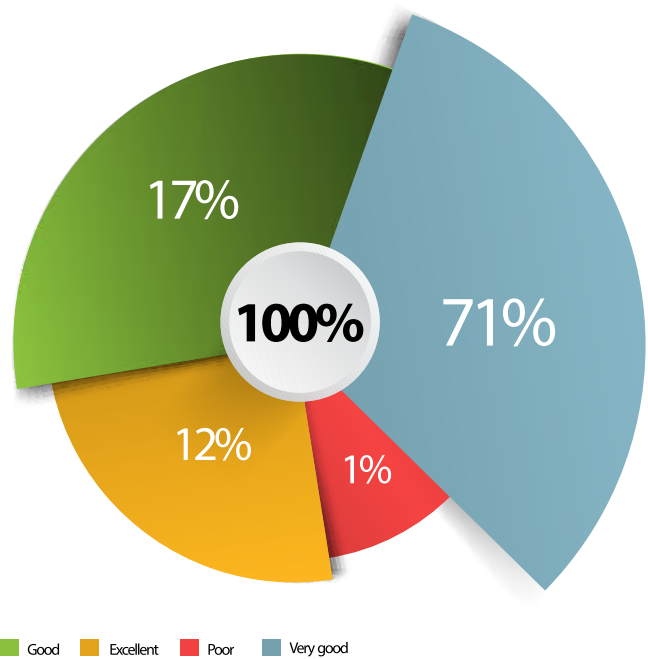
This section of our report will focus on the customer relations of these two divisions their interactions with customers and the feedback received during the reporting period.

In the downstream business, a total of about 9 surveys were conducted by different business teams on the various customer groupings to obtain feedback on their perception of the company's performance in different areas of service delivery. These surveys were done half-yearly to enable the tracking of any changes in customer's feedbacks about the company within the reporting period.



An example is the customer experience survey conducted by the Liquefied Petroleum Gas (LPG) team to obtain feedback on customer impressions of their services. The survey was conducted on a total of 748 customers with representation across the 6 geopolitical areas of the country.

The overall responses received on the customer experience survey indicated that customers overwhelmingly agreed that they had received very good service from the company:



This survey also sought to obtain information about such issues as customer safety awareness in order to help design the appropriate product safety information strategy to utilize in communication with customers.

THE OTHER SURVEYS CONDUCTED DURING THE YEAR:

1. Industrial Customers Survey

This survey was conducted on a total of 33 industrial customers and a 100% response was received.

Overall 91% of customers agreed that there was an improvement in Oando Products and services in the first half of the year with the questions centred around the following are as:



CUSTOMER CARE

Customers' responses were generally positive, with very good ratings on issues such as friendly customer care agents, ease of access to customer care agents and feedback on product delivery status.



SALES

Customers were of the opinion that such factors as ease of access to the branch managers, speedy resolution of business issues and high levels of service delivery depicted Oando as a company that prioritizes its customers and their related issues.



ENVIRONMENT, HEALTH, SAFETY, SECURITY & QUALITY (EHSSQ)

Customers reported that Oando's commitment and emphasis on EHSSQ-related issues was clearly visible. They also gave Oando products an excellent rating, with the acknowledgement that Oando trucks have a high rate of Compliance to EHSSQ standards and requirements.



FLEET

Timeliness of product delivery received very good customer ratings as well as accuracy of product quantity delivered and delivery personnels. In all the attitude of customers toward the company was quite positive.

Customers also identified for improvements products and service delivery and communication. They also requested that improvements be made in the product pricing systems and in the timing of product delivery.

2. Marine Survey

3. Aviation survey

4. Value Added Peddling (VAP) Survey

5. Vendor Managed Inventory (VMI) Survey

6. Dealer survey

7. Transporter survey

8. Fleet OBC Survey

These survey results assisted Management in taking decisions towards improved service delivery & promoting efficiency.

PRINCIPAL STAKEHOLDER CONCERNS

STAKEHOLDER GROUP	POSSIBLE IDENTIFIED IMPACT	ENGAGEMENT METHODS	PRINCIPAL ISSUES AND CONCERNS	RESOLUTION STRATEGIES
* Investors and shareholders	<ul style="list-style-type: none"> * Owners of significant shares can Influence key decisions like the selection of Board members and 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 company * Media announcements * Communications with executive members of shareholder associations * Investor calls 	<ul style="list-style-type: none"> * Prompt communication on company business * Dividend payments * Diversification of asset portfolio * Growth opportunities * Company reputation 	<ul style="list-style-type: none"> * Periodic investor calls and publications * Development of dividend policy * Implementation of business diversification plan * Full implementation of the Oando KYC policy
* Employees	<ul style="list-style-type: none"> * We depend on employees to deliver on our promise of excellent 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 	<ul style="list-style-type: none"> * Maintenance of competitive remuneration package in alignment with industry practice. * Researching and implementing strategies to improve working conditions * Implementing measures that ensure the maintenance of our zero LTI & Fatalities record.
* 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 Code of Business Conduct & Ethics * Supplier trainings * Supplier performance evaluations * Attendance at conferences and trade shows 	<ul style="list-style-type: none"> * Terms and conditions of agreements * Procurement * Procedures and guidelines * Health and safety 	<ul style="list-style-type: none"> * Full implementation of KYC policy * Trainings and engagement on the Company Code & key policies * Business Partner/Vendor Evaluation * Industry-wide engagement.

STAKEHOLDER GROUP	POSSIBLE IDENTIFIED IMPACT	ENGAGEMENT METHODS	PRINCIPAL ISSUES AND CONCERNS	RESOLUTION STRATEGIES
* 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 	<ul style="list-style-type: none"> * Engage with Government towards ensuring that favourable industry policies & regulations are enacted. * Collaborate with government to drive development sectorally & nationally. * Ensure timely compliance with all relevant regulatory requirements to build trust and good reputation
* 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 satisfactorily * Customer satisfaction is a source of free advertising 	<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 	<ul style="list-style-type: none"> * Promote engagement with customers to derive feedback for the development of mutually beneficial initiatives.
* Communities	<ul style="list-style-type: none"> * Local and sustainable employment pool * Information resource * Community acceptance can impact significantly on 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 	<ul style="list-style-type: none"> * Employing the Oando Community Relations Strategy – Partnership, Ownership, Win-Win, Empowerment, Respect, Sustainable Development (POWERS) for the achievement of community development at all our host communities.



OANDO ENERGY RESOURCES (OER)

• Engagement Through:

Press releases and investor presentations kept our investor community

updated on key developments within the organization in addition to company organized meetings and conference calls and attendance of Management at major oil and gas and investor conferences within and outside Nigeria, such as, Africa Oil Week, Nigeria Oil & Gas Conference,

- The provision of sell-side analysts with access to accurate information on the company throughout the year;
- Consultations and meetings with representatives of host communities;
- Establishment of community committees made up of company, government and community representatives to review local issues that arose from operations based within the community;
- Set up Community Trust Fund Boards (CTFB) to agree and approve various community development projects as well as Peace Committees to mediate and resolve disputes.
- Town Hall meetings or People's Parliament provided the opportunity for members of the community to express concerns or make recommendations on community projects
- The quarterly publication of an ethics and compliance bulletin called "Compliance bite-size" sensitized employees on topics ranging from the importance of conducting due diligence/KYC on business partners to understanding the principles of corporate hospitality and the UK Bribery Act.
- Annual recertification exercise on the company's corporate governance framework which includes the Code of Business Conduct, and Ethics Anti-Bribery and Anti-Corruption ("ABC") Policy, Gifts &

Benefits Policy and other company policies were successfully carried out for all employees and directors.

and P Nigeria Limited), a corporation incorporated under the laws of Nigeria, and holding OML 131); and ODENL (mean Oando Deepwater Exploration Nigeria Limited, formerly Phillips Deepwater Exploration Nigeria Limited, a corporation incorporated under the laws of Nigeria, and holding OML 145).

OHL holds a 20% non-operating interest in the NAOC Joint Venture, which holds OMLs 60, 61, 62, and 63 (each of which is producing) as well as related infrastructure and facilities. The other co-venturers are NNPC (60% interest) and NAOC (20% operator).

Oando 131 holds a 95% operating interest (Medal Oil, another subsidiary of OER holds the remaining 5%) in OML 131 (non-producing) located 70 km offshore in water depths of 500m to 1,200m. ODENL holds a 20% non-operating interest in OML 145 (non-producing) located 110 km offshore in water depths of 800m to 1,800m.

At the time of acquisition, the assets of the NAOC JV included forty discovered oil and gas fields, of which twenty-four were producing, approximately forty identified prospects and leads, twelve production stations, approximately 1,490 km of pipelines, three gas processing plants, the Brass River Oil Terminal, the Kwale-Okpai IPP and associated infrastructure.

Acquisition of Medal Oil

On July 11, 2014, OER completed the acquisition of Medal Oil. The \$5 million purchase price was satisfied through the issuance of 3,491,082 Units at a deemed price of C\$1.57 per Unit. At the time of its acquisition, Medal Oil held a 5% interest in OML 131. In connection with the completion of the COP Acquisition later in July 2014, OER acquired the remaining 95% interest in OML 131. Accordingly, OER currently holds a 100% interest in OML 131.

Private Placement

On February 26, 2014 OER completed a private placement of 35,070,063 Common Shares and 17,535,031 warrants (each Common Share and one-half of one warrant being a "Unit") at a price of C\$1.57 per Unit.

Key Achievements

Acquisition of Conoco Phillips (COP) Assets in Nigeria

The COP Acquisition was successfully completed on July 31, 2014 for a total consideration, after adjustments, of \$1.5 billion (inclusive of \$550 million in deposits paid prior to closing). Through this transaction, OER acquired all of the issued share capital of OHL (Oando Hydrocarbons Limited, formerly Phillips Oil Company Nigeria Limited, a corporation incorporated under the laws of Nigeria), Oando 131 (Oando 131 Limited, formerly Conoco Exploration & Production Nigeria Limited) (previously known as DuPont E

- The private placement generated gross proceeds of \$50 million to be used to finance a portion of the unpaid balance of the purchase price in relation to the COP Acquisition. Each warrant entitled the holder to acquire one Common Share at a price of C\$2.00 per Common Share for a period of 24 months from the date of the closing of the COP Acquisition.

Other Achievements

- In managing the relationship with each of our host communities, we execute a Memorandum of understanding (MOU) that sets out the respective expectations and responsibilities of the Company and the community. Within the period under review, we signed MOUs with the communities in OMLs 13, 56 and 90.
- The CTFB at OML 56 reviewed projects worth more than N238,020,783.70
- Infrastructure projects concluded in 2014 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.

- 4 Trust Board meetings, 6 Parliament meetings, 3 Peace committee meetings, and day-to-day field consultations were some of the engagement activities that held within the year which were attended by the a cross section of the communities. Matters discussed included employment opportunities, community development projects, economic empowerment initiatives and the management of inter-communal conflicts.
- OER representatives attended the Nigeria Oil and Gas Conference 2014 which gave us the opportunity to engage with government agencies and other industry players to contribute towards the energy sector debates and strategies.
- Maintained constant communication between company and investor community



OANDO GAS & POWER

Engagements:

1. Oando Gas & Power Customer Engagement Forum & Awards.
2. Oando Gas & Power Vendor Forum for interaction and feedback.
3. Weekly and monthly customer site visits by our technical and contract performance teams to ensure sufficient support and information.
4. Publication of a monthly newsletter called Gas Connect that provides industry information, new products, technical advice and safety guidance.
5. A dedicated business development team who have general oversight of the stakeholder engagement process and ensure sufficient engagement with business partners and the creation of new strategic alliances.
6. Participation at industry forums, attendance at workshops or seminars and engagement with governmental agencies

Achievements

1. Achieved the sale of East Horizon Gas Company Limited to Seven Energy Limited.
2. Achieved Standards Organization of Nigeria (SON) ISO 14001 and 18001 certifications and 9001-2008 certification.
3. Completed succession plans for Heads Of Departments in OGP. Extended plan to all management roles.
4. Implemented Strategic Workforce Planning (SWP) recommendations.
5. 150+ industrial customers supplied natural gas through our circa 100km pipeline network in Greater Lagos Industrial Area.
6. The Company achieved 1 million man hours Loss Time Injury-Free (LTI-Free) industry milestone.
7. 13 additional companies were connected to the existing gas pipeline network.
8. The de-sanding facility was built and commissioned to control the occasional sand incursion in a certain segment of the pipeline.
9. Our first Independent Power Plant (IPP), Akute Power Limited,

- a 12.5MW dedicated gas fired power plant achieved four (4) years operation within the year. We achieved an average plant availability of 99.1% and Zero LTI.
10. Alausa Power Limited (our second IPP) was upgraded to cover Lagos Television (LTV), Radio Lagos and other Lagos State Government Parastatals. The plant achieved an average availability of 96.99% with Zero LTI.



