

Within the Nigerian Oil and Gas space today, a number of Independent operators are emerging. What continues to differentiate the NDEP Group is its unique approach to its stakeholders, exemplified by our pioneering “Host Community Development Trust” (The Trust).

The Trust is a sustainable vehicle that allows NDEP Plc and its subsidiaries (The Group) to cater for the immediate needs of the residents of the host community, through an Advisory Committee and a Board of Trustees which administer the activities of the Trust. The success of our CSR initiatives has meant that since the commencement of production, no downtime has been recorded from community-induced restiveness.

The early incorporation of the Trust in 2002, many years before First Oil, demonstrates that NDEP’s business approach is much more beyond profit. Instead, its people, the environment and the communities impacted by its operations, are at the core of the Group’s business strategy.

This approach is profound and effective. It focuses on the overlapping areas of Community, People and the Environment, enabling the NDEP Group to attain many firsts and several milestones throughout its history. This report will provide a snapshot of key areas of CSR activity undertaken during the 2014 financial year.

Our Environment: HSE

NDEP and its subsidiaries believe that a sound Health Safety Environment (HSE) performance is an integral part of profitable and sustainable business management. Our Environmental policy is guided by the following principles:

- Protection of Health and Safety of our Employees and Stakeholders
- Protection of our Environment
- Proactive HSE Management
- Compliance with Federal, State and Local Government Laws and Regulations
- Elimination of gas flaring
- Sustainable economic development of our Host Communities.

The Group has developed a Community Affairs, Safety,

Health, Environment and Security (CASHES) manual and policy to promote a safer and friendly working environment for everyone on our facilities. The policy also guides staff on best practices.

Additionally, the Group has a robust HSE Policy and promotes HSE excellence. The Group’s HSE Policy objectives are regularly audited and reviewed by Management to sustain a proactive and effective management of HSE risks.

As part of its continuous improvement in the demonstration of sound HSE practices, the Group’s HSE Management System (HSEMS) was revised to accommodate the evolving regulatory controls and technological options. In the year under review, there was a renewed focus on Competency Development, Training, and Awareness as tools for increased and sustained HSE performance and practices.

The third edition of HSE week 2014 was successfully conducted between the 24th and 28th of February 2014 with the sub theme “HSE Our Way of Life”. The continued suitability, adequacy and effectiveness of our HSE Management System (HSEMS) has once again, accounted for a Zero Fatality and Zero Lost Time Injury (LTI) in all the Group’s facilities and production activities in 2014.

Our People

The workforce of NDEP and its subsidiaries are key assets to its operational existence. The Group acknowledges the hard work and dedication of its relatively young, indigenous workforce and strives to reward and motivate them accordingly with competitive welfare packages.

The oil and gas industry is constantly evolving. It is thus important that staff members are kept abreast of industry trends and dynamics, through training, both locally and abroad. The Group has consistently worked towards providing a conducive working environment for its entire staff and other parties operating within our facilities. We also recognize the importance of a good work/life balance for staff to enhance a better quality of life.

Our Communities

The Group’s close relationship with its Host Communities is a model that has been adopted by other industry practitioners and has received national acclaim. The contribution of 5% of

NDEP's pre-tax profit to the Trust continued in 2014. Over the years, many sustainable development projects have been initiated and executed from this Trust fund for the benefit of the host communities.

In the year under review, the Memorandum of Understanding (MoU) between NDEP Plc and its principal host communities expired. However, new MoUs are currently being negotiated with each of the host communities. Also, the tenure of the members of the Board of Trustees which expired in February 2014 was renewed for another four years with Prof. Sylvanus J. S. Cookey, OFR retained as the Chairman of the Board of Trustees. This was done in recognition of the outstanding performance of the BOT in the last tenure.

In 2014, the projects executed by the Trust in the different communities are as follows:

Rural Electrification

In 2013, it was reported that the electrification projects for the Ogebe, Oshiugbokor and Obumeze communities had achieved various levels of completion. We are pleased to report that these projects have now been completed and connected to the National Grid. In effect, each of the communities currently enjoys regular electric power supply. This was a promise made and kept by NDEP, for which the host communities are immensely grateful. The electrification of the Ogebe community was achieved at a cost of ₦39,139,045.00 while those of Oshiugbokor and Obumeze communities cost ₦17,669,520.00 and ₦19,739,668.00 respectively.

