

Sustainability Report 2020

Our highly esteemed Stakeholders,

We are pleased to present the Sustainability Report for the year ended 31 December 2020.

2020 has been tempestuous not only in the business space but to every day life due to the widespread effects of the COVID-19 pandemic. At Niger Delta Exploration & Production Plc (NDEP) we did all we could to respond by adeptly protecting our members of staff, supporting communities where we operate, and assisting the general public through established channels. To this end, we are pleased to present the Sustainability Report for the year ended 31st December 2020. The report presents the key aspects of our Environmental, Social and Governance (ESG) strategies, programs, and performance.

Overview

In the face of changing times and global rising uncertainties, sustainability is the only true test of character that keeps our business going. Our people, processes and systems have remained strong. Beyond making profit, the NDEP tribe continually assessed the impact of its strategic, tactical, and operational decisions in a bid to protect the interest of all its present and future stakeholders. The Company maintains a strong discipline of sustainable development not only as a survival tool for the future but also as a culture it breathes for a safe working environment today. The Company has also ensured that it diligently manages its impact on the environment and communities it operates in, and has established adequate and consistent standards for dealing with service providers.

To provide you with adequate information in this regard and also in line with the requirements of the Securities & Exchange Commission Rules & Regulations 2013, the Company will report its Sustainable Development initiatives for the year ended 31st December 2020 in the following key areas:

1. Economic Viability
2. Social Impact
3. Governance
4. Environment

1. Economic Viability

1.1 Procurement Process

Beyond the requirements of law and regulations, NDEP recognizes that our contract and procurement process impact on the wider community in respect of Corporate Social Responsibility. Hence, we engage economically, environmentally, and socially responsible contractors and suppliers. For the year under review, no contract was abruptly terminated due to unethical practices and/or fraudulent activities.

The Company adheres to a centralized procurement management system and maintains a Supplier Code of Conduct which guides in the choice and conduct of suppliers respectively. This code guides our periodic contractor and supplier performance assessment.

Finally, we ensure social consideration in our contracting and procurement processes while giving priority to local capacity development to enhance growth in our immediate and wider communities.

1.2 Promotion of Local Content

NDEP as an indigenous entity recognizes that purchasing decisions present an opportunity to have a positive social and economic impact. NDEP procures materials and services from local suppliers that meet our quality standards. Over the years, the Company has inspired confidence in skilled professionals and local contractors. Our suppliers are sourced locally as we have a deep value of supporting local businesses. This is proven through our quarterly performance evaluation reports to Nigeria Content Development & Monitoring Board (NCDMB).

2020 Operations Support Service Engagements

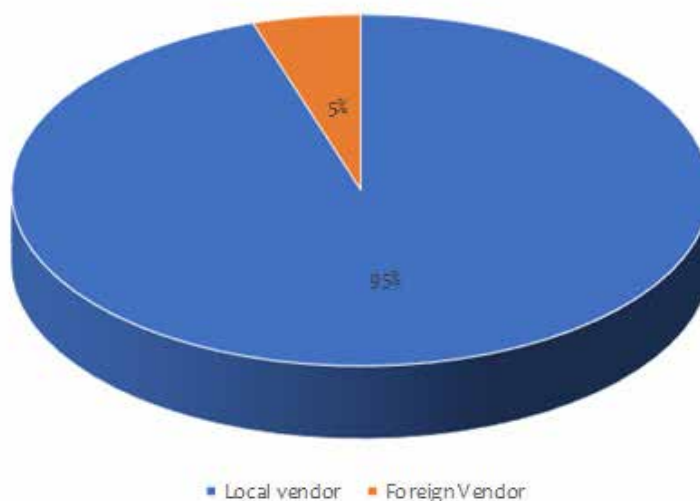
In 2020, the Company continued its drive to encourage local and start-up companies by ensuring 95% (2019: 97%) of all its contracting and supply activities for the year are carried out locally. The marginal year-on-year decrease was due to on-going capital projects for which there are no in-country capacities and/or local representatives of the original equipment manufacturer. However, operation and maintenance are carried out locally. This is achieved by adequate training and knowledge transfer.