OANDO MARKETING PLC (OMP)

Engagements Through:

- Employees were engaged through monthly town hall meetings where health management and improvement initiatives were announced and inaugurated. A total of 12 town hall meetings were organised during the period under review
- The company collaborated with the Lagos State Ministry of Energy Resources on its "Switch campaign" to promote the distribution of LPG cooking stove cylinders to different homes as its part in the reduction of global warming.
- We undertook several public enlightenment programmes with women in local communities to promote the use of cooking gas through roadshows and radio programmes.
- An induction/inauguration ceremony was organised to launch the Mechanic Village initiative with the governing body of the Mechanics Association in attendance.
- Dialogued with stakeholders that were impacted by the construction of the Sapara Road project and provided alternative locations to support their small business enterprises.

Key Achievements:

- Oando Marketing PLC established the African Skills Development Initiative (ASDI) also known as "the Oleum Academy" to empower and stimulate the growth of the informal vehicle repair industry in Nigeria. The Academy's mission is to contribute to the closure of knowledge gap by 80% and ensure that Nigerians have access to professional and technically sound automotive support. With a plan to train 5,000 mechanics including females over the next 5 years, the academy has raised the standard of the automotive maintenance industry in Africa. The first 100 mechanics graduated from training in 2014.
- As part of the ASDI, the "Lady Mechanic Initiative" seeks to improve the socio-economic status of indigent women, increase their competencies, boost career opportunities and earning power in the Nigerian automotive sector.
- The company also partnered with the Lagos State Government on its Eko Gas Project to deepen acceptance and usage of LPG in Lagos especially amongst low income earners.
- To enhance customer experience at the retail forecourt, the company established and deployed the SmartPay programme, an automated cash payment system, across 56 service stations, which supports a flexible payment option to our customers.

country to complement its growing retail network allowing consumers quick access to fuels

- OMP designed and created the Oando Partner Management Centre (OPMC), a collaborative technology-based extranet designed to ensure operational efficiency and knowledge management, allowing customers real time access to information about their transactions e.g. order status, account statement etc. This has given them more control over their product supply management.
- The company commissioned combined storage facilities of over 1.4 million litres of Automated Gas Oil (AGO) & Premium Motor Spirit (PMS) in 2014 at the Naval Base located in Apapa and Victoria Island as part of efforts aimed at improving operations of the Nigerian Navy in the waterways in protecting oil pipeline installations and vessels.
- OMP commenced the construction of the short receipt station for the Lagos Oando Jetty in Apapa and commenced the upgrade of the Marshalling yard and the Sapara access road into Apapa as part of its commitment to improve the infrastructural requirement of its host communities
- The company also institutionalised a Wellness & Fitness programme for all employees designed to support healthy lifestyles and improve output at work and in their personal lives. These programs consist of activities such as health education and coaching, incentivised weight management programs, medical screenings, on-site fitness programs, and more health development programmes.
- The company was awarded with the International Safety Award by the British Safety Council in recognition of the company's commitment to a safe workplace/work environment across our various operational bases and our earnest determination to ensure utmost excellence in all we do.
- The company received the Integrated Management System (IMS) award by the Standards Organisation of Nigeria (SON) in recognition of its commitment to the highest standards in producing high quality products at minimal impact on the environment and its employees. This indicate that OMP has fulfilled and synchronized the key elements /requirements common to all 3 standards (ISO 9001 QMS, ISO 14001 / EMS, OSHAS 18001) within the company's processes so that similar processes are seamlessly managed and executed without duplication.
- The company received the Africa Product Award for its Automatic Transmission Fluid (ATF) by the Institute for Government Research Leadership Technology in recognition of its commitment to producing high quality lubricating systems for the automotive industry

The company completed the upgrade of 4 retail stations with enhanced features and spread across the West, Midwest and Eastern regions of the

Protecting Our Environment



Our Environment

Issues regarding the environment remain an ongoing priority at Oando and within the year under review, this was further underscored during the 2014 EHSSQ Week themed "Raise Your Voice, Not the Sea Level". The Oando EHSSQ Week is an annual company-wide event during which employee focus is drawn to environmental, health, safety, security, quality, community and other social issues with relevant practical applications to their job functions. The event is a mandatory exercise and all employees are required to attend at least one session at the different locations throughout the EHSSQ week.

The 2014 edition sought to educate employees, business partners and other invited guests on the challenges of climate change, our roles in contributing to the problem and most importantly the required reorientation of our thoughts towards developing new habits and activities that would decrease the emission of the greenhouse gases thereby reducing the effects of

climate change of which global warming is key.

As is customary, the EHSSQ Week was also an opportunity for employees to undergo quick medical examinations to test for such indices as Weight, Height, blood sugar level, Body Mass Index (BMI), Vision Tests, etc. and make any necessary follow up referrals.

EHSSQ cordially invites you to join us for our
ENVIRONMENT HEALTH SECURITY AND SAFETY WEEK
 2014

Date:
 August 20, 2014

Venue:
 Asaa Pyramid Hotel, No.13 Lafia road, off Independence Way, Kaduna

Time:
 9 a.m.

RSVP: Diya Adeisike : 08028323873

Oando



Biodiversity

We understand that the biological diversity of the plant, animals and other organisms in different ecosystems on our planet are maintained in delicate cyclical balance. Human activity through industrialization, urbanization and development however, distorts the delicate balance with the extractive industry (within which we operate), generally regarded as a major source of this distortion. In consideration of the potential negative impacts of our activities on the biodiversity of our areas of operation and in recognition of the value of biological diversity to the environment, we have taken a number of steps to enhance this:

- Environmental Impact Assessments (EIAs) are carried out prior to the commencement of any project activity in line with international best practices and relevant Nigerian national regulations as was the case in the Midstream division's Greater Lagos Phase IV Project, for example. The guidelines which form the legal and administrative framework within which the assessments are carried out are derived from various national and international guidelines and regulations that inform the conduct of EIA for the development of industrial facilities in Nigeria. In particular, Federal Environmental Protection Agency (FEPA, now FMEEnv) Act No. 58, 1988 as amended by Act No. 59 of 1992, provides for the setting up of the Federal Environmental Protection Agency, as the apex organization responsible for the overall protection of the environment and conservation of natural resources from oil and gas (and any other) activities.
- In all our projects, assessments of the soil, water, air, vegetation, wildlife etc to determine the associated and potential environmental impacts were done and mitigants identified. It was observed that construction and noise levels could lead to the alteration and or loss of habitat and biodiversity; however this was classified as a medium impact activity as it would only ensue during construction. Vegetation and fauna would naturally return to the sites once the pipes had been laid with minimal to no permanent damage. No endangered or rare species were reported along the project routes and a number of bird species nesting sites found along the project site were relocated.
- The following mitigation activities were recommended and fully implemented to address the potential biodiversity impacts identified:
 - Site clearing commenced from developed (e.g. roads) to undeveloped roots to provide escape routes for wildlife
 - The land area to be cleared was limited to what was required for the pipe-laying activity
 - Hunting of game/wildlife by workforce was strictly prohibited
 - Construction workers were educated on the sensitive nature of the biodiversity of the area and the need for conservation
 - Re-vegetation of land cleared for temporary use was carried out where feasible
- Furthermore, in 2014, we maintained our support of the Nigeria Conservation Foundation (NCF), a Non-Governmental Organisation (NGO) committed to nature conservation and sustainable development in Nigeria. The NCF's vision is that of "a Nigeria where people prosper while living in harmony with nature" and it undertakes a number of projects to achieve this vision.
- Additionally, upon completion of its office complex in 2013, the downstream division of the company focused on several "re-greening" efforts within its immediate environment; including the re-greening of the empty spaces surrounding its office complex, along the reconstructed Sapara road in Apapa Lagos and the clearing and re-greening of an abandoned lot previously used as a trailer parking lot and waste oil dump site. Trees and shrubs were also planted around the Onne Tank farm in Rivers State.

Water

In 2014, the downstream business withdrew a total of 7,246,000 litres of water from ground water (which is not designated as a protected area) accessed by boreholes. The total amount of water utilized by the other businesses cannot be immediately ascertained, because the facilities occupied by those companies are shared with other third parties and managed by property managers who have not put in place measures that allow each company to ascertain its direct water utilisation. The company is currently in the process of constructing its group office complex where such metrics will be better monitored and managed.

Internally, a number of educational campaigns designed to prevent wastage of water such as the "closed tap policy campaign" were rolled out to employees. This encouraged all employees to develop the habit of closing taps when water was not in use as a means of saving water in the office and in their homes.

In total, 2,331,000 litres of water was recycled for activities such as tank washing, calibration and floor washing. This represents 32% of the total water withdrawn within the period.

Gas

Gas flaring has remained an unresolved issue in Nigeria. The proposed Petroleum Industry Bill was to have addressed this but was not passed within the year.

In summary, the upstream division of the company produced 84,494 mmscf of gas with 90% utilization in alignment with our gas utilization strategy as cited in our 2013 Sustainability Report. This is a huge improvement on our 2013 performance in which 67% of gas produced was flared, exceeding our 50% flare target. Our continued aim is to achieve a zero flare target.

Air

Air quality sampling was carried out at designated points and fixed distances within and around a number of the company's facilities (particularly in the downstream division) such as the Onne tank farm facility. In the third quarter of the year under review, four (4) air quality sampling points were analyzed for air quality/noise measurements. (Air quality sample results from the Onne facility can be seen in the Targets and Data section).

The Air Quality monitoring results including the noise level recorded ranges were all well within the Department of Petroleum Resources (DPR) and Nigerian Ambient Air Quality standard (NAAQS) regulatory limits for the specified working periods of our employees (approx. 8 hours daily).

On the whole, the possible air pollutants were below measurable detection limits and as such, the environment was considered suitable and safe for all operations.

Waste Management

The proper management of waste, is critical to maintaining a clean, healthy and pollution-free environment because waste is a by-product of almost all human activities. Our goal has always been to ensure the proper management of waste generated. As such, we continue to deploy initiatives for effective waste management from the point of generation through to disposal, based on the ideology of the 4 Rs of waste management (Reduce, Reuse, Recycle and Recover) which was discussed in more detail in our 2013 report.

A number of factors however limited our ability to adequately track and document our group-wide improvements on waste management in 2014 in spite of our activities in this area. We have provided the figures of our performance in the downstream business in the 'Targets and Data' section of this report. We will provide more detailed information on our performance in this area in subsequent reports because this aspect is material to our business sustainability.

Energy

All economic activities require energy in one form or the other. The supply of electric energy in Nigeria has remained epileptic, thus necessitating the procurement of energy from alternative sources to supplement the power provided from the national grid (primarily sourced from hydroelectric and gas-powered plants).

Oando has worked to provide solutions in this area through our independent power projects as discussed in our previous report. However the Energy Quadrant (EQ) project undertaken by the downstream business to utilize gas to generate electricity instead of diesel is yet to be completed. Regarding our energy demands, the company utilized a total of about 3.9mKwH from diesel generators and 689,177KwH from the municipal power company.

Investing in **Our People**



Providing Equal Opportunity

A major principle guiding the achievement of our target to become the employer of choice is that we are an equal opportunity employer. It has been our continued goal to attract, recruit, develop and retain people who will work to achieve the aspirations of the company. The Group Leadership Council (GLC) which is comprised of the top level company executives models our diversity aspirations for the continued inclusion of women in top management and consequently the decision-making of the organisation. The GLC is comprised of approximately 30% female members in a typically male-dominated environment:

Category	Male	Female
GLC (Group wide)	9	4

This is a slight improvement over the Senior Management category with approximately 20% females, which is an area for improvement:

Category (Senior Management)	Male	Female
Group	8	5
OES	7	3
OER	16	1
OGP	7	2
Downstream	18	3
Total	56	14

We have also formulated policies to guide our recruitment and selection process in a manner that eliminates discrimination on the basis of age, gender, race, ethnicity or other bias. As excerpted from the company handbook.

This principle guide our entire employee selection and recruitment process in alignment with our recruitment and selection policy.

“Oando PLC is firmly committed to the principle of equal opportunity in employment and human relationships as highlighted in the United Nations Universal Declaration of Human Rights 1948 Articles 1 and 12. Each employee is expected to treat fellow employees with respect and dignity”.

