



Oriental Energy Resources Limited ESG Statement 2022



**ORIENTAL
ENERGY
RESOURCES
LIMITED**

I am delighted to welcome you to this edition of Oriental Energy's ESG Statement.

Oriental Energy represents one of Nigeria's oldest exploration and production businesses, and is at the core of the country's indigenisation programme. Today, we are one of Nigeria's biggest marginal field producers by output, and are committed to our central role in the growth of the country's local content.

As Africa's most populous nation, Nigeria is faced with a wide range of developmental challenges and rising energy needs. The country represents 12% of the world's global electricity access deficit, the largest share globally. It must also adapt to global climate targets and plans to achieve carbon neutrality by 2060, an ambition backed by the detailed Energy Transition Plan released in 2022 by the federal government.

Nigeria's oil and gas industry is playing its part in meeting these ambitions. In 2018, the country adopted the Flare Gas (Prevention of Waste and Pollution) Regulations to cut routine flaring. In 2022 it became the first African country to enact regulations to curb methane emissions in the energy sector. At COP27 in Egypt, Nigeria was also part of the launch of the Africa Carbon Markets Initiative (ACMI), with an ambition to reach 300 million credits retired annually by 2030.

Oriental Energy is conscious of the challenges faced by our industry and is cognisant of Nigeria's various commitments to tackle climate change on a local and global level. As we continue to build the company, we recognise that sustainability must be a key part of our business and investment strategy.

A responsible producer

Over the years, we have successfully navigated shifting market conditions that have allowed us to build resilience and the necessary experience to embark on a new phase of growth.

From its early days in the 1990s, Oriental Energy has built a strong corporate reputation and maintained productive dialogue and engagement with its stakeholders. The growth of our operational footprint, with our operatorship of the Okwok and Ebok fields, has translated into additional responsibilities to manage our impact on the environment and society at large.

To be a responsible Nigerian energy company, monitoring and mitigating such impacts has become part of our operational strategy. Sustainability reporting is for us an opportunity to evaluate our ESG track record, improve our internal and operational processes, set meaningful targets for the future, and enable our stakeholders to deepen their understanding of our business and how it relates to them. It is especially in line with our vision statement that, "Oriental will set the standard that all other E&P companies in the Nigerian oil and gas industry will be compared against."

This is ever more relevant as we resumed drilling activities at Ebok in 2023 and continue to work towards the development of our Okwok field, where production is expected to come online in 2024.

To be a responsible Nigerian energy company, monitoring and mitigating our ESG impact has become part of our operational strategy.



Mustafa Indimi
Managing
Director
**Oriental
Energy
Resources**

Our focus on safety

The implementation of stringent health, safety, and environment (HSE) practices will remain critical to our operations and is at the core of our sustainability strategy. In that regard, I am delighted to announce that on 19 April 2023, Oriental Energy reached the important milestone of 2,000 days without lost time accident. As we celebrate over five years without any serious injury or incident, we have also committed to keep evaluating and improving our management systems to further build on that achievement.

Our decarbonisation journey

Oriental Energy has continued to make progress towards the reduction of emissions from its operations. Our approach to flare reduction is evolving in line with industry standards and we are taking actions to improve our monitoring of carbon emissions, especially when it comes to methane. We are currently reviewing plans to eliminate flaring at Ebok, while the development plans for Okwok include a zero-flare concept from the start.

We hope this statement provides a platform to communicate Oriental Energy's initiatives and its commitment to being a force for good in the Nigerian energy industry. Thank you for your interest.

Mustafa Indimi
Managing Director
Oriental Energy Resources



Oriental Energy is focused on the implementation of stringent HSE practices and training

