



MRS OIL NIGERIA PLC

SUSTAINABILITY REPORT 2019

Strength of the stallion...





Welcome to MRS Oil Nigeria PLC Sustainability Report 2019

About this report

This is MRS Oil Nigeria Plc.'s (MRS) Sustainability Report for 2019. It is an annual report of the Company and it presents the economic, social and environmental performance of the Company for the year. This is the first report of the Company, which has been prepared in line with Global Reporting Initiative (GRI) Standards on Sustainable Development.

The report describes how the effects of the Company's operations are managed internally and externally and how these activities contributed to the growth of the Company during the year. The Company ensures regular engagement with Stakeholders through the Company's quarterly Customers' forum, dialogues at departmental meetings and/or meetings with regulatory agencies.

This report does not cover any data or impact of the operations of MRS affiliate Companies. Disclosures for this purpose shall be made on a yearly basis and the reporting period of the Sustainability Report, shall be within ninety (90) calendar days of the end of the Company's fiscal year.

Who We Are

MRS is a fully integrated and efficient downstream Company and a major player in the Oil and Gas Industry in Nigeria. The head office of the Company, is located at No. 2 Tin Can Island Port Road, Apapa, Lagos State, Nigeria and the main business of the Company is the marketing of petroleum products and the production of quality lubricant oil and greases.

The Company markets Premium Motor Spirit (PMS), Automated Gasoline Oil (AGO), Aviation Turbine Kerosene (also known as Jet-

A1 fuel) and Dual Purpose Kerosene (DPK) at either the Company Owned Retailer Operated Stations (CORO) or its Retailer Owned Retailer Operated Stations (RORO).

MRS Oil Nigeria Plc. (formerly known as Texaco Nigeria Limited) was incorporated as a privately and wholly-owned subsidiary of Texaco Africa Limited, on the 12th of August 1969, thereby inheriting the business formerly carried out in Nigeria by Texaco Africa Limited. MRS was converted to a Public Limited Liability Company, quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree.

Currently, MRS has a lube blending plant at No. 5 Alapata Road, Apapa, Lagos-Nigeria that is ISO 9001:2008 certified with a 23.9 million litres annual capacity. A 1.3 million kilograms annual capacity grease plant, 7.3 million litres annual capacity tank farm storage and Finished-Goods warehouses located in various parts of Nigeria. MRS has a modern Jet A-1 facilities at Lagos, Kano and Abuja International airports with over 5 million litres cumulative storage capacity/tank share. The Aviation depots which serve the domestic airports in Lagos, Abuja and Kano are 100% operated by MRS. Being one of the largest downstream operators, MRS has a 2 million litres/day fuel terminal in Apapa and over 357 retail stations all over Nigeria.

60% of the Company shares is owned by MRS Africa Holding Limited, while 40% is owned by other Nigerian Shareholders.

Further information on the Company's ownership structure can be found in the Company's Audited Report and Accounts. For more information about the Company, please visit our website on www.mrsoilnigplc.net.

Contact Us

The Company Secretary's Department of MRS Oil Nigeria Plc., prepared this report in line with the 2016 GRI Standards. Please feel free to share your thoughts, provide feedbacks or questions on any section of this report, by sending an email to ojafojo@mrsholdings.com or by post to the Company's Head Office, addressed to:

The Company Secretary

MRS Oil Nigeria Plc
No. 2 Tin Can Island Port Road
Apapa – Lagos State, Nigeria.



1.2 Chairman's Keynote Address

Welcome to the first edition of MRS Oil Nigeria Plc.'s Sustainability Report. The Company has been in operation for over 50 years and understands the importance of carrying out its business activities in a sustainable manner. We are committed to operating in a responsible manner and will continue to consider the interests of the Stakeholders through our several Stakeholders Engagement fora.

In spite of the financial loss recorded in the reporting year, the Company has taken a forward looking-strategic approach to manage the negative impact of the loss. The aggressive marketing of lubricant oil and greases, the rebranding of the lubricant kegs and retail stations of the Company and the introduction of other incidental business opportunities at the retail outlets, are some of the strategies put in place.

The Company has also restructured its operations for this purpose and is committed to complying with regulatory guidelines and safe operations, while ensuring that the interest of the Stakeholders are considered and integrated.

We confirm that there were no records of fines imposed on the Company by any regulatory authority and there were no reports of accidents at any of the Company's terminals and retail outlets in the year under review. As a good corporate citizen, we observe an all-inclusive safety approach through the monthly safety training sessions of the Company's employees, the quarterly training of MRS retail customers and regular safety outreaches, organized by the Company. All Stakeholders are sensitized on the need to imbibe

and practice sound safety culture in their daily activities while on the Company's premises.

Furthermore, we prioritize the health of employees and other Stakeholders. We understand that health challenges may be encountered by anyone at different stages of life, hence the periodic health seminars organized for employees and the annual contributions to different health center initiatives.

We also believe, that water is essential to biodiversity; MRS is committed to project borehole drilling, for selected communities within Nigeria. We strategically reviewed remote communities with no access to clean water, amongst other community programs and we have implemented a phased program for the borehole drilling projects at the communities. The Company did not carry out any borehole drilling project in 2019; however, the Company intends to provide clean water to the selected communities in the coming year(s).

As we look forward to the continuous development and the operations of the Company in a sustainable manner, we will assess the operations, conduct a gap analysis on the areas assessed and make improvements on transparency and inclusiveness.

In conclusion, we assure you that we will continue to engage the Stakeholders of the Company and ensure business growth and sustainability.