1.3 Finance Management

NDEP ensures optimal and responsible operation of its assets, as this drives profitability. Investments are carefully analyzed, and funds are deployed in a disciplined approach that maximizes shareholder value. These and other measures have protected the Company in tough times and are responsible for its resilience over time.

Our financial highlights (in the CEO's statement) confirm the resilience of the Company's financial position and its ability to remain profitable in years to come.

Contractor and Supplier by percentage for 2020

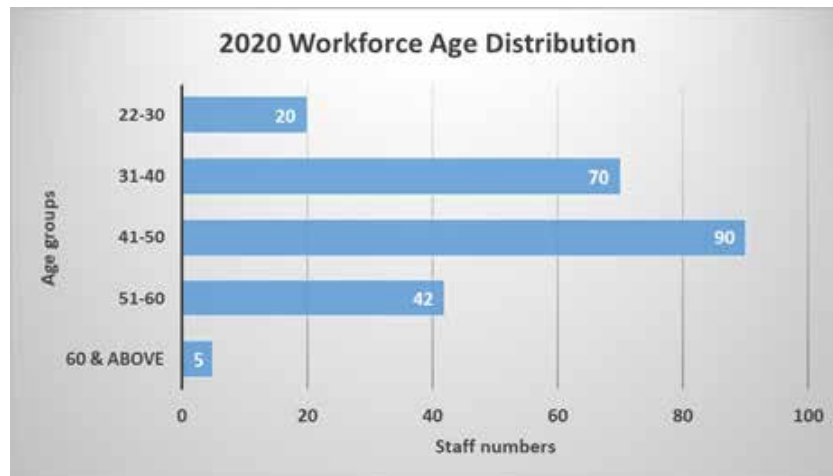


2. Social Impact

2.1. Employee Management

2.1.1. Diversity and Inclusion:

NDEP is an equal opportunity employer that is committed to maintaining a positive work environment for its employees. This facilitates a high level of professional efficiency at all times. The Company prohibits discrimination based on age, gender, religion, ethnicity, state of origin, disability or health status.



During the year ended 31st December 2020, NDEP had a series of programmes geared towards women, health and development which included:

- Breast Cancer Awareness
- Women Thriving in the Work Environment
- Coping Skills in the New Normal

Despite the economic pressure in the year under review, the Company hired twenty-two (22) new staff to join the pool of its excellent workforce. As an equal opportunity employer, NDEP ensured the recruitment and selection processes were based on merit and without prejudice. See below the distribution of the new talents.



2.1.2 Staff Motivation and Retention

NDEP places a high premium on staff growth and development. To this end, we are committed to the well-being of our employees through effective engagements such as health programmes, trainings, work life balance, and adequate compensation to promote staff retention.

We grow by training. The oil and gas business requires highly technical, competent, and knowledgeable individuals. As a result, we are dedicated to harnessing our employees' potential through continuous learning and development. To achieve this, the Company provided a robust e-Learning platform for all staff during the year under review. In 2020, the average hours of training per employee was 5 hours due to the Covid-19 Pandemic.

We build a healthy workforce, by ensuring that all members of staff are subscribed to a robust health insurance plan. The Company actively encourages all staff together with their nuclear families to carry out medical checks; the outcome of which are strictly restricted to the employee and the Health Management Organization to ensure data privacy. The mental health of our people is of utmost priority; hence the Company provides a robust Employee Assistance Program. This creates an opportunity for a one-on-one session with a specialist on mental health and psychological issues all year round.

The Company continued its intentional stride of keeping its commitment to its people asset which reflected in the attrition rate for the year. The Company-wide attrition rate for the year ended 31st December 2020 is 1% of our combined human resources (2019: 1.5%).

2.1.3. Human Rights, Non-discrimination, and Equity

As a reputable company, we value, respect, and promote human rights of all persons. The NDEPs' Code of Business Conduct clearly makes provision for the respect of human rights and non-discrimination in the workplace. NDEP recorded no infractions in the year ended 31st December 2020. The Company prides itself in fair and equal treatment of all employees regardless of sex, age, disability, ethnicity, or religion. In addition, NDEP has fair recruitment practices that are non-discriminatory.

