ENERGY STORIES
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PRO ALLY

Risk Insight for Oil &Gas Service Companies

THE EXPOSED BUSINESS

A Capability, Not a Report.

Most ESG frameworks stop at a filed document.
A real one moves through five distinct stages.
This week we walk through each one.

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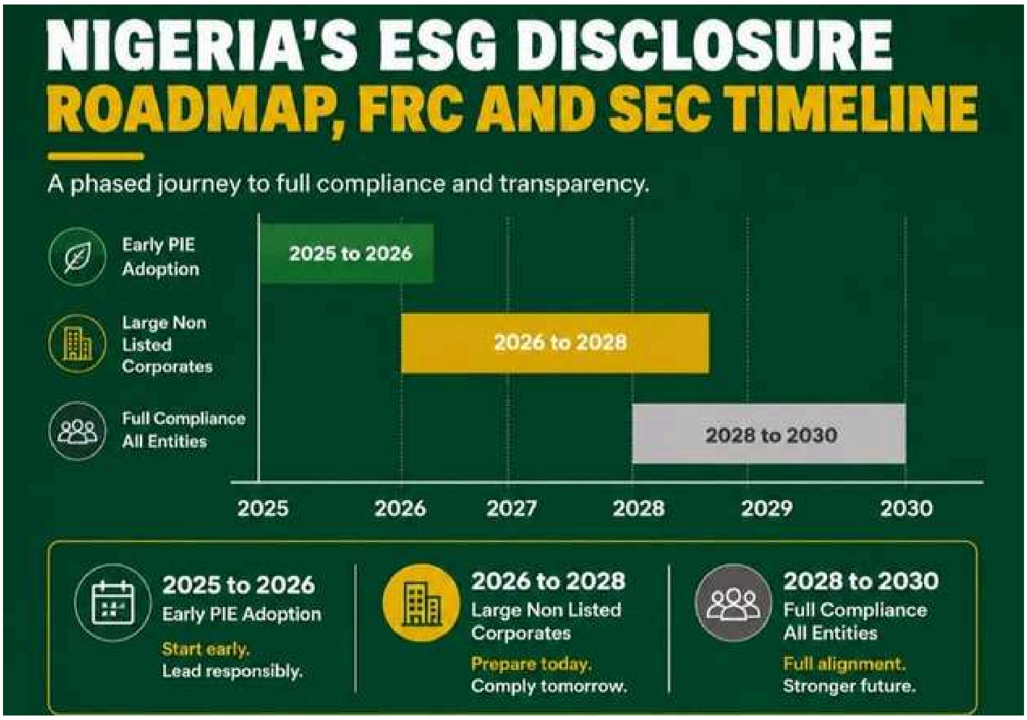
Why Nigerian Oil Firms Are Already Losing Contracts and Financing Over ESG Gaps.

Nigeria's regulatory environment has moved past the point where ESG could be treated as optional positioning. The NOSDRA discontinued its separate gas flaring monitoring function in late 2025, and that responsibility has since folded into tougher reporting requirements from the Nigerian Upstream Petroleum Regulatory Commission, which has directed operators and service providers to adopt IPCC measurement-based emissions reporting by the third quarter of 2026, with full Tier 3 verification systems expected by January 2027. Industry experts have warned publicly this year that oil and gas companies risk losing contracts, financing, and operational access as this regulatory tightening continues.

At the same time, Nigeria's Financial Reporting Council has published a phased roadmap toward mandatory ESG disclosure: early adoption by public interest entities beginning in 2025, expansion to large non listed corporates through 2026 and 2027, and full compliance across Nigerian entities by 2028.



