

Corporate social responsibility

Empowering our communities

Seplat's commitment to being a best practice operator as well as a responsible and accountable corporate citizen is reflected in our above-ground approach to our operations. This is illustrated by the strong relationships we have built with our local stakeholders to create both a stable operating environment and positive social and economic outcomes for our host communities.





Our approach

Our Corporate Social Responsibility strategy extends across all aspects of the business from our own operations and subsidiaries to our supply chain. The Company's commitment to its strong social and environmental values is reflected in its rigorous approach to performance assessment, measurement and evaluation across its four core CSR pillars: local stakeholder engagement, health, safety and environmental rigour, employee effectiveness, and our business and ethics conduct.



Skills acquisition training: 2013/14 graduates



PEARLS quiz secondary schools competition – Edo and Delta States

Corporate social responsibility continued

Social investment programmes

The social investment programmes aim to target immediate impact projects at the community level, identified following the completion of all Environmental and Social Impact Assessment (“ESIA”) studies. These include healthcare, education, economic empowerment/capacity building, infrastructure development and environmental stewardship initiatives as shown below.



Strong relationships with local stakeholders

Our strong local ties and commitment to the Company’s host communities have been intrinsically important to our success as one of Nigeria’s leading indigenous oil and gas companies. Since inception, we have prioritised sustainable community development through creating shared value for our local communities which has been critical in not only achieving operational success but also protecting the Company’s social licence to operate. Without such inclusion there could have been operational disruptions, increased costs and reduced value for our shareholders.

The Global Memorandum of Understanding (“GMOU”) Seplat entered into with the local communities that host its operations within OMLs 4, 38 and 41 was the Company’s first community development agreement signed between the Company and its local stakeholders. This set the standard for all of Seplat’s subsequent engagements with local stakeholders as the Company has grown and acquired additional licences. The GMOU provides a framework within which the Company and its host communities can work together to support wider sustainable community development.

Under the terms of the GMOU, a Community Development Committee (“CDC”), also referred to as the Host Communities Forum (“HCF”), has been established and is comprised of representatives from each host community. The CDC/HCF is responsible for coordinating the implementation of the social investment programmes funded by Seplat and identified by the CDC/HCF, with a view to invest in areas that align Seplat’s business objectives with local priorities whilst addressing broader development objectives. This process involves transparent communication with all local stakeholders and ensures multi-party engagement between the Company, community, civil-society groups and government.

Local content policy

Seplat's commitment to creating shared value and achieving positive social and economic outcomes for its host communities is further embodied in the Company's comprehensive local content policy. Seplat seeks to ensure there is a positive multiplier effect on the local economy through significant local content spend, enhancing the Company's local supply chain and contributing to a thriving and competitive local market. Seeking to use local business partners can simultaneously reduce operating costs and project risks by developing a mutually-beneficial relationship with the Company's local partners.

Seplat remains committed to Nigeria's economic and social development and will continue to work collaboratively with local partners to ensure a competitive local services market to stimulate local employment opportunities within a diversified market.

Health, safety, security and environment

If managed carelessly, the oil and gas industry can pose significant environmental and safety risks to all its stakeholders. As such, upstream oil and gas companies now operate within the context of increasing regulatory and legislative pressure, highlighting the importance of effective risk oversight and management to safeguard a company's operations. Health, safety, security and environment ("HSSE") is a vital component of our CSR and broader sustainability strategy which ensures a safe and secure working environment for all of our employees, whilst simultaneously minimising the environmental impact of our operations.

Capacity building

In partnership with NPDC, Seplat has been running a training scheme since its inception within its host communities to promote the development of vocational skills where there is a significant skills gaps relating to the oil and gas industry as well as other industries. In line with Seplat's commitment to create positive social and economic outcomes for its local communities, the Company has provided skills training in building and construction, fashion design and clothes manufacturing as well as media and communications.



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Secondary schools in Delta and Edo States involved in PEARLS Quiz Programme

Corporate social responsibility continued

The health and safety of our employees remains a top priority. We have continued to raise our performance in safety awareness with the implementation of new health and safety measures, to go beyond best practice standards to ensure as a company that we are optimising our operations on all fronts. At Seplat, all employees are committed to conducting operations beyond international best practice standards and the Company works to manage and mitigate HSSE risks through the implementation of the Company's HSSE Policy.

Employee effectiveness

Our people are at the centre of delivering our business goals, which is why we are committed to building a mutually beneficial, sustainable relationship with all of our employees. The success of our employees translates into the success of our business, and as such Seplat prides itself on creating a conducive environment for employee development and growth.

