

Positively impacting its operating environment, host communities, people and stakeholders are integral to the NDEP approach to sustainable oil and gas resources development. Our pioneering Host Communities & Environmental Development initiatives set us far and apart from other operating companies and are underpinned by the Host Community Development & Environment Trust, founded even before First Oil was attained in 2005.

As an independent Nigerian company, we especially recognize the importance of long term planning and the positive impact this brings to all aspects of our operations, both now and for the future.

For NDEP, sustainability means meeting the needs of the present without compromising on those of the future. To this effect, NDEP has developed policies on:

- Staff Welfare and Human Capital Development
- HSE (Health, Safety, Environment)
- Corporate Social Responsibility (CSR)

These policies are regularly reviewed and updated (as necessary), to ensure they comply with local and international best practices.

## **Staff Welfare and Human Capital Development**

The Staff of NDEP are the foundation upon which all successes of the company are built. As such, NDEP places a premium on staff welfare and development. In the year under review, the Company undertook the renovation of its Head Office in Lagos to provide a more amenable and conducive workplace.

To ensure NDEP continues to meet the evolutionary trends in the industry, renewed emphasis has been placed on training and development for staff, with more trained locally and internationally. The result is that the Company's human resources are well equipped to face the challenges of the modern-day Oil and Gas Industry.

A review of the NDEP Human Resources Policy Manual and Employee Handbook was also carried out during the 2016 financial year. With this exercise, the Company has complied with global best practices for the welfare of its employees.



## Health, Safety and Environment (HSE)

Health, Safety and Environment continuously receive priority attention within NDEP and its subsidiaries. The Company constantly reviews its efforts and procedures for identifying workplace hazards, reducing accidents and exposure to harmful situations and circumstances, through training and re-training of its employees in accident prevention, accident response, and emergency preparedness.

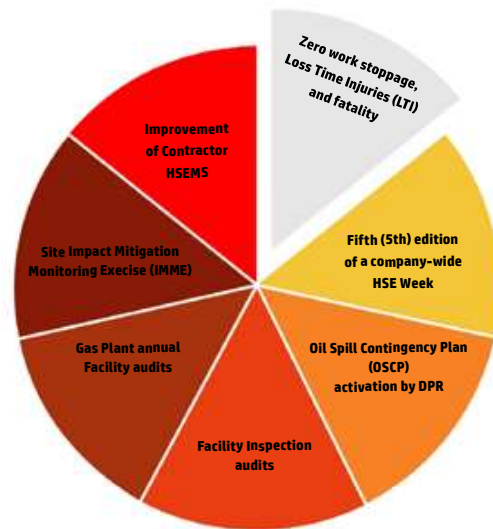
Despite the unprecedented exposures and challenges your Company faces daily at the work place, we are pleased to announce that we reached the Five Million man-hours without Loss-Time injury (LTI) during the financial year. This is a remarkable and commendable milestone in the operating annals of the Company.

A systematic approach to HSE management ensures that the Company complies with environmental regulations, thereby making our work place and operating environment safe for our employees, communities and other stakeholders.

Other HSE achievements for the year under review include:

- Recording of zero work stoppage, Loss Time Injuries (LTI) and fatality
- Successful organization of the fifth (5th) edition of a company-wide annual HSE Week
- Successful completion of an Oil Spill Contingency Plan (OSCP) annual activation by the Department of Petroleum Resources (DPR)
- Completion of Management quarterly Facility Inspection audits
- Completion of routine annual gas plant facility audit by the DPR
- Continuation of site Impact Mitigation Monitoring Exercise (IMME)
- Improvement of contractor HSE Management System.

## 2016 HSE Achievements



Our Company's commitment to sustainability of the environment, makes it mandatory for our employees to manage their work responsibly. This is done in line with the Group's Community Affairs, Safety, Health, Environment and Security (CASHES) manual, which is continuously reviewed and updated to meet with best practices and stringent industry standards.

Our CASHES manual requires that employees identify, assess and prioritize environmental risks and ways to improve same. It also sets standards and demands that our efforts towards sustainable environmental practices are measured with a view to reaching informed decisions on environmental management.

## ESMS and ISO 14001:2015 Certification

AquaEarth Consulting was engaged in November 2015 to upgrade the existing Health Safety & Environmental Management System (HSE-MS) to an Environmental and Social Management system (ESMS) and to prepare NDEP towards the ISO 14001:2015 certification.

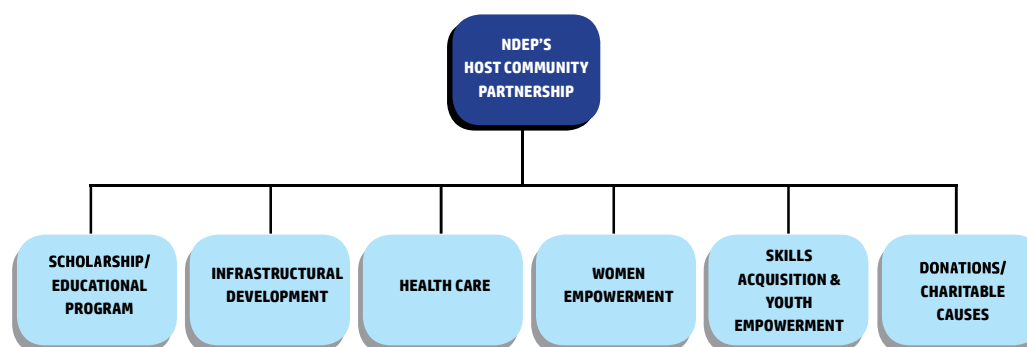
These are structured framework for managing a company's significant environmental and social impacts. The first part (ESMS) were gaps identified during the due diligence exercise which was mandatory for company to closeout. While the second part (ISO 14001:2015) was company's initiative to raise her standards to internationally accepted ways of doing business.