Oando PLC is an equal opportunity employer and as such offers employment, training, compensation and advancement on the basis of qualification, merit and business needs, regardless of race, religion, sex, national origin, age, veteran status and sexual orientation, and disability as long as the individual is able to perform job duties safely and efficiently.

Total 2014 Employees by Subsidiary

Employment Categories	Energy Services	Gas & Power	Downstream	Energy Resources	Group	Totals
Full Time	57	48	279	81	80	545
Contract	32	21	331	21	112	517
Consultant	388	0	9	4	4	405
Industrial Trainees	0	2	0	0	0	2
Totals	477	71	619	106	196	1469

For our long term human capacity, we have developed an investment strategy based on a career path model which incorporates succession planning to build and maintain a stream of the right talent required for the organisations growth and evolution. This strategy is particularly focused on the development of the younger generation amongst us who seek the opportunity to advance professionally.

Our voluntary attrition rate for the year closed at 5.9% showing a clear improvement from 9% in the previous year. We continue to work to improve our performance as we have set the target to reduce our voluntary attrition rate to 5% by 2017

Employee Turnover by Age Group, by Gender						
Employment Categories	OES	OGP	D/S	OER	Group	Totals
23 - 35 (Male)	52	0	10	1	0	63
23 - 35 (Female)	0	0	5	0	0	5
36 - 45 (Male)	98	0	7	1	0	106
36 - 45 (Female)	0	0	1	0	0	1
46 - 55 (Male)	37	0	3	0	0	40
46 - 55 (Female)	0	0	0	0	0	0
Totals	187	0	26	2	0	215

Employee Remuneration, Benefits & Welfare

The compensation package offered to our employees is an important factor in helping us achieve our goal to become the employer of choice. While we aim to provide direct compensation and benefits, we also seek to create a supportive work environment that allows people grow to their fullest potential. Employee remuneration has been benchmarked against our contemporaries within our industry to ensure that it is attractive and competitive. We aim to continue to give our employees a competitive compensation package which includes key items such as a pension scheme in accordance with the Pension Reform Act 2014 and mortgage support.

In 2014, an additional Health Management Organisation was engaged to provide services to employees following a thorough bidding system. This was aimed at increasing the service offerings available to our employees to ensure that improved health care services are available to them.

In 2014, our payroll process was streamlined with the unification of its structure across the group. A salary review was also undertaken with performance-based pay increments implemented in keeping with industry practices.

During the year, the Group Chief Executive's award (a group recognition award that seeks to recognize superior individual or team performance that has already the potential to positively impact the business performance Oando) was revamped by the Human Capital Management team.

In addition, long-serving employees were also recognized with customized plaques and gifts.



People Development Management

We aim to continually provide opportunities for employee growth and development by equipping them with the right skills, knowledge and abilities through our training programmes for our long term success. Training at Oando is based on a Competency Management System in which the skills required for a specific role are pre-identified and the employee filling that role undergoes a competency test to identify the skill/knowledge gaps that they may have in respect to the role. Thereafter, a training plan is developed on the basis of the knowledge/skill gaps identified. This process which was concluded in 2013 has enabled the company undertake more effective training and development that directly impacts on the skills required for each role within the organisation consequently allowing the business to get the best value for the resources expended in trainings. It has also helped us identify additional areas of focus regarding talent management for which further behavioral competencies have been identified and the key indicators to monitor our progress in this area defined and developed.

In total, the sum of N1.7 billion was expended for training and development across the group in 2014.

Employee welfare has always been accorded priority status, as a result, a number of measures geared at maintaining a conducive work environment and conditions were implemented in 2014. These measures or initiatives were determined from feedback received on employee surveys and other engagement sessions. Some examples of the measures undertaken in 2014 include the replacement of old staff buses with brand new ones, the organization of an inter-departmental football tournament by the downstream business called "The Oleum Masters Cup", World Cup Quiz with exciting prizes, upgrade of kitchenettes at the head office in Victoria Island, O-Gas Free Home delivery for Employees etc.

Performance Management

Measures have been developed to ensure our performance management cycle is completely understood by all employees and is regarded a key component of our culture as a company. At the first level, Line Managers have been adequately coached and have resources available to enable them set Specific, Measurable, Achievable, Realistic and Timely (SMART) targets that are direct components of the corporate objectives.

In the process of holding talent review meetings to manage employee performance, as part of the bi-annual performance appraisals, the Manager

learning series was introduced in 2014 which is an educational series of webinars, tips and nuggets for managers on ways to better develop the people who work with them. All full-time employees at Oando undergo performance evaluation annually.

The Performance Management System at Oando has been strengthened over the years by increasing the understanding and linkages between the overall corporate objectives and the targets set for employees during the year. It has provided employees with the opportunity to see clearly that each team and individual performance is critical to the overall success of the company.



OUR SUPPLY CHAIN - BUSINESS PARTNERS AND VENDOR MANAGEMENT

The Oando group has a large network of suppliers and customers who make up its supply chain. Internally, the company has a robust supply chain management department that coordinates the different aspects of the purchase, storage and general logistics of materials and products. The Supply Chain Management department comprises of the Procurement, Contracting, Audit & Compliance, Contract Performance, Logistics and Material management functions based on the requirements of the specific operations of each entity within the group. The department is headed by the Chief Corporate Services Officer, a top management executive who ensures the company's supply chain strategies and operational activities are aligned with all corporate strategies particularly the corporate sustainability strategies and projects.

Based on our recognition of vendors and business partners as key stakeholders, we have further analysed and prioritized them based on their direct impacts on our business and vice versa into 4 major groups: **Leverage, Strategic, Non-Critical and Bottleneck.**

This categorization enabled us further set the frequency of engagements with our business partners such that priority was given to Strategic and Bottleneck Vendors because they were identified as critical to the continuous operation of our business.

Vendors and Business partners were engaged in the Annual Vendors Forum and Vendor Compliance Forum. Other stakeholders such as the regulators (e.g. NAPIMS, NCD, etc) were engaged on a need basis to ensure smooth running of business operations.

Town hall meetings were also used to engage vendors, Business Partners, Regulators, Government Agencies and third party logistics companies whereby these stakeholders are invited to an open forum where issues of mutual concern are raised and discussed with candor. At the end of the exercise, feedback on areas of improvement were received and subsequently implemented.

In 2014, a stakeholders meeting with the Nigerian Customs Service and our Logistics Service Providers was convened by our Energy Services division. All Customs and Logistics Managers in the Oil and Gas Drilling Services industry were also invited to the event and a representative of the Nigerian Customs Service was invited to address the meeting.

This was an important avenue to discuss critical issues affecting smooth logistics operations with government agencies across all companies in the

oil services industry. Thoughts and ideas on how best to approach issues and challenges faced were discussed and solutions were proffered to better address the common challenges being faced by the participants. It also provided a unique opportunity for the participants to give direct feedback to the Regulatory Agency (in this case, the Nigeria Customs Service) which was expected to assist them to improve on their transparency and accountability practices.

On the whole, we have also provided our vendors, business partners and other stakeholders with mechanisms to provide feedback to the company including the use of calls, emails, in-person meetings etc. We have also provided the whistle blowing hotlines as a means by which feedback and reports on issues which require anonymity can also be appropriately reported to the company. This service is independently managed by KPMG Advisory Services. The reports are received, investigated and appropriately treated. Feedback on company action is given to the whistle blower, with their anonymity fully protected as much as possible. The reports received and their resolutions are also presented to the Board Governance and Nominations Committee within strict time frames.

Blacklisting of Vendors

As part of our due diligence and vendor onboarding process, our vendors are made aware of our position on business ethics by receiving our Code of Business Conduct and Ethics. They also execute our non-solicitation letters in line with our anti-bribery and corruption stance. Where vendors have been found either to engage in activities in direct contravention of any of the provisions of our Code, they are black-listed and prevented from providing goods or services to the company. Vendors can also be black-listed for failure to provide goods and services in keeping with agreed quality standards. In 2014, Two (2) vendors were blacklisted for the provision of sub-standard services to the company.

Supporting the Local Economy

Geographically, Oando defines "local" to mean within Nigeria in consonance with the Nigerian Oil and Gas Industry Content Development Act – the NOGIC D Act 2010 which refers to companies incorporated in Nigeria, with office location and/or operational base in Nigeria and whose ownership is majority Nigerian.

In 2014, the Energy Services division sourced about 97% of all its service and material inputs locally. In total, 225 out of an overall 254 active vendors engaged in 2014 were companies registered in Nigeria. On a general note,

we make a conscious effort to engage proximal vendors to maximise benefits

The Oando Group's business generally cuts across the 6 geo-political zones of the country with our upstream operations focused in the South-South zone of the country. Our significant location of operation for upstream activity for 2014 was at the Qua Ibo area of Akwa Ibom State. We undertake a number of activities within these regions specifically geared towards developing the local economy.

Promoting Inclusion and Diversity

Promoting diversity is a core ideology of Oando as captured in the Oando Group staff handbook, which is the document that clarifies company policies, practices, rules, regulations and benefits for employees thereby setting the background from which all other human resources matters are considered within the company.

“Oando PLC is committed to providing a workplace that values diversity and promotes inclusiveness”

To this end, as an equal opportunity employer, Oando does not practice gender discrimination in our selection, recruitment or remuneration process; rather the company has sought to encourage more female participation in what is traditionally a male-dominated industry. This principle is promoted across all levels of the organisation and during the period under review, we maintained a 27% gender balance on the Board of Directors; the highest decision making organ of the company. This is in continual recognition of the role of diversity in introducing different perspectives into debates, thereby enhancing the balance of ideas and

improving the anticipation of risks and opportunities in its deliberations for the purpose of arriving at all-encompassing decisions.

Nigeria is a multi-ethnic and multi-cultural society with over 250 ethnic groups indigenous to the country across the six geopolitical zones. Through the non-discrimination policy in our recruitment and selection process, we have also sought to promote the representation of our different ethnicities within our employee base. With the concept of “Respect” considered a core value of the company, we advocate tolerance and respect for the different cultures, perspectives and viewpoints present in our midst. Employees are encouraged to value our differences and consider that our cultural diversity presents us with unique learning opportunities for the broadening of our perspectives.

Our Safety Priority



OCCUPATIONAL HEALTH, SAFETY & SECURITY

The importance of the overall safety and wellbeing of our employees cannot be overstated because we care about their well-being and because efficiency is enhanced with reduced sick time off work. A number of programmes have been designed and were implemented in 2014 towards ensuring that our employees remained in good health and were safe while carrying out all their activities in the company and in their personal lives.

2014 was a particularly eventful year because of the outbreak of the Ebola Virus Disease (EVD) that ravaged a number of cities and towns across several West African countries. The disease was eventually introduced into Nigeria in July of 2014. Extraordinary measures had to be established at the national and State levels to curtail the spread of the highly infectious disease which was generally fatal. Stakeholders were engaged using various media as a means of preventing the spread of the disease including through the provision of adequate information and education about the disease.

Oando was not left out as the company introduced the following measures to forestall the spread of the disease to our employees and business partners:

- Employee temperatures were monitored daily and anyone with temperatures outside the acceptable limits was immediately referred to a health management facility
- All visitors to the company premises were equally screened
- General personal hygiene was strongly advocated with hand sanitizers placed at strategic locations within the office for employee use
- Travel warnings were issued particularly regarding travel to areas in which the disease was prevalent. Travel to such countries was strictly prohibited.
- An EVD Threat Response Information System was set up within the company to provide pertinent information and updates to employees regarding the disease, its spread and eventual containment.

Town hall sessions were held across the group to educate employees on such issues as nutrition, exercise, wellbeing, disease management and weight control etc. These sessions were held quarterly and a total of 4 sessions were held across all company locations in Nigeria within the year.

The "Health Talk" series was also launched in 2014. This was a monthly focus factsheet on various diseases and ailments to provide employees with

information on the different medical conditions and how they could be prevented, managed or cured. A number of editions also featured health improvement measures.

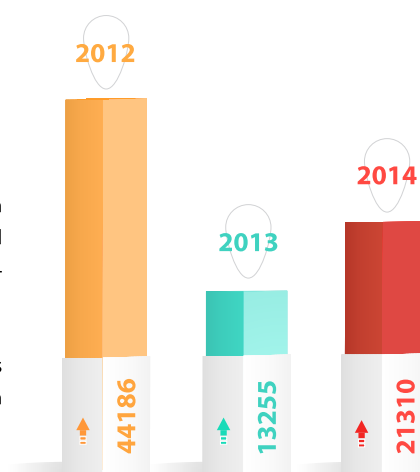
The EHSSQ Experience Bulletin was published monthly to provide information, tips and guidance on Health, Safety, Security and Quality issues in the company.