Thank you.

Mr. Patrice Alberti
Chairman.



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2

SUSTAINABILITY FOCUS

- **Board of Directors and Leadership Team**
 - **Anti-Corruption Policy**
 - **Quality Policy**
 - **Our Commitment**

Governance

MRS Oil Nigeria Plc., is governed by the Board of Directors, which is the highest decision making authority of the Company. The Board is responsible for overseeing and implementing the Company's strategy and goals through its Leadership team. The Chairman of the Board is Mr. Patrice Alberti, who is a Non-Executive Director.

The Board of Directors of MRS Oil Nigeria Plc, as at December, 2019:

Mr. Patrice Alberti	Chairman
Mrs. Priscilla Thorpe-Monclus*	Managing Director (Ag.)
Mr. Andrew Gbodume**	Non-Executive Director
Dr. Paul Bissohong***	Non-Executive Director
Ms. Amina Maina	Independent Director
Mr. Matthew Akinlade	Non-Executive Director
Sir. Sunday Nnamdi Nwosu	Non-Executive Director
Dr. Amobi Daniel Nwokafor	Non-Executive Director
Mrs. Priscilla Ogwemoh****	Non-Executive Director
. Christopher O. Okorie*****	Non-Executive Director

Board Appointment and Resignation

*Appointed January 10, 2019

**Resigned December 31, 2019

***Resigned April 30, 2019

****Appointed February 28, 2019

*****Appointed March 28, 2019

The day to day activities of the Company is run by the Managing Director, who manages the Leadership Team. The Leadership Team heads the various departments of the Company and ensures that the departmental goals are aligned with the vision and mission of the Company.

The Leadership Team of MRS Oil Nigeria Plc, as at December 2019:

Priscilla Thorpe Monclus¹ Managing Director	Sam Itodo⁵ Treasury Manager
Oluwakemi M. Jafojo Company Secretary	Olanrewaju Johnson⁶ Logistics Manager
Charles O. Agutu² Kamil Bello^{**} Chief Finance Officer	Nnenna Enumah⁷ Sales Administrative Manager
Moruf Sobowale³ Sales & Marketing Manager	Stanley Duru⁸ Supply Manager
Daniel Chukwuazawom Chief Internal Auditor	Mr. Franklin Ugwueke⁹ Engineering Manager
Mr. Oluwole Ojetunde⁴ Mr. Kunle Okunowo^{***} Account Manager	Alex Tiamiyu LPG Manager
Col. Adebisi Adesanya Chief Security Officer	Olatunji Sanusi¹⁰ Oluwole Oderinde^{*****} Information Technology Manager
Micheal Ayewah^{****} HSE Manager	Gbenga Dairo¹¹ Consumer and Industrial Manager

As a corporate and responsible citizen, the Company complies with its Memorandum and Articles of Association, the Nigerian Code of Corporate Governance, the Rules of the Nigerian Stock Exchange and the Securities and Exchange Commission, the Financial Reporting Council (FRC) Act, as well as, other regulations and international best practices applicable to the Company and as amended from time to time.

The Board is governed by a Charter, which provides the procedures and processes for the administration of its affairs. This includes but is not limited to the functions of board members, the composition, size, tenure of office, meetings of the Board and Committees, amongst others. The selection of Board members is based on the Board Nomination and Corporate Governance Committee Guidelines. The Committee reviews the nomination of candidates, selects and makes recommendations to the Board. The appointment of a Nominee as Director, is subject to the Board's approval and the Shareholders ratification during the Company's Annual General Meeting (AGM).

The Board is currently comprised of an Executive Director, Non-Executive Directors and an Independent Director. To improve the Board's management and efficacy, the Board has four (4) Committees namely: the Audit Committee, the Board Nomination and Corporate Governance Committee, the Human Resources Committee and the Risk, Strategic and Finance Planning Committee. Each Board Committee has its own Terms of Reference, which clearly sets out its functions and processes.

All strategic issues are discussed at Board meetings, in alignment with the Company's vision/mission and as the business environment evolves. Currently, the Board Nomination and Corporate Governance Committee has the oversight function on economic, environmental and social issues, including the materiality of these issues to the Company's operations. The Board reviews and approves issues referred by the Board and Management proposals. However, their impacts are assessed and reviewed in line with the Company's risk management processes and procedures under the Audit Committee's purview.

Annually, the Board undertakes a review of its performance to strengthen its efficacy, the contribution of each Director to the overall growth of the Company. There is a follow up process for all matters of concern on economic, environmental and social issues and sustainable business development training programs are organized annually for Directors.

All issues relating to economic, environmental and social topics which are material to the Company's operations are addressed to the Managing Director, who assigns tasks to respective Managers and reports to the Committee. Thereafter, the subject matter is reviewed and recommendation made to the Board for approval. All Committees meet at the minimum, three (3) times a year.

Business Ethics and Integrity

The business operates with the highest integrity and ethics is of priority to MRS Oil Nigeria Plc. The

Company's Code of Business Conduct prescribes the standards of behavior expected of all stakeholders of the Company. The corporate structure of the Company is hinged on the core values of the Company and this guides the daily activities of the business operations:

- a. Performing our job with the highest integrity and ethics;
- b. Respecting the laws of the countries we operate in;
- c. Training our people to become the best professionals;
- d. Being fair and honest towards the stakeholders we deal with;
- e. Applying our standards and procedures consistently across the Corporation;
- f. Creating an attractive and competitive total Shareholders Return for our stakeholders.

