

Sterling Oil

SUSTAINABILITY

REPORT 2025

SEPCO(Sterling Oil Exploration and Energy
Production Company) **Environmental, Social
and Governance** Annual Report



Sterling Oil
Group

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MESSAGE FROM LEADERSHIP

FOUNDATIONS FOR THE FUTURE

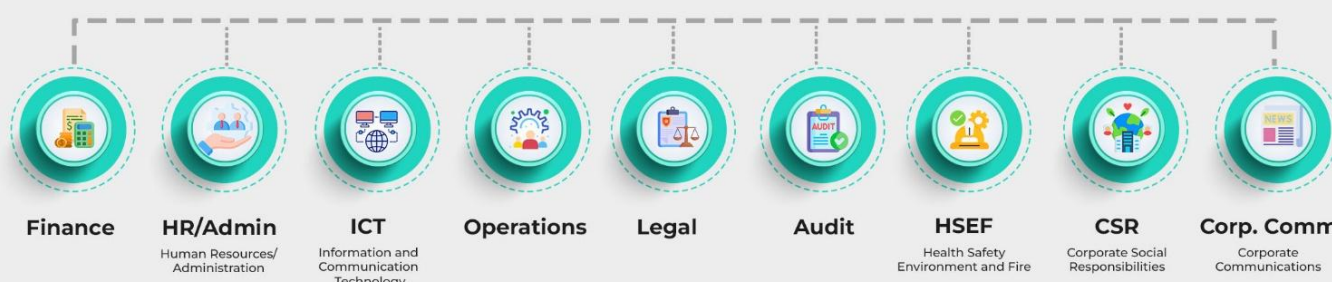
SEEPCO Sustainability Report 2025

First Sustainability Disclosure

"As the Brundtland Report first framed it in 1987, sustainable development means meeting today's needs without compromising the ability of future generations to meet their own."

- *Our Common Future, World Commission on Environment and Development (1987)*

At SEEPCO, we recognise that the energy sector stands at a defining moment. The global transition toward lower-carbon energy systems, combined with heightened expectations around environmental stewardship, social responsibility, and governance integrity, is reshaping how oil and gas companies operate and create value. Against this backdrop, we are pleased to present SEEPCO's first Sustainability Report, covering the 2025 reporting year.

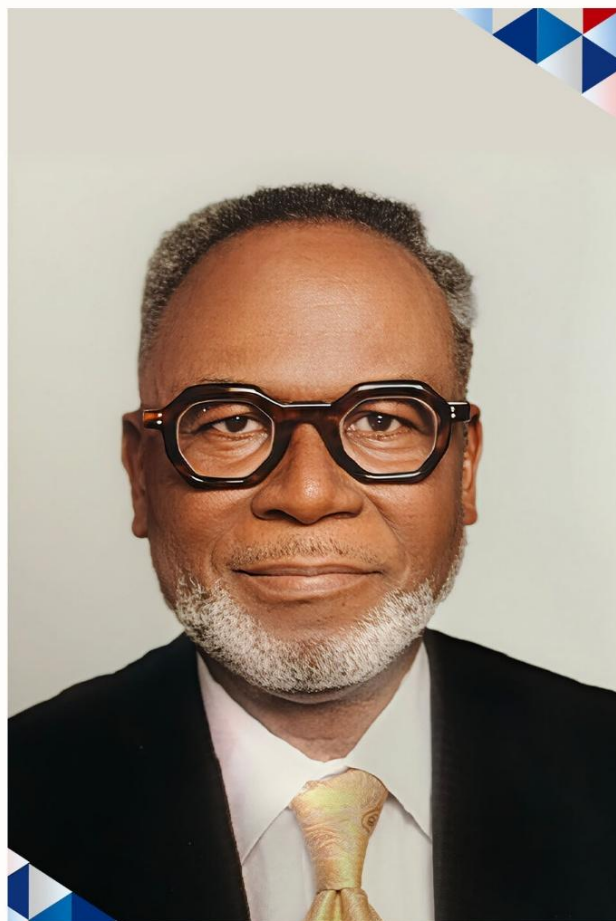


This inaugural report marks an important step in formalising how we measure and communicate our environmental, social, and governance performance. While sustainability principles have long informed our operational decisions, 2025 is the year we consolidated these efforts into a transparent, data-driven disclosure aligned with both Nigerian regulatory requirements and internationally recognised ESG frameworks.

Operating in Nigeria's upstream oil and gas sector carries significant responsibility. Our assets sit in environmentally sensitive regions, close to host communities whose livelihoods depend on land, water, and social stability. At the same time, Nigeria relies on its upstream sector for national energy security and foreign exchange earnings. Balancing these realities demands disciplined governance and a sustained commitment to continuous improvement.

During the reporting year, we strengthened operational safety, reduced emissions intensity, improved energy efficiency, and deepened engagement with host communities. Our logistics and fleet operations advanced from conventional fuels toward compressed natural gas, with a phased transition toward electric mobility now in progress. Digital monitoring systems, preventive maintenance programmes, and enhanced workforce training reinforced this progress, because operational discipline is what turns environmental commitments into measurable outcomes.

