

SUSTAINABILITY REPORT

Ogbele Maternity Health Center



Business sustainability is often defined as managing the triple bottom line - a process by which companies manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet. NDEP and its subsidiaries continuously update our sustainability policies which include Community Affairs, Health, Safety, Environment & Security (CASHES) and our employees.

Niger Delta Group's Sustainability report covers four key areas:

- Our Communities – CSR activities
- Health, Safety and Security
- The Environment
- Our Workforce

Our Communities

The Group's Community Development Trust continues to blaze the trail in host community relations in the Oil and Gas industry. Despite the down turn in the Industry and the negative impact on its finances, the Company has continued to maintain a robust and mutually beneficial relationship with its Host Communities. This enviable achievement has been made possible by a very committed and competent Board of Trustees of the Company's Host Community Trust, and the dedicated staff of the Group.

In the course of 2015, we drilled an additional well in the Ogbele Field, within the Omaraka Community, and they are now a new addition to our host communities, making them six. We welcome the Omaraka Community to the "common wealth" of NDEP.

The Company's approach to CSR continues to be positive and comprehensive. Sustainability is the heartbeat of every project we execute. We will continue to measure our performances year on year.

The Company has continued to maintain a very cordial and mutually beneficial relationship with its Host Communities. In 2015, the Trust continued to implement sustainable developmental projects for the host communities, albeit on a reduced scale reflecting the down turn in our Group's earnings.

SUSTAINABILITY REPORT *continued*

The Chairman of the BOT, Prof. S.J.S Cooley, OFR, presenting a cheque for the acquisition of skills under the Trust's Women Empowerment Programme

In the year under review, a significant milestone was achieved in the empowerment of women in our host communities. Added to the Micro-Credit Scheme initiated some years ago, the Trust approved a pilot training scheme for the women in order to enhance their capacity for wealth creation. 60 women from the 6 Host Communities received a grant of N100k each to acquire skills of their choice. More women will benefit from this scheme in the coming months and years.

Electrification of the Host Communities also continued in the year under review. The second phase of electrification of Obumeze Community was approved at a total cost of N11.7 MM. At completion, almost all of the Obumeze community would enjoy electricity supply.

In furtherance of the Company's bid to foster and promote a peaceful and cordial relationship, the Trust opted to establish a clear reward mechanism that would annually identify the communities that have been most supportive of its interests and aspirations. For the period between 2012 and 2014, Otari community emerged as the most supportive community for the second time, while Obumeze and Oshiugbokor communities were second and third respectively. However, in the spirit of fairness, other communities were also recognized for their efforts and rewarded.

The Trust continues to pursue its' aims and objectives tenaciously to develop the host communities as follows:

- i. Support local initiatives which deal with protection of the environment;
- ii. Undertake and finance projects for advancement and sustainable development;
- iii. Facilitate employment opportunities;
- iv. Advance and propagate education and learning;
- v. Assist in selected charitable activities.

A number of projects were executed for individual communities. These are as follows:

The Ogbele Community

- An annual security surveillance grant of N4.4 MM was paid to support the local security effort.
- Security consumables were purchased for the maintenance of the security surveillance at a cost of N920k.
- The youth sports competition was sponsored at a cost of N250k.

SUSTAINABILITY REPORT *continued*

Host Community women at a meeting to receive grants for Skills Acquisition from the BOT

The Otari Community

- Security consumables were purchased for the maintenance of the security surveillance at a cost of N828k.

The Rumuekpe Community

- An annual Education Bursary Awards was paid to 494 students in tertiary institutions at N50k per student amounting to N24.7 MM.
- Further progress was made in the construction of 2 secondary school blocks. The ninth milestone was achieved at a cost of N50 MM. Due to unrest, the completion of the project has been delayed. It is hoped that completion would be achieved by the third quarter of 2016.

The Obumeze Community

- The sum of N11.7 MM was disbursed for the second phase of the electrification project.
- Renovation of Obumeze civic center was approved at a cost of N30 MM. Thirty % of the project cost representing the first milestone has been disbursed to date.

The Oshiugbokor Community

- Medical Aid support was granted to 208 elders in the community to enhance their wellbeing at a cost of N20k each, amounting to N4.2 MM
- An annual Educational Bursary Awards was paid to 89 students of Oshiugbokor community origin in tertiary institution in Nigeria at N50k per student, amounting to N4.5 MM.

The Omaraka Community

- A 300kva generator set was purchased and installed at a cost of N4.5 MM to boost the distribution of electricity supply.
- The sum of N2.3 MM was paid to assist in strengthening their local security group.

General Projects

- 60 women (10 from each community) were empowered to acquire skills in various fields of endeavor through the Women Empowerment Programme at N100k each, amounting to N6 MM.
- Gifts in cash and kind amounting to N18.2 MM were given to 5 communities in recognition of their varying support of the interests and aspirations of the Company.

SUSTAINABILITY REPORT *continued*

The Chairman of the BOT, Prof. S. J.S. Cookey, OFR, presenting a cheque to Chief Solomon Mgbolo, the Chairman of Rumuekpe Community Advisory Committee as one of the most supportive communities

Health and Safety

NDEP and its subsidiaries are committed to the implementation and maintenance of an Occupational Health and Safety Management Systems (OHSMS) that ensures the prevention of accidents or ill-health that may potentially affect anyone who works or visits our places of business.