The Company aligns its operations with Corporate Governance requirements and best practice and has developed and implemented a number of Policies. These Policies include the Securities Trading Policy, the Conflict of Interest Policy, the Anti-Corruption Policy, the Complaints Management Policy, the Whistle Blower Policy, the Communication Policy, the Data Protection Policy, the Health and Safety Policy, amongst others.

The Policies are approved by the Board of Directors and are accessible to the public through the Company's website. Currently the Policies are in English, but efforts will be made to provide the policies in other translations.

The Company's induction programs contain topics centered on some of the Policies and the Company's business operation. This provides an understanding to the inductees on the structures of the Company and the business environment. Stakeholders are encouraged to read the Policies, available on the Company's website. The Company also encourages stakeholders with concerns, reports, comments and/or suggestions, to submit their complaints through the Company's Compliant Management Lodgment Form and comments or suggestions should be addressed to the Company Secretary's office or the designated email address(es), provided for this purpose.

The Company encourages anonymous reporting and ensures that all concerns and reports of violation by its employees, are thoroughly investigated. To repose confidence in the Policies, the Company ensures that the investigation process is confidential and handled in a professional manner. Appropriate disciplinary measures are taken at the conclusion of the investigation(s).

2.3 Anti-Corruption Policy

To uphold the Company's success and its business integrity and ethics, there is a Code of Business Conducts, which contains the Company's position on bribery and corruption. Nigeria became a signatory to the United Nations (UN) Convention against Corruption on December 9, 2003 and ratified it on October 24, 2004. Nigeria has moved ahead to domesticate and codify the principles of this Treaty into law, in the Corrupt Practices and Other Related Offences (ICPC) Act, 2000, Money Laundering

(Prohibition) Act, 2011 etc.

The violation of these laws are tantamount to non-compliance with Corporate Governance principles and there are criminal undertones, which negatively impact the Company's reputation and ultimately lead to corporate failure. These conducts include acts of bribery and corruption or such acts that may be interpreted to lead to bribery and corruption. These actions breach public trust and threaten economic and social development, hence the Company's zero tolerance for it.

The Company's Anti-Corruption Policy is elaborative and it provides penalties or consequences of possible violation. They are applicable to all employees, customers, and other stakeholders of the Company. For implementation, all stakeholders including employees are required to read, understand and abide by it. The Company organizes mandatory training courses on the Company's Code of Business Ethics, includes sections on conflict of interest, anti-corruption and bribery, etc. for employees and it ensures that vendors or contractors of the Company, comply with the Code.

2.4 Quality Policy

MRS is committed to meeting its customers' expectation by providing its services in a professional and efficient manner in line with all applicable regulatory and statutory standards, and at a price that represents value to our stakeholders. The Company ensures an effective Quality Management System (QMS), through constant reviews of its quality objectives and the application

of MRS's Management System (MMS) for Quality, Health, Safety & Environment (QHSE), in alignment with the overall mission and vision of the Company.

Our Commitment

This Policy is read, understood and implemented at all levels of the Company for a sustainable business continuity initiative.

Safety and compliance with regulatory requirements are the core of the Company's business values. The Company ensures that its business operations are safe and meets all regulatory requirements, which enhances the customer's experience and brand loyalty. MRS operates fully in line with ISO Standards across all business units and locations and it is verified by independent third party certification body.

Highlights of the Quality Policy Statement:

1. Encourage a quality mind-set, with the aim of providing products and services that are trusted and preferred by MRS customers.
2. Comply with relevant laws and regulations as well as internal requirements.
3. Consistently improve the effectiveness of the Quality Management System (QMS), through established and reviewed quality objectives, aimed at guaranteeing product safety and the prevention of quality incidents;
4. Encourage teamwork and promotion of quality responsibilities amongst all employees and third parties, through participation, standards, education, training, supervision and effective communication.

3

ECONOMIC PERFORMANCE AND DEVELOPMENT

- 2019, Summary of Financial Performance
 - Market Analysis
 - Procurement and Recycling Policy



Economic Performance And Development

3.1 2019, Summary of Financial Performance: Where we stand.

The Company's year on year performance comparison shows a 28% decline in Revenue for twelve months from NGN89.55 billion in 2018 to NGN64.91 billion in 2019.

Generally, the Nigerian downstream sector broadly categorized into the refining and marketing segments of petroleum products witnessed a challenging year. The downstream sector has been unable to refine adequate petroleum products domestically to meet local demands. There are also issues emanating from foreign exchange constraints, which has continued to render the sector vulnerable to foreign exchange volatility.

The total comprehensive loss increased by 35% from N1.26 Billion in 2018 to N1.70 Billion in 2019. The total Assets value declined by 19% from N54.28 Billion in 2018, as against N44.21 Billion in 2019, while the total Equity also recorded an 8% decrease from N20.7 Billion in 2018 to N19.1 Billion in 2019.

However, the general market and economic conditions gave rise to the decrease in revenue and profit during the year. In 2018, there was glut in the industry, which resulted in the decline of sales. It was also a challenge in accessing refined petroleum products locally. The refineries were not functional and it increased the dearth in local supplies and foreign exchange volatility, particularly for petroleum independent marketers.

In view of these challenges, the Company took a strategic decision to return the business to profitability. To grow its

retail business, the Company concentrated on revamping its retail networks and took strategic steps to grow the earnings by volume on the white products and lubricants. The Company launched the fighting grade of lubricants, rebranded some existing stations, and reactivated dormant warehouses and retail stations, amongst others.

