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PRO ALLY

Risk Insight for Oil &Gas Service Companies

THE EXPOSED BUSINESS

Lost a Deal. Won the Next One.

An EPCI firm lost a framework agreement over an ESG question it could not answer. It built a real framework, then won the next one, and more.

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What a Service Company Looks Like Without and With an ESG Framework.

Most service company's focus on the technical capability, the project experience and the relationships to compete for major contracts. But for this case study, It was a mid-sized Nigerian EPCI firm, providing engineering, procurement, construction and installation services across offshore and onshore infrastructure for both indigenous and international operators. On paper, it looked like a company well positioned to compete in a demanding market. But there was a gap between what the company was doing and what it could demonstrate.

ESG existed, but largely as a corporate requirement rather than an embedded business practice. Sustainability appeared as a short section in the company profile, usually refreshed when a major bid was approaching. There was no formally designated owner for ESG performance. Community engagement took place across projects, but practices varied depending on the project manager and the circumstances at each location. Reporting happened annually and was often pulled together under deadline pressure, rather than generated through a consistent process of collecting and managing ESG data.
For a while, that approach was sufficient.

Then a major opportunity exposed the weakness.
The company was shortlisted for a multi-year framework agreement with a leading indigenous operator. Its technical capability was not in question. Neither was its pricing; the problem emerged during due diligence. The operator asked for documented evidence of the company's environmental and social governance practices. The company could explain what it did. But it could not produce the level of structured, verifiable evidence the operator required. The opportunity was lost but that loss became the turning point. The issue was not that the company had no ESG practices. It was that those practices were fragmented, inconsistently documented and not supported by a formal framework that could withstand external scrutiny.

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In other words, the company was doing some of the work, but it had not yet built the system to prove it. And in a market where ESG is increasingly becoming part of procurement, due diligence and investment decisions, that distinction can determine whether a company makes it through the door.

ESG as a Statement

Before the intervention, ESG was present, but it was not embedded.
The company had activities that could reasonably be described as responsible business practices: safety processes, community interactions, local content activities and environmental controls.
What it lacked was a system connecting those activities.
There was no single framework showing:

- who owned ESG performance;
- what information needed to be collected;
- which issues were material to the business;
- how project-level activities should be documented;
- how performance should be reported; and
- how evidence could be produced when an operator, financier or regulator requested it.

The result was an uncomfortable gap between what the company was doing and what the company could demonstrate.
In a market where due diligence increasingly tests the second question, that gap had become commercially significant.

From Informal Practice to Operating Structure

The engagement followed a five-stage process: gap assessment, materiality, roadmap, deployment and embedding.
The first stage was to understand where the company actually stood. Its existing practices were assessed against recognised ESG and sustainability disclosure expectations, including GRI, SASB and the NGX Sustainability Disclosure Guidelines. The objective was not to produce another polished document. It was to identify where the company's existing practices would fail under serious scrutiny.
The assessment surfaced several weaknesses. Some were governance related. Others were operational. Most importantly, they were connected to issues that could affect the company's ability to win and retain business. Materiality therefore became the next step.

Instead of attempting to address every possible ESG issue at once, the company focused on the issues most relevant to its commercial and operational exposure.

Three areas emerged as particularly important:
Worker safety incident reporting.
Local content documentation.
Community grievance handling across its most active operating regions. A roadmap then translated these priorities into actions, owners and timelines. This mattered because ESG responsibility could no longer sit with whoever happened to have the time or proximity to a particular project. The framework assigned ownership.
Deployment took the process beyond head office. Policies, data collection processes and staff training were introduced across project sites so that evidence could be generated where activities actually happened.

The final stage was embedding.
Quarterly reporting was introduced. ESG governance received a defined owner. Project-level information became part of an ongoing reporting rhythm rather than something assembled shortly before an annual deadline. The company was no longer simply describing ESG. It had begun operating it.

The Community Question
One of the most important changes concerned host community engagement. Previously, relationships with communities existed largely at project level. The approach depended on the circumstances of each location and the individual managing the project.
The intervention treated community engagement differently.
It became a structured business practice, with documentation, defined processes and clearer accountability.