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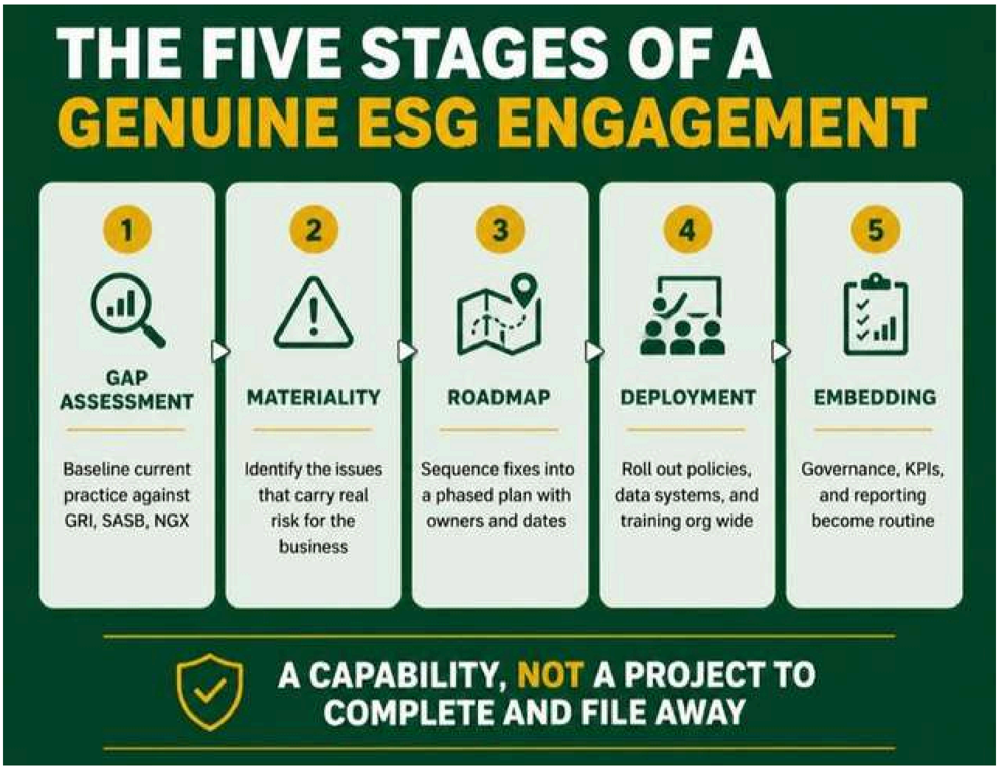
A readiness review behind the above roadmap identified the core frictions slowing progress industry-wide: limited ESG expertise, high compliance costs for smaller companies, weak enforcement mechanisms, fragmented data sources, and low investor awareness of what is actually being disclosed.

What Your ESG Engagement Should Contain .



An ESG framework built properly moves through five distinct stages, each with its own output and its own owner. Skipping a stage does not save you time. It moves the problem to a point where it is more expensive for you to fix.

1. **Gap assessment** is first. It is an honest baseline of current practice measured against recognised frameworks not limited to GRI, SASB, and Nigeria's own NGX Sustainability Disclosure Guidelines, which map global standards to the Nigerian business context specifically.
2. Second is **Materiality**: Here, you narrow the identified broad baseline down to the top two or three issues that carry genuine commercial and reputational weight for your specific business. This is where we see the first fracture. Some Intead, copy, paste and run with a generic checklist.

3. A **roadmap then** sequences the fixes that materiality identified into a phased plan with named owners and real dates.

4. The fourth stage is **Deployment**. This is where policies, data systems, and training roll out across the organisation, not just at head office or within the executive and board members.

Who cares if my organisation skips a stage?

This will show up in your performance data.

And for a service company that jumps straight from a rushed gap assessment to a glossy final report, without a real roadmap or deployment phase, produces a document that cannot survive scrutiny. Operators conducting pre-qualification due diligence, financiers assessing risk, and regulators reviewing disclosures are all becoming more sophisticated at spotting the difference between a framework that was built and a report that was purchased.