3.2 Market Analysis

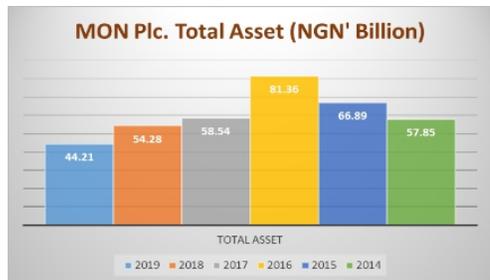
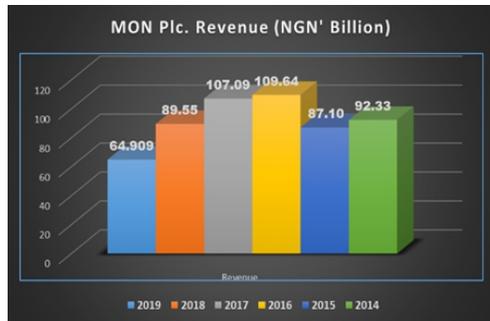
MRS operates in five (5) areas of the downstream sector: Retail, Commercial and Industrial, Aviation, Lubricants and Liquefied Petroleum Gas (LPG). The white products sold by the Company are Premium Motor Spirit (PMS) for petrol engines, the Automotive Gas Oil (AGO) for diesel engines, the Dual Purpose Kerosene (DPK) or Kerosene and LPG. The prices for these products are determined by the Nigerian National Petroleum Corporation (NNPC).

The Company currently has 357 Retail Stations nationwide and over 250 industrial customers across major sectors. The Service Stations are grouped into four categories; North East, North West, South East and South West. The number of Service Stations for these regions are provided below:

Per Region

1. 75nos Stations in the North East
2. 102nos Stations in the North West
3. 75nos Stations in the South East
4. 105nos Stations in the South West

Of these Service Stations, there are 137 Company Owned Stations and 220 Service Stations on Lease land.



Company Owned Stations

1. 17nos Stations in the North East
2. 20nos Stations in the North West
3. 48nos Stations in the South East
4. 52nos Stations in the South West

Company Leased Stations

1. 58nos Stations in the North East
2. 82nos Stations in the North West
3. 27nos Stations in the South East
4. 53nos Stations in the South West

3.2.1 Service Stations Rebranding

At the end of 2018, the Board of Directors took a strategic decision to rebrand the Service Stations of the Company in batches, to improve business patronage. In 2019, the Company began the rebranding exercise and commenced with three (3) strategic Service Stations in the Western Region, Lagos State, Nigeria. The Service Stations rebranded are Victoria Island Service Station, Funsho Williams Avenue Alaka, Surulere Service Station and the Ojota Service Station.

Since the commencement of operations at these Service Stations after the rebranding exercise, the Company has recorded an increase in sales of about 60% at these Service Stations.



These pictures display the MRS Service Station on Funsho Williams Avenue, at Alaka, Surulere, Lagos and it shows the old and the new outlook after the rebranding exercise.



These pictures display the MRS Service Station on Ahmadu Bello Way, Victoria Island, Lagos, and it shows the old and the new outlook after the rebranding exercise.



These pictures display the MRS Service Station on Ikorodu Road, Ojota, Lagos, and it shows the old and the new outlook after the rebranding exercise.

3.2.2 MRS Lubricant Grades

Premier and Stallion are MRS's major lubricant brands. The Premier series are formulated and blended for gasoline powered engines and are available in multi and mono grades.

The Stallion Series are formulated and blended for diesel powered engines. They reflect the Company's strength and passion and they are specifically blended for use on heavy duty truck diesel engines.

MRS Lubricants are blends of quality oils, using advanced technology in the production cycle. The Company adheres to all regulations and International best practices and standards at the blending facilities. The Procurement of kegs for the lubricant oils has been restricted to vendors who operate in a sustainable manner.

The Company blends other grades of lubricant brands, under the Automotive and the Industrial



The Premier Xtra Formula Series



The Stallion Xtra Premium Series

categories as provided below.

3.2.2.1 The Automotive Grades

The Automotive grades are engines oils used for heavy duty and passenger vehicle cars. There are nine (9) types of this lubricant grade.

3.2.2.2 The Industrial Lubricants

The Industrial Lubricants are used for heavy machines and equipment and there are eight (8) grades. The section of the website on lubricants provides detailed information on each Industrial Lubricant.

3.2.2.3 Lubricant Oils and the Way Forward

During the review of the Company's performance in 2018, Management through the directive of the Board of Directors, reviewed and re-strategized the business to consider aggressive marketing of the Company's lubricant oil. To drive this section of the business, Management took a proactive approach to rebrand some of the lubricant oils, carry out campaigns in remote areas where there is high patronage, such as the mechanic workshops or villages as they are popularly known in Nigeria. Since the implementation of this strategy, the Company has recorded a 10% increase in monthly sales.

The Company is committed to an increased market presence of its lubricant oils to gain a significant market share through customer satisfaction and the provision of real time services, after sales services and sales promotions. With the continuous implementation of its strategy and the commencement of social media marketing of the Company's lubricant oil, the Company hopes to



The Managing Director, Mrs. Priscilla Thorpe-Monclus in discussions with the Sales and Marketing Manager, Mr. Moruf Sobowale at the Campaign session.



A cross section of the attendees of the MRS Lubricant Oil Campaign at Alausa, Ikeja, Lagos State and Mechanics at the Alausa Mechanic Village, participating in the Campaign Program.

further increase sales of its lubricant oils by 50% in 2020.