The Ogebe Community

- An annual Education Bursary Award was paid to each of 119 students of Ogebe community origin in tertiary institutions in Nigeria at ₦50,000.00 per student amounting to ₦5,950,000.00.
- Medical Aid support was granted to 284 elders in the community to enhance their wellbeing at a cost of ₦20,000.00 each, amounting to ₦5,680,000.00.
- 143 youths from the Ogebe community were empowered to acquire skills through the Skill Acquisition Programme in various fields of endeavor at ₦30,000.00 each amounting to ₦4,290,000.00. This programme

was designed to enable the youths to acquire different skills that will hopefully open the doors to employment, self-employment and consequently, community-based wealth creation.

- The sum of ₦11,260,879.00 was disbursed for the completion of the electrification project aforementioned, during the 2014 Financial Year.

The Otari Community

- Medical Aid support was granted to 177 elders in the Community to enhance their wellbeing at a cost of ₦20,000.00 each, amounting to ₦3,540,000.00.
- The sum of ₦828,000.00 was paid to the community to support its vigilante group in order to maintain internal security.
- The sum of ₦4,639,110.00 which was the retained contract sum for the construction of the Otari Multipurpose Ultra-modern Town Hall was disbursed in 2014.

The Oshiugbokor Community

- Annual Education Bursary awards of ₦50,000.00 each was paid to 111 students in tertiary institutions in Nigeria at a total cost of ₦5,550,000.00.
- The sum of ₦2,857,931.67 which was the retained contract sum for the construction of the Girder Bridge for the community was disbursed in 2014.
- The repair of the Oshiugbokor Community Girder Bridge approach was awarded at a cost of ₦1,889,055.00.

The Obumeze Community

- Medical Aid support was granted to 186 elders in the community to enhance their wellbeing at a cost of ₦20,000.00 each, amounting to ₦3,720,000.00
- 170 youths were also empowered to acquire skills through the Skills Acquisition Programme at a cost of ₦30,000.00 per participant, amounting to ₦5,100,000.00.
- Annual Bursary Education awards was paid to 84 students in tertiary institutions in Nigeria at ₦50,000.00 per student amounting to ₦4,200,000.00

The Rumuekpe Community

- Appreciable progress was achieved in 2014 in the construction of two secondary school blocks. The sixth milestone has been achieved at a cost of ₦35,974,819.20. The total value of the project is ₦67,845,015.00. This project commenced in 2012 and has reached an advanced stage. Completion is expected by the end of 2015.
- The sum of ₦3,300,000.00 was paid to the community to assist in strengthening their local vigilante group for the maintenance of security of life and property of members of the community.
- Annual Bursary awards was paid to 488 students in tertiary institutions in Nigeria at ₦50,000.00 per student, amounting to ₦24,400,000.00

The initiatives listed above, particularly the provision of electricity to three communities, have added substantial positive economic impacts to our host communities. The secondary school blocks for the Rumuekpe Community upon completion will reduce the burden of extremely long walks to secondary schools in other communities for the children of Rumuekpe. These charitable acts have aligned the interests of the host communities to NDEP's, resulting in zero downtime in the operations of the Group with respect to disturbances that are attributable to the host communities.

CHARITY AND DONATIONS

In 2014, the Group continued its long-standing commitment to charitable causes. Some of our activities in 2014 are as follows:

- "Train the Trainer" workshop and a week-long field trip for Geology Lecturers in Nigerian Universities at a cost of ₦3,283,250.00
- Sponsorship of the yearly Centre for Petroleum Information (CPI) Roundtable Event at a cost of ₦300,000.00
- Purchase of educational and inspirational books for secondary schools at a cost of ₦1,000,000.00
- Sponsorship of Lagos Book & Arts Festival at a cost of ₦3,000,000.00
- Support for The Aret Adams Foundation at a cost of ₦400,000.00
- Sponsorship of 20 Students to attend The 2014 NAPE Annual International Conference and Exhibition (NAICE) at a cost of ₦1,000,000.00.
- Rehabilitation of Babatunde Jose Road, Victoria Island, Lagos at a cost of ₦27,257,818.

Conclusion

Through its unwavering commitment, the Group continues to show that things can be done differently, to the benefit of all key stakeholders. Across all its operations, implemented policies and controls have resulted in a safer environment, more content staff and more co-operative host communities.

As the Group continues to grow, and its operating footprint widens, we plan to build on our track record, by improving sustainability and efficiency within the Group, enhancing the welfare of stakeholders and minimising adverse effects on the environment.



Babatunde Jose Road under construction



The completed Babatunde Jose Road