

| FINANCIAL REVIEW (CONT.)

licence for OPL 227 as we evaluate its exploration potential.

The Company received ₦1.58 billion in dividend payments from our investment in ND Western Limited, compared to none received in 2020. Interest of ₦1.66 billion was received and ₦0.41 billion was recorded as proceeds from disposal on financial assets.

Cash Flows from Financing Activities

Net cash outflows from financing activities was ₦11.90 billion in 2021 (2020: -₦8.71 billion). The financing outflows were mainly debt and interest payments

on existing facilities from GTBank and BOI facilities respectively. The Company also applied for and drew on a US\$10m BOI facility to pay down a portion of the GTBank facility, and support operations. Interest paid in 2021 was ₦2.44 billion, compared to ₦2.47 billion in 2020.

The Company paid a dividend of ₦1.52 billion in 2021 (2020: ₦3.69 billion)

DOING BUSINESS RESPONSIBLY

SUSTAINABILITY REPORT 2021

2021 brought new uncertainties and challenges not only in the business space but to everyday lives due to the continued effects of the Covid-19 pandemic. At Niger Delta Exploration & Production Plc (NDEP), we continued to respond to the pandemic by adeptly protecting our members of staff and supporting the communities where we operate. To this end, we are pleased to present the Sustainability Report for the year ended 31 December 2021. The report presents the key aspects of our Environmental, Social, and Governance (ESG) strategies, programs, and performance.

Overview

At NDEP we recognise that our businesses and operations must be carried out in a manner that is

clearly sustainable for the environment, economy, and our stakeholders. As the world faces significant environmental and social challenges, corporations and individuals alike are becoming more conscious of the need to reduce carbon emissions. Moving towards the global energy transition, we are committed to being part of the solution to ensure that our businesses align with long term strategies to protect the environment and humanity. It is thus a key priority for us to ensure that our business models incorporate a principled approach to sustainability and align with rules and regulations, domestic and international expectations, and standards.

In the face of changing times and global rising uncertainties, we continue to ensure that sustainability is an indicator of our success.

Our people, processes and systems have remained strong. Beyond making profit, the Group continually assessed the impact of its strategic, tactical, and operational decisions in a bid to protect the interests 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 as a culture 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 in line with the requirements of the Securities and Exchange Commission Rules and Regulations 2013, the Company will report its Sustainable Development initiatives for the year ended 31 December 2021 in the following key areas: *economic viability, social impact, governance, and environment.*

1) Economic Viability

1.1 Procurement Process: NDEP through its contract and procurement processes engages economically, environmentally, and socially responsible contractors and suppliers. For the year under review, there was no breach of the Company's ethics and compliance rules hence there was no sanction of any vendor and no contract was terminated due to unethical practices and/or ethical activities.

The Company ensures that it always conducts its contracting and procurement activities in accordance with its Code of Business Conduct, and ensures compliance from its suppliers and contractors, including sub-contractors with penalties for non-adherence and violation.

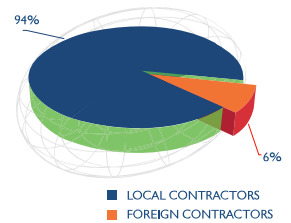
In terms of compliance, contractors are also provided with the Company's Anti Money Laundering Policy, Confidential Information Policy, Conflict of Interests and Anti-Bribery Laws to facilitate compliance with the Company's policies.

Finally, we ensure social consideration by engaging skilled and qualified community members 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 recognises that purchasing decisions present an opportunity to have a positive social and economic impact. As part of its effort to support local content and boost local capacity, NDEP operates a deliberate policy of sourcing its goods and services from its local contractors and suppliers that meet its quality standards. Its suppliers are sourced locally as NDEP recognises the value of supporting local businesses. This is also in line with the aspirations of the Nigerian Content and Monitoring Board (NCDMB).