3.2.2.4 MRS CARD – A Fleet Management Tool

The MRS Card is a fleet Management tool designed to effectively and efficiently control fuel costs, consumption rates and reporting of a Company's fleet activities. It is a portable and rechargeable smartcard used in payment for products offered at MRS Service Stations. It is durable and it guarantee's Customer Satisfaction.

3.2.2.5 Strategy for Selection of Retail Stations

The Company undertakes property evaluation and the focus is on brand presence, legal standards, regulatory controls, physical risks, economic costs and benefits, reputational risks and potential impacts on the Company and its key stakeholders alike.

Our sustainability strategy addresses environmental, social and governance issues in order to:

1. Enhance value by complying with the regulatory requirements of DPR, building control and other regulatory bodies, who must cite and approve the Service Stations, taking into consideration space, environment, Commercial and residential activities etc.
2. Deliver exceptional retail patronage to MRS customers nationwide, in line with global best practice.
3. Operate Service Stations in a sustainable manner and organize training sessions to enhance Retailers' knowledge on sustainability.

The Company operates at different locations:

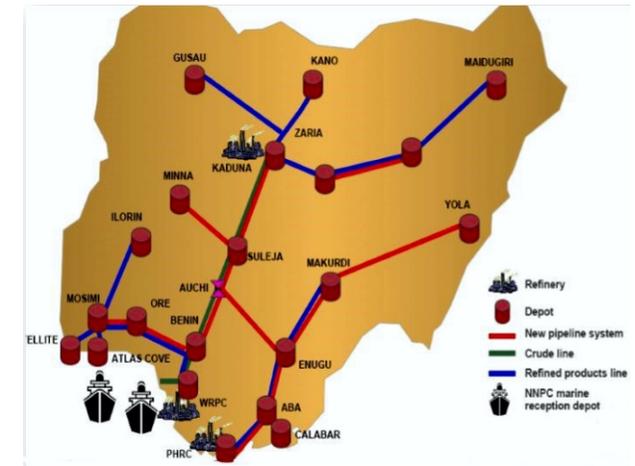
1. The Head Office at No. 2 Tin Can Island, Port Road, Apapa, Lagos State;
2. One (1) Company operated Terminal at No. No. 3 Alapata, Apapa, Lagos State;
3. Twenty-One (21) PPMC depots, for loading and dispatch of products across the Country;
4. Other third party facilities (Depot and Petroleum Products Marketers Association of Nigeria-DAPMA).

3.3 Procurement and Recycling Policy

Our Procurement cycle starts from identifying the procurement needs for each department per time. In the resolution of the Company's procurement needs, consideration is given to the economic, environment and social impacts of the purchases to be made. The 2019 procurement strategy was centered on sourcing in line with international best practices and internal procurement policy.

All vendors are required to register with the procurement unit of the Company and provide requisite information on their Companies. A list of registered vendors is maintained according to the services offered. All procurement needs are evaluated by the Tender Board on the basis of quality of goods, competitive pricing and delivery timelines, while ensuring transparency in the process. A total of 842 vendors are fully registered by the Company and the vendors are engaged, based on the services they offer, ranging from supplies for construction equipment, additives, general supplies, shipping and clearing agents and haulers. The Company carries out an annual review on the performance of the

vendors and disengaged the services of some vendors. Currently, about 60% of these vendors were engaged in 2019.



The Company currently does not have a recycling policy but, it has developed policy for incentives to the retail station with the highest number of lubricants kegs for recycling. The Company currently observes the Health, Safety and Environment (HSE) practices in its sourcing strategy of its lubricants, additives and other harmful liquids or solvents. Only vendors who have the Department of Petroleum Resources (DPR) license and the Lagos State Environmental Protection Agency (LASEPA) permit are engaged for those services. In addition, the Company's 2019 procurement or sourcing strategy sensitized employees, Retail Managers, and customers' alike, on the economic and environmental impacts of recycling and obtained the buy-in of all Stakeholders to the program.

4

SOCIAL PERFORMANCE

- Social Performance
- Labour and Employment Practices
 - Donations and Sponsorships

Social Performance

Social Performance is a driving force in the Company's business strategy. It starts with the Company's workforce and extends to the Communities in which the Company operates. MRS prides itself in its workforce and celebrates diversity in employment. Its strategy is to attract and retain the best hands and to build skills and capacities in the Communities through education and training programs.

The Company consistently promotes the growth of the environment it operates, as part of its Corporate Social Responsibility. It understands the role that local communities play in the growth of the Company and engages local Stakeholders to determine their respective needs. To address these needs, the Company engages some members of the Communities, to determine these needs and streamlined its focus to education, infrastructure, health and the mental wellbeing of members of the Community.

4.1.MRS Labour and Employment Practices

MRS has a transparent Labour and Employment policy, which is compliant with applicable Nigeria laws and regulations. In line with the Company's Policy, the Human Resource department administers recruitment, compensation and benefits, learning and development and end to end human resource processes, with particular emphasis on diversity in employment.

As an indigenous Company, MRS employs Nigerian citizens and offers equal employment opportunities to qualified candidates, who apply for advertised roles. In addition to ensuring fair labour practices in the engagement of human capital, the Company provides a positive work environment for its employees. At employment, the Company provides each employee with a Contract of Employment, which stipulates the

applicable terms and conditions of engagement. All employees are entitled to cash and non-cash benefits. Cash benefits include leave allowance, 13th month and long service awards, while non-cash benefits include pension, health insurance, annual comprehensive health check, group life insurance, personal accident insurance, National Social Insurance Trust Fund (NSITF), burial assistance. The Company contributes 10% of all employees' monthly pension liability and participates in retirement plans in line with the Pension Reform Act, 2014.