PRO ALLY research examining listed oil and gas companies has found that stronger governance and social disclosure carries a statistically significant positive relationship with return on equity, while weak, inconsistent environmental disclosure shows no such benefit. The market is beginning to reward structured, credible ESG work and shrug at cosmetic reporting.

Three Commercial Consequences for Service Companies.

1. **The compliance cost gap is widening between companies that started early and companies that have not started at all.**

Nigeria's FRC roadmap explicitly identifies high compliance costs as a barrier for smaller companies. That cost only grows the longer a company waits, because catching up under deadline pressure is always more expensive than building deliberately.

2.**Technology adoption as a competitive differentiator**

Companies using purpose built ESG reporting software, such as RIOS, report time savings in the range of 40 to 45 percent in their reporting cycles, alongside meaningfully fewer errors, freeing capacity for the strategic work that generic spreadsheets cannot support.

3. **Time is not a respecter of men! The 2028 full compliance deadline will arrive faster than your company expect.**

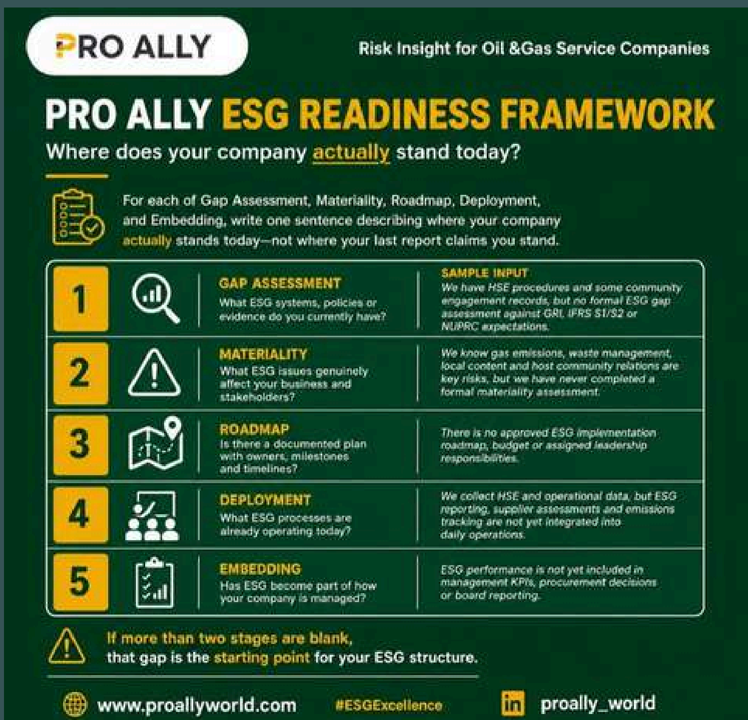
Companies that treat 2028 as a distant deadline rather than a design constraint will be doing gap assessment and deployment simultaneously under time pressure, which is exactly the compressed timeline that produces weak, unmatched frameworks

THREE KEY RECOMMENDATIONS

- Commission a proper gap assessment against GRI, SASB, and the NGX Sustainability Disclosure Guidelines before commissioning any report, so the report reflects a real baseline rather than a generic template.
- Build a phased roadmap with accountability & responsibilities owner and dates for each of the five engagement stages, and treat deployment and embedding as seriously as the initial assessment.
- Evaluate purpose built ESG reporting tools (RIOS) now, ahead of the 2028 compliance deadline, to capture the reporting efficiency gains that early adopters are already realising.

THE STANDARD: ONE ACTION THIS WEEK

Check Your Operator Clients' HCDT Status This Week.



For each of gap assessment, materiality, roadmap, deployment, and embedding, write one sentence describing where your company actually stands today, not where your last report claims you stand.
If more than two stages are blank, that gap, is the starting point for your ESG structure.
 A report proves a project happened once. A capability proves your company can do this again, under scrutiny, on demand. The companies that make that shift now will not be scrambling in 2028.

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