



## PETROLIN GROUP

Global Compact

# COMMUNICATION ON PROGRESS 2018

Petrolin is a Pan-African international oil group<sup>1</sup> active in the fields of hydrocarbons, mining and infrastructure with a business creation and partnership-building policy targeting the promotion of African values through a participatory process with local stakeholders.

In making use of a well-rounded international network, and far-reaching local networks, Petrolin Group has played a catalytic role in a number of projects in Africa.

The Group promotes a unique approach to development through targeted search for partnerships, the application of good governance principles and the promotion of local expertise.

In recognition of his Pan-African commitment to promote partnerships between African and international business communities, to enhance cooperation among nations, institutions and organizations for sustainable social and economic development, in 2017 the Founding Chairman of Petrolin Group was elected President of the African Business Roundtable (ABR), an association created by the African Development Bank in 1990.

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<sup>1</sup> [www.petrolingroup.com](http://www.petrolingroup.com)

## COMMUNICATION ON PROGRESS

Petrolin Group's agreement to adhere to the Global Compact and its support for the Ten Principles is an engagement that all the Group's subsidiaries renewed in 2018.

### A. Human Rights

**Principles 1 and 2: Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.**

*The Global Compact calls on its participants to promote and respect Human Rights without distinction as to race, color, sex, language, religion, political opinion or other, national or social origin, property, birth or any other status, special attention being paid to vulnerable groups, including women, children, people with disabilities, indigenous peoples, migrant workers, the elderly, etc.*

In application of these principles, Petrolin Group regularly devotes part of the revenue from its business activity to support humanitarian and socio-economic development projects in Africa. By providing access to education, training and health and developing all types of infrastructure (sanitary, energy, road, etc.), the Group contributes to enhancing the living conditions of many communities and regions.

Beyond the concrete actions - some of which are listed below - Petrolin Group applies systematically the principles of respect due to human beings. The Group engages in an integration policy at all levels. Whether in hiring, partnerships, business transactions, services or any other business relationship, Petrolin ensures the respect of women and men and promotes equal opportunities for all, without distinction of any kind.

Petrolin Group is committed to promoting African values through targeted actions, conducted by its various subsidiaries. Priority has always been given to sharing knowledge and experiences and inclusive dialogue as instruments for peace, equality and integration, especially for young people and women. Thus, the Group is committed to programs enabling their economic and social empowerment, their visible integration into economic life, their development and their growth. It is in light of the Group's manifold commitments in this area that Petrolin was approached in 2018 by the International Organization of *La Francophonie* (OIF) to work together on the implementation of

*the Directory of structures that focus on Gender Equality issues in West Africa*<sup>2</sup>. This is a document that lists the structures dedicated to the issue of gender equality in this region of the continent. The goal is to introduce the structures which are already working to establish equality in order to provide a reference tool for stakeholders (public and private), interventions (technical, financial, cultural, educational, health, etc.) and modalities of action. With special focus on the role of women in the African economy, Petrolin's response materialized in the form of a partnership between OIF and Fondation Espace Afrique<sup>3</sup> (FEA), the Group's humanitarian arm.

Moreover, with FEA, the Group contributed this year to the construction of a school in Burundi<sup>4</sup> and some two hundred children were provided access to education taking into account those of its school complex in rural area, in Mpaga, Gabon. At the university level, its commitment to finance the studies of a young Nigerian at the Florida Institute of Technology in the United States led to his graduation in mechanical engineering, which allowed him to be hired as a system engineer in the US. In respect of health, Petrolin works in proximity with rural populations in Yakassà-Mè, Ivory Coast, by ensuring continuing delivery of its HIV AIDS program. In Mpaga, Gabon, its health center was able to provide treatments for more than fifteen thousand cases and deliver as much care.

Petrolin's affiliates share its commitment. From that point, in Ogbele, Nigeria, programs were undertaken to support social responsibility vis-a-vis host communities. Through a women's empowerment program, NDEP<sup>5</sup>, a company in which Petrolin holds a significant participating interest, funded training for 100 women from six host communities. The same company also financed the construction of two classrooms in a high school and offered scholarships to 154 students from the Runuekpe community. In addition, thanks to other similar actions, about 1500 people were provided learning support.

Driven by the desire to boost the African economy, in 2018 the Group continued to work at a steady pace as part of the «Epine Dorsale» or Backbone Project<sup>6</sup>, a large-scale integrated transport infrastructure program carried out by its subsidiary PIC Network Ltd. The program was designed to promote trade between Benin and its neighbors, particularly landlocked countries and regions such as Niger, Burkina Faso or northern Nigeria, in a bid to create an economic momentum that generates more growth, jobs and prosperity for an entire region in Africa.