The Journey Management process was maintained for all those travelling locally particularly to high or medium risk areas prone to unrests or other forms of security threats.

Security advisory was issued regularly throughout the year regarding security-related flare-ups in locations across the country particularly in light of terrorist activity at the time. Towards the end of the year, the "Ember Months Security Awareness Campaign" was held to sensitize employees on the prevalent vices usually encountered in the country at that time and measures to prevent, manage or mitigate any such security situations.

In 2014, the Environment, Health, Safety, Security, Quality – Information Management System (EHSSQ-IMS) was launched as part of the Environment Management System (EMS) at Oando. Our EMS places emphasis on the deployment of robust preventive and mitigating measures to prevent accidents and incidents and has assisted us in improving our overall safety performance as evidenced by our statistics and KPIs in this regard.

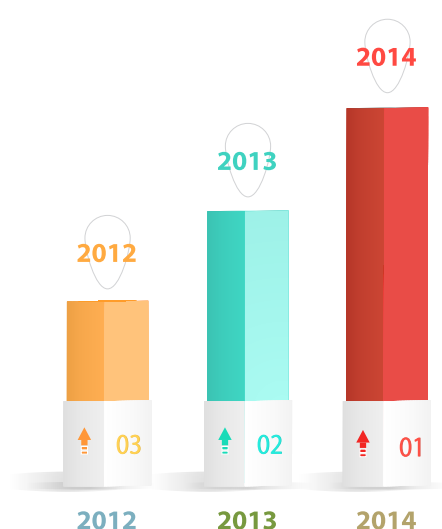
PRODUCT SPILLAGE (FIGURES INDICATE PRODUCT VOLUME)





A host of other training programmes geared at providing information for the maintenance of better health, safety and security practices was organized by the company towards ensuring that employees were well equipped to manage any related issues in these areas.

HAZARD IDENTIFICATION REPORTING



Employee awareness of safety issues increased within the year as evidenced by a 123% increase in hazard identification and reporting. This is a direct result of the efficiency of the EHSSQ training programmes:

Increase in HIR was attributed to two major factors namely:

1. Increase in operational activities particularly for OES & OER due to drilling operations
2. Improved reporting as a result of increased awareness among employees

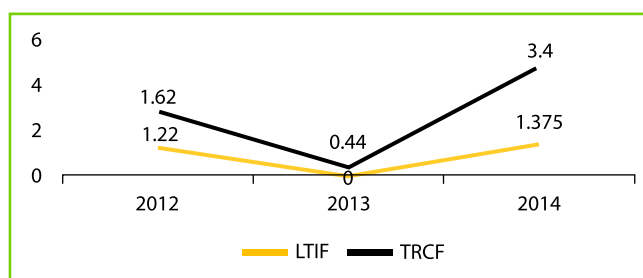
Seemingly minute issues were captured and addressed during drilling operations to ensure that these issues did not develop into major accidents. Although, there were minor incidents in 2013 & 2014, the HIR reporting contributed a great measure in ensuring that there were no fatalities or serious accidents.

Product spillage in 2013 was mainly from Oando Downstream (we had earlier published in our 2013 Sustainability Report that the volume of spills in 2013 was 13,255 litres but upon rigorous tracking and documentation, it was observed that the actual total spills recorded within that year was approximately 52,640 liters). The observed increase in volume of spills in 2013 was captured as a result of the improved capacity and discipline of the EHSSQ team to track and review all accidents that occurred during the year and accurately document the total spills from all the incidents involving Oando assets.

There was a 50.2% decrease in recorded spills in 2014 when compared with our performance in 2013. This was attributed to the aggressive training that was carried out for tanker drivers to prevent the prevailing incidents of road accidents. In addition to the training, free medical checks were provided to the drivers which included eye tests, monitoring of blood pressure, sugar levels and Body Mass Index (BMI).

Diagrammatic representations of our safety performance in comparison to the previous years are shown below:

SAFETY STATISTICS



Both Lost Time Incident Frequency (LTIF) and Total Recordable Case Frequency (TRCF) are measures of safety performance. Lower numbers are indicative of a better safety performance.

The Lost Time Incident Frequency (LTIF) reduced significantly in 2013 and 2014 because there were no fatalities or days where employees could not work as a result of injury when compared with 2012.

The Total Recordable Case Frequency (TRCF) also reduced in 2013 as against 2012, but increased slightly in 2014 because of three (3) incidents involving two security guards attacked at two different service stations and a station attendant injured by a vehicle at one of our service stations.

As part of curbing these incidents, the following measures were carried out.

- Security training for all security personnel across the country on an annual basis.
- Training for all station managers and attendants on safety, health, security carried out annually
- Ongoing process risk assessment to identify potential failures and implementation of proactive controls

Product Quality & Safety

As part of customer safety procedures, the company has established various mechanisms and monitoring systems to guarantee the consistency of the quality of all products and services rendered by the company. In addition, there is full disclosure regarding our products and services as adequate information is given on services and the products are properly labeled where applicable.

The company places a high value on the protection of its customers' and maintains their privacy irrespective of the fact that there is no Data Protection legislation applicable in Nigeria. Therefore, all information relating to customers are kept private and confidential to ensure that such data is utilized for business purposes only.

In 2014, the company did not receive any complaints from its customers or from the public at large concerning breaches of customer privacy nor were there any reported cases of leaks, thefts, or loss of customer data.

In addition, no fines were imposed on the company for non-compliance with laws and regulations concerning the provision and use of products and services or the environment in 2014.



The information provided to the customer includes the sourcing of the components of the product or service, its contents (particularly with regard to substances that might produce an environmental or social impact), information on the safe use of the product or service, appropriate disposal of the product and environmental/social impacts.

In the case of the Midstream division, a detailed certificate of gas analysis is included in all contracts executed with the end user and to this end, there were no recorded incidents of non-compliance which resulted in a fine or penalty, or even a warning. Furthermore, as majority of the products are delivered via pipelines, they are fully in conformity with standard pipeline regulatory practices.

CUSTOMER HEALTH AND SAFETY

In the midstream, the division thoroughly addresses the safety, health and environmental issues relating to natural gas with proper hazard identification processes. End users are also provided with a detailed certificate of analysis for all supplied gas.

Within the year under review, the division had no recorded case of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services, market communications or sale of banned products. The company is ISO 9001, 14001 and OHSAS 18001 certified, as such, all safety and environmental aspects are duly monitored, audited and reported. ISO 9001 is a quality management certification; ISO 14001 is an environmental management certification while OHSAS 18001 is an occupational health and safety management certification. These standards are internationally recognized and applied by companies worldwide.

Promoting Ethical Conduct



GOVERNANCE

The overall long term performance of any company is a direct consequence of the level of governance within that organisation. This is because the governance of any organization refers to the structures and processes through which the interests of its many stakeholders are balanced. This is evidenced by the rules, processes and practices established to control and direct the affairs of the company.

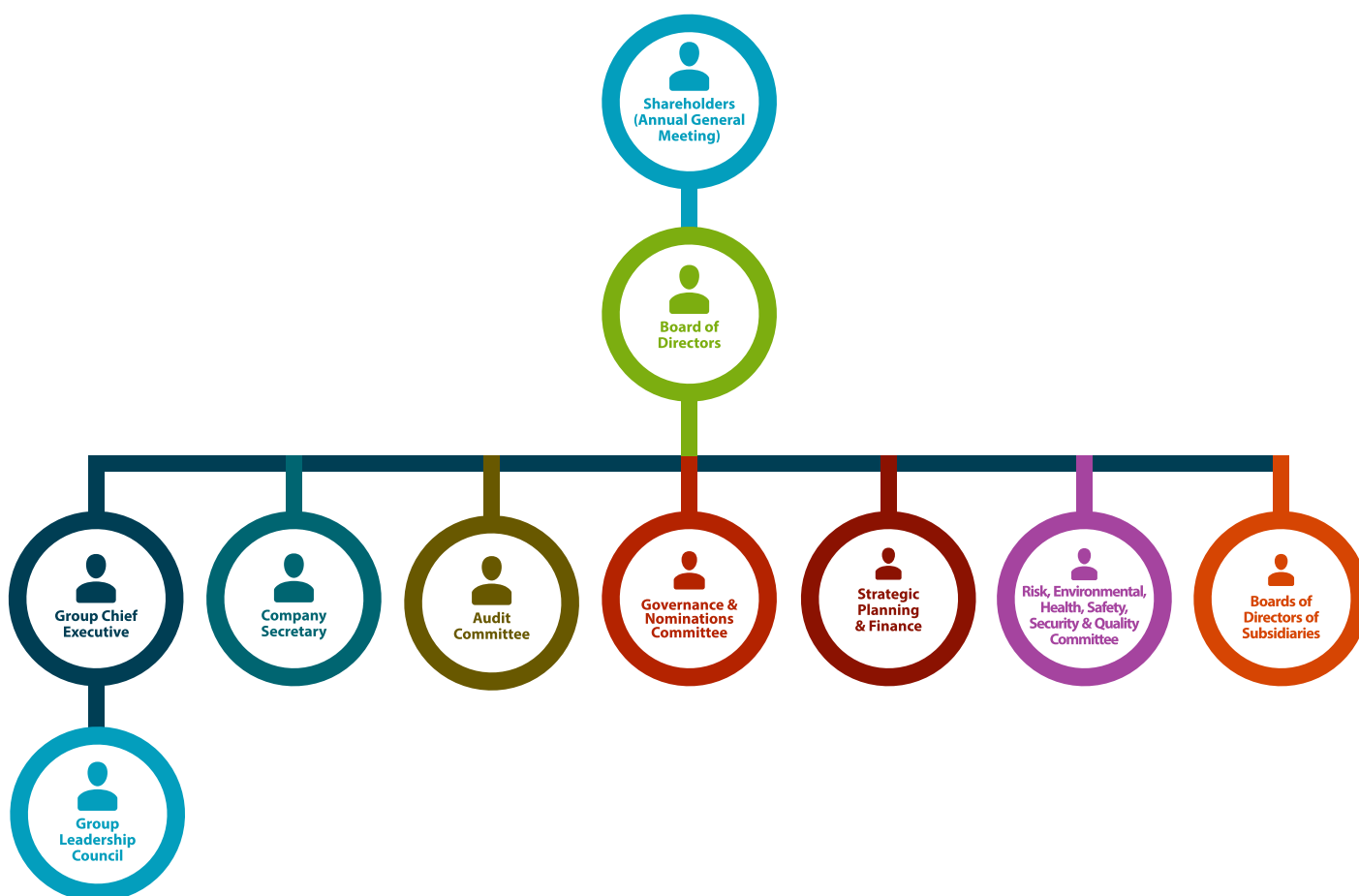
At Oando, the concept of governance is considered as critical to our business success because it touches upon every aspect of management starting from the development of our strategic objectives, through the implementation phase, to defining the internal guides and controls that govern all our activities, while also guiding the measurement, management and disclosure of the company's performance.

As a result, we have developed our governance framework and practices based on this principle.

Our Governance Framework

In designing the Oando Group Governance Framework, we considered the UK Corporate Governance Code, South Africa's King Report on Corporate Governance (King III), The OECD Principles of Corporate Governance and the SEC Code of Corporate Governance for Public Companies in Nigeria.

Our Framework outlines the corporate governance structure in tandem with the policies and procedures that underpin it. A diagrammatic representation of the high level organisational structure is shown below:





Shareholders

The role of shareholders within the Oando governance framework is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The Board of Directors and Company Management pursue objectives that are in the interests of the company and its shareholders.

Furthermore, an evaluation exercise to determine the effectiveness of the Board is conducted periodically with the identification of measures for improvement. The last evaluation exercise was conducted in 2013 by KPMG Professional Services and a number of the recommendations for increased effectiveness from that exercise were implemented in 2014

Board of Directors & Board Committees

In alignment with global best practice, the positions of Chairman of the Board and the Group Chief Executive are occupied by two separate individuals.

The full details of the composition and responsibilities of our Board of Directors were discussed extensively in the 2013 Sustainability Report (page 38) and the 2014 Annual Report (pages 60 – 61). The Board Committees (page 37 of the 2013 Sustainability Report & pages 62 – 64 of the 2014 Annual report) also remained the same.

During the year under review, the composition of the Board, its committees and their responsibilities remained the same.

Group Leadership Council

The Group Leadership Council (GLC) at Oando is composed of top company management who provide executive direction in the administration of the company's talents and resources for the achievement of our strategic objectives. The Council is composed of the Group Chief Executive (GCE), the Deputy Group Chief Executive (DGCE) along with all the C-suite managers in the company. The Group Leadership Council are charged with the day-to-day implementation of the strategic plan as agreed by the Board. They collectively implement those goals whilst being sensitive to the rapidly changing micro and macro economic and socio-political environment. The GLC is accountable to the Board of Directors.