To create an effective work-life balance, the Company provides parental leave for all employees and in 2019, seven (7) female employees and one (1) male employee took their parental leave.

To provide adequate opportunities for the improvement of employees on the job, the Company provides a training plan for each department. Each departmental Head is required to assess the skills of their subordinates to determine the skills gap and recommend requisite training to the Company. Trainings are held either in-house or externally and in 2019, 74.3% of male employees and 25.7% of female employees received an all-expense paid training from the Company. To exit from the Company, all employees are required to give a month's prior notice to the Company. In 2019, the total rate of new hires in the Company was 6%, while that of employee turnover rate was 17%.

4.2 Donations and Sponsorships

In the year under review, the Company's donations spanned across health centres, motherless homes, orphanages and scholarships. These donations were in cash, totaling the sum of N1,710,000.00 (One Million, Seven Hundred and Ten Thousand Naira) only.

The Company delegated some of its employees to visit selected orphanages, motherless babies home in line with its commitment to contribute to their welfare and operations.



Visit by the Company's representative to Zamarr Institute (School for Autism), FCT, Abuja



Visit by the Company's representative to Green Pastures and Green Pasture and Initiative, Sabon Gari, Kano State.



Visit by the Company's representative at the Motherless Homes, Total Garden, Ibadan, Oyo State.



Visit by the Company's representative to HFSN St. Joseph Orphanage, Owerri, Imo State.

MRS Oil Nigeria Plc.'s 2019 Donations

S/N	NAME OF ORGANIZATION	PURPOSE	AMOUNT (₦)
1.	Society for Orphan Welfare, Ikoyi, Lagos	Donation	100,000.00
2.	Pacelli School for The Blind & Partially Sighted Children Surulere, Lagos.	Donation	100,000.00
3.	The Zamarr Institute (School for Austim), Abuja	Donation	100,000.00
4.	Hope Orphanage, Ilorin, Kwara State	Donation	100,000.00
5.	Infant Jesus Orphanage Home, Calabar, Cross River State	Donation	100,000.00
6.	Motherless Babies Home, Total Garden, Ibadan, Oyo State	Donation	100,000.00
7.	Green Pasture and Initiative, Sabon Gari, Kano State	Donation	100,000.00
8.	The Cerebral Palsy Centre, Surulere, Lagos State	Donation	100,000.00
9.	HFSN St. Joseph Orphanage, Owerri, Imo State	Donation	100,000.00
10.	Edo Orphanage Home, Benin City, Edo State	Donation	100,000.00
11.	Easterbrook Foundation, Kaduna, Kaduna State	Donation	100,000.00
12.	Port Harcourt Children's Home, Rivers State	Donation	100,000.00
13.	Youth Empowerment Foundation (Scholarships for three (3) Indigent children).	Donation	510,000.00
TOTAL			1,710,000.00

5

STAKEHOLDER ENGAGEMENT

- Engagement with Employees
 - Shareholders' Relations
- Engagement with Regulators
- Engagement with Customers
- Other Stakeholder Engagement

Stakeholder Engagement

At MRS Oil Nigeria Plc., we consider Stakeholder engagement at different levels fundamental to the business operations. We engage with MRS Shareholders, Employees, Customers, Vendors, Regulatory Authorities and the Communities we operate in, through various forms. We meet our Shareholders at the Annual General Meetings; we hold periodic meetings with employees, conduct quarterly Customers' Forum and carry out periodic meetings with MRS vendors as well as our the communities and other stakeholders' we constantly engage with. There are also engagement meetings with the Regulators (i.e. Nigerian Stock Exchange (NSE), the Financial Reporting Council (FRC) and the Securities and Exchange Commission (SEC)), on issues pertaining to the business operations.

These fora help us to understand the needs of the various Stakeholder groups, the best approach to address their needs and boost the working and business relationships, as we work towards business operation in a sustainable manner.

5.1 Engagement with Employees

The Company receives feedback on the business operations from employees during periodic departmental meetings and strategic meetings with Managers. Feedback helps with the assessments and review of Company policies, with the ultimate goal of building a strong work culture. We take pride in the MRS workforce and understand their role in the growth and development of the Company; hence the drive to attract and retain loyal talents.

5.2 Shareholders' Relations

The end of the financial year for the Company is, the 31st of December of each year. The Company holds its Annual General Meeting (AGM) between July and August of the following year to review the Audited Financial Statement for the year. Other issues are also discussed and Shareholders examine the business operations and ask questions on



A cross section of the Directors at the Company's 50th Annual General Meeting. From L – R: Sir Sunday Nwosu (Non-Executive Director), Mrs. Priscilla Ogwemoh (Non-Executive Director), Mrs. Oluwakemi Jafojo (Company Secretary), Mr. Patrice Alberti (Chairman), Mrs. Priscilla Thorpe-Monclus (Managing Director), Ms. Amina Maina (Non-Executive Director), Dr. Amobi Daniel Nwokafor (Non-Executive Director), Mr. Matthew Akinlade (Independent Director), Mr. Christopher Okorie (Non-Executive Director)



The Shareholders Representatives at the Audit Committee and the Company's External Auditors, KPMG Nigeria at the Company's 50th Annual General Meeting.



The Regulators: L – R, the Company's Registrars, First Registrars & Investor Services Limited; the Nigerian Stock Exchange (NSE); the Corporate Affairs Commission (CAC); and the Securities and Exchange Commission (SEC).