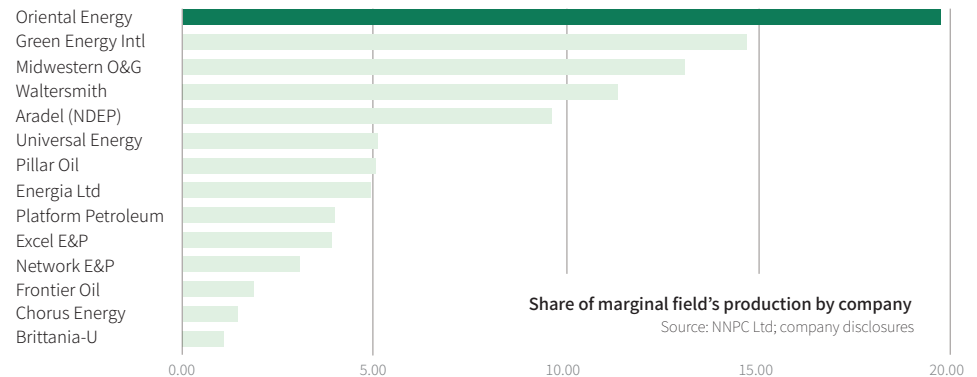
- 1990**
Oriental Energy is founded by Dr Alhaji Muhammadu Indimi OFR
- September 1990**
Oriental Energy is awarded OPL 224 by the Federal Government of Nigeria
- 1991**
Oriental Energy enters into a technical services agreement with DuPont Nigeria Ltd to acquire 2D seismic data and drill four wells
- 20 May 1999**
Following a successful exploration programme, the Nigerian Department of Petroleum Resources (DPR) approves the conversion of OPL 224 to OML 115
- 2006**
Award of the Okwok marginal field (OML 67) in compensation for the loss of acreage to ExxonMobil Equatorial Guinea. The same year, Oriental Energy and Addax Petroleum announce the successful well test of Okwok-4
- May 2007**
Award of the Ebok marginal field (OML 67) as a compensation for the loss of acreage to ExxonMobil Equatorial Guinea
- 2008**
Signing of a technical services agreement with Afren Energy Resources to appraise the Ebok Field
- 2009**
Signing of a joint venture agreement (JVA) with Afren Energy Resources and Addax Petroleum for the development of the Okwok Field
- 2009-2010**
Multi-well drilling program on Ebok and Okwok
- 2010**
Signing of a joint venture agreement (JVA) with Energy Equity Resources (EER) for the exploration and appraisal of OML 115
- August 2010**
Naming and sailaway ceremony of the Virini Prem FSO from Yulian

Oriental Energy Resources Limited is a privately owned Nigerian oil and gas exploration and production company with operations exclusively focused on Nigeria.

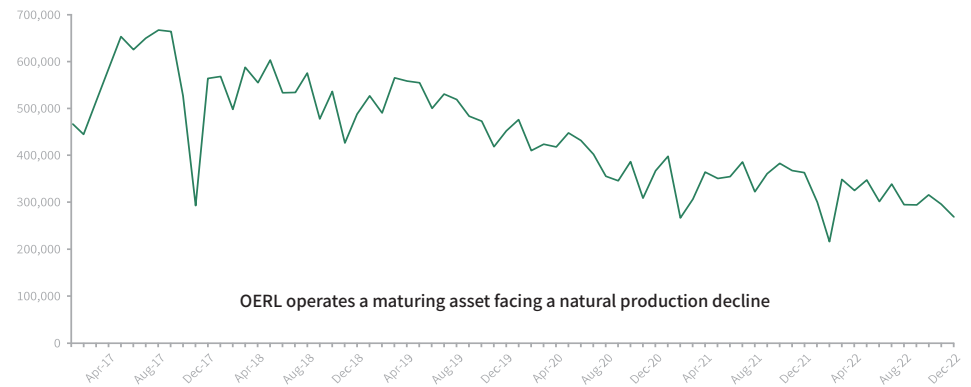
The company was founded in 1990 to take advantage of the government’s increasing focus on indigenous participation in the upstream oil and gas segment. In 1991, it was granted OPL 224 at the maritime border between Nigeria and Equatorial Guinea, which it eventually converted into OML 115. Its upstream portfolio has eventually grown to include two marginal fields, Okwok and Ebok, both located within OML 67 and developed under competitive fiscal terms since 2007.

Following an aggressive exploration and drilling programme (the largest development programme for an independent Nigerian oil company at the time), the Ebok field achieved first oil in Q2 2011 and has since kept producing without forced interruption. Operations rely on the Veer Prem mobile offshore production unit (MOPU) with a liquid handling capacity of 100,000 barrels per day (bpd), a flare system of 12 mmscf/d and a water handling capacity of 70,000 barrels of water per day (bwpd). The Ebok site also includes two wellhead platforms (WHP), the Central Fault

In 2022, OERL was Nigeria’s largest marginal field producer



Monthly oil production from Ebok in barrels



Block and the West Fault Block. Our 1.2-million-barrel Virini Prem floating, storage, and offloading (FSO) terminal supports our storage and lifting operations.

While the company continues production at the Ebok field, its development work for Okwok is well advanced with first oil expected in 2024.

Meanwhile, and in compliance with the new stipulations of the Petroleum Industry Act (PIA), the company has applied for the issuance of a petroleum mining lease (PML) for its Ebok and Okwok assets. The licenses were converted to PML as of 16 February 2023 and are valid for 20 years. OML 115 was granted a 20-year license extension on 10 May 2019.