Our social performance received equal attention. We continued to invest in education, healthcare, livelihood support, and community infrastructure, while strengthening our human rights due diligence processes and grievance mechanisms. These are not standalone initiatives but expressions of the same principle: that responsible operations depend on the trust of the communities in which we work.



This report is prepared in alignment with the Petroleum Industry Act, the core regulatory framework for environmental protection, host community development, and governance in Nigeria's oil and gas sector, under the oversight of the Nigerian Upstream Petroleum Regulatory Commission and other relevant regulators.

As a first-time disclosure, this report establishes a baseline. It reflects genuine progress as well as the areas where further work remains. We view sustainability reporting not as a static exercise but as an evolving process that will mature alongside our operations and stakeholder expectations. Looking ahead, SEEPCO remains committed to responsible growth, strengthening our ESG performance, supporting Nigeria's energy transition objectives, and contributing meaningfully to the communities and environments in which we operate.

A first disclosure is not a finished statement; it is a promise made in the open, where progress can be measured.

A stylized, handwritten signature in black ink that reads "jiteorimiono".

Dr Jite Orimiono

General Manager, Human Resources & Industrial Relations

Sterling Oil Exploration & Energy Production Company (SEEPCO)

Sterling Oil Group



COMPANY PROFILE

Sterling Oil Group, established in 2005 and headquartered in Lagos, Nigeria, is one of the fastest-growing oil exploration and production companies in Africa. With operations in six countries and expanding, Sterling Oil Group has built a strong and diversified global presence. It is the only Indian-origin company producing in an OPEC (Organisation of the Petroleum Exporting Countries) nation and the largest independent company in Nigeria. The group's substantial valuation itself is a testimonial for its contribution to Nigeria's economy with an addition of over 2.5% to federal revenue. With over 20 years of experience in upstream and downstream operations, Sterling Oil Group remains committed to growth, innovation, and excellence in the energy sector.

Sterling Oil Group is dedicated to being a socially responsible enterprise, proud of its sustainable businesses that contribute to national development, respect for communities, and creating value for all stakeholders. The company is committed to corporate social responsibility (CSR) and community advancement, supporting education, healthcare, women's empowerment, and environmental sustainability through community projects and partnerships with social development groups.

This intent has enabled Sterling Oil Group to become the most rapidly expanding indigenous company in the oil and gas industry. The company will continue supporting Nigeria's economic growth, the creation of local jobs, and energy sector security by investing in local content development, skills acquisition programmes, and community elevation initiatives that improve quality of life.

Sterling Oil Group's sustainability vision is embedded in action: cutting carbon emissions with CNG and electric fleets, safeguarding waterways with double-hull barges, and driving waste reduction through recycling and afforestation. By transforming operations and investing in eco-friendly solutions, the company is not just minimising its footprint but reshaping the future of energy with stewardship and foresight.

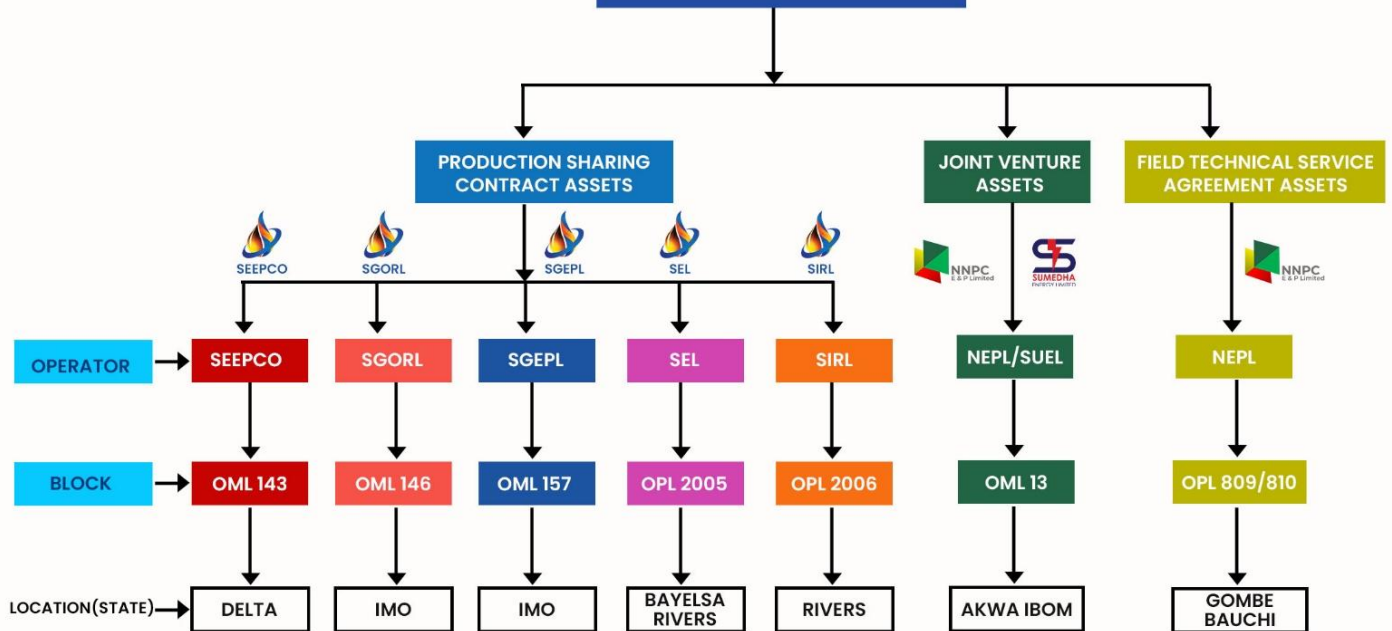
Sterling Oil Exploration and Energy Production Company (SEEPCO), the flagship company of Sterling Oil Group, is at the forefront of this success along with other growing subsidiaries and joint ventures of the group company.