As at date, the first two phases have been achieved while the third and fourth phases are ongoing.

## Corporate Social Responsibility (CSR)

NDEP's Corporate Social Responsibility centers primarily on its host communities, without losing focus on its other stakeholders.

Our partnership with our host communities include the following areas:



## Scholarship and Education Program

Educational development is a primary area of focus of the NDPR Host Communities Development Trust. In the year under review, scholarships were awarded to students from the host communities and the construction of two Secondary School Blocks in Rumuekpe Community continued.

## Infrastructural Development

The need for improved infrastructure remains acute within our host communities. As such, infrastructure development has received priority attention. Our efforts during the financial year were devoted to:

- Repairs and maintenance of Roads within the communities to encourage movement of goods and services.
- The expansion of the rural electrification project for a wider reach of the communities.
- Maintenance of host-communities owned existing infrastructure.



Still within the period, an approval was given for the construction of public toilets in Ogbele to encourage improved hygiene thereby promoting good health in the community. Finally, the renovation of a Civic Center is on-going in Obumeze community. When completed, it is hoped that this will boost intra-community harmony.

### **Health Care**

The Health Care Scheme initiated by the Board of Trustees continues to assist many people, particularly the elderly in most of our host communities to access primary health care. Over ₦10m was invested in the provision of medical aid to the elders during 2016.

### **Women Empowerment**

The importance of female education and empowerment is highlighted by international development practitioners. In recognition of this, the BOT has supported women empowerment in each of our host communities. An additional 60 women from the 6 communities received a grant of ₦100k each to acquire skills of their choice.

### **Skills Acquisition and Youth Empowerment**

The importance of the youth also in creating a better future for Nigeria has never been overlooked. The Trust consciously empowers the youths via the award of grants and skills acquisition trainings to impact their own lives and that of other individuals and the communities at large.

In the year under review, several projects were initiated and funded by the Host Communities Development Trust, although at a reduced scale due to often reported intra-community unrest during the period.

### **The Ogbele Community**

- An annual security surveillance grant of ₦1.8m was paid to support the local security enhancement efforts.

### **The Obumeze Community**

- Grading of the access road at a cost of ₦4.0m
- Continuation of the renovation of the Community Civic Center at a cost of ₦6.1m

### **The Rumuekpe Community**

- Continuation of the ongoing construction of 2 secondary school blocks at a cost of ₦3.5m. The completion of this project has been further delayed due to continued unrest in the community.
- Grading of access road at a cost of ₦4.0m.
- Payment of Educational Bursary Awards to 80 students of Rumuekpe Community Origin in Tertiary institutions in Nigeria at a cost of ₦50K per student, amounting to ₦4.0m.

### **Omaraka Community**

- The sum of ₦1.8m was disbursed to support local security enhancement efforts.

## Donations and Charitable Causes

Guided by the relevant provisions of the Companies and Allied Matters Act, Cap C20 Laws of the Federation, 2004, NDEP and its subsidiaries have supported several charitable causes and professional organizations in 2016:

- Sponsorship of the opening ceremony of the 2016 NAPE (Nigerian Association of Petroleum Explorationists) Annual International Exhibition and Conference.
- Sponsorship of the Exhibition of the Nigerian Mining & Geological Society at the University of Ibadan.
- Sponsorship of Annual Lagos Book and Art Festival.
- Donation to Nigerian Environmental Society.
- Sponsorship of the Lagos Chambers of Commerce Arbitration Center (LACIAC) launch event.

## Memorandum of Understanding (MOU)

The relationship between NDEP and each of its host communities is governed by a Memorandum of Understanding. The responsibilities and obligations of each party are clearly set out in the MOU, which is renewed bi-annually. In 2016, the MOU with all the host communities were reviewed and renewed, thereby promoting a continued cordial relationship between your Company and its host communities.

## The Host Communities Development Trust and The Board of Trustees

The year under review witnessed a change in the composition of the Host Communities Board of Trustees. Professor JS Cookey (OFR), Chairman of the Board of Trustees, and other members who had served meritoriously for six or more years, graciously relinquished their positions and were replaced in June 2016, with new members appointed with their inauguration effective November 2016.

The new Board of Trustees is presently led by a seasoned oil Industry expert and former Group Managing Director of The Nigerian National Petroleum Corporation (NNPC), Chief Chambers Oyibo. Other members of the BOT include Dr. T.S.T. Toby, a medical practitioner, Dr. (Mrs.) Georgiana Ngeri-Nwagha, Dr. (Mrs.) Esohe Molokwu, Chief Enyinda Chukwu and Mr. Ede Osayande. It is important to note that Mr. Osayande is the representative of the Board of NDEP on the Board of Trustees.

These distinguished men and women have each brought to the BOT the skill sets and experiences necessary to sustain and elevate the activities of the Trust to even greater heights.



## **Conclusion**

NDEP's unique approach to the support and protection of its operating environment and Host Community-based stakeholders will continue as these variously add value and make a difference in the lives of the people.

In the years ahead, and within the financial resources available, NDEP PLC and its subsidiaries will continue to give priority to its Host Communities, the environment we operate in and its people. As a corporate entity, we are part of our communities and the environment and we are confident that our mutually beneficial relationships will endure to leave a legacy for the future.