- January 2011**
Sailaway of the Ebok Mobile Offshore Production Unit (MOPU) from Houston
- March 2011**
Oriental Energy receives approval to establish the Ebok Terminal for the offloading of crude oil
- 30 April 2011**
Oriental Energy achieves First Oil from the Ebok Field
- November 2011**
Acquisition of 348 square kilometres of Ocean Bottom Cable 3D seismic survey over the whole Ebok-Okwok-OML 115 area
- January 2012**
Completion of the initial phases of the Ebok field development
- 2015**
Approval of the Okwok field development plan
- July 2015**
Afren goes into administration while Oriental takes over full technical management of its assets
- February 2018**
Approval of the revised Okwok field development plan
- 10 May 2019**
20-year license extension granted for OML 115
- January 2020**
Completion of the installation of the Okwok Wellhead Platform (WHP)
- August 2021**
Signing of the Petroleum Industry Act (PIA)
- January 2022**
Start of construction of the Okwok FPSO
- 16 February 2023**
Ebok and Okwok officially convert to petroleum mining leases (PMLs) under Nigeria's new PIA regime

Our stewardship in developing heavy oil reservoirs

Oriental Energy operates a maturing asset with low reservoir pressures between 800 and 1400 psia. 11 of the 14 reservoirs that the company develops at the Ebok Field are also characterised by heavy oil as low as 11 API° with very viscous crude (10,000 cp at surface conditions). To date, heavy oil represents some 60% of production from Ebok, and about 80% of our current production capability.

Such characteristics have presented Oriental Energy with challenges such as initial low well productivity and high water production. To develop these heavy oil reservoirs, the company has had to deploy artificial lift mechanisms during production operations, and heating systems for processing and separation purposes.

The company is now recognised as a pathfinder for the successful development of heavy oil reservoirs in Nigeria and has demonstrated its ability to apply technology efficiently to ensure production from these maturing reservoirs. Our electrical submersible pumps (ESPs) have an average run life of four years, compared with an industry average of three years. To minimise production deferment in the event of an ESP failure, we have also successfully incorporated gas lift mandrels in upper completions using a plug-and-play model.

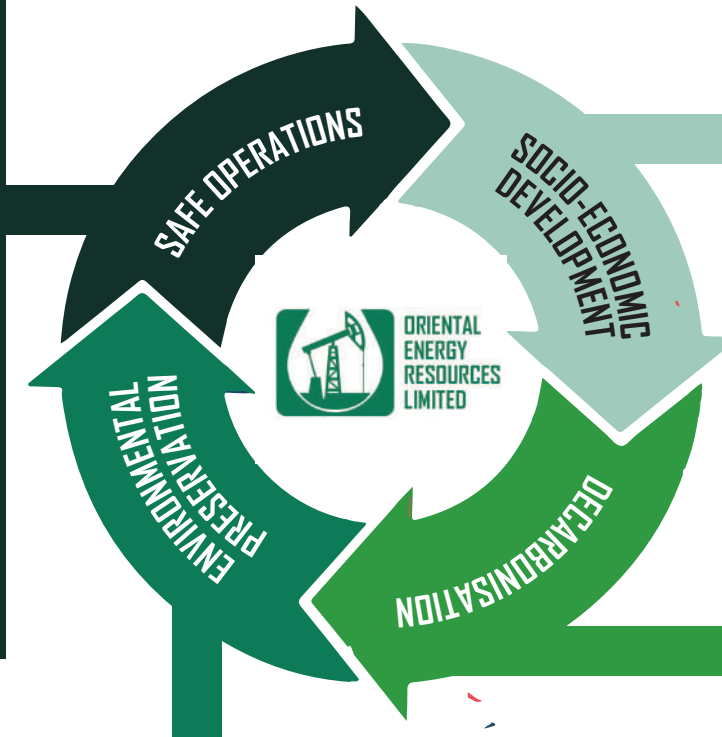


Our Approach to Sustainability

Oriental Energy's approach to sustainability is guided by proactive engagement with its stakeholders and an assessment of its materiality issues.

Safe Operations

The company remains a pure upstream player, with operations centred around one hub offshore Akwa Ibom and does not trade or market its production itself. Consequently, its materiality is heavily geared towards issues of occupational health and safety, which remain the best tools and protocols we have in ensuring stable operations from our employees and contractors. We have always adhered to strong and ethical environmental, health, safety and security policies and will continue to strengthen our HSE management system accordingly. This is especially relevant given our operations of mature assets, aging infrastructure, and our expansion plans for 2024.



Socio-economic development

Oriental Energy is also a proud corporate citizen dedicated to Nigeria's socio-economic development and capacity building. It will continue to make that a pillar of its sustainability strategy. In line with Section 236 of the PIA and the new Nigeria Upstream Petroleum Host Communities Development Regulations of 2022, we have determined and defined the Effiat Community as our primary community, and the Uda, Udesi, Ebughu, and Enwang communities as our secondary ones. All communities are in the Mbo Local Government Area (LGA) of Akwa Ibom State. Beyond local communities, Oriental Energy is a strong supporter of the Nigerian domestic oil and gas industry and is particularly focused on supporting the development of the next generation of Nigerian petroleum engineers and enhancing local technical capabilities.

Environmental Preservation

Last but not least, and despite its relatively small environmental impact, the company has demonstrated noticeable environmental stewardship within the Nigerian oil and gas industry. Environmental preservation forms the fourth major pillar of our sustainability strategy, and we expect it to become even more important as we scale up operations and increase production.