At Sterling Oil Group, success is defined not just by business growth but by the positive change it brings. We believe true success means making a lasting impact. Our commitment to environmental sustainability goes beyond compliance; it is our responsibility to drive measurable results and shape a cleaner future. For us, progress and sustainability go hand in hand.

OUR OPERATIONS CHART



STERLING OIL GROUP



SEEPCO – STERLING OIL EXPLORATION & ENERGY PRODUCTION CO. LIMITED
 SGORL – STERLING GLOBAL OIL RESOURCES LIMITED
 SGEPL – STERLING GLOBAL ENERGY PRODUCTION LIMITED
 SEL – STERLING EXPLORATION LIMITED
 SIRL – STERLING INTERNATIONAL RESOURCE LIMITED

NEPL – NNPC EXPLORATION & PRODUCTION LIMITED
 SUEL – SUMEDHA ENERGY LIMITED



OUR VISION AND MISSION



OUR VISION

We continue to grow as a social enterprise proud of its "sustainable businesses that are socially relevant and responsible by contributing its corporate role in nation development, respect for communities and creating value for all stakeholders" together.



MISSION – 2030

We aim to stand as one of the world's top five producer of oil and gas as integrated corporate conglomerate. We are committed to reaching the production of 200Mn barrels annually and over 8Mn(MMTPA) per annum, while upholding the highest standards of safety, sustainability, and operational excellence.



OUR CORE VALUES



#OURVALUES



OWNERSHIP

01



WE TAKE PRIDE IN WALKING AN EXTRA MILE TO DELIVER OUR RESPONSIBILITIES; WITHOUT FINDING FAULTS IN OTHERS.



#OURVALUES



COLLABORATION

02



SERVING OUR INTERNAL CUSTOMERS THROUGH SERVICE LEVEL AGREEMENTS AND FORMALISED FEEDBACK MECHANISM



#OURVALUES



OPERATIONAL EXCELLENCE

03



OUT OF BOX THINKING AND OPTIMUM USE OF RESOURCES TO DELIVER AS PER EXPECTATIONS.



#OURVALUES



AGILITY

04



QUICK DECISIONS BASED ON THE DATA AND FACTS; AVOIDING TOO MANY MEETINGS AND EMAILS ENHANCED FOCUS ON AUTOMATION & DIGITIZATION.



#OURVALUES



COST OPTIMISATION OBSESSION

05



A RELENTLESS OBSESSION WITH COST-EFFECTIVENESS DOING SO WITHOUT COMPROMISING ON QUALITY AND SAFETY.



#OURVALUES



DELIVERING EXCEPTIONAL RESULTS

06



THE END GOAL IS MORE IMPORTANT THAN THE PROCESS; FOCUS SHOULD BE ON DELIVERING ON COMMITMENTS WITHIN SPECIFIED TIMELINES.

NIGERIA'S ENERGY TRANSITION, ENVIRONMENTAL STEWARDSHIP, AND REGULATORY CONTEXT

Aligning Upstream Energy Development with Sustainability Imperatives

Nigeria occupies a central position in Africa's energy landscape. As one of the continent's largest producers of crude oil and natural gas, the country's upstream sector plays a critical role in national revenue generation, employment, and energy security. At the same time, Nigeria faces mounting environmental and climate-related challenges that require a deliberate shift toward more sustainable production practices.

Greenhouse gas emissions, methane leakage, and routine gas flaring have historically characterised upstream operations, driven by legacy infrastructure, limited gas evacuation capacity, and commercial constraints. In recent years, however, Nigeria has taken decisive steps to reposition its upstream sector in alignment with global climate goals while safeguarding its economic interests.

For SEEPCO, understanding and responding to this national context is fundamental to how we design our sustainability strategy and operational controls.

2.1

Nigeria's Greenhouse Gas and Methane Challenge in the Upstream Sector

Gas flaring and venting remain among the most significant contributors to Nigeria's upstream emissions profile. Non-emergency flaring results in the release of carbon dioxide, methane, black carbon, and other pollutants with direct implications for climate change, air quality, and community health.

According to industry data referenced by international energy authorities, approximately 140 billion cubic metres of natural gas are flared globally each year. In Nigeria, the scale of the challenge is substantial. During the first half of 2023 alone, upstream operators flared approximately 138.7 million metric standard cubic feet of gas, resulting in emissions of 7.4 million tonnes of carbon dioxide, with an estimated economic value exceeding US\$485 million. Over the period between 2012 and 2022, cumulative flared volumes in Nigeria were estimated at approximately 80 billion standard cubic metres, representing both a significant environmental burden and a lost economic opportunity.