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<sup>2</sup> FEA, Annual report 2018 (<https://espaceafrique.org/fondation/telecharger>)

<sup>3</sup> [www.espaceafrique.org](http://www.espaceafrique.org)

<sup>4</sup> FEA, Annual report 2018 (<https://espaceafrique.org/fondation/telecharger>)

<sup>5</sup> [www.ngdelta.com/investor-relations/annual-reports](http://www.ngdelta.com/investor-relations/annual-reports)

<sup>6</sup> Infrastructure program in Benin with a regional reach: railway, deep port, dry ports and airport ([www.thebackboneproject.com/EN](http://www.thebackboneproject.com/EN))

Since being on the move is inherent in certain activities of Petrolin, during the travel and lodging of employees, its choice is always on providers who respect the laws in force. Its expert team takes care of carefully selecting the hotel establishments and airlines and opts only for structures that guarantee optimum safety and comfort conditions.

## B. Labour

**Principles 3, 4, 5 and 6: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.**

*The Global Compact urges to respect the rights of workers and contribute to the elimination of all forms of discrimination.*

Petrolin's recruitment and remuneration policy is consistent with the provisions of legal framework of the countries in which the Group operates, regardless of origin, sex, religious belief or other. The Group avers that all the staff is treated with respect, regardless of the position held.

For the levelling of knowledge, this year Petrolin trained different teams of its subsidiaries in Benin, Gabon and Ivory Coast in certain computing tools and information technologies, promoting through this action both the transfer of knowledge and the impetus to a pro-active exchange between the different members of the Group.

With this knowledge transfer policy, the Group targets the skills development of its employees.

## C. Environment

**Principles 7, 8 and 9: Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.**

*The Global Compact calls on corporations not to cause damage to the environment and to be the right actors for the community.*

As an industrial group, and aware of the impact that its activities can have on the environment and the responsibility resulting therefrom, the Group tries to mitigate the effects that cause the most impact by adopting an appropriate policy and by ensuring compliance with the applicable environmental conservation rules.

As part of its oil operations, the Group continued to focus on the management of flared gas by maintaining the level at less than 2% (technical flare) of the total gas produced. In accordance with its Gas Monetization and Environmental Protection Strategy, the subsidiaries and affiliates continue to meet their gas emission reduction targets, in line with their commitments vis-a-vis the World Bank's Zero Flaring Initiative (GGFR). Concerned about the welfare of host communities, regular audits are carried out on the ground in order to address and anticipate any environmental degradation.

With regard to the infrastructure sector, PIC Network Ltd, the Group's subsidiary is fully investing in its project to build a deep-water port at Sèmè-Podji in Benin, for which it has already been granted an environmental and social compliance certificate. This year, it completed the development of the Dry Port of Parakou. Located in the north of Benin, more than 400 km from Cotonou, it is designed to relieve the congestion of the Port Autonomous of Cotonou in order to serve the countries of the hinterland, including Niger, Burkina Faso, Mali, Chad and other landlocked regions such as northern Nigeria. Thanks to its connection to the rail network, the Dry Port of Parakou will reduce the number of trucks on this section, thereby contributing to the reduction of CO2 emissions. The deep-water port of Sèmè Podji and the Dry Port of Parakou are part of the «*Epine Dorsale*» or Backbone Project<sup>7</sup>.

Furthermore, with regard to the aviation business, its subsidiary Comfort Jet Services reports its CO2 emissions to the Directorate of Civil Aviation, and it is required to take measures to reduce those emissions through operational or equipment modernization procedures. During the flight preparation, the auxiliary engine is used for cabin conditioning (start-up limited to 30 minutes prior to take-off).

In the agricultural sector, the Group contributes to the development and dissemination of environmentally friendly technology. Its agro-ecological and biological actions at the International Center for Experiments and Valorization of African Resources (CIEVRA)<sup>8</sup>, in Benin, are one example with the BIO certification issued by a German organization and renewed each year since 2008. In addition, the Food For Life (FFL) program, launched in 2017 at CIEVRA - in partnership with the international NGO Mercy Ships- allowing training in agro-ecology, farming, nutrition and processing

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<sup>7</sup> Infrastructure programme in Benin with a regional outreach: railway, deep-water port, dry ports, airport and roads ([www.thebackboneproject.com/EN](http://www.thebackboneproject.com/EN))

<sup>8</sup> CIEVRA, Benin (<https://espaceafrique.org/projets/cievra>)

of 34 trainers, gave its first results<sup>9</sup> with the kick-off in Benin of the AgroLife program by two FFL participants, five months only after the end of the training.