Decarbonisation

The company will continue to refine its strategy to end the practice of flaring, building on the successes it has already achieved at Ebok. Our next project, Okwok, will be net zero from the start, and we are also studying the possibility of a carbon offset scheme with carbon credits benefits.

To run a sustainable, transparent, and compliant business, Oriental Energy adheres to and complies with a wide range of internal and regulatory policies covering anti-corruption, anti-fraud, conflicts of interest, electronic communications, whistleblowing, code of conduct etc. These policies are critical to the company's functioning and are embedded within its employee handbook, procurement policy, and contracts with vendors and suppliers.

As part of its commitment to financial transparency, the company contributes to the voluntary reporting scheme of the Extractive Industries Transparency Initiative (EITI). Details on the company's payments to governments can be found in EITI's Nigeria reports, the latest of which was published in February 2022. It includes the summary of revenue flows between the company and government entities, including royalty oil, flare gas payments, license fee and acreage rentals, petroleum profit tax, education tax, the NDDC levy, NCDMB payments, value-added tax, NESS fees, and withholding tax, among others.

The company's code of conduct is embedded in the employee handbook, which is made available to all employees. It emphasises how successful business operation and the reputation of Oriental Energy is built upon the principles of fair treatment and ethical conduct. It requires compliance with all Nigerian laws and stresses the need to refrain from illegal, dishonest, or unethical conduct.

Conflicts of interest are also addressed within our employee handbook, which prohibits company staff from engaging in any activities that conflict with the



The SPICE acronym graphic consists of five vertical columns on a dark green background, separated by white dotted lines. Each column contains an icon, a title, a large letter, and a descriptive sentence.

- S (Safety):** Icon of a safety vest. Title: Safety. Letter: S. Description: We protect our assets and environment and are responsible for our own safety and those around us.
- P (Professionalism):** Icon of a graduation cap. Title: Professionalism. Letter: P. Description: We leverage our collective expertise to deliver exceptional results while treating each other with mutual respect and dignity.
- I (Integrity):** Icon of a compass. Title: Integrity. Letter: I. Description: We do the right thing at all times and operate with the highest standards in every situation.
- C (Creativity):** Icon of a leaf and a pencil. Title: Creativity. Letter: C. Description: We are passionate about developing innovative ideas and solutions to create value.
- E (Excellence):** Icon of a ribbon award. Title: Excellence. Letter: E. Description: We consistently deliver the highest quality of performance.

company's business interests, adversely affect its reputation or relations, or interfere with the fulfilment of professional responsibilities. Employees are prohibited from using their position or influence, information to which they have access because of their employment, or company assets and resources for their personal gain or the improper benefit of others. Our policy on conflicts of interest cites clear guidelines for the types of activity that may create violations, including to prevent staff from accepting an appointment or directorship in another company or firm without the company's explicit approval, and to prevent staff from owning

shares in privately owned companies that have business dealings with Oriental Energy. Equally, staff may not have an interest in any organisation dealing or seeking to deal with the company as a supplier or customer, or that is a competitor of the company, without the approval in writing of the Executive Chairman.

To ensure that these expectations are properly communicated and understood, every employee of the company signs an Employee Undertaking on Conflict of Interest. In 2022, the company reported no incidents of corruption.

Our Advancement of the Sustainable Development Goals (SDGs)



- The company has been a constant and reliable oil producer for over a decade, thereby contributing to revenue for the Federal Republic of Nigeria, for which oil and gas make up over half of government revenues and 90% of exports earnings.
- In 2021, the company contributed almost \$15 million and over 1 billion Naira in taxes respectively to the Nigerian economy.
- Oriental Energy disburses annual social investments that create positive footprints through projects, programmes, and other initiatives to improve the quality of lives of the people in our area of operation.



- The company's University Scholarship Award Scheme benefits on average 250 students every year.
- Our social investments include several allocations to the improvement and upgrading of educational facilities and infrastructure across the State of Akwa Ibom.
- We offer Technical Skills Acquisition Programmes to host communities, including fully paid, one-year programmes that offer certifications in areas such as pipeline welding, pipe fitting, sand blasting, and painting.
- Oriental Energy maintains partnerships with educational institutions in Akwa Ibom to roll out empowerment programmes for younger generations.



- The company is dedicated to the empowerment of women, especially young girls within our host communities. Major initiatives undertaken notably include our Child Health Education Programme for Secondary Schools: an integrated advocacy, sensitisation, awareness, and empowerment programme in secondary schools of Akwa Ibom.
- Oriental Energy is an equal opportunity employer. Its human resources and labour policy is fully aligned with international human rights standards and promotes fair and equitable employment practices. The company's managers include several women in leadership positions who oversee our technical, operations, human resources, and communications departments.



- Every year, the company rolls out a five-day community health programme offering free medical services, healthcare, and sanitary equipment to our host communities.
- Oriental Energy's social investments include several initiatives aimed at improving healthcare and living conditions within our host communities.