1.3 2021 Operations Support Service Engagements: In 2021, the Company continued its drive to encourage local companies by ensuring 94% (2020: 95%) of all its contracting and supply activities for the year are carried out locally. The marginal 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, operations and maintenance are carried out locally, which is achieved by adequate training and knowledge transfer.

CONTRACTOR/SUPPLIER PERCENTAGES



| DOING BUSINESS RESPONSIBLY (CONT.)

1.4 Finance management: NDEP ensures optimal and responsible operation of its assets, as this drives profitability. Investments are carefully analysed, and funds are deployed in a manner that promotes shareholder value. These and other measures have protected the Company in tough times and are responsible for its resilience over time.

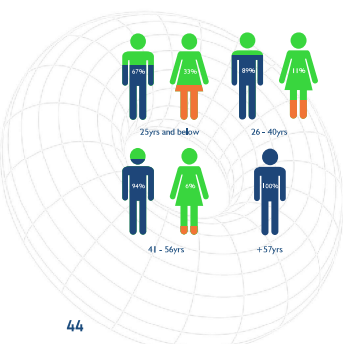
Our financial highlights and the financial review section, confirm the resilience of the Company's financial position and its ability to remain profitable in years to come.

2) Social Impact

2.1 Employee Management

2.1.1 Diversity and Inclusion: NDEP is an equal opportunity employer that is committed to incentivising its employees and maintaining a positive work environment. This facilitates a high level of commitment and motivation among staff. The Company prohibits discrimination based on age, gender, religion, ethnicity, state of origin, disability, or health status. Below is the graph showing the Company's workforce age distribution in 2021:

WORKFORCE AGE DISTRIBUTION



During the year ended 31 December 2021, NDEP had the 2021 International Women's Day event. The event was a success, and the theme was "CHOOSE TO CHALLENGE". The collaboration gave female staff the opportunity to share experiences and learn from each other, which generated dynamic and innovative ideas.

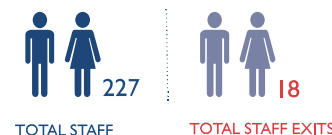
Despite the economic pressure in the year under review, the Company hired 35 new staff to join the pool of its excellent workforce. As an equal opportunity employer, NDEP ensured the recruitment and selection processes were based on merit and without prejudice.

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 wellbeing of our employees through effective engagements such as health programmes, trainings, work life balance, and compensation to promote staff retention.

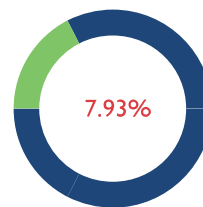
We grow by providing trainings and on the job development. The energy sector requires highly technical, competent, and knowledgeable individuals. As a result, we are dedicated to harnessing our employees' potential through continuous learning and development. To achieve this, the Company provided a robust e-Learning platform for all staff during the year under review.

We build a healthy workforce, by ensuring that all members of staff are subscribed to a comprehensive health insurance plan. The Company continued to encourage 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 Organisation 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, Bimbo Family Affairs Support Centre Limited on mental health and psychological issues all year round.

The Company sustained its approach of keeping its commitment to its people which reflected in the attrition rate for the year. The Company-wide attrition rate for the year ended 31 December 2021 is 7.93% of our combined human resources (2020: 1%) as shown below:



ATTRITION RATE FOR THE YEAR 2021



2.1.3 Human rights, Non-discrimination, and Equity:

As a reputable company, we value, respect, and promote human rights of all persons. The NDEP's Code of Business Conduct clearly provides for the respect of human rights and non-discrimination in the workplace. NDEP recorded no infractions in the year ended 31 December 2021. 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 cordial relationship with our host communities (Otari, Obumeze, Ogbel, 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 Host Community Development Trust (HCDDT), through the Board of Trustees continues to play a pivotal role in the sustainable development of our host community.

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 its host communities and enhance the standard of living.

Key areas of focus for the year ended 31 December 2021 were the following: human capital development, economic and social empowerment, health, and infrastructural development.