Methane, a greenhouse gas with a global warming potential approximately 28 times greater than carbon dioxide over a 100-year period according to the Intergovernmental Panel on Climate Change (IPCC), is of particular concern. Even relatively small volumes of methane emissions can have a disproportionate impact on climate outcomes, making methane management a priority within Nigeria's upstream decarbonisation agenda. These realities underscore the importance of targeted regulatory intervention, improved operational discipline, and investment in gas utilisation infrastructure.

Regulatory Evolution Toward Decarbonisation and Energy Sustainability

Nigeria's approach to addressing upstream emissions has evolved significantly over time. Earlier regulatory instruments, including the Associated Gas Re-Injection Act of 1979 and subsequent regulations, introduced penalties for flaring but had limited success in driving behavioural change across the sector.

Recognising the need for a more robust and commercially viable framework, the Federal Government of Nigeria approved the Nigerian Gas Flare Commercialisation Programme in 2016. The NGFCP was designed to eliminate routine flaring by enabling third-party investors to capture and monetise flare gas through competitive bidding processes. The programme represents a shift from punitive measures toward market-based solutions that align environmental objectives with commercial incentives.

In August 2022, following the enactment of the Petroleum Industry Act, the Nigerian Upstream Petroleum Regulatory Commission restructured the NGFCP to accelerate flare gas monetisation and support the Federal Government's "Decade of Gas" policy. Under the 2022 auction round, 49 flare sites were awarded to technically and financially qualified bidders, capturing approximately 250 million standard cubic feet of gas, equivalent to over 30 percent of existing flare volumes offered during the bid process.

This regulatory direction reflects Nigeria's broader commitment to reducing emissions while unlocking the economic value of its gas resources.

The Petroleum Industry Act as the Cornerstone of Sustainability Governance

The Petroleum Industry Act of 2021 represents a fundamental reform of Nigeria's oil and gas sector. Beyond fiscal and commercial restructuring, the PIA embeds sustainability principles directly into upstream regulation.

Key provisions empower the regulator to:

- Enforce environmental stewardship and emissions reduction measures
- Take custody of gas intended for flaring at no cost
- Promote gas utilisation and flare elimination
- Strengthen host community development through structured trust mechanisms
- Ensure transparency, accountability, and compliance across operations

For upstream operators, the PIA establishes clear expectations around environmental performance, social investment, and governance standards. Compliance with the Act is no longer limited to operational licensing but extends into how companies manage emissions, engage communities, and report performance.

SEPCO aligns its sustainability framework with the PIA as the primary legal foundation governing our operations.

National Decarbonisation Direction and the UPDT Framework

In 2023, the Nigerian Upstream Petroleum Regulatory Commission issued the Regulatory Framework for Energy Transition, Decarbonisation, and Carbon Monetisation in the Nigerian Upstream Oil and Gas Sector. This framework introduced a structured approach to emissions reduction built around defined strategic pillars.

As part of this initiative, the Commission issued the Upstream Petroleum Decarbonisation Template, which requires licensees and lessees to integrate decarbonisation strategies into field development plans, drilling programmes, facility design, and operations. The template mandates measurable greenhouse gas reduction targets, methane management programmes, energy efficiency measures, and the incorporation of renewable energy solutions where feasible.

From January 2025, submission of the UPDT became a mandatory component of upstream licence and permit applications, reinforcing sustainability as a core operational requirement rather than an optional initiative.

Implications for SEEPCO's Sustainability Strategy

This national policy and regulatory landscape directly informs SEEPCO's sustainability priorities. Our approach to emissions management, gas utilisation, methane control, and energy efficiency is designed to align with Nigeria's decarbonisation objectives while maintaining operational reliability and safety.

By embedding sustainability considerations into project planning, operational execution, and performance monitoring, we support national efforts to:

- Reduce routine flaring and venting
- Improve methane management
- Enhance environmental protection in sensitive ecosystems
- Attract sustainable investment into Nigeria's upstream sector

SEEPCO views compliance not as a minimum threshold, but as a platform for continuous improvement and responsible value creation.



ENVIRONMENTAL STEWARDSHIP AND CLIMATE ACTION

3.1

Climate Change Governance and GHG Accounting Framework

Sterling Oil Exploration & Energy Production Company (SEEPCO)) recognises climate change as a material environmental and business risk for Nigeria's upstream oil and gas sector. As part of our first formal sustainability disclosure, we have established a structured greenhouse gas (GHG) management and reporting framework aligned with international best practice and Nigerian regulatory requirements.

Our GHG emission estimates are calculated in accordance with the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, applying the Tier 1 methodology and Global Warming Potential (GWP) values from the IPCC Fifth Assessment Report (AR5). The assessment considers the three principal greenhouse gases relevant to upstream operations, namely carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O).

Direct emissions assessed under this framework include:

- Emissions from routine and non-routine flaring
- Emissions from mobile combustion sources such as vehicles and mobile equipment
- Emissions from stationary combustion sources across operational facilities

This methodological approach ensures transparency, consistency, and comparability with both national inventories and international reporting expectations.

3.2

Regulatory Compliance and Oversight

SEEPCO operates under the regulatory oversight of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and complies with all applicable environmental and emissions-related requirements governing upstream petroleum operations in Nigeria. During the reporting period, we obtained and maintained Environmental Impact Assessment (EIA) approvals for our blocks and projects from the Federal Ministry of Environment (FMENV) and the Nigerian Upstream Petroleum Regulatory Commission (NUPRC).