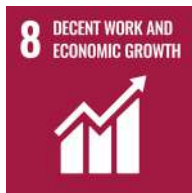
- The company adopts sustainable water management practices across its offshore operations and produces its own potable water using reverse osmosis technology.
- Produced seawater used during oil production is duly treated before disposal, and Oriental Energy was amongst the first companies in Nigeria to have drilled a disposal well for that purpose.
- The company frequently engages with host communities on hygiene education and infrastructure development to promote sanitation practices.



Our Advancement of the Sustainable Development Goals (SDGs)



- As an oil producer, Oriental Energy implements several strategies to reduce its carbon footprint, such as recompleting a gas injection well and reducing flaring. The company has adopted a Zero Routine Flaring policy on all future projects.
- A company subsidiary, Oriental Renewable Solutions Limited (ORSL), is progressing the development of a \$66 million, 50-MW solar PV plant in Jigawa State, Nigeria, for which it holds a generation license.



- The company's social investments include several human capital and enterprise development programmes for host communities whose results are monitored on a yearly basis.
- Our procurement policy aligns with Nigeria's local content laws and seeks to promote and maximise the use of local services at federal and state level.
- Oriental Energy's approach to human resources and labour management relies on a commitment to make its work place a safe and discrimination-free environment.



- Oriental Energy organises frequent capacity building programmes to promote skills acquisition and development within host communities.
- The company's approach to procurement and compliance with local content laws promotes local industries by maximising the use of Nigerian vendors, contractors, and suppliers.



- Our partnership with host communities seek to provide support to infrastructure development, especially with respect to healthcare and educational facilities.



- Oriental Energy has implemented a successful strategy to reduce flaring from its offshore operations and is constantly reviewing its emissions reduction strategy in view of new technology and market regulations.
- Oriental Energy donated a climate monitoring and observation station to the University of Uyo to encourage Nigerian research into climate change studies and to promote capacity building programmes on climate and meteorology.



- Oriental Energy frequently engages its peers and other operators via direct engagements and industry associations on best sustainability and ESG practices, especially as it relates to HSE.
- Our Community Relations Department ensures successful communication and engagement with our host communities and other state institutions to advance socio-economic development in the Niger Delta.

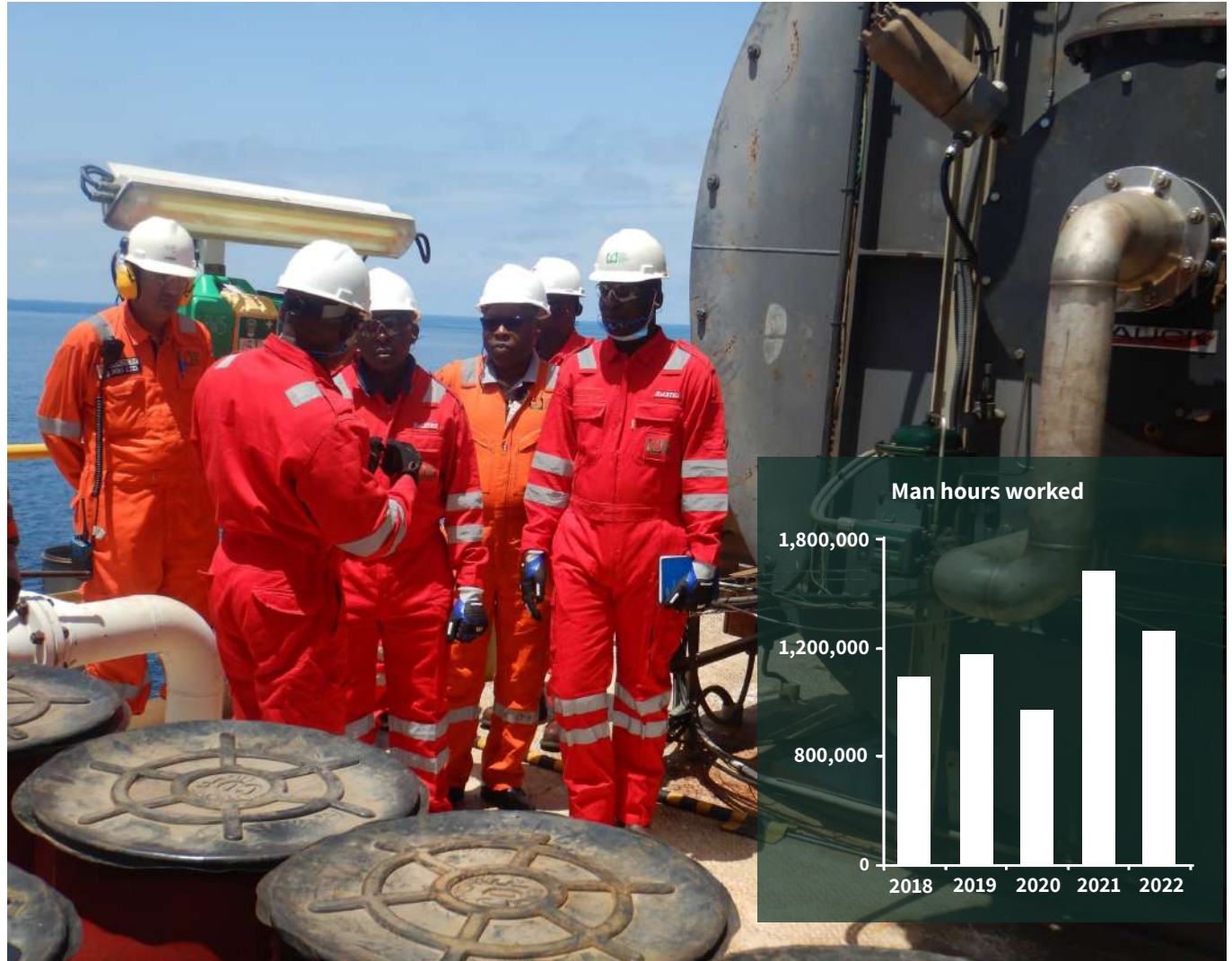
Occupational health and safety is one of Oriental Energy’s priorities, given the company’s operational structure and footprint, and its operatorship of maturing fields.