In the year under review, the Company had zero number of grievances filed. This is because the corporate culture gives room for a friendly community where everyone is treated with respect and value.

2.2 Corporate Social Responsibility

2.2.1. Our Host Communities

As a sustainable business, NDEP recognises that excellent co-existence with our host communities is pivotal to its vision. Hence, NDEP has continually maintained a sound working relationship with our host communities (Otari, Obumeze, Ogbele, Rumuekpe, Omaraka, and Oshiugbokor). Our strong local ties and commitment to the development of the local communities have been critical to achieving our business objectives. The NDPR Host Community Development Trust (HCDDT), a framework which continues to attract national acclaim, has been instrumental in coordinating and driving the social investment programmes. We engage all the local stakeholders with a view to invest in areas that align our business objectives with the communities' most important needs.

Sustainability Report - continued

Despite the challenges posed by the Covid-19 pandemic, NDEP was able to execute several projects outlined for the year. The result of the impact assessment carried out shows that the Company has been able to contribute to the development of our host communities and enhance the standard of living..

Key areas of focus for the year ended 31st December 2020 centered on the following: Human capital development, Economic and Social empowerment, Health, and infrastructural Development.

Human Capital Development: N95m

The NDPR Host Community Development Trust launched the Trust skills acquisition program which was designed to train twenty (20) youths from each of the six (6) NDPR Host Communities. A total of one hundred and twenty (120) youths were trained in various vocations. The participating youths were equipped with the following skills:

- Mobile phone repair.
- Computer training and Maintenance.
- Electronics, Electrical fitting, Wiring and Installation.
- Welding and Fabrication
- Fish farming and Snail farming.
- Fashion designing
- Catering and Food processing
- Carpentry and Furniture making
- Driving
- Hair dressing
- Maintenance of big and small Generators
- Auto mechanic
- Plumbing and fitting.



Catering and Food Processing Trainees/graduate with their certificates

Infrastructure Development: N297.9m

- Construction of Odual Family Hall in Otari Community.
- Construction of a Town Hall in Ovelle Oduoha – Rumuekpe Community.
- Rehabilitation of Old Electricity Poles Ogbele Community.
- Rehabilitation of 12 Water Boreholes in Otari Community.
- Electrification of Omaraka Community.
- Extension of Rural Electrification in Obumeze Community.
- Renovation of Obumeze U. B. E Primary School.
- Purchase of two (2) Transformers for Otari Community.
- Grading of Road in Obumeze Community
- Renovation and Expansion of Ogbele Health Center.



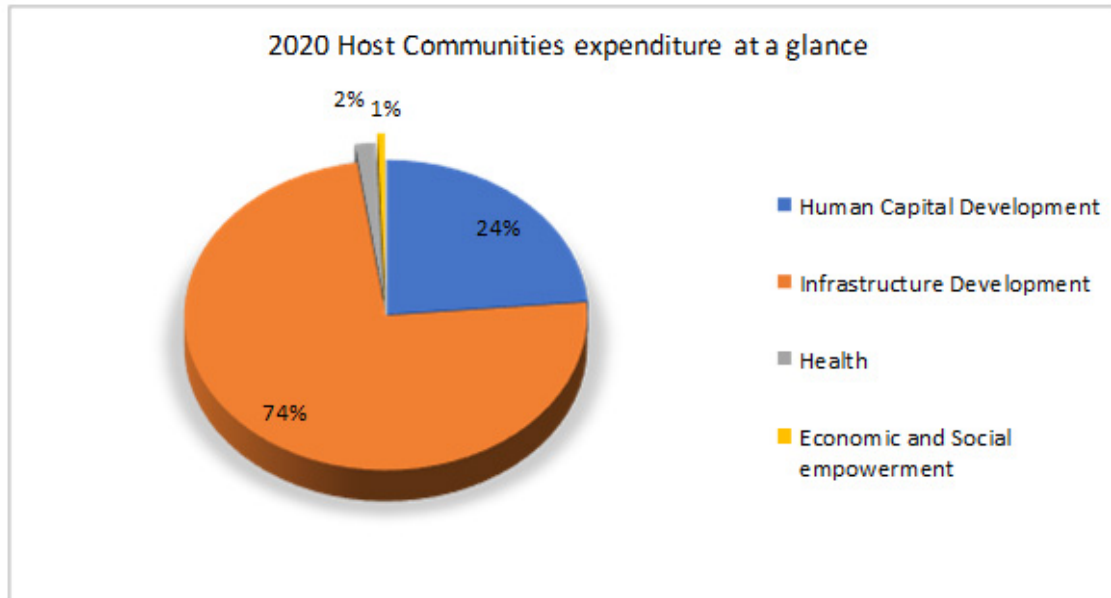
Frontal view of the newly constructed Odual family hall