Governance Initiatives & Policies

- Anti Bribery and Anti-Corruption Policy
- Blacklisting Policy
- Board Appointment Process
- Code of Business Conduct & Ethics
- Delegation of Authority
- Dividend Policy
- Environmental Health, Safety, Security & Quality Policy
- Gifts & Benefits Policy
- Information Disclosure Policy
- Insider Trading Policy
- Know Your Customer (KYC) Policy
- Matters Reserved for the Board
- Records Management Policy
- Related Party Transactions Policies
- Remunerations Policy
- Staff Handbook
- Whistle Blowing Hotline
- Annual Recertification on the Code of Business Conduct & Ethics
- Governance & Compliance Trainings

OUR GOVERNANCE PRACTICES

At Oando, we believe that the continued long term operation of any corporate organisation is directly related to the strength and effectiveness of its corporate governance practices and procedures. As a consequence, the governance bodies within the organisation have set up structures that clearly define the guidelines, policies and procedures that demonstrate the acceptable limits for proper conduct of all the company's business operations across the Group. The goal of these structures is to ensure the proper management of stakeholder interests for the overall sustainability of the Group.

Anti-Corruption

Oando is opposed to all forms of corruption including facilitation payments. The company has established a Group-wide anti-corruption compliance program. Governance and Compliance Officers, who are responsible for monitoring and reporting on the extent to which ethics and anti-corruption considerations are integrated into our business activities and implemented constitute an important element of the program. Our anti-corruption program is tailored towards compliance with applicable laws and regulations whilst providing training on relevant issues such as gift and benefits, money laundering, related party transactions, insider training and other policies are best practice.

Corruption Risk Assessment

Apart from the general corporate risk assessment carried out continually across all the business units and entities by the Group Risk Management and Controls (GRMC) unit, and the corruption risk assessment carried out on some key business functions naturally expected to have a higher risk for corrupt practices based on their specific operations, the Group Governance Office planned to undertake a holistic corruption risk assessment within the year to further strengthen the compliance program within the organisation. Although this activity was not concluded within the year under review, it is however considered a very important part of the anti-corruption program within the organisation. Non-compliance with Oando's Core Values and Code of Business Conduct is generally considered a key risk, and as such, is classified as one of the prioritized employee risks to be avoided within the group. The group-wide anti-corruption risk assessment is scheduled for last quarter of 2015. We continue to monitor corruption risks and reports of relevant recent enforcement actions.

Communication and Training on Anti-Corruption Policies and Procedures

All our directors and employees worldwide are required to undergo a web-based training and recertification on the Group's Code of Business Conduct and Ethics and other policies. In 2014, all directors and employees completed the training.

This annual training and re-certification exercise is mandatory for directors and employees to reaffirm their understanding and commitment to the company's Code of ethics and compliance standards. Upon completion of the training, a test is administered leading to the issuance of a certificate of completion. Where any individual fails the test, they are required to review the training information before re-taking the test until they can show understanding of the information being disseminated and consequently attain the minimum required standard to be certified for the year.

New employees also receive training on the company's Code of Business Conduct and Ethics "the Code" within the first month of employment. A comprehensive intranet site provides all employees with access and additional information on corporate policies and procedures.

Town hall, in-person meetings and discussions with the Chief Compliance Officer or any of the other members of the Governance Office. Onsite training sessions for select groups of employees and periodic electronically based information platforms are all used as important ways to further develop and entrench a fully compliant culture within the company.

Governance Officers have been embedded in all the company's subsidiaries since 2012 to increase their accessibility; consequently employees seize that opportunity to engage with them directly for guidance on compliance issues.

As part of our training and awareness building on the company's ethical culture, a key message passed to employees, vendors, business parties and other third parties with which the company interacts is the availability of different grievance mechanisms through which issues of concern can be reported to the company and feedback given on the actions the company has taken to deal with such reports. One of such mechanism is the whistle blowing hotline which is independently managed by KPMG Advisory Services.



As part of our pre-clearance process, every vendor and business partner is made to sign a Non-Solicitation Form certifying that while transacting business with Oando, they will not engage in any form of solicitation or provide any financial inducement, gratification in cash/kind to the

While we were unable to organize as many business partner training sessions as was originally planned for the year 2014, we have however earmarked the training of vendors and business partners as a priority activity for the Governance Office in the year 2015.



company's employees or government agencies on our behalf.

Within the period under review, we continued with the implementation of our Know-Your-Customers (KYC) Policy across the group with a heavy emphasis on due diligence for new and potential business partners and an ongoing review of existing business partners. The process includes a robust due diligence exercise, the success of which is as a result of extensive collaboration between the Governance Office, relevant business service units (the Requesting department, the Procurement and Services, Tax and Legal services teams) as well as the company's business partners.

All business partners are screened before being engaged to transact any business with the company and in 2014, a total of over 570 new business partners were screened in accordance with the stipulations of the KYC policy.

No incidents of corruption involving the Company, its employees or business partners were however recorded in the period under review. In addition, there were no corruption-related investigations (actual or potential) carried out within the stated period.

Furthermore, as a Group, we continue to ensure that we are guided by fair competition in accordance with the applicable laws and regulations of each country in which we operate. To this end, we compete in a fair manner and with integrity. The Chief Compliance Officer and the Chief Legal Officer both support the Group Board and Management on competition law issues. Following therefrom, there were no reported legal actions pending or completed during the year regarding anti-competitive behavior, or violations of anti-trust regulations.

Political Contributions:

The Group continues to abide by the prohibition placed on Nigerian registered entities by the Companies and Allied Matters Act (the principal legislation for companies registered in Nigeria) from making any donation (cash or kind) to any political party.

General Compliance Statement – Fines or Non-Monetary Sanctions for Non-Compliance

The Company paid N6,200,000 as penalty to the Nigerian Stock Exchange and N13,900,000 to the Securities & Exchange Commission for the late filing of its 2014 audited financial statements.

Creating Value Through Strategic Partnerships



CREATING VALUE THROUGH STRATEGIC PARTNERSHIPS

WORKING TOGETHER

We seek to continue to identify opportunities for strategic partnerships with compatible individuals, organisations, communities or governments that share our sustainable development objectives to ensure that all the parties are able to contribute meaningfully to the collaborative activity, and as a result, derive increased mutual benefits. From our experience as an organisation, we have observed that we have greater impact and achieve far more with the right partnerships than as individual entities. To end, engaging with the right partners is a priority area for our operations and our industry at large.

We therefore pursue partnerships that will be most effective at delivering on corporate objectives and yield such advantages as increased market presence, access to innovative technologies, increased returns and sustainable development amongst other benefits. In 2014, we worked with a number of key partners across the group for the achievement of an assortment of objectives.

Working with Communities

As discussed in detail in the maiden edition of our Sustainability Report, Oando's Community relations strategy identified by the acronym "POWERS" is hinged on the key principle of improving the quality of life of our stakeholders while being catalysts for development and social change within and beyond our areas of operation. POWERS stands for Partnership, Ownership, Win-Win, Empowerment, Respect & Sustainable Development and it encapsulates the company's approach to managing all our activities with host communities.

The thrust of the strategy is to foster acceptance and a good working relationship with our host communities because this is a key factor upon which the sustainability of our business rests.

To accomplish this, therefore, we continually strive towards engendering socio-economic change, because we also recognize that we are stakeholders to our host communities. We build capacity as a means of providing opportunities for self-reliance and economic empowerment which would in turn entrench and foster the principle of sustainable development, and contribute to building a stable and enduring future for our host communities and their indigenes. At Oando, we regard and treat our host communities as an extension of our business in terms of our view of their needs and aspirations.

This paradigm propels us to develop plans and undertake activities aimed at giving each of our host communities a sense of belonging as strategic stakeholders in our business and operations within their immediate environment.

Building a Strong Foundation

A group of young students, likely in a classroom or assembly hall, are seated in rows of wooden chairs. They are wearing school uniforms consisting of white short-sleeved shirts and purple skirts or shorts, along with purple caps. The students are looking towards the camera with neutral expressions. The background is dark, and the floor is made of light-colored tiles.



Oando Plc. established the Oando Foundation (OF) as an independent charity in the year 2011. The Foundation was set up to contribute to the development of the education sector in Nigeria. Since its inception, it receives ongoing support from Oando Plc and also raises funds from grants and donations to achieve its goals and objectives.

The goal of the Foundation is to foster sustainable development by contributing to the achievement of universal primary education particularly in Nigeria through its signature programme; the “Adopt-a-School Initiative”. The Foundation holistically addresses the needs of students, teachers, school leaders and the education community and currently has a special focus on girls in northern Nigeria.

It is registered as a 501C3 organisation in the United States and is also registered with the UK Charity Commission.

The Adopt-a-school Initiative: An All-inclusive Approach to Public School Improvement in Nigeria

The Adopt-A-School Initiative (AASI) provides a vehicle through which the Foundation makes an impact on Nigeria's educational sector. AASI is a multi-stakeholder partnership designed to improve the quality of education, increase access to education for marginalized children and improve the deplorable state of public primary schools by upgrading them to acceptable standards. AASI is based on the premise that government funding alone cannot bring those schools to the required standards, hence the need for private sector involvement.

The thrust of the project involves identifying, adopting, renovating and improving the quality of learning nationwide; thereby creating model institutions for children. The concept of adoption is based on the premise that improving the quality of education in Nigeria requires a multifaceted approach focused on whole school development, deploying an ongoing engagement with the adopted school for several years rather than making a one-off donation.

The Components of this Initiative Include:

1. Infrastructural development through school renovation and new builds
 2. Teacher Training (TT) and provision of instructional aids
 3. Establishing Creative and ICT Centres
 4. Introduction of Early Childhood Care and Development (ECCD)
- Education
5. Oando Scholars Programme (Scholarship Programme)
 6. Supporting community involvement in school management through the School Based Management Committee (SBMC)
 7. Supporting Local Government Education Agencies (LGEA) to

The table below shows our activities under the AASI in the last two years.

	2013	2014
NO OF SCHOOLS ADOPTED	20 additional schools were adopted bringing the total number of adopted schools to 47	11 additional schools adopted bringing the total number of adopted schools to 58
NO OF SCHOOLS RENOVATED		2
NO OF SCHOLARSHIPS AWARDED	300 new scholarships awarded. total number of scholarship beneficiaries is 501	372 new scholarships awarded. Total number of scholarship beneficiaries-873
TEACHER TRAINING	6 teachers trained in ICT across 3 states	507 teachers trained across 23 states
ICT CENTRES	1 ICT Centre completed in Archbishop Taylor School, Lagos	Establishment of ECCD centers in St. Patrick's Primary School, Odukpani, Cross River and St Patrick's Primary School, Etinan, Akwa Ibom
ECCD CENTRES	Establishment of ECCD center in Archbishop Taylor Primary School, Lagos	Establishment of ECCD center in St. Patrick's Primary School, Odukpani, Cross River.

Funding

Oando Foundation is funded by Oando Plc's donation of 1% pre-tax profit and in-kind contributions. This is supplemented by funds generated from grant seeking activities with international donors, development partners, select private sector and individual donors.

Local Ownership and Sustainability

Community ownership is essential to building educated communities and is fundamental to long-term sustainable development. Oando Foundation works in partnership with the community, local and national government agencies and ministries, and school administrators to garner community buy-in. Our experience has taught us the importance of partnering with

the community in projects to establish a sense of ownership and community participation, which in turn ensures sustainable project implementation.

Stakeholder Engagement

Oando Foundation's interventions in Nigeria, span 58 schools across 23 states and the Federal Capital Territory (FCT) Abuja. The diversity in our areas of operation makes it imperative to cultivate and sustain relationships with relevant stakeholders.



Our significant stakeholders include scholarship beneficiaries, communities, state and local governments, employees, volunteers, implementing partners, consultants or vendors, pressure groups, media, industry peers and competitors. Our engagement with stakeholders incorporates a series of activities and interactions including regular meetings, focus-group discussions, one-on-one engagements, consultations and information disclosures.

Community members in areas where OF adopted schools are domiciled are incorporated into school management and governance processes through the School Based Management Committee (SBMC). The SBMC concept is enshrined in Nigeria's education policy and OF is actively involved in building the capacity of the SBMC members in all our adopted schools and engaging them in all school improvement initiatives to ensure local ownership of all our projects.