Oriental Energy recorded a total of 1,284,161 man-hours achieved at the Ebok field in 2022, with contributions from over 20 service providers involved in the support of our field activities.

The year was marked by the continuation of life extension activities at the Ebok floating production unit (FPU) to address asset integrity management. The process followed Class Societies requirements from Lloyds Register and the American Bureau of Shipping after we achieved our 10-year operational milestone.

In 2022, we also carried out our statutory field-wide facility shutdown. Both projects led to a significant influx of third-party contractors and services providers offshore, increasing our HSE risk. Given our operational context and targets for 2022, the company aimed at achieving an injury-frequency/recordable-injury rate of zero with no recordable incidents. We also aimed for no loss of containment incidents (such as spills) and to prevent the outbreak and spread of any infectious diseases in the workplace.

All environmental, health, and safety targets and objectives were monitored throughout the year with progress reported at the quarterly performance review meetings. In line with expectations, the company achieved no lost time injury (LTI) during the calendar year.



Commitment to Local Economic Development

As a success story of Nigeria's indigenisation programme, Oriental Energy is firmly committed to building local content across the industry, supporting local employment, and promoting win-win partnerships and a culture of mutual understanding with its host communities. We remain a wholly Nigerian business with a 100%-Nigerian workforce and are committed to procuring Nigerian goods and services across our areas of operations in line with the Nigerian Oil & Gas Industry Content Development Act.

Our Investment in Communities

In 2022, Oriental Energy reviewed its community relations engagement in line with Nigeria's new Petroleum Industry Act (PIA), and identified the Effiat Community as its primary community, and the Uda, Udesi, Ebughu and Enwang communities as its secondary ones. This will ensure the continuation of our strong relationship established over the years with our host communities.

The philosophy behind our social investments aims at creating positive footprints through projects, programmes, and other initiatives that improve the quality of lives of people in our area of operations. In doing so, Oriental Energy is committed to contributing to sustainable community development for the general benefit of the people of the Mbo LGA in particular, and Akwa Ibom State in general.

Our Key Programmes in 2022

- **Community health programme for Mbo LGA**

Based on the approval received from the Akwa Ibom State Government Executive Council, a five-day community health outreach for the people of Mbo LGA was successfully held at the Primary Health Centre of Ebughu on 4-8 October 2022. A total of 4,674 people received various free medical services, including 1,613 men, 1,781 women, and 1,280 children under 16 years of age.

- **Enterprise Development and Support**

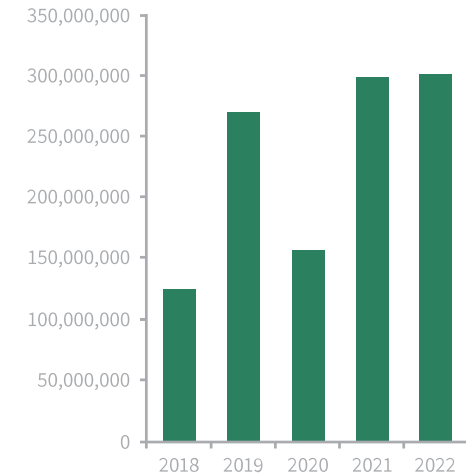
15 youths from Effiat and other Mbo communities were privileged to be selected by their respective communities to undertake our one-year Technical Skills Acquisition Programme between January and December 2022 at the Azimarine Training School in Ibeno, Akwa Ibom State. It focused on three main areas of specialisation, including structural and pipeline welding, pipe fitting, sand blasting and painting.