Activities of the Trust in 2021: ₦43.3m

Human Capital Development

The NDPR Host Community Development Trust successfully graduated 120 young adults, ranging in age between 20 and 30 years, from the Skills Acquisition Program. The graduates were trained in various vocations including:

- Mobile phone repairs
- Computer training and maintenance
- Electrical electronics
- Welding and fabrication
- Fish and snail farming
- Fashion design and tailoring

| DOING BUSINESS RESPONSIBLY (CONT.)

NDEP PLACES A HIGH PREMIUM ON STAFF GROWTH AND DEVELOPMENT.
OUR CORPORATE CULTURE GIVES ROOM FOR A FRIENDLY COMMUNITY WHERE EVERYONE IS TREATED WITH RESPECT AND VALUE.



| DOING BUSINESS RESPONSIBLY (CONT.)

Catering and food processing
Maintenance of big and small generators
Carpentry and furnishing
Driving
Hairdressing

The trainings were conducted under strict supervision and upon graduation, certificates and starter packs were provided for all the graduates. NDEP provided a follow up service to ensure that the graduates utilised the starter packs effectively. The report showed that about 85% of the graduates effectively utilised the starter packs for businesses, thus ensuring self-sufficiency and sustenance.

Focal areas of engagement of the Trust continue to be education, economic and social empowerment, health, Infrastructural development, and corporate philanthropy.

Education

"Education is the passport for the future, for tomorrow belongs to those who prepare for it today".

At NDEP we recognise that education is of essence for modern society. Equipping students with the skills to survive to be able to function in a modern workforce and contribute to society is key. Education molds people into leaders not only with knowledge about subjects, but it also shows them how to lead with emotion and true values.

The target for NDEP continues to be students in tertiary institutions in Nigeria. In the year under review NDEP supported the education of members of its host communities as follows:

Bursary payment to 116 students in higher institutions from Obumeze community

Bursary payment to 200 students in higher institutions

from Ogbele community

Renovation and furnishing of Obumeze Community U. B. E Primary School

Health

Maternity Hospital: Health system infrastructure improves effectiveness, safety, timeliness and patient-centeredness, access and efficiency in health delivery. NDEP recognises the need to build robust health infrastructure in its host communities. In the year under review, the Trust continued with rehabilitation and expansion of the Maternity Hospital at Ogbele community which commenced in 2020.

Upon commissioning, the facility will be handed over to the Ogbele Community for use, not only by Ogbele indigenes, but by members of other communities.

Health Grant: NDEP continues to invest in the lives of the elderly in its host communities to ensure that they afford basic medical attention to live healthy lives. Thus, in the year under review, NDEP paid health grants towards the maintenance of the health of the elderly people in our host communities.

Social and Economic Empowerment

The purpose of economic development is to improve the social and material well-being of all individuals and social institutions with a goal of achieving the highest possible level of human development. Football is one of the sports that provides social cohesion and peaceful coexistence among our host communities. In the year under review, in addition to the Skills Acquisition Programme, Otari community was supported with a donation for a youth sport competition within the community.

Infrastructure Development

Infrastructure development is a key driver for progress in any society and a critical enabler for productivity and

Investing in Growth

sustainable economic growth. NDEP continues its giant strides in the development of infrastructure in its host communities. In the year under review, the Trust initiated new infrastructure development projects and continued with existing projects as follows:

Repair of Road in Rumuekpe Community
Continuation of the construction of Rumuekpe Town Hall
Continuation of the construction of Oshigbokor Town Hall
Provision of potable water in Otari Community
Provision of potable water in Obumeze Community
Extension of electricity in Obumeze Community
Maintenance of electrical infrastructure in Ogbele Community

Charitable Donations: ₦102 million

In the year under review the following charitable donations and sponsorships were made:

Joint sponsorship (with ND Western Ltd) of conference bags at the 2021 NAPE International Exhibition and Conference.

Sponsorship of the Ikoyi Club Golf Section to show its support to the Lady Golfers of the Ikoyi Club.

Instituted the full endowment of the Aret Adams Chair for Entrepreneurial Development at Ambrose Alli University, Ekpoma (AAU), in Edo State.