OF direct beneficiaries are our adopted schools and in particular, pupils, their parents and the school management. They are all fully involved and updated through regular Stakeholder forums held once a term. OF also has a robust teacher engagement structure. Teachers are an integral component of the school system and because capacity building is at the core of what we do, OF aims to build a cadre of in-service teachers that are knowledgeable in modern pedagogical practices.

Oando Foundation has also formed strategic alliances with key government institutions and Non-Governmental Organizations to ensure that its programmes run sustainably.

Managing Our Stakeholders

At Oando Foundation, we have instituted a participatory process that ensures dialogue with stakeholders at every stage of all project implementations. Our interventions are unique and require input from a cross section of actors within the education space. These multi-sectoral actors include stakeholders drawn from the Public, Private and Non-Profit sectors. Ongoing engagement ensures that at every stage in the project lifecycle, relevant parties are carried along so as to have a greater and more sustainable impact than working alone. A few examples of our ongoing engagements are listed below:

State Universal Basic Education Boards (SUBEB)

Since 2011, Oando Foundation has extensively engaged the State Universal

Basic Education Board (SUBEB) in the 23 states of our operation. The SUBEB is the statutory government agency responsible for primary education in Nigeria. A memorandum of understanding (MoU) is signed with each SUBEB. Oando Foundation engages actively with the SUBEB in the area of verification and selection of scholars. The SUBEB are also involved in school selection and monitoring the outcome of the Foundation's interventions in the state.

Partners in Progress: Bayelsa State Universal Basic Education Board and Oando Foundation

Oando Foundation in partnership with Bayelsa State Universal Basic Education Board (BSUBEB) is strengthening education systems and improving access to quality education in primary schools located in Bayelsa State. In line with the partnership and to complement the Foundation's work in the state, BSUBEB committed to complete renovation of the Oando adopted school; Community Primary School, Nedugu-Agbia and completed same in 2014.



SCHOOL BUILDING RENOVATED BY THE BAYELSA SUBEB

School Based Management Committees (SBMC)

Oando Foundation partners with the SBMCs to ensure schools are empowering places where young people thrive. This not only improves the

local hires and building contractors, thereby empowering the communities, whilst reducing renovation costs without compromising on quality.



quality of education at the local level but enhances access to education and strengthens local education systems. Through the creation of SBMCs in each of our adopted schools, members have become more involved and responsive to issues, which include education standards and infrastructure maintenance.

To ensure community ownership, return on investment and sustainability of AAS projects, Oando Foundation revised its renovation strategy from the engagement of Oando Group's contractors (under its shared services unit) to a Community Based Renovation (CBR) Strategy.

This involves working directly with the local community through the SBMCs, SUBEBs, and Local Governments Education Authorities to engage

MONITORING OUR PROGRESS

Oando Foundation understands the critical role of monitoring in the effective implementation of projects. The Foundation has developed a detailed monitoring and evaluation strategy. The strategy ensures reliable and useful measures of performance are available to support organizational and stakeholder development, programme management, programme improvement, risk mitigation and impact. Oando Foundation works through selected local NGO partners to effectively implement and administer all components of the AASI programme.

Partnerships

Donor and Partner Engagement remains a key focus area for the Foundation. This entails identifying potential partners and donors, setting up meetings with prospective donors, and sharing the Foundation's objectives, activities and achievements with prospective individuals or organisations (national and international) willing to partner with us or to fund this laudable cause.

The Foundation's targeted donor engagement strategy has increased the visibility of the work of the Foundation. It has also helped reduce programme costs and provided necessary technical expertise to grow our programs. Significant success stories from the year 2014 include:

- Partnership with Protection Plus Nigeria Limited to build an ICT Center at St. Patrick's School, Etinan, Akwa-Ibom State
- Partnership with Lagos State Government and DFID, Education Sector Support Programme in Nigeria to produce and distribute lesson Plans to 1004 Schools in Lagos State.

Partnerships for ICT Development: US Department of State

Oando Foundation partnered with the US Department of States Global Partnership Initiative, CoderDojo Ireland and the LIONS@FRICA to launch "AfriCoderDojo" which is was a novel concept to teach 21st century computer coding skills to students between 7-17 years old. The partnership is based on the global CoderDojo scheme, and relies on a volunteer network of implementers and mentors to teach youth the basics of coding. The pilot classes ran from March to July 2014 with over 100 pupils remarkably improving their analytical skills.

"Now that our students are learning programming, I noticed a remarkable change. They pay more attention to detail, are more logical and show persistence when carrying out assignments. They are also learning the importance of teamwork as most of the work they do is accomplished in teams" – Mr Arayemi, Computer Science Teacher, Archbishop Taylor Primary School





STUDENTS FROM ARCHBISHOP TAYLOR MEMORIAL PRIMARY SCHOOL IN CODING CLASS

In 2014, during a consultative stakeholders meeting with the teachers from Archbishop Taylor Primary School Victoria Island, the need for ICT training and web-based research was identified. Following this, a 2 day ICT capacity building workshop was organized for teachers in conjunction with the Whitney Young Information Resource Centre of the US Consulate. This partnership was part of the Consulate's commitment to empowering young Nigerians with information and ICT literacy skills.

Topics covered include: conducting basic online research, strategies for effective use of search engines, best websites for teaching and learning, browser basics, anatomy of a browser, resources for teachers on ElibraryUSA, internet safety on the net.

At the end of the training some of the participants had this to say:

"The lesson has made me understand the use of search engines. It has changed my stand and experiences in internet management. It has also broadened my knowledge of how to use google to teach effectively. It has changed my view from a local teacher to an advanced teacher through the use of resources available to me"

"The lesson was so interesting. We learnt about websites, safety for children on the internet and how to limit the exposure of our children to websites. This lesson is very good. Can we do this every month so people will know the right and wrong things"

Special Projects

OF supports a number of other special projects that do not directly fall under the education sector but seek to address key societal issues, in order to promote sustainable economic empowerment and poverty alleviation.

The Oando Foundation Ebola Education Support Fund: The fund was launched on September 1, 2014 to support the education of Nigerian children who lost their parents to the deadly Ebola Virus Disease and require financial support to stay in school until they graduate from university. There are currently 6 beneficiaries under this fund.

- Donation of 5000 Personal Protective Equipment (PPEs) through the Ebola Containment Trust Fund to the Infectious disease hospital in Yaba. These PPEs were extremely beneficial in reducing the exposure of over 300 health workers while on the field.
- Donation of PMS & AGO to the WHO Ebola Emergency Operations Centre in Lagos for use in ambulances and trucks. To aid the center in its work, Oando Foundation donated PMS & AGO for 4 trucks and 2 ambulances for a period of three months to facilitate the operations of the centre.
- Award of Scholarships to 5 indigent pupils from Ogun State to Nobel House College for a 6 year period.

Employee Volunteer Programme

The Foundation has an active Employee Volunteer Programme (EVP) which presents a structured platform for Oando Plc employees to give of their time, energy and talents to uplift the local communities they live and work in. Presently, over 80 employees have signed up to the programme. Employees are expected to volunteer in any of the following areas: Teaching

The volunteers typically engage in targeted community-centred activities. On the International Literacy Day 2014, the volunteers participated in a book drive and distributed textbooks and educational material at Metropolitan Primary School, Orile, Lagos

Awards

Nigerian CSR Award for Best Company in Sustainability- Oando Foundation beat three other companies to emerge winner in the category **“Best Company Design for Sustainability”** at the 2014 Nigeria CSR Awards.

“The zeal to impact mankind positively, especially the less privileged is what drives me to volunteer. Oando Foundation is doing so commendably well towards ensuring that the less privileged especially children get good quality education. There is no gainsaying the fact that a child with good education is the leader of tomorrow. The last volunteer session at ZI primary school Akute was awesome. The transformation of the school was beautiful. The reaction of the pupils drew tears from eyes. Their spirits were obviously lifted and from interacting with them, it was clear that those children had very bright ideas and laudable aspirations. What they need encouragement just like Oando Foundation is doing through this programme. I therefore urge all employees yet to sign up and identify with this noble program to do so. The time is now. For those of us who are already members of EVP, there is plenty of work to be done. Let us all gird our loins and gear up towards achieving set objectives and programs of Oando Foundation. Res Ipsa Loquitur.”- Chigozie Eneh, Business Partner Operations, OMP

On International Volunteer Day 2014, Oando employee volunteers visited and donated braille material and branded items to Pacelli School for the Blind, Surulere, Lagos. They also visited the Special Inclusive Unit of Olisa Primary School in Mushin where they donated computers, text books and learning materials.



LAGOS STATE MERIT AWARDS FOR “SUPPORTING THE PRIMARY EDUCATION SECTOR IN LAGOS STATE”

OUR ACHIEVEMENTS IN 2014

- Adoption of 11 additional schools bringing the total number of adopted schools to 58 schools in 23 states and the FCT.
- Completed Teacher Training for 507 primary teachers across 23 adopted schools
- Launched model solar powered ICT center at Archbishop Taylor Primary School, Lagos. The ICT center serves the learning needs of over 300 pupils.
- Partnership with the US Department of State's Global Partnerships Initiative to introduce coding skills to 100 young Nigerian kids under the AfriCoderDojo Project.
- Partnership with the Whitney Young Information Centre of the US Consulate to train 20 primary school teachers in the use of ICT.
- Completion of 2 solar powered ICT Centres in Akwa Ibom and Cross River States which has led to 10% and 12% increase in enrolment respectively.
- Establishment of ECCD center in St. Patrick's Primary School, Odukpani, Cross River.
- Selection of 372 new scholars for the 2014/2015 academic session, bringing the total number of scholarship beneficiaries to 873.
- Completion of a block of classrooms at Zumuratul Islamiyat Primary School (ZI) Ogun State.
- Completion of renovation of 1 block of 6 classrooms; Donation of school furniture and supplies at Olokun Primary School, Mushin, Lagos State



ECCD CLASS IN USE AT ST PATRICK'S PRIMARY SCHOOL, ODUK PANI, CALABAR



ICT CENTRE IN ARCHBISHOP TAYLOR PRIMARY SCHOOL, LAGOS

Targets & Data



TARGETS AND DATA - OUR PERFORMANCE

ECONOMIC (FINANCIAL)

The Group experienced major economic challenges in the 2014 financial year as a result of a myriad of issues beyond the company's control such as dwindling oil prices and fluctuations in the foreign exchange market as well as the devaluation of our national currency (the Naira). However, there were a few positive highlights in our performance. For example, Oando Gas & Power generated revenue in excess of 26bn naira in the 2014 financial year.

The company recorded a huge deficit due to the losses from the rigs business (OES) which was inactive for the most part of the year owing to lack of contracts and also suffered a write down (impairment) of its assets.

The Downstream business also recorded a non-profitable year despite raising revenue of over 204m naira. Its operating cost however were way higher than its income due to unfavorable market forces and policies.

Direct Economic Value Generated and Distributed				
Company	OES (N'000,000)	OMP (N'000,000)	GROUP (N'000,000)	OGP (N'000,000)
Economic value generated	15,510	204	424,700	27,800
Economic value distributed	4,860	209,610	472,900	7,100
Operating Costs	27,500	206,230	277,600	3,900
Payment to government	40.4	Nil	19,600	1,400
Employee wages and benefits	1,280	2,280	12,900	1,380
Employee wages and benefits	3,500	1,100	Nil	1,800
Community investments	Nil	Nil	162,800	1,800
Economic value retained	Loss	Loss	Loss	4,000

Coverage of The Organization's Defined Benefit Plan Obligations

The Oando Group operates a contributory pension scheme in line with the Pension Reform Act 2004. The employee contributes 8% of their gross salary(per annum), the employer also makes a contribution of 14.6%. Pension fund administrators are chosen by individual employees to ensure optimal use of their pensions.

The Oando Group has a total liability of 2.9 Billion Naira for outstanding defined benefit plan obligations. The plan's liabilities are met by the organizations general resources.

However, commencing from 1st January 2012, the Oando Group discontinued the defined benefit scheme for management and senior staff except in the downstream division (OMP).

Oando Energy Services(OES) had a defined benefit scheme (Gratuity) which was curtailed in 2013. The balance of the scheme was N165.59 million at the end of 2014. The obligation is due for payment at an employee's exit and interest accrues at 9.5% per annum on the balance at curtailment. The plan's liabilities are met by the organization's general resources.

Financial Assistance From Government

The group gets no financial assistance from the government.

The downstream division however receives subsidies which is paid by the federal government to all major oil marketers in the country based on the amount of subsidized products each marketer supplies into the local market. The company received a total sum of 25 Billion Naira in the 2014 financial year.