The Shareholders at the Company's 50th Annual General Meeting.



Shareholders registering at the Company's 50th AGM.



Gift Packs being shared to the Shareholders at the Company's 50th Annual General Meeting.

any agenda item in the Annual Report and Accounts of the Company and the business performance.

Last year's AGM was remarkable, as the Company hosted its 50th AGM on August 7, 2019 at the Federal Palace Hotel with over 900 Stakeholders in attendance.

5.3 Engagement with Regulators

The Nigerian Stock Exchange periodically holds stakeholder engagements in view of the promulgation of new Rules or the amendment of extant Regulations. The aim of the engagement is to provide stakeholders with the opportunity to review new laws or regulations and propose amendments, before publication and implementation and sensitize them on the compliance obligation(s) upon implementation of the Regulations.

Compliance is at the core of the Company's operations and respect for the laws of the Countries we operate in, is one of our core values. We believe that with zero default fees/fines, investors would be interested in the business and in investing into the Company. With good compliance record, the Company maintains its integrity with stakeholders and keep the total shareholder return competitive.

5.4 Engagement with Customers

The Sales and Marketing Unit of the Company holds a quarterly Fora with Customers from the various regions in the Country. The essence of this forum is to update Customers on the Company's strategy, goals, business operation changes, new products and services and obtain feedback from the Customers, to improve the business.

Customer forum are scheduled for two to three days at the Company's pre-selected location. Customers are provided with information on the location of the forum in advance and at the events, a variety of issues are raised by the Customers. These issues range from non-functional fuel pumps, insufficient profit margin (high pump price of PMS), short delivery of products by haulers, lubricant prices, sales, durability of containers and labels, amongst others.

In 2019, the Company held this forum in three (3) zones; the South-West, South-East and North and the customers were informed about the Company's strategy for the year for the different categories of business (retailers and distributors). At the end of the forum, all Customers were commended for partnering with the Company and the contribution to the growth of the Company.

5.5 Other Stakeholder Engagement

The Company also engages with several agencies within its Industry, such as the Petroleum Products Marketing Company (PPMC), Nigerian National Petroleum Company (NNPC), Department of Petroleum Resources (DPR), Petroleum Equalization Fund (PEF), NAFDAC, Standards Organization of Nigeria (SON), and Manufacturers' Association of Nigeria (MAN). Engaging with these agencies, helps to shape the strategy and product offerings of the Company.



L-R: The Managing Director, Mrs. Priscilla Thorpe-Monclus and some Managers at the Customers' Engagement in the South-East in January, 2019.



The Non-Executive Director, Mr. Christopher Okorie addressing the Customers during the Customers Forum in South-East

6

ENVIRONMENTAL PRACTICES

- MRS's Approach
 - Safety, Health and the Workplace
 - Waste Management
 - Occupational Health and Safety
 - Management System
 - Hazard Identification, Risk Assessment and Incident Investigation
 - Incident Reporting and Investigation
 - Occupation Health Services

Environmental Practices

6.1 MRS's Approach

The safety and well being of employees and third parties who have business with the Company is top priority. We ensure that fatalities are eliminated, serious injuries and illnesses are prevented, and we operate in line with international best practices and standards on Health, Safety and Environment.

MRS is driven by the vision **“to be the leading integrated African energy company recognized for its people, excellence and value.”** We understand that in order to take the lead in the downstream energy industry, we must pay attention to the business environment and the impact of our business on the health of the stakeholders and the environment.

We are therefore committed to the conduct of MRS's business in a sustainable manner and pay close attention to the health and safety of our stakeholders and the protection of the environment. The Company's Health, Safety and Environment (HSE) Policy provides that the Company shall:

Make all its workplaces safe and healthy in order to prevent work-related injury and ill-health;
Reduce the impacts of its operations on the environment and the health of the people;
Strive to eliminate hazards and manage the risk of its products and services throughout their life cycles.

Have its employees participate in HSE activities and programs that foster a shared culture and promotes

HSE excellence;

Seek ways to recognize and reward employees and contractors for superior safe work performance;
Establish policies, procedures, standards, rules and regulations to guide and direct all employees to work safely and prevent injury to themselves and others.

Provide resources and training for employees appropriate to the nature of their job and in line with the health and safety requirement;

Operate in compliance with applicable laws and regulations;

Learn from incidents to prevent recurrence and to improve on risk management measures;

Integrate HSE considerations into business planning, decision making and daily activities;

Continually improve HSE performance by monitoring critical metrics;

Yearn for every employee to contribute to positive HSE performance through responsible behavior, working safely and committed to the promotion of a safe and healthy workplace.”

As part of MRS commitment to sustainability, one of its cardinal goals is to reduce the impacts of its operations on the environment and the health of the stakeholders. One of the ways in which the Company reduces the impacts of its operations on the environment is in its waste management system.

6.2 Safety, Health and the Workplace

In 2019, the Company developed a strategy to redefine its safety key areas as follows:

1. The general safety of all stakeholders at the Retail Stations operated by the Company, the Lubricant Plant and offices;
2. The environment and safety awareness at the Company's Retail Stations across the territories it operates;
3. The Company's Products & Quality Assurances;



A Cross Section of an interactive session of the Attendees with the Non-Executive Director, Mr. Chris Okorie at the basic Health, Safety, Environment and Quality (HSEQ) Retail Training held in Lagos in August, 2019, for the Retail and Station Managers, Western Region.