Economic and Social Empowerment: N2.5m

- Sponsorship of Youth Football Tournament in Otari Community.

Health: N6.6m

- Health Grant was paid to 332 elders from Otari Community.



These notable achievements have endeared the Company to our host communities and continues to protect the Company's social license to operate, without which there could have been operational disruption, higher costs, and reduced value for our shareholders.

2.2.2 Charitable Donations: N125.8million

Under the Corporate Social Responsibility activities, the Company supported multiple initiatives in charitable donations and sponsorships. Some of these are:

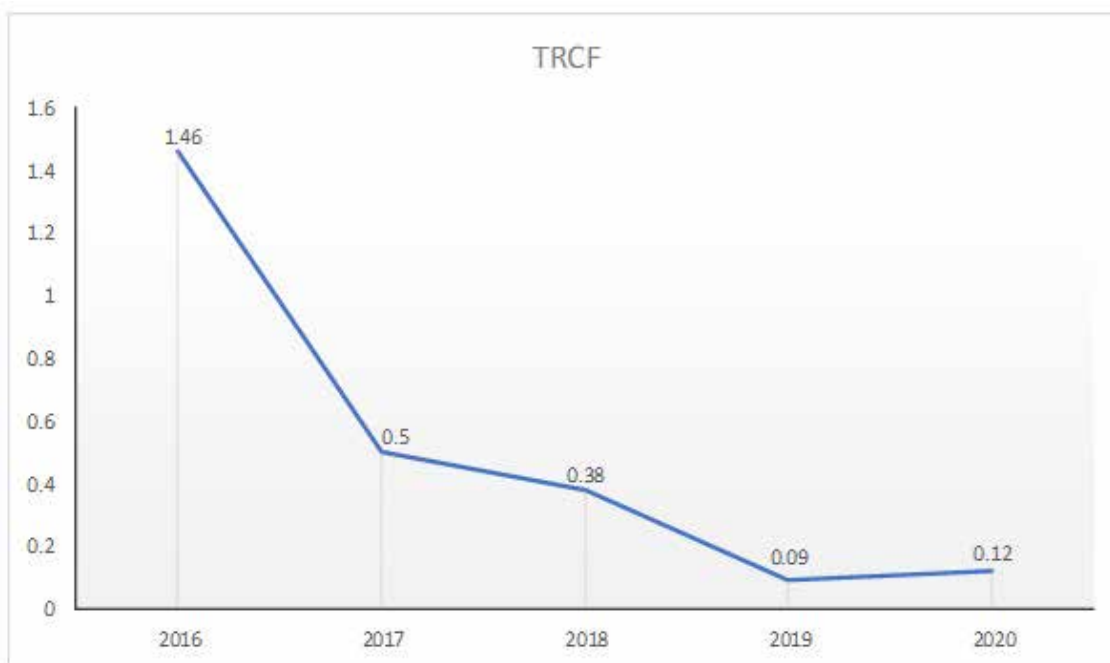
- Independent Petroleum Producers Group (IPPG) COVID-19 Support Initiative – NNPC
- NDEP Covid-19 Support to the Rivers State Government
- Food palliatives for NDPR Host Communities
- The sponsorship of annual Mining and Geosciences Society International Conference & Exhibitions
- Lagos COVID-19 Outreach: Partnership with Sparkles Foundation to provide food relief to low-income earners at Oworonsoki settlement of Lagos State
- Support of the Centre for Petroleum Institute's 20th anniversary event and the launch of its reference book
- Sponsorship of the Aret Adams Award presented during the NAPE Virtual 38th Annual International Conference & Exhibition
- Sponsorship of the Special Technical Business Session in honor of Chief Dr. Tunde Afolabi, Chairman/CEO Amni, @70
- Sponsorship of the Aret Adams Foundation Annual Lecture Series 2020
- Advert support for the March publication of Stephen Oluwole Awokoya Foundation for Science Education
- Making of Champion - sponsorship of Student athlete Mercy Umoibang.