Our emissions management and monitoring practices are aligned with, and guided by, the following key Nigerian laws, regulations, and guidelines:

- Petroleum (Drilling and Production) Regulations, 1969, particularly Sections 25 and 36
- Mineral Oils (Safety) Regulations, 1997
- Flare Gas (Prevention of Waste and Pollution) Regulations, 2018
- Petroleum Industry Act (PIA), 2021, particularly Chapter 1 Part III and Chapter 2 Part II
- NUPRC Guidelines for Management of Fugitive Methane and Greenhouse Gas Emissions in the Upstream Oil and Gas Operations in Nigeria (2022)

Compliance with these instruments is embedded into our operational planning, facility design, inspection regimes, and reporting processes.

EMISSIONS QUANTIFICATION AND PERFORMANCE METRICS

4.1

Total Emissions and Production

For the reporting period, SEEPCO recorded:

- Total GHG emissions: 10,843.36783 tCO₂e
- Total production: 8,340,957 barrels of oil equivalent (BOE)

These figures form the basis for all emissions intensity calculations disclosed in this report.

4.2

Emission Intensity

Emission intensity is used as a core performance indicator to assess the efficiency of our operations relative to output.

Emission Intensity Formula

Emission Intensity = Total Emissions (tCO₂e) ÷ Total Production (BOE)

Using the reported data:

10,843.36783 tCO₂e ÷ 8,340,957 BOE = 0.001300 tCO₂e per BOE

This metric provides a normalised measure of emissions performance and allows SEEPCO to track improvements in operational efficiency independent of production volume.

4.3

Methane Emissions Management

Methane is recognised as a highly potent greenhouse gas with significant short-term climate impacts. SEEPCO places strong emphasis on methane management as part of our broader GHG reduction strategy.

4.4

Methane Emissions and Intensity

During the reporting period:

- Methane emissions recorded: 504.375 kg CH₄

Methane Intensity Formula

CH₄ Intensity = CH₄ Emissions (kg) ÷ Production (BOE)

To express results per thousand barrels of oil equivalent:

(504.375 kg ÷ 8,340,957 BOE) × 1,000 = 0.0605 kg CH₄ per kBOE

This intensity metric enables focused monitoring of methane performance and supports targeted mitigation actions in line with regulatory expectations.

Fugitive Emissions Control and LDAR Programme

In compliance with the NUPRC Guidelines for Management of Fugitive Methane and Greenhouse Gas Emissions (2022), SEEPCO implements routine Leak Detection and Repair (LDAR) programmes across all operational locations.

LDAR activities are conducted using advanced multi-gas detection equipment to:

- Identify potential leak points early
- Assess equipment integrity
- Enable prompt corrective actions

These inspections are carried out consistently as part of our operational controls and preventive maintenance systems, reducing the risk of fugitive emissions from valves, connectors, compressors, and other process equipment.

Joint Investigation Visits (JIVs) related to spills or environmental incidents are conducted with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and other relevant government agencies, ensuring transparency and regulatory alignment.

Flaring and Gas Utilisation

SEEPCO prioritises flaring reduction as a key component of its emissions management approach. Direct emissions from flaring are included in our GHG inventory, calculated using IPCC-approved emission factors and a flaring efficiency of 98 per cent.

We have prioritised gas utilisation projects across our facilities, including the deployment of additional gas compression capacity to increase associated gas utilisation and minimise routine flaring. These initiatives are integrated into field development planning and facility optimisation efforts.

Routine and non-routine flaring activities are conducted strictly under permits issued by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and in accordance with the Flare Gas (Prevention of Waste and Pollution) Regulations, 2018.

GHG Management Plan and Reduction Pathway

This GHG Management Plan serves as a strategic roadmap guiding SEEPCO's approach to emissions management and environmental sustainability. Rooted in responsible resource development and operational excellence, the plan outlines our commitment to reducing our carbon footprint while supporting Nigeria's socio-economic development objectives. SEEPCO has adopted a structured GHG reduction pathway aligned with Nigeria's Nationally Determined Contributions (NDCs), including:

- Incremental reductions from baseline emissions levels
- Targeted actions on methane, flaring, and energy efficiency
- Long-term ambition towards net-zero through operational improvements and offsetting mechanisms

All emissions data are measured, estimated, and reported to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) on a quarterly and annual basis, as required.

INTERNATIONAL FRAMEWORKS AND NATIONAL ALIGNMENT

SEEPCO aligns its climate strategy with relevant international and national frameworks, including:

- Paris Agreement on Climate Change (2016) under the United Nations Framework Convention on Climate Change (UNFCCC)
- Nigeria's National Action Plan on the Reduction of Short-Lived Climate Pollutants (SLCPs)

Nigeria has been a member of the Climate and Clean Air Coalition (CCAC) since 2012, and SEEPCO supports national efforts to reduce emissions of SLCPs, particularly methane, as part of enhanced climate ambition.



WASTE MANAGEMENT AND ENVIRONMENTAL PROTECTION

SEPCO's waste management strategy is guided by the principles of minimisation, reuse, recycling, treatment, and responsible disposal, consistent with Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) issued by the former Department of Petroleum Resources (now under NUPRC).