The Government of Nigeria has no major stake in the Oando Group with the exception of Central Horizon Gas Company (a subsidiary of the Gas and Power business) in which the River's State government owns a 20% stake.

2014 Targets	2014 Outcome & Comments	2015 Targets
Profitability Return on Capital Employed 3%	Target not met. The group failed to achieve this target as it did not record a profit in the financial year.	Return to profitability by year end 2017.
Capital Structure Gearing ratio of 60% by 2020	Ongoing	Gearing ratio of 60% by 2020
Dividend Dividend should amount to 25% - 35% of profit after tax over the long term.	Target not met. The group recorded a loss in the financial year 2014 and therefore no dividend was declared or paid to share holders	Return the company to profitability to resume payment of dividends by 2018 year end.
ENVIRONMENTAL		
Monitoring CO2 Emissions Establish mechanism for lowering the company's CO2 emissions by 3 – 5% in 2014	The air quality parameters monitored by the company were well within the regulatory limits. No figures were however provided for CO2 monitoring in 2014. We plan to reestablish the baseline for CO2 monitoring in our subsequent reports.	Re-establish baseline for CO2 monitoring going forward.
Waste Management The Company agreed to implement a new Waste management plan which would commence in 2014, involving a 50% reduction in paper and waste paper from prints.	The printsmart initiative has enabled the company reduce our demands for printing paper and related materials. Detailed accounts of these savings will be published in subsequent reports	Maintain the waste management initiatives already established in the company and adequately report on our performance in this area in our next report.
Environmental management system upgrade 100% of operations to achieve ISO 14001 environmental management system certification by 2015	Ongoing. The Gas and Power division of the Company, as well as the downstream division obtained the ISO 14001 certification in the 2014 year.	Achieve ISO 14001 certification for all other entities by year end 2015
SAFETY		
Zero fatality Zero fatality at our operating oil rigs	Target met Zero fatality was recorded at our operating oil rigs	Zero fatality at all our operating oil rigs and other company locations.

TARGETS AND DATA - OUR PEOPLE

TRAINING

2014 Targets	2014 Outcome & Comments	2015 Targets
Succession Planning Increase leadership capability through ensuring attendance by every manager of a leadership development programme by 2015	The succession planning framework was reviewed in 2014 and other requirements (apart from leadership development trainings) were identified for potential successors. The potential successors underwent the specified trainings in 2014.	Complete review and achieve 100% by all operations by 2017.
Ethical Conduct 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 by 2016	Ongoing. The code is currently under review.	Complete the review and achieve 100% ethical conduct risk assessment as part of the Corruption Risk Assessment in all our operations by year end 2017.
EMPLOYEE WELLNESS		
Employee Attrition To achieve a 5% voluntary attrition rate by 2017	The voluntary attrition rate of 5.9% was achieved in the year 2014	Achieve the set target of a 5% voluntary attrition rate by year end 2017.

TARGETS AND DATA - OUR PARTNERSHIPS

COMMUNITY

2014 Targets	2014 Outcome & Comments	2015 Targets
Education To adopt 28 schools in 2014 to bring the number of schools adopted to 75.	Partially met - 11 Schools adopted (Total of 58 schools) Unrest within some Northern states prevented achievement of planned total adoptions for the year.	Increase the number of our adopted schools to 75 by 2015 year end.
Employee Volunteering To develop the employee volunteering programme for greater participation in Oando host communities by frequency & impact	2014 was a year for articulating the scope and structure of the Employee Volunteer programme to ensure greater participation in the coming years.	To increase the number of Volunteers from the current 80 to 100 and increase their level of engagement with the Foundation's activities.
DIVERSITY		
Increase female leadership Develop a detailed diversity strategy with accompanying targets and implementation plan	Target met. The Group Leadership Council (GLC) is made up of three female leaders. They are the Chief Compliance officer and Company Secretary, the Chief Legal Officer, and the Head of Human Capital Management. Female Managers and leaders are seen in the various departments of the organization.	Implement the developed diversity strategy to promote an increase in female participation particularly in management and supervisory roles.
BUSINESS PARTNERS		
Code of Conduct To develop a separate code of conduct for business partners, including Suppliers and Business Partners	Target met. A separate code of conduct has been developed to apply specifically to our business partners.	To organize a training session for our business partners on the code.

OUR EMPLOYMENT DATA

TOTAL EMPLOYEES BY SUBSIDIARY

Employment Categories	OES	OGP	D/S	OER	Group	Totals
Full Time	57	48	279	81	80	545
Contract	32	21	331	21	112	517
Consultant	388	0	9	4	4	405
Industrial Trainees	0	2	0	0	0	2
Totals	477	71	619	106	196	1469

FULL TIME EMPLOYEES (FTES) BY GENDER

Employment Categories	OES	OGP	D/S	OER	Group	Totals
Male	43	36	219	56	43	397
Female	14	12	60	25	37	148

WORK CATEGORY BY GENDER

Employment Categories	OES	OGP	D/S	OER	Group	Totals
Management Male	16	13	40	29	22	120
Management Female	3	4	7	8	10	32
Senior Staff Male	27	26	180	27	21	281
Senior Staff Female	11	11	52	17	27	118

NEW EMPLOYEES BY AGE GROUP, BY GENDER

Employment Categories	OES	OGP	D/S	OER	Group	Totals
23 - 35 (Male)	16	4	9	10	0	39
23 - 35 (Female)	4	1	3	4	0	12
36 - 45 (Male)	20	0	4	7	0	31
36 - 45 (Female)	2	0	0	3	0	5
46 - 55 (Male)	6	0	0	3	0	9
46 - 55 (Female)	0	0	0	0	0	0
Totals	48	5	16	27	0	96

EMPLOYEE TURNOVER BY AGE GROUP, BY GENDER

Employment Categories	OES	OGP	D/S	OER	Group	Totals
23 - 35 (Male)	52	0	10	1	0	63
23 - 35 (Female)	0	0	5	0	0	5
36 - 45 (Male)	98	0	7	1	0	106
36 - 45 (Female)	0	0	1	0	0	1
46 - 55 (Male)	37	0	3	0	0	40
46 - 55 (Female)	0	0	0	0	0	0
Totals	187	0	26	2	0	215

EMPLOYEE TURNOVER BY AGE GROUP, BY GENDER

Employment Categories	OES	OGP	D/S	OER	Group	Totals
23 - 35 (Male)	52	0	10	1	0	63
23 - 35 (Female)	0	0	5	0	0	5
36 - 45 (Male)	98	0	7	1	0	106
36 - 45 (Female)	0	0	1	0	0	1
46 - 55 (Male)	37	0	3	0	0	40
46 - 55 (Female)	0	0	0	0	0	0
Totals	187	0	26	2	0	215

OUR EHSSQ PERFORMANCE

COMPARATIVE ANALYSIS OF YEAR 2013 & 2014

Key Performance Indicators	Energy Services		Energy Resources		Gas & Power		Downstream		Total (Oando PLC)	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Fatalities	0	0	0	0	0	0	0	0	0	0
Exposure man hours	1,089,588	1,158,395	973,747	658,041	294,486	581,483	3,205,014.65	2,554,507	4,589,089	4,952,426
LTI - Loss Time Injury	0	0	0	0		0	0	0	0	0
LTIF - Loss Time Injury Frequency	0	0	0	0	0	0	0	0	0	0
FAC - First Aid Case	10	0	0	0	0	0	0	0	0	0
MTC - Medical Treated Cases	3	1	0	0	0	0	2	3	5	4
LWC - Lost Work Day Case	0	0	0	0	0	0	0	0	0	0
TRI - Total Reportable Case	3	1	0	0	0	0	2	3	5	4
TRIF - Total Reportable Case Frequency	2.75	0	0	0	0	0	0.62	0	3.38	0
Environmental Spill	0	0	0	0	0	0	0	0	0	0

2014 Consolidated Gas Utilization Table

OER CONSOLIDATED	TOTAL GAS PRODUCED	TOTAL GAS PRODUCED	TOTAL GAS UTILIZED	TOTAL GAS FLARED	TOTAL GAS UTILIZED
	(JV) MMSCF	(OER) MMSCF	(OER) MMSCF	(OER) MMSCF	(OER) %
NAOC-JV	407,587	81,517	74,116	4,784	91
NAOC-JV	3,355	1,510	347	1,162	23
ABO	9,781	1,467	1,261	206	86
TOTAL (2014)	420,722	84,494	75,724	6,153	90

Air Quality Measurement of Oando Onne Tank Farm Facility

S/N	Code	Sampling Point(s)	VOC (ppm)	Nh3 (ppm)	Ch4 (%)	H2S (ppm)	So2 (ppm)	No2 (ppm)	CO (ppm)	SPM (mg/m3)	Temp (oC)	Rel. Hum (%)	Wind Speed (m/s)	Noise (dB(A))
1	AQ1	Tank 4 Area	1.0	0	0	0	0	0	0	0.022	26.4	84.4	2.3	67.3
2	AQ2	Tank 9 Area	0.9	0	0	0	0	0	0	0.017	26.6	84.0	1.0	55.9
3	AQ3	Tank 5 & 3 Area	1.2	0	0	0	0	0	0	0.014	26.8	83.1	0.6	49.5
4	AQ4	Gantry 1 Area	1.0	0	0	0	0	0	0	0.012	26.9	84.4	0.3	82.6
5	-	DPR/National Limits	NS	NS	NS	NS	0.1	0.04 – 0.06	10	0.25 – 0.60	NS	NS	NS	90

Note

NS – Not Specified,

All DPR/National Standard Limits are quoted with respect to Daily averages of hourly values.

All DPR Limits were sourced from EGASPIN, Rev Ed 2002, Pg. 57.

Carbon monoxide (CO)

Suspended Particulate Matter (SPM)

Volatile Organic Compounds (VOC's)

Ammonia (NH3),

Hydrogen Sulphide (H2S),

CUSTOM CONTENT INDEX - 'IN ACCORDANCE' CORE

This Content Index provides an overview of the G4 Standard Disclosures based on the selections made.

GRI's Standard Disclosures are comprised of one or more disclosure requirements. Following the link on a specific disclosure label in this Index will take you to the next sheet, 'Overview - Standard Disclosures', where the requirements are listed from "a" to "z" under the column "Disclosure Requirements". In order to report 'in accordance', an organization must answer each of the disclosure requirements for all the required Standard Disclosures.

In exceptional cases, if it is not possible to disclose certain required information, reasons for omission may apply for those Standard Disclosures marked with (*) in tables 3 and 4 on page 12 of Guidelines – Reporting

Principles and Standard Disclosures. Consult the "Reasons for omission" on page 13 of the Guidelines – Reporting Principles and Standard Disclosures. There are also macros embedded in this sheet to assist you in disclosing accepted reasons for omission; click on the cell in the Reason(s) for Omission(s) column that you want to provide such a reason for and a selection form will open.

The GRI Guidelines contain the authoritative text. In case of any discrepancies between this Content Index template and the GRI Guidelines, the GRI Guidelines' text shall prevail.

GENERAL STANDARD DISCLOSURES				
GENERAL STANDARD DISCLOSURES	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted.