2.4 Health, Safety and Environment (HSE)

At NDEP, we are committed to creating a healthy, safe, and sustainable environment through our policies which is embedded in our value system as set out in the NDEP HSE Management System Document. Our staff are our most important asset. As part of our commitment to promote a healthy lifestyle, we engaged the service of accredited health consultants to conduct periodic Covid-19 tests for all staff to ascertain their wellbeing.

It is worthy of note that during the year under review, there was no form of discharge to the environment (Zero sabotage and operational spill). This was achieved through a thorough and rigorous process put in place by the Company. Globally, there was a decline in the level of activities because of the COVID-19 pandemic. However, we have been able to successfully maintain operations at our Ogbale field by strictly following the guidelines and protocols of the health officials. Other locations (Lagos and Port Harcourt) have been working from home through our secured virtual private network.

The Company has been able to maintain its commitment to reduce its Total Recordable Case Frequency (TRCF) to zero. For the year ended 31st December 2020, the TRCF factor is 0.12 (2019: 0.09) a fairly constant year-on-year trend. The Company will continue its adoption of international best operating practices by the HSE team. See our TRCF profile below:



3. Governance

3.1. Sustainability Governance

NDEP centrally manages an effective governance structure, along with performance standards. The Company has designed and implemented effective controls to identify and respond to emerging risk. The overall responsibility for sustainability within the Company is with the Managing Director under the supervision of the Board of Directors.

The Company maintains frameworks and policies such as NDEP Plc Business Code of Conduct; Environmental and Social Policy; Health, Safety and Environment (HSE) Policy; and Resource Conservation Procedure. These frameworks and policies have been designed to serve as a guide to all staff, contractors/suppliers, visitors, host community and other stakeholders.

3.2. Zero Tolerance to Fraud and Corruption

Fraud and corruption are major threats to our sustainability; consequently, we maintain a very high standard of professional conduct. We have a Code of Conduct in addition to a Conflict of Interest Manual that sets out what is expected of our people and promotes the right work environment. In addition, the Company has zero tolerance for bribery and corruption and maintains an independent whistle blowing channel devoid of workplace bullying. For the year ended 31st December 2020, NDEP recorded no case of fraud and corruption.

4. Environmental Sustainability

4.1. Energy Efficiency

We created various initiatives to promote energy efficiency in all NDEP facilities. We assiduously ensure wastage is reduced to the barest minimum. During the year, there was a significant decrease in fuel consumption which was due to the disruption to operations caused by the COVID-19 pandemic. We shall continue to imbibe the culture such as active energy conservation awareness, monitoring our electricity use, routine maintenance to improve machine efficiency, and use of energy saving electronic devices.

4.2. Water Management

The Company continued the improvement of the water conservation management system initiated in 2019 which aimed at the sensitization of staff to see water as a natural resource that can diminish. A water consumption measuring meter was installed in a strategic location in the field to monitor water usage.

4.3. Environmental Laws and Regulation

This is not just a tick box exercise for the Company but an internal commitment to leave the environment better than we met it, in consideration for the future generations. With this in mind, we ensure that compliance is cascaded into the KPIs of our staff.

4.4. Waste management

The Company ensures there are no forms of discharges to the environment. Operational discharge is treated and reinjected into an approved well. Waste treatment and zero spill assist the Company in the reduction of its carbon footprint on the environment.

Conclusion

As a fast-growing indigenous oil and gas company that prides itself in the excellent delivery of mandate, the Company shall continue to deepen its culture of sustainable development as it fits into the current global business realities.

As a committed and responsible Company, we will continue to work assiduously to ensure we protect the interest of our people, communities, environment, government, and all other relevant stakeholders without compromising global best practises and the regulations guiding our operations.