The Managing Director, Mrs. Priscilla Thorpe-Monclus briefing the Station Managers during the training session.

4. Assault Prevention & Control Management;
5. The safe discharge of white products at Stations and safe handling of lubricants products.

The Company held several training and awareness programs for its Retailers and the Pump Attendants and information on the importance of observing safety principles for life and public preservation were discussed. Below are pictures of some of the safety training and awareness program held in Lagos State for the Western Region Retail and Station Mangers in 2019.

6.3 Waste Management

Wastes generated from the Company operations can be broadly categorized as hazardous and non-hazardous wastes.

Hazardous wastes: Wastes potentially threaten the health and safety of stakeholders and the environment, because of the chemical properties they possess. Some of the waste are inflammable, reactive, explosive, corrosive and toxic in nature and some hazardous wastes generated from our operations include waste oil and oil emulsions.

Disposal of Hazardous Wastes: The hazardous wastes are generated mainly from the operations at the MRS lube plant and the fuel terminal. The waste oils are channeled through the Oil-Water Separation (OWS) system at both facilities, which provides a means of recovery by removing oil from waste water. It does so by separating oil and suspended solids from water so that it can be skimmed away. The heavier solids (sludge) settles to the bottom, while oil rises to the top. The oil skimmed off is channeled to a slop tank while the waste water moves along for

further filtration, treatment and monitoring before discharge from the site. In addition, an independent contractor carries out an analysis of the effluent in line with regulatory requirements to assure the Company of the acceptability of the waste to be discharged into the surrounding water body.

The waste oil collected into the slop tank is treated and recycled for other uses in the facility. The accumulated sludge is periodically evacuated from the site by a contracted waste management company for safe disposal.

Non-hazardous wastes: These are wastes that do not threaten public safety, health, or the environment



Oil water separator system

and do not contain properties as mentioned above.

Disposal of Non-Hazardous Wastes

The various non-hazardous wastes are collected and disposed properly through established environment management companies contracted by the Company. The non-hazardous wastes generated include solid wastes like paper, cardboards, plastic packaging materials, office products, glasses, metallic cans, food and organic matters etc. These wastes are collected in segregated bins and then disposed of properly. The materials made of plastic, metal and glasses are collected by waste management companies for recycling and re-used accordingly, while other waste are taken to landfills for safe disposal.

Significant Spills

In the year under review, there was no significant oil spill recorded for the lube plant and fuel oil terminal.

6.3 Occupational Health and Safety Management System

MRS is currently subscribed to ISO 9001: 2008 Quality Management System (QMS). It is on the verge of a re-certification audit and transition of the present QMS management system to the ISO 9001: 2015 Quality Management System.

The Company intends to use the forthcoming QMS re-certification and transition exercise as a springboard to attain the ISO 45001: 2018 Occupational Health and Safety Management System (OHSMS) and the ISO 14001: 2015 Environment Management System (EMS). This will enhance the Company's quest to achieve the Integrated Management System (IMS).

6.4 Hazard Identification, Risk Assessment and Incident Investigation

In line with its HSE Policy, MRS strives to eliminate hazards and manage the risk of its operations by conducting hazard identification and risk assessment and management. We conduct periodic physical inspections, site walk-through of our facilities to ascertain that operational activities at any facility does not pose harm or lead to a loss to the company. Similarly, we conduct risk assessments and management, before non-routine work is permitted on the facilities.

These inspections and risk assessments are carried out by qualified and trained HSE personnel in the Company. In addition, the HSE personnel provide training and involve other employees in HSE activities and programs, aimed at improving the knowledge of hazards and fostering a shared HSE culture in the Company. This way, everyone is involved in hazard identification and unsafe working and operational conditions.

Once hazards have been identified, the risk assessed, and compared to established tolerable risk level, measures are put to control or limit the risk. These measures are adopted based on the hierarchy of controls.

6.5 Incident Reporting and Investigation

At MRS, we believe that accidents are preventable. As part of the HSE Policy, the Company seeks ways to continually improve on workplace safety and health, in order to prevent work related injury and ill-health. However, when accidents or incidents occur, the

Company seeks ways to learn from such an event in order to prevent recurrence and to improve on its risk management measures.

It is worthy of note that all stakeholders (employees, and contractors within all facilities of MRS) are encouraged to report any unsafe situation, including near misses and incidents. Employees are expected to report any unsafe situation by either reporting directly to their supervisors or any member of the HSE team. Employees can also report via a reporting system using the MRS Incident Reporting Form. The reports are submitted to the HSE team who review and act upon the report until closeout. The reports received are handled with utmost confidentiality to protect the reporter and instill confidence in the reporting system.

In the event of an accident, an incident investigation is conducted and the investigation report provided with recommendations for corrective actions. These actions have time limits and action points delegated to the responsible employee(s) to address them. The corrective actions are tracked by the HSE team until completion and an incident feedback bulletin is developed for the incident. The feedback bulletin provides information about the incident, causes, preventive actions and learning points. This way, information from incidents is shared and lessons learnt help to prevent recurrence, improve the system and foster a healthy HSE culture.

6.6 Occupation Health Services

There are occupational health providers who assess the health of employees. The Company ensures that pre-employment medical checks are conducted for

all employees. Upon employment, employees are given access to Company registered HMOs who will provide medical services including occupational health services. In addition, there are onsite clinics with health care providers to attend to employees' health needs during working hours.

Work-related Injuries / Illness

The Company did not record any work-related injuries involving employees which resulted in days away from work or lead to fatality during the year *under review*

Risk Management Steps



Hierarchy of Controls