STRATEGY AND ANALYSIS				
G4-1	SR Pages 24 & 25	Not applicable	Not applicable	Not applicable
G4-2	SR Pages 15 - 18	Not applicable	Not applicable	Not applicable

STRATEGY AND ANALYSIS				
G4-1	SR Pages 24 & 25	Not applicable	Not applicable	Not applicable
G4-2	SR Pages 15 - 18	Not applicable	Not applicable	Not applicable

ORGANIZATIONAL PROFILE				
G4-3	SR Page 1	Not applicable	Not applicable	Not applicable
G4-4	SR Page 7 - 13	Not applicable	Not applicable	Not applicable
G4-5	AR Page 58	Not applicable	Not applicable	Not applicable
G4-6	AR Page 6, AR Page 20, AR Page 87	Not applicable	Not applicable	Not applicable
G4-7	SR Page 26	Not applicable	Not applicable	Not applicable
G4-8	SR Pages 9 - 13	Not applicable	Not applicable	Not applicable

G4-9	SR Pages 7 & 9	Not applicable	Not applicable	Not applicable
G4-10	SR Page 75	Not applicable	Not applicable	Not applicable
G4-11	SR Page 30	Not applicable	Not applicable	Not applicable
G4-12	SR Pages 47 - 48	Not applicable	Not applicable	Not applicable
G4-13	SR Page 47	Not applicable	Not applicable	Not applicable
G4-14	SR Page 14	Not applicable	Not applicable	Not applicable
G4-15	SR Pages 41 & 25	Not applicable	Not applicable	Not applicable
G4-16	SR Pages 25	Not applicable	Not applicable	Not applicable

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	SR Page 6	Not applicable	Not applicable	Not applicable
G4-18	SR Pages 4 - 5	Not applicable	Not applicable	Not applicable
G4-19	SR Page 5	Not applicable	Not applicable	Not applicable
G4-20	SR Pages 4 - 5	Not applicable	Not applicable	Not applicable
G4-21	SR Pages 4 - 5	Not applicable	Not applicable	Not applicable
G4-22	Omitted	Not applicable	Not applicable	Not applicable
G4-23	Omitted	Not applicable	Not applicable	Not applicable

STAKEHOLDER ENGAGEMENT

G4-24	SR Page 29	Not applicable	Not applicable	Not applicable
G4-25	SR Page 29	Not applicable	Not applicable	Not applicable
G4-26	SR Pages 29 - 31	Not applicable	Not applicable	Not applicable
G4-27	SR Pages 32 - 33	Not applicable	Not applicable	Not applicable

REPORT PROFILE

G4-28	SR Page 4	Not applicable	Not applicable	Not applicable
G4-29	SR Page 4	Not applicable	Not applicable	Not applicable
G4-30	SR Page 4	Not applicable	Not applicable	Not applicable
G4-31	SR (Final Page)	Not applicable	Not applicable	Not applicable
G4-32	SR Page 20	Not applicable	Not applicable	Not applicable
G4-33	Omitted	Not applicable	Not applicable	Not applicable

GOVERNANCE				
G4-34	SR Pages 54 - 55	Not applicable	Not applicable	Not applicable
G4-35	AR Page 60 SR Page 54	Not applicable	Not applicable	Not applicable
G4-36	Omitted	Not applicable	Not applicable	Not applicable
G4-37	SR Pages 29 - 30	Not applicable	Not applicable	Not applicable
G4-38	AR Pages 56 - 63	Not applicable	Not applicable	Not applicable
G4-39	AR Page 59	Not applicable	Not applicable	Not applicable
G4-40	AR Page 59	Not applicable	Not applicable	Not applicable
G4-41	AR Page 60	Not applicable	Not applicable	Not applicable
G4-42	AR Page 60	Not applicable	Not applicable	Not applicable
G4-43	AR Page 60	Not applicable	Not applicable	Not applicable
G4-44	SR Pages 55 - 57	Not applicable	Not applicable	Not applicable
G4-45	SR Page 57	Not applicable	Not applicable	Not applicable
G4-46	SR Page 57	Not applicable	Not applicable	Not applicable
G4-47	AR Page 60	Not applicable	Not applicable	Not applicable
G4-48	Omitted	Not applicable	Not applicable	Not applicable
G4-49	AR Page 62	Not applicable	Not applicable	Not applicable
G4-50	Omitted	Not applicable	Not applicable	Not applicable
G4-51	AR Page 60	Not applicable	Not applicable	Not applicable
G4-52	AR Page 16, AR Page 60	Not applicable	Not applicable	Not applicable
G4-53	AR Page 16, AR Page 60	Not applicable	Not applicable	Not applicable
G4-54	AR Pages 122 - 123	Not applicable	Not applicable	Not applicable
G4-55	AR Pages 122 - 123	Not applicable	Not applicable	Not applicable
ETHICS AND INTEGRITY				
G4-56	AR Page 66 SR Page 8	Not applicable	Not applicable	Not applicable
G4-57	AR Page 67 SR Pages 55 - 57	Not applicable	Not applicable	Not applicable
G4-58	SR Page 56 - 57	Not applicable	Not applicable	Not applicable

SPECIFIC STANDARD DISCLOSURES				
DMA AND INDICATORS	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted.

CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA	SR Page 71	Not applicable	Not applicable	Not applicable
G4-EC1	SR Page 71	Not applicable	Not applicable	Not applicable
G4-EC2	SR Pages 16 & 18	Not applicable	Not applicable	Not applicable
G4-EC3	SR Page 71	Not applicable	Not applicable	Not applicable
G4-EC4	SR Pages 71	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: MARKET PRESENCE				
G4-DMA	SR Page 12 AR Pages 24, 25 & 52	Not applicable	Not applicable	Not applicable
G4-EC5	Omitted	Not applicable	Not applicable	Not applicable
G4-EC6	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA	SR Page 5	Not applicable	Not applicable	Not applicable
G4-EC7	SR Pages 60 & 62	Not applicable	Not applicable	Not applicable
G4-EC8	SR Pages 64 - 69	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA	SR Page 47	Not applicable	Not applicable	Not applicable
G4-EC9	Omitted	Not applicable	Not applicable	Not applicable

CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: MATERIALS				
G4-DMA	SR Pages 4 - 5	Not applicable	Not applicable	Not applicable
G4-EN1	Omitted	Not applicable	Not applicable	Not applicable
G4-EN2	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: ENERGY				
G4-DMA	SR Page 42	Not applicable	Not applicable	Not applicable
G4-EN3	Omitted	Not applicable	Not applicable	Not applicable
G4-EN4	Omitted	Not applicable	Not applicable	Not applicable
G4-EN5	Being investigated	Not applicable	Not applicable	Not applicable
G4-EN6	Omitted	Not applicable	Not applicable	Not applicable
G4-EN7	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: WATER				
G4-DMA	SR Page 5	Not applicable	Not applicable	Not applicable
G4-EN8	SR Page 42	Not applicable	Not applicable	Not applicable
G4-EN9	SR Page 42	Not applicable	Not applicable	Not applicable
G4-EN10	SR Page 42	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: BIODIVERSITY				
G4-DMA	SR Page 41	Not applicable	Not applicable	Not applicable
G4-EN11	Omitted	Not applicable	Not applicable	Not applicable
G4-EN12	SR Page 41	Not applicable	Not applicable	Not applicable
G4-EN13	SR Page 41	Not applicable	Not applicable	Not applicable
G4-EN14	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: EMISSIONS				
G4-DMA	Omitted	Not applicable	Not applicable	Not applicable
G4-EN15	Omitted	Not applicable	Not applicable	Not applicable
G4-EN16	Omitted	Not applicable	Not applicable	Not applicable
G4-EN17	Omitted	Not applicable	Not applicable	Not applicable
G4-EN18	Omitted	Not applicable	Not applicable	Not applicable
G4-EN19	Omitted	Not applicable	Not applicable	Not applicable
G4-EN20	Omitted	Not applicable	Not applicable	Not applicable
G4-EN21	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: EFFLUENTS AND WASTE				
G4-DMA	Omitted	Not applicable	Not applicable	Not applicable
G4-EN22	Omitted	Not applicable	Not applicable	Not applicable
G4-EN23	Omitted	Not applicable	Not applicable	Not applicable
G4-EN24	SR Page 50	Not applicable	Not applicable	Not applicable
G4-EN25	Omitted	Not applicable	Not applicable	Not applicable
G4-EN26	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: PRODUCTS AND SERVICES				
G4-DMA	SR Page 52	Not applicable	Not applicable	Not applicable
G4-EN27	SR Page 52	Not applicable	Not applicable	Not applicable
G4-EN28	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: COMPLIANCE				
G4-DMA	SR Pages 5 & 6	Not applicable	Not applicable	Not applicable
G4-EN29	SR Page 58	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: TRANSPORT				
G4-DMA	SR Page	Not applicable	Not applicable	Not applicable
G4-EN30	SR Page	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: OVERALL				
G4-DMA	SR Page 50	Not applicable	Not applicable	Not applicable
G4-EN31	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS				
G4-DMA	SR Page 40	Not applicable	Not applicable	Not applicable
G4-EN34	Omitted	Not applicable	Not applicable	Not applicable

CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	SR Page 6	Not applicable	Not applicable	Not applicable
G4-LA1	SR Page 75	Not applicable	Not applicable	Not applicable
G4-LA2	SR Page 45	Not applicable	Not applicable	Not applicable
G4-LA3	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS				
G4-DMA	SR Page 30	Not applicable	Not applicable	Not applicable
G4-LA4	SR Page 30	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	SR Page 50	Not applicable	Not applicable	Not applicable
G4-LA5	SR Page 51	Not applicable	Not applicable	Not applicable
G4-LA6	SR Page 51	Not applicable	Not applicable	Not applicable
G4-LA7	Omitted	Not applicable	Not applicable	Not applicable
G4-LA8	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	SR Page 46	Not applicable	Not applicable	Not applicable
G4-LA9	Omitted	Not applicable	Not applicable	Not applicable

G4-LA10	SR Page 46	Not applicable	Not applicable	Not applicable
G4-LA11	SR Page 46	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA	Omitted	Not applicable	Not applicable	Not applicable
G4-LA12	AR Pages 56 & 57	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-DMA	SR Page 45	Not applicable	Not applicable	Not applicable
G4-LA13	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4-DMA	SR Page 50	Not applicable	Not applicable	Not applicable
			The Standard Disclosure or part of the Standard Disclosure is not applicable	There were no labour-related grievances reported in 2014
G4-LA16	Omitted	Not applicable	Not applicable	Not applicable

SUB-CATEGORY: HUMAN RIGHTS
MATERIAL ASPECT: NON-DISCRIMINATION

G4-DMA	SR Pages 44 & 48	Not applicable	Not applicable	Not applicable
			The Standard Disclosure or part of the Standard Disclosure is not applicable	There were no reported cases of discrimination reported in 2014
G4-HR3	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

G4-DMA	SR Page 30	Not applicable	Not applicable	Not applicable
			The Standard Disclosure or part of the Standard Disclosure is not applicable	No information available
G4-HR4	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: CHILD LABOR				
G4-DMA	Omitted	Not applicable	The Standard Disclosure or part of the Standard Disclosure is not applicable	The minimum Oando entry requirements is that the individual is an adult
G4-HR5	Omitted	Not applicable	The information is currently unavailable	Oando does not have the capacity to monitor our supplier child labour practises

MATERIAL ASPECT: FORCED OR COMPULSORY LABOR				
G4-DMA	SR Page 50	Not applicable	Not applicable	Not applicable
G4-HR6	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: SECURITY PRACTICES				
G4-DMA	SR Page 50	Not applicable	Not applicable	Not applicable
G4-HR7	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-DMA	SR Page 50	Not applicable	Not applicable	Not applicable
G4-HR12	Omitted	Not applicable	Not applicable	Not applicable

SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-DMA	Omitted	Not applicable	Not applicable	Not applicable
G4-SO1	Omitted	Not applicable	Not applicable	Not applicable
G4-SO2	Omitted	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA	SR Page 56	Not applicable	Not applicable	Not applicable
G4-SO3	SR Page 57	Not applicable	Not applicable	Not applicable
G4-SO4	SR Page 56	Not applicable	Not applicable	Not applicable
G4-SO5	SR Page 57	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR				
G4-DMA	SR Page 57	Not applicable	Not applicable	Not applicable
G4-SO7	SR Page 57	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: COMPLIANCE				
G4-DMA	SR Page 56 - 57	Not applicable	Not applicable	Not applicable
G4-SO8	SR Page 58	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY				
G4-DMA	SR Page 56	Not applicable	Not applicable	Not applicable
G4-SO11	Omitted	Not applicable	Not applicable	Not applicable

SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA	SR Page 32	Not applicable	Not applicable	Not applicable
G4-PR1	SR Page 52	Not applicable	Not applicable	Not applicable
G4-PR2	SR Page 52	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	Not applicable	Not applicable	Not applicable	Not applicable
G4-PR3	Not applicable	Not applicable	Not applicable	Not applicable
G4-PR4	Not applicable	Not applicable	Not applicable	Not applicable
G4-PR5	Not applicable	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: MARKETING COMMUNICATIONS				
G4-DMA	SR Page 32	Not applicable	Not applicable	Not applicable
G4-PR6	Omitted	Not applicable	Not applicable	Not applicable
G4-PR7	SR Page 32	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: CUSTOMER PRIVACY				
G4-DMA	SR Page 52	Not applicable	Not applicable	Not applicable
G4-PR8	SR Page 52	Not applicable	Not applicable	Not applicable

MATERIAL ASPECT: COMPLIANCE				
G4-DMA	SR Page 52	Not applicable	Not applicable	Not applicable
G4-PR9	SR Page 52	Not applicable	Not applicable	Not applicable

Feedback

In preparing this report, we have focused on including the particular types of information which we believe would interest our stakeholders. However, we are open to receive any feedback that would help us improve our subsequent reports. To provide feedback in the form of questions, comments or where clarification is required regarding any section of this report, please contact the following:

The Chief Compliance Officer & Company Secretary
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