Waste streams managed include:

- Drilling wastes
- Production wastes
- Domestic wastes
- Medical and clinical wastes

A cradle-to-grave waste tracking system is implemented to ensure accountability, prevent illegal dumping, and protect soil and groundwater resources. All waste transportation and disposal activities are carried out by licensed contractors approved by the HSE Department, with full documentation retained for regulatory inspection.



POLICY FRAMEWORK SUPPORTING ENVIRONMENTAL PERFORMANCE

SEPCO's environmental performance is underpinned by robust internal policies, including:

- Health, Safety, Environment and Fire (HSEF) Policy
- Community Affairs Policy
- Human Rights Impact Assessment (HRIA) Policy
- Supplier and Contractor Code of Conduct
- Voluntary Principles on Security and Human Rights

These policies provide governance, accountability, and assurance across all environmental and ESG-related activities.



SOCIAL PERFORMANCE, HUMAN RIGHTS AND COMMUNITY DEVELOPMENT

8.1

Our Social Responsibility Framework

Sterling Oil Exploration & Energy Production Company (SEEPCO)) recognises that social performance is integral to sustainable upstream operations in Nigeria. As an Organisation operating within host communities and sensitive socio-economic environments, we approach social responsibility as a core component of operational excellence, risk management, and long-term value creation.

This first sustainability report formalises our approach to social performance, human rights, and community development. Our actions are guided by Nigerian legal requirements, international frameworks, and internal company policies that collectively shape how we engage communities, protect livelihoods, manage impacts, and promote inclusive development.

SEEPCO's social performance activities are implemented through a combination of:

- Statutory Host Community Development Trust (HCDDT) interventions where applicable
- Direct company-led community initiatives outside the HCDDT framework
- Livelihood restoration and compensation processes linked to land access and asset acquisition
- Human rights due diligence embedded in operations and contractor management

Not all community initiatives disclosed in this report fall under the HCDDT framework, reflecting the breadth of SEEPCO's direct engagement and social investment approach.



REGULATORY AND POLICY ALIGNMENT

SEPCO's social and community engagements are undertaken in compliance with Nigerian regulatory and legal requirements, including provisions of the Petroleum Industry Act (PIA), 2021, particularly those relating to host communities, compensation, and social performance obligations.

Oversight and engagement are conducted in collaboration with relevant regulators and institutions, including the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Federal Ministry of Environment (FMENV), where applicable.

Our approach is underpinned by internal policies that provide governance and accountability, including:

- Community Affairs Policy
- Human Rights Impact Assessment (HRIA) Policy
- Voluntary Principles on Security and Human Rights
- Supplier and Contractor Code of Conduct
- Health, Safety, Environment and Fire (HSEF) Policy

These policies guide stakeholder engagement, grievance management, impact mitigation, and contractor behaviour across all operational locations.



COMMUNITY AND SOCIAL INVESTMENT

SEEPKO's community development initiatives are designed to respond to identified community needs, enhance social infrastructure, and contribute to local economic empowerment. Engagements are conducted across 147 communities in 9 Local Government Areas (LGAs).

10.1

Education and Human Capital Development

Education remains a critical pillar of SEEPKO's social investment, supporting access to learning and strengthening educational infrastructure.

Education Support Data

Initiative	Figure
Scholarships were awarded to	412 students
Teachers supported	6
The secondary school renovated	1 school
Students provided education grants	9

These interventions were implemented through direct company programmes and community engagement processes, targeting access, retention, and learning outcomes.

10.2

Health and Well-Being

SEEPKO supports community health through targeted outreach programmes and medical interventions aimed at improving access to basic healthcare services.

Health Outreach Data

Initiative	Figure
Medical camps conducted	2
Individuals who received medical care	1,600

Medical camps were delivered in collaboration with local healthcare providers and community leadership structures to address immediate healthcare needs and promote preventive care.

Women Empowerment and Social Inclusion

SEEPCO recognises the importance of gender inclusion in sustainable development and supports initiatives focused on women's skills development and economic empowerment.

Women Empowerment Data

Initiative	Figure
Women trained	67
Women supported with grants	50

These initiatives were designed to enhance income-generating capacity, strengthen household resilience, and promote inclusive participation in local economic activities.

Employment and Livelihood Support

Local employment and livelihood restoration form a central component of SEEPCO's social performance strategy.

Employment and Livelihood Data

Initiative	Figure
Jobs created	3,300
Individuals supported through livelihood training	150
Livelihood support through employment	3,300

Employment opportunities were generated through a combination of direct operations, contractor engagements, and community-based workforce participation.

Community Infrastructure Development

SEEPCO contributes to the development and maintenance of essential community infrastructure that supports mobility, water access, and communal activities.

Infrastructure Development Data

Infrastructure	Figure
Roads maintained	19 km
Boreholes constructed	12
Town halls repaired	1
Infrastructure projects executed	4

Infrastructure projects included health, education, and community facilities and were implemented following community consultations and needs assessments.

COMPENSATION, LAND ACCESS AND RESETTLEMENT

SEEPCO undertakes land acquisition and access activities in accordance with Nigerian legal requirements and international good practice, ensuring fairness, transparency, and livelihood protection.