Sponsorship of Energy Sustainability Conference (ESC) – Exhibition sponsorship

The Energy Institute Nigeria hosted the ESC conference to lend its voice among other energy players in Nigeria

and the African Energy space, to chart a pathway for a sustainable energy future.

Redemption of Stephen Oluwole Awokoya Foundation 2020 Pledge

The Stephen Oluwole Awokoya Foundation for Science Education is a charitable, non-profit organisation, with the objective of promoting science education in universities.

Sponsorship of the Lagos Book and Art Festival (LABAF) LABAF is an annual event, organised by the Committee for Relevant Art designed to promote literacy and human capacity development through interactive reading workshops, arts and crafts and creative workshops for children, students and youths as well as publishers and artists.

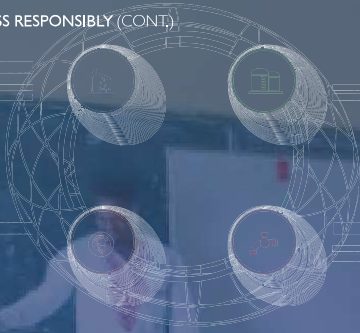
Donation to the Gas Aggregation Company Nigeria (GACN) Engagement 2021
The GACN is the Gas Sector Stakeholders Forum.

Sponsorship of the Nigerian Oil and Gas Opportunity Fair (NOGOF) 2021

Nigerian Oil and Gas Opportunity Fair (NOGOF) 2021 is a virtual conference organised and hosted by the Nigerian Content Development and Monitoring Board (NCDMB).

Sponsorship of Value Chain Magazine Annual Lecture and Awards 2021. This Value Chain publication champions a Foundation for sickle cell disease in Nigeria.

DOING BUSINESS RESPONSIBLY (CONT.)



OUR HOST COMMUNITIES

NDEP HAS CONTINUALLY MAINTAINED A SOUND WORKING RELATIONSHIP WITH OUR HOST COMMUNITIES (OTARI, OBUMEZE, OGBELE, RUMUEKPE, OMARAKA, AND OSHIUGBOKOR).

| DOING BUSINESS RESPONSIBLY (CONT.)

PICTURES



Ogbele Health Centre and Maternity



Mono Pump in Otari Community



Oshiugboko Town Hall



Extension of Electricity in Obumeze Community



Oshiugboko Town Hall



Renovation and furnishing of Obumeze U.B.E Primary School



Pupils in one of the renovated classrooms receiving lessons



Furnished staff room for teachers

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 and to administer Covid-19 vaccinations to staff and their family members.

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 monitoring 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 successfully maintained operations at our Ogbele field by strictly following the guidelines and protocols of the health officials. Other locations (Lagos and Port Harcourt) worked from home through our secured virtual private network.

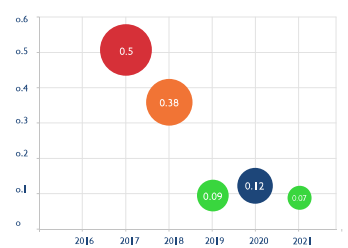
The Company recorded impeccable HSE performance for the year ended 31 December 2021 with zero fatality, a total of 14.3 million manhours without incidents and zero Lost Time Injury (LTI).

The Company has been able to maintain its commitment to reduce its Total Recordable Case Frequency (TRCF) to zero. For the year ended 31 December 2021, the TRCF factor is 0.07 (2020: 0.12) 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:

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

TOTAL RECORDABLE CASE FREQUENCY (TRCF)



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 communities 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 whistleblowing channel. For the year ended 31 December 2021, 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

| DOING BUSINESS RESPONSIBLY (CONT.)

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 to sensitise staff to see water as a natural resource that can diminish. A water consumption measuring meter was installed in the field to monitor water usage.

4.3 Compliance to 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 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 its mandate, the Company shall continue to deepen its culture of sustainable development as it fits into the current global business realities of its operating environment.

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