- **Climate Monitoring and Observation Station Project**

In Q1 2022, Oriental Energy announced its intention to donate a climate monitoring and observation station to the University of Uyo. In Q4 2022, the scope of work for the project was finalised in readiness for the start of the contracting process in Q1 2023.

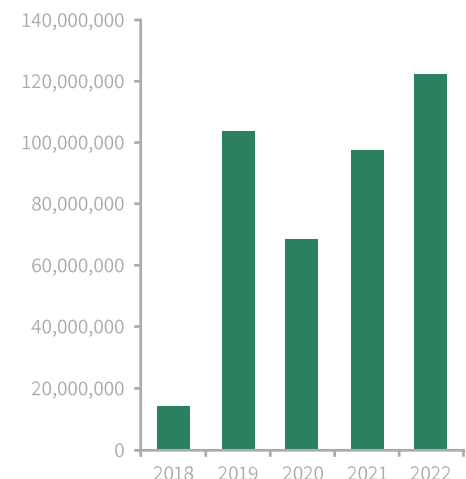
OERL reached its highest level of investment in the communities in 2022

in Naira



OERL reached its highest level of infrastructure investments in 2022

Value of investment made in infrastructure projects in naira



Oriental Energy is committed to reducing emissions from its producing assets at Ebok and implementing a zero-flaring approach at future greenfield projects like Okwok.

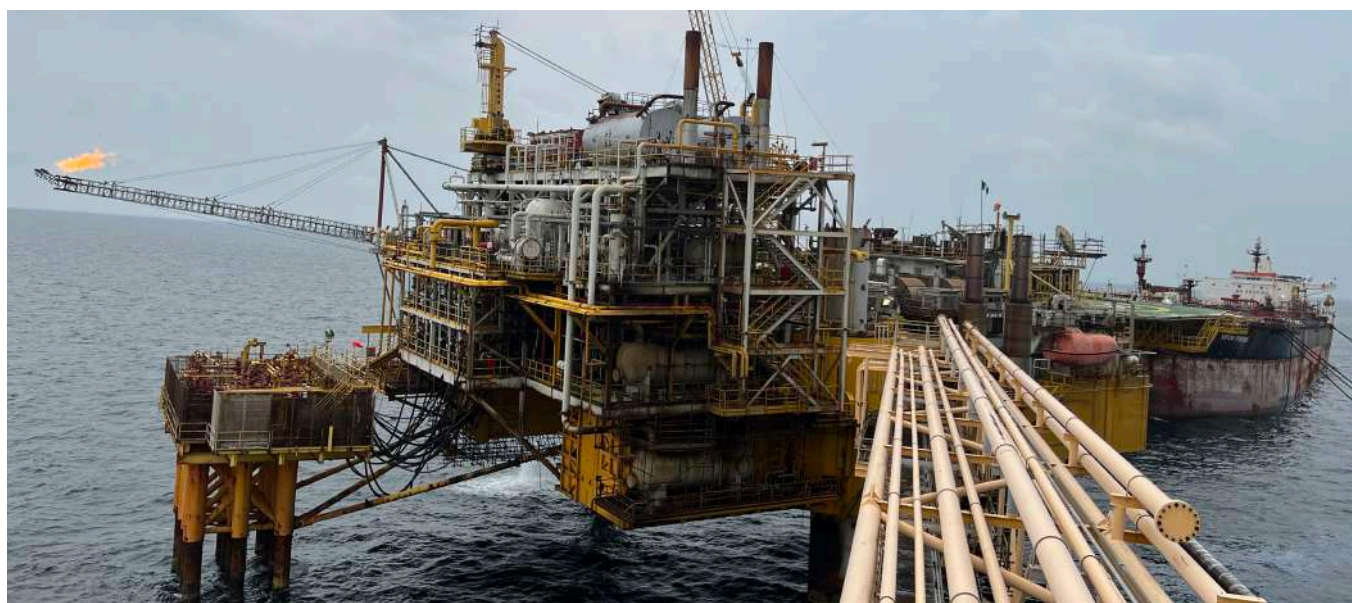
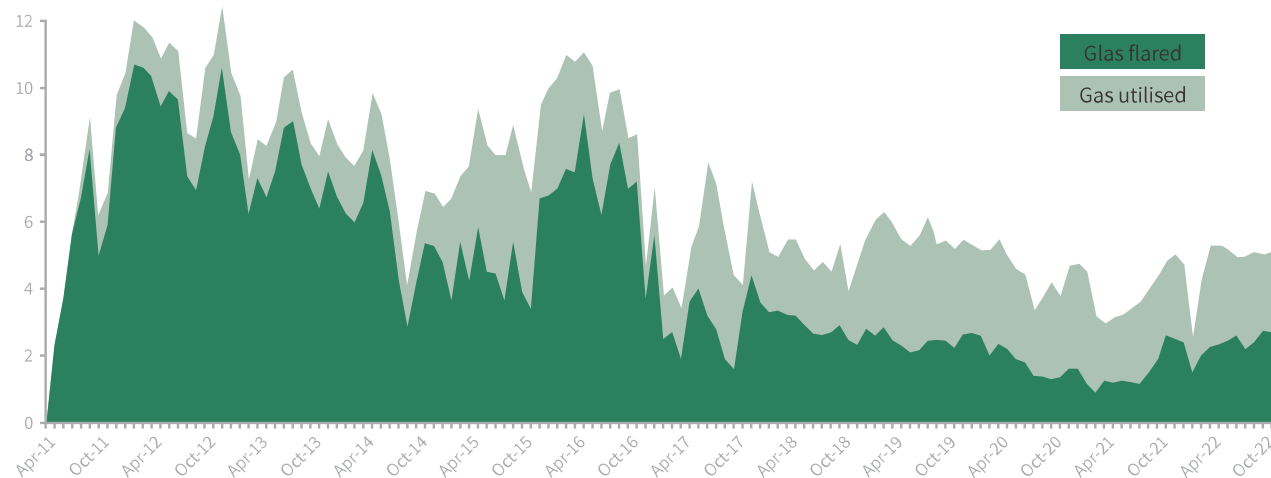
Oriental Energy supports Nigeria's ambitions to reach net zero by 2060, a target announced by the federal government at COP26 in Glasgow. In line with this ambition, the country is refining its approach to decarbonisation and adopting new regulations and laws that have an impact on expectations from the company's emissions management strategy and overall ESG targets.