11.1 Land and Asset Compensation

Compensation Data

Category	Figure
Land acquired	318.43 hectares
Families relocated	11
Fisheries or livestock affected	0 cases
Fisheries complaints confirmed incorrect	1

Compensation processes were conducted following consultations, valuation exercises, and grievance resolution mechanisms to ensure that affected persons were treated fairly.

11.2 Livelihood Restoration

Livelihood restoration measures were implemented to support affected individuals and households beyond monetary compensation.

Livelihood Restoration Data

Initiative	Figure
Livelihood training beneficiaries	150
Livelihood support through employment	3,300

These measures aimed to restore and, where possible, improve pre-impact livelihood conditions.

Human Rights and Social Risk Management

SEEPKO is committed to respecting human rights across its operations and value chain. Human rights considerations are integrated into operational planning, community engagement, security arrangements, and contractor management.

Our Human Rights Impact Assessment (HRIA) Policy provides a framework for identifying, assessing, and mitigating potential human rights risks associated with our activities. The Voluntary Principles on Security and Human Rights guide interactions involving security personnel, ensuring respect for community rights and dignity.

Contractors and suppliers are required to comply with SEEPKO's Supplier and Contractor Code of Conduct, which sets expectations on labour practices, ethics, health and safety, and environmental protection.

Grievance Management and Community Feedback

SEEPKO maintains a grievance mechanism that enables community members and stakeholders to raise concerns related to operations, compensation, and social impacts.

Grievance Mechanism Data

Indicator	Figure
Grievances received	regular
Grievance resolution rate	67 percent

Grievances are logged, investigated, and addressed through defined procedures, with escalation and follow-up where required. Outcomes are communicated to complainants to ensure transparency and trust.



SEPCO'S SOCIAL PERFORMANCE OUTLOOK

As this is SEPCO's first comprehensive sustainability disclosure, the systems, data, and governance structures presented in this section represent a foundational step toward more structured, transparent, and integrated ESG reporting.

Our focus remains on:

- Strengthening community trust through consistent engagement
- Enhancing data quality and impact measurement
- Aligning social investment with national development priorities
- Embedding human rights considerations across operations

Social performance will continue to be reviewed, improved, and disclosed as part of SEPCO's evolving sustainability journey.



HEALTH, SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION (HSE)

13.1

HSE Governance and Management Framework

Sterling Oil Exploration & Energy Production Company (SEEPCO) recognises that strong health, safety, security and environmental performance are fundamental to responsible upstream oil and gas operations. Our HSE approach is an interdependent safety culture anchored on prevention, regulatory compliance, continuous improvement, and protection of people, assets, and the environment.

As part of our first sustainability disclosure, this section outlines how SEEPCO manages HSE risks across its operations using structured systems, defined procedures, and internal policies that guide decision-making and operational controls.

Our HSEF management framework is governed by the Company Health, Safety, Environment and Fire (HSEF) Policy, which applies to all employees, contractors, and subcontractors operating on our behalf. The policy establishes clear accountability for hazard identification, risk mitigation, emergency preparedness, environmental protection, and regulatory compliance.

Oversight and regulatory engagement are conducted in collaboration with relevant Nigerian authorities, including:

- Nigerian Upstream Petroleum Regulatory Commission (NUPRC)
- National Oil Spill Detection and Response Agency (NOSDRA)
- Federal Ministry of Environment (FMENV)

13.2

Environmental Protection and Regulatory Compliance

SEEPCO operates in compliance with Nigerian environmental laws and regulations governing upstream petroleum activities. Environmental approvals and permits are obtained and maintained for all applicable projects and operations.

13.3

Environmental Impact Assessment Approvals

SEEPCO obtained and maintained Environmental Impact Assessment (EIA) approvals for its blocks and projects from:

- The Federal Ministry of Environment (FMENV)
- The Nigerian Upstream Petroleum Regulatory Commission (NUPRC)

These approvals provide the regulatory basis for environmental management, mitigation planning, and monitoring throughout the project lifecycle.

13.4

Spill Prevention, Monitoring and Remediation

SEEPCO implements spill prevention and response measures designed to minimise environmental impact and ensure rapid remediation in the event of an incident.

13.5

Spill Incidents and Joint Investigation Visits

During the reporting period, 2 spill incidents were recorded. In line with Nigerian regulatory requirements, Joint Investigation Visits (JIVs) were conducted for reported incidents.

JIVs were carried out jointly with:

- Nigerian Upstream Petroleum Regulatory Commission (NUPRC)
- National Oil Spill Detection and Response Agency (NOSDRA)
- Community representatives and other relevant stakeholders

These visits ensured transparent determination of spill causes, affected areas, and remediation requirements.

13.6

Environmental Remediation Performance

Environmental Remediation Data

Indicator	Figure
Remediation cases recorded	10
Remediation cases closed	10
Remediation completion rate	100 percent

The remediation completion rate was calculated by dividing the number of remediation cases closed by the total number of cases recorded and multiplying by 100. All identified remediation cases were fully addressed and closed within the reporting period, demonstrating SEEPCO's commitment to environmental restoration and regulatory compliance.

13.7

Greenhouse Gas and Air Emissions Management

SEEPCO manages greenhouse gas emissions in alignment with Nigerian regulatory requirements and international standards.