The Group has a strong commitment to the continuous improvement of the way we manage our work places and observe strict compliance of legal and regulatory requirements that govern them. In the year under review, the fourth edition of HSE week was conducted with the sub theme “Safety is Our Business”.

An annual Wellness Test was conducted by our Health Management Organization (HMO) for all our staff with the aim of ascertaining their physiological wellbeing.

HSE achievements for the year under review include:

- Zero Fatalities
- Zero Pollution to the Environment within Operational Area
- Zero Work Stoppage
- Successful HSE Week
- Successful Oil Spill Contingency Plan (OSCP) activation exercise by DPR
- Completed Gas Plant Annual Facility Audit by DPR
- Completed HSE induction audio/video with security update
- Continued the site Impact Mitigation Monitoring Exercise (IMME)
- Improved Contractor HSE Management System
- Completed the Omerelu 2 seasons data gathering report and submitted same.

SUSTAINABILITY REPORT *continued**The World Bank Gas Flare Award***The Environment**

The Group's Community Affairs, Safety, Health, Environment and Security (CASHES) manual continues to guide our staff and other stakeholders on best practices to adopt in dealing with our environmental challenges.

Our environmental policy, which is sustained by all concerned through proper communication and awareness of the significance of striving for a pollution-free environment. The CASHES manual and HSE policy are constantly revised to meet Industry trends and regulatory standards.

Initiative to Reduce Global Gas Flaring: "Zero Routine Flaring by 2030"

During oil exploitation and production activities, associated gas is produced with and released during oil processing. Much of this gas is utilised or conserved because governments and oil companies have made substantial investments to capture it; but some of it is flared due to technical, regulatory, or economic constraints. Gas flaring is not only harmful to the environment, through the release of CO₂, but also wastes energy that could be used more sustainably.

Over the years, NDEP through its owned subsidiaries NDPR and NDGas has made substantial investments to utilise and monetize its gas resources and significantly reduce routine gas flaring in the field with the installation and commissioning of its 100MMScf/d capacity – Ogebe Gas Processing Facility. NDPR Ltd has been delivering gas to the Bonny LNG since 2012 and it remains the only Nigerian Independent Non-JV gas supplier to the Nigeria LNG project. NDPR has since achieved significant gas flare reduction; flaring less than 2% of total gas produced in the field.

In 2015, NDPR Ltd was recognised by the World Bank Global Gas Flare Reduction Group for its efforts in reducing routine gas flaring and for successfully demonstrating this landmark achievement in the Ogebe Field. NDPR also became the 1st Independent Nigerian oil and Gas Producing Company to endorse the World Bank 2030 Global Gas Flares Out initiative.

This "Zero Routine Flaring by 2030" initiative (the Initiative), brings together governments, oil companies, and development institutions who recognise the flaring situation described above is unsustainable

SUSTAINABILITY REPORT *continued*

Handover of a 16 Seater Hiace Bus to Otari Community Advisory Committee as the most supportive community for the period between 2012 and 2014.

from a resource management and environmental perspective, and who agree to cooperate to eliminate routine flaring no later than 2030.

NDEP Plc, through its subsidiaries is firmly committed to this initiative and was honored to be recognised by the World Bank.

Donation to Charitable Causes

NDEP and its subsidiaries have continued to support charitable causes, particularly in the area of acquisition of knowledge, and the growth of the Industry of which it is a key player. In the year under review, the following charitable donations and sponsorships were made:

- Sponsorship of the opening ceremony of the 2015 NAPE Exhibition and Conference at a cost of N13 MM
- Donation of books, computers and inverters to Ikabigbo Primary School at a cost of N2.7 MM in respect of the NDEP/Aret Adams Initiative.
- Donation to the Aret Adams Foundation for the Aret Adams Annual Lecture Series 2015, for N400k.
- Payment of N300k to 3 winners of the essay competition in respect of the NDEP/Aret Adams Initiative.
- Donation to the African Students Union Parliament at a cost of N300k.

Our Workforce

The dedication of our young, indigenous and nimble workforce to the Group's growth and success remains unparalleled. The many pioneering accomplishments recorded in the relatively short life of NDEP would not have been possible without the commitment of all staff. NDEP and its subsidiaries recognize that its human resources are key assets for its continuous existence.

To attract and retain competent staff, the Company endeavours to provide a positive working environment. It recognises, rewards and reinforces staff through a competitive remuneration package.

A continuous training policy is in place, with both local and international training, to promote staff development and productivity. A robust performance evaluation process ensures that staff are appraised regularly to encourage high levels of staff motivation and performance.

At NDEP and its subsidiaries, a pleasant workplace environment has been cultivated over the years, with emphasis on fostering a good work/life balance for all members of staff. Not only does this promote staff contentment and wellbeing, but also increases overall productivity.

Conclusion

NDEP and its subsidiaries have continued to proactively manage its operational environment to sustain its good public image. The Group has consistently exhibited through its sterling CSR record, that profit maximisation is not its dominant focus. The tireless pursuit of equitable balance among the competing interest of all its stakeholders has carved a niche for our Group in a highly competitive industry. In the years ahead, NDEP and its subsidiaries will endeavor to apply best CSR practices that would secure its position among the industry leaders.

Aerial View of the Ogbele Field