Regarding the Media activity, the subsidiaries of the Eden TV Group and Diaspora FM submitted this year a request for ISO Certification in relation to Petrolin's responsibilities in the areas of quality, environment and safety.

When traveling, the Group chooses to the extent possible alternatives which are less polluting, giving priority to rail transport and promoting meetings held by videoconference. In a bid to standardize such practice, the Group has provided some of its offices in Europe and Africa with the necessary equipment. Petrolin continues to work towards making this practice last and bring it into widespread use at all levels in the context of communications between subsidiaries, affiliates, partners and service providers. From that point, Comfort Jet, based in Togo, successfully implemented a certifying online training system thanks to the high-speed Internet connection, thus avoiding extensive travel each year, which translates into reduced carbon footprint per person.

In addition, when purchasing office supplies and other consumables, in general, Petrolin would choose suppliers who are committed to the respect for the environment (ISO 9001, ISO 14001, ISO 9706 certified, ...). As regards to IT, sensitive to the life cycle of products, re-use of phones, tablets and PCs - new equipment is acquired only when it is justified while opting for certified energy-saving appliances. In this sense, a committee was put in place to review acquisitions in order to avoid unnecessary IT purchases. Also, it should be noted that the Group's websites are hosted on servers using 60% hydropower and 40% renewable energy (ISO 50001).

The paper used by the Group in some of its subsidiaries is recyclable, ISO 9706 certified (for the permanent paper designed for archiving), ecolabel and labelled FSC (Forest Stewardship Council), coming off a production guaranteeing the sustainable management of forests.

Reduced number of prints or double-sided and black / white printing is recommended and installed by default for all users. Also, the Group advocates the dematerialization of documents by setting up an effective electronic information management system. For example, Comfort Jet aircraft cabins have an electronic system embedded in the cockpit (the EFB system) replacing the paper. In terms of billing and quotation, the Group accepts electronic means. For its internal and external exchanges, the Group encourages electronic messaging and telephone calls as the primary means of communication.

Among other green practices that contribute significantly to the reduction of greenhouse gas emissions, we can mention the reduction of waste generation. A straightforward example is

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<sup>9</sup> FEA, 2018 Annual report (<https://espaceafrique.org/fondation/telecharger>)

provided by the installation of water fountains for the staff in order to minimize the use of individual plastic bottles. In order to encourage recycling, the Group has created recovery and sorting points of various worn objects including paper, glass, plastic, ink cartridges, coffee capsules, batteries, electronic devices, fax machines and conventional phones, etc. To ensure better management of collection and disposal, the Group has put in place contracts with external service providers and assigned internal responsibilities.

Convinced that the impact of individual actions should not be underestimated, the Group encourages eco-responsible gestures and voluntary actions from employees (use of printed paper as draft, LED lighting of the premises, standby mode and / or switching off of devices, water savings, natural lighting as much as possible, use of gourds for drinking, use of public transport, traveling by bike or on foot, etc.) and tries to integrate them.

## D. Anti-Corruption

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

*The Global Compact urges to be proactive by implementing workable anti-corruption policies and programs at all levels.*

Good governance is part of the foundations upon which Petrolin Group's action is built. Compliance with the rules the Group imposes on itself is a constant endeavor that drives the life of its subsidiaries and a prerequisite for the choice of its partners.

The accounts of its various companies comply with the laws and regulations in force where the Group operates. All commercial, banking and financial transactions are carried out in a transparent manner, they are subject to internal controls and are based on documentary evidence. In some cases, the double signature on checks and payment orders is required.

The Group's procurement and award procedures are subject to calls for tenders, such as shown in the past by the award of the Benin-Niger railway concession in 2010 following an international invitation to tender, and a 45% participating interest in the oil block OML 34 in Nigeria in 2012. Strategic choices involving a financial burden are decided upon by the committee.

Petrolin's results are audited on an annual basis by external auditors and made available to the authorities, banking institutions and its commercial partners that so request. The Group pursues a formal, public and zero-tolerance policy against corruption.

Its banking processes and operations are marked up; the Group uses banking institutions of repute that have compliance departments within their organizational structures, which guarantees transparency and ethical business conduct.

To conclude, the Group's vision and ethical business conduct prohibit corruption in all its forms.

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