This aligned the company's approach more closely with the expectations increasingly placed on operators and their contractors under Nigeria's evolving regulatory and stakeholder environment.
The significance was not only social. It was commercial.

The After: When Evidence Became an Asset

The real test of the framework did not come when the policies were completed. It came when another opportunity appeared.
The same indigenous operator later opened a similar opportunity in a subsequent cycle.

This time, the EPCI firm could produce documented evidence of its ESG governance, safety processes and community engagement practices when requested. The company was awarded the framework agreement.
The second result came through a different route. The company became involved in an infrastructure partnership backed by development finance.

In such arrangements, ESG scrutiny does not necessarily stop with the primary project sponsor. Contractors can also be assessed against the environmental and social standards attached to the financing.
The EPCI firm's newly established framework gave the project sponsor greater confidence that its contractor would not introduce an unmanaged ESG risk into the project.

The company was brought into the partnership.
Two opportunities.
Two different decision-makers.
One underlying capability.
The company did not win either opportunity because its ESG report was more impressive. It won because, when questions were asked, the evidence existed.

What Changed Commercially?
The transformation can be reduced to three changes.

1. ESG moved from positioning to proof.
Before the engagement, the company could say it was committed to responsible business. After the engagement, it could demonstrate how that commitment operated. That distinction becomes important when ESG moves from corporate communications into procurement, due diligence and investment decisions.

2. One framework could serve multiple stakeholders.

The company did not need a completely different ESG system for every audience.
The same underlying evidence governance ownership, safety data, community records and documented processes could support conversations with operators, financiers and other stakeholders.
The framework therefore became reusable infrastructure for the business.

3. A previous rejection became a future opportunity.

The lost framework agreement could have remained a closed chapter. Instead, it became a diagnostic.
The company understood what had been missing, addressed the gap and entered the next cycle differently. That is one of the less discussed commercial benefits of ESG maturity. It can change the outcome of the next opportunity, not just improve the company's current reporting.

What Service Companies Should Take from This

For service companies operating in Nigeria's energy and extractive sectors, the lesson is straightforward. ESG maturity is increasingly being tested at the point where money, contracts and partnerships are decided. That means the question is no longer simply, “Do we have an ESG policy?” It is If an operator, financier or regulator asks us for evidence tomorrow, can we produce it? If the answer is no, the gap is not merely a reporting problem, it is a business risk and potentially, a lost opportunity.

Three Actions to Take

1. Revisit a lost opportunity.
Identify a bid, framework agreement or partnership from the last two years where ESG, sustainability or governance featured in the evaluation. Determine what evidence was missing and whether you could produce it today.

2. Build once, evidence many times.
Instead of creating separate ESG materials for every operator, financier or stakeholder, establish one underlying framework capable of answering the recurring questions they are likely to ask.

3. Move ownership out of the presentation deck.
Assign ESG responsibility, establish reporting rhythms and ensure project teams know what information they are expected to capture. If ESG only exists in the corporate profile, it is not yet embedded.

Risk Radar: Three Things to Watch

Operator due diligence is becoming more evidence led.
Companies may increasingly find that statements of commitment are insufficient without supporting documentation.

ESG scrutiny is moving down the value chain.

Development finance and major project sponsors can extend environmental and social expectations to contractors, creating new requirements for service companies.

Opportunity cycles repeat.

Framework agreements, procurement cycles and partnerships reopen. Companies that address their ESG gaps before the next cycle are better positioned to convert previous losses into future opportunities.

THE STANDARD: ONE ACTION THIS WEEK
Revisit one opportunity you lost.

Find one bid, partnership or framework agreement your company did not win.
Ask What evidence would have changed the decision?
Then ask the harder question, Could we produce that evidence today?
If the answer is still no, you have identified a commercially relevant ESG gap and potentially your next priority.

References

This edition is a case study drawn from the recurring pattern of Pro Ally client engagements rather than a single cited public source. Replace the placeholder details with verified specifics before publication or retain the generalised framing if client confidentiality applies

What changed for the EPCI firm across governance, community engagement, and reporting.