2014 Performance Review

Environmental Performance Metrics

Flaring – million tonnes of oil equivalent (mmboes)	9,465.33 MMscf
Volume of oil spilled through own operations (thousand tonnes)	2.7 bbls
Volume of oil spilled through sabotage (thousand tonnes)	10 bbls
Groundwater contamination	Nil
Freshwater consumption	1,18 MMbbbls

Health and Safety Performance Metrics

Fatality	0
LTIF (per million man-hours)	0.4
TRIR (per million man-hours)	0.67
Occupational health/safety training for employees	Safe Systems of Work, First Aid at Work, Radiation Safety, BOSIET, etc
Fines or sanctions	Nil

2015 Performance Targets

Environmental Performance Targets

Flaring – million tonnes of oil equivalent	6,000 MMscf
Volume of oil spilled through own operations (thousand tonnes)	0
Volume of oil spilled through sabotage (thousand tonnes)	0
Groundwater contamination	Nil
Freshwater consumption	1.48 MMbbbls

Health and Safety Performance Targets

Fatality	0
LTIF (per million man-hours)	0.2
TRIR (per million man-hours)	0.3
Fines or sanctions	Nil

Four strategic principles of the HSSE policy:

1

Safety & security of stakeholders

- Implementation of safety procedure systems
- Incident reporting and investigation procedure (to track performance and share lessons learned)
- Periodic health screening/survey of staff and contractor employees
- HSSE induction and awareness programme as well as competency training

2

Environmental safe-guarding and conservation

- Environmental stewardship through the implementation of an approved Environmental Management Plan (EMP)
- Conduct weekly monitoring of the quality of effluents, emissions and groundwater against statutory/international guidelines
- Implementation of rigorous waste management plan
- For projects, conduct applicable Environmental Impact Assessment (EIA) studies and thereafter ensure periodic Environmental Evaluation Studies (EES) to monitor impact of our operations and implement mitigation measures as appropriate

3

Ensuring mutual respect with host communities and local stakeholders

- Promoting proactive engagement with host communities and other stakeholders for peaceful co-existence in order to create an enabling environment for the Company's operations

4

Compliance with applicable statutory regulations and industry codes of practice

- Ensure compliance with applicable laws, regulations and permits to ensure violations are avoided
- Collaborate on the development of new or revised regulatory requirements via appropriate industry bodies to ensure performance as a best practice operator

Local employment generation

Sourcing skills locally and investing in capacity building programmes to enhance the local talent pool are focal to Seplat's CSR strategy. Generating shared value with our local communities through job creation and skills enhancement has been our intent since inception, and as such, the number of employees recruited from our local communities has grown year-on-year and remains a key KPI to measure Company performance annually. Local content obligations were introduced by the Nigerian government to guarantee a minimum of 98% employment domestically. As an indigenous Nigerian operator, we are committed to surpassing legislative requirements and are delighted to announce that at the end of 2014, over 99% of our employees were Nigerian.

Talent retention

Recruiting and nurturing talent are two key performance metrics, supplemented by talent retention measurement. In 2014, our staff retention rate increased to 95.5%, a number which we plan to further improve upon in the coming year. Retaining high performing staff is a key strategic objective for any business, but is critical in highly technical and complex industries such as oil and gas. Following Seplat's listing on the London and Nigerian Stock Exchanges in 2014, the Board has approved long-term incentive programmes to ensure that high individual performance is matched with proportionate rewards.

Business principles and ethics

Our business principles determine how we operate and seek to nurture a transparent working environment with zero tolerance of corruption. Seplat's code of business conduct was developed in 2012 and has been widely distributed and communicated to all Seplat employees to ensure a culture of awareness and accountability within the organisation. The code encompasses Seplat's approach to anti-corruption and bribery protocol, transparent engagement with stakeholders, and Seplat's whistleblowing policy and procedures. The code offers a point of reference for all employees in how to conduct themselves within the workplace in a manner that does not conflict with Seplat's values as a transparent and ethical business.

Skills development

In 2014, we continued to invest in the training and development of our own employees. Through investment in internal skills development, Seplat can further optimise its delivery of operational goals to create further value for all stakeholders. Creating new capabilities internally allows our employees to gain access to roles and opportunities in the oil and gas sector which previously may have been inaccessible due to an insufficient skills-set.

Chukwuemeka Kerry Business Performance Analyst and Reporting Officer, Corporate Production and Maintenance Department

Since 2012, Seplat has run its Graduate Trainee Programme which offers opportunities to students from its local communities to undergo skills and development training to equip those trainees with the relevant skills to be part of Seplat's growth story.

Chukwuemeka Kerry was a member of the inaugural Graduate Trainee Programme. The initial induction programme ensured Chukwuemeka was provided with the relevant HSSE awareness and training to operate within an E&P environment. Following the rigorous induction process, he was assigned to the Production and Field Operations Department, under the management of Mr Ganiyu Bolaji, Head of Production and Field Operations. A key responsibility whilst in this role was institutionalising a tracker system for field facility equipment performance against oil and gas production trends. Whilst his core training was provided by members of the Production and Field Operations Department, Chukwuemeka was also given training in soft skills development to complement his operational exposure.

At the end of the Graduate Trainee Programme graduates are given the opportunity to voice their preference in working unit within their trainee Department. Chukwuemeka selected the Production Measurement and Reporting Unit, a key division to Seplat given its responsibility for reviewing and optimising operational performance. After three years with the Company, Chukwuemeka is now the Business Performance Analyst and Reporting Officer within the Corporate Production and Maintenance Department, where his key responsibility is to collate and analyse production data from Seplat's fields in order to track Company performance in achieving production targets for the year. The diversity and breadth of skills training provided on the Graduate Trainee Programme provides skills and capacity building opportunities to individuals from Seplat's local communities ensuring shared value with local stakeholders in the development of the oil and gas industry in Nigeria.