Oriental Energy's emissions strategy focuses on maximising gas utilization offshore to minimise routine flaring. In doing so, our objectives are to reduce our environmental impact, maximise our operational efficiencies, and contribute to Nigeria's decarbonisation targets.

Since the start of production at Ebok in 2011, we have been successful in mitigating emissions from this maturing asset. Our flaring volumes, which peaked at some 10 mmscf/d in 2011 are now below the 3 mmscf/d range. They have notably been cut by the start of gas re-injection in February 2015 following conversion of one of the wells into a gas injector to meet field pressure requirements in the D2 reservoir. Our flare reduction strategy also includes using produced gas to run the FSO boilers during export operations and as fuel within our offshore facilities (2.7 MW) including to power additional ESP wells on the MOPU and ensure power supply to the FSO.

OERL has significantly cut gas flaring since achieving First Oil at Ebok

In MMscf/d



Oriental Energy is committed to preserving the environment and minimising the environmental impact of its operations, which are located exclusively offshore Nigeria, far from biodiversity sensitive areas and 55 km away from land.

This prevents critical environmental risks such as soil pollution, freshwater withdrawal and contamination, or loss of forest and farmland. Production operations rely on conventional means of extracting oil and do not rely on fracking. As a result, Oriental Energy's environmental preservation strategy is heavily geared towards asset integrity to prevent spills, aid seawater treatment and disposal, and promote waste management.

The company's environmental performance is monitored accordingly, with a focus on spill prevention, solid waste management, and compliance monitoring. Our environmental management plans include all appropriate mitigative measures and are compliant with the IFC's Performance Standards on Environmental and Social Sustainability.

In 2022, our target was to avoid spills and ensure operational water discharges are within statutory limits. We also continued planning for the development of the Okwok field by engaging in strict HSE management planning.

The company manages water throughout its operational lifecycle with the aim of promoting a responsible and effective use of seawater offshore. Our operational discharges of liquid effluents

A pod of whales at Ebok



associated with our Ebok field operations are regularly monitored by independent, third-party accredited environmental consultants. Our total petroleum hydrocarbon content performance for 2022 showed an improvement of liquids discharge quality, especially following the installation of a chlorinator unit that year.

Oriental Energy's waste management is key to its offshore operations and the company manages all its waste from cradle to grave using its waste management system, which is embedded within its Standard Operation Guidelines for Asset and Material Disposal & Scrap Management. Our waste streams are generally separated into recyclable hazardous and

non-hazardous materials and disposed of at licensed government waste treatment facilities onshore. The company's strategy is centred on the reduction of hazardous waste generation while ensuring compliance with all waste management protocols.

Oriental Energy's total petroleum hydrocarbon content performance for 2022 showed an improvement of liquids discharge quality.

■ Mission Statement

At Oriental Energy, we engage in the exploration and production of hydrocarbons in Nigeria. We do this by leveraging strategic alliances and world-class technologies and practices and combining them with local knowledge and experience to create an efficient, cost-effective, and on-time approach to project implementation. We stress ethical practices and promote corporate responsibility throughout our business activities. Oriental Energy does this for the promotion of the domestic Nigerian oil and gas industry and for the betterment of the Nigerian people.

■ Vision Statement

Oriental Energy will set the standard that all other exploration & production companies in the Nigerian oil and gas industry will be compared against.

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