Scope and Methodology

Direct emissions from the following sources were considered:

- Gas flaring
- Mobile combustion from vehicles and equipment
- Stationary combustion sources

Emission estimates were calculated using the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, applying the Tier 1 methodology and Global Warming Potential (GWP) values from the IPCC Fifth Assessment Report (AR5).

Three greenhouse gases were assessed:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)

This methodology aligns with international best practice and the requirements of the NUPRC Guidelines for Management of Fugitive Methane and Greenhouse Gas Emissions in the Upstream Oil and Gas Operations in Nigeria (2022).

Emission Intensity

Emission intensity measures greenhouse gas emissions relative to production output and provides insight into operational efficiency.

Data Used

- As previously reported in Section 4, total emissions were: 10,843.36783 tCO₂e
- Total production: 8,340,957 BOE

Formula Applied

Emission intensity equals total emissions divided by total production.

Calculation

10,843.36783 tCO₂e divided by 8,340,957 BOE equals 0.001300 tCO₂e per BOE.

This metric reflects SEEPCO's emissions performance per unit of production without relying on a historical baseline year.

Methane Management and Methane Intensity

Methane emissions are a key focus area due to their higher global warming potential.

Data Used

- Methane emissions: 504.375 kg CH₄
- Total production: 8,340,957 BOE

Formula Applied

Methane intensity equals methane emissions divided by production.

To express the result per thousand barrels of oil equivalent, the value is multiplied by 1,000.

Calculation

504.375 kg divided by 8,340,957 BOE multiplied by 1,000 equals 0.0605 kg CH₄ per kBOE.

SEEPCO manages methane emissions through consistent operational controls and compliance with the NUPRC Guidelines for Management of Fugitive Methane and Greenhouse Gas Emissions (2022).

Leak Detection and Repair (LDAR)

Routine Leak Detection and Repair (LDAR) activities are conducted across all operational locations. Advanced multi-gas detectors are used to monitor equipment integrity and identify potential leak points.

LDAR surveys are carried out:

- In-house on a routine basis
- Verified by third-party contractors on a biannual basis, as required by the NUPRC

These activities support early detection and prompt repair of leaks, reducing fugitive emissions and improving environmental performance.

Gas Flaring and Energy Efficiency

SEEPCO prioritises gas utilisation and flare reduction initiatives as part of its emissions management strategy.

Actions currently implemented include:

- Gas utilisation projects across facilities and assets
- Installation of additional gas compressor units to increase associated gas utilisation
- Monthly and quarterly inspections of flaring systems
- Equipment maintenance and upgrades to improve efficiency

These measures are implemented in compliance with:

- Flare Gas (Prevention of Waste and Pollution) Regulations, 2018
- Applicable provisions of the Petroleum Industry Act (PIA), 2021
- Oversight by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC)

ENERGY TRANSITION AND ELECTRIFICATION

SEEPCO has commenced the transition toward cleaner energy use within its operations. The Organisation is currently in the process of transitioning up to 60 per cent of its operational energy use to electric alternatives; over 90 per cent of our vehicle and equipment fleet currently runs on Compressed Natural Gas (CNG), a clean fuel.

This transition forms part of SEEPCO's broader energy efficiency and emissions reduction efforts.



WASTE MANAGEMENT AND POLLUTION PREVENTION

SEEPCO operates a comprehensive waste management system based on waste minimisation, regulatory compliance, and environmental protection.

15.1

Waste Management Principles

Our waste management strategy prioritises:

- Minimisation of waste generation
- Reuse of materials where practicable
- Recycling and recovery
- Treatment of hazardous waste
- Safe and regulated disposal

This hierarchy is applied consistently across all operations and extended to contractors and subcontractors.

15.2

Waste Streams

Wastes generated from operations are categorised into:

1. Drilling wastes
2. Production wastes
3. Domestic waste
4. Medical waste

All waste handling, storage, transportation, and disposal activities are conducted in compliance with:

- Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN), 2012
- Requirements of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC)
- Applicable State Environmental Ministry regulations

15.3

Waste Tracking and Contractor Oversight

SEEPCO implements a cradle-to-grave waste tracking system for hazardous and non-hazardous wastes. All wastes transported off-site are accompanied by manifests, and records are retained for regulatory inspection.

Only licensed and approved waste handling contractors are engaged, and all personnel involved in waste management activities receive appropriate training.

HEALTH, SAFETY AND WORKFORCE PROTECTION

SEESCO conducts recurring safety campaigns targeting employees and contractors. These campaigns focus on hazard awareness, safe work practices, and emergency preparedness.

Health monitoring conducted during outreach programmes identified the following BMI distribution:

- Healthy BMI: 48 percent
- Overweight: 39 percent
- Obese: 13 percent

These findings inform targeted health education and preventive interventions.



CONTINUOUS IMPROVEMENT AND REGULATORY ENGAGEMENT

SEEPCO engages proactively with regulators, particularly the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), to strengthen compliance, reporting, and capacity building.

Our GHG Management Plan provides a structured roadmap for:

- Emissions measurement and reporting
- Quarterly submissions to the Commission
- Annual compliance reporting
- Continuous improvement in emissions management methodologies

As part of this process, SEEPCO is strengthening systems, training, and internal capacity to support robust HSEF performance.



HSEF OUTLOOK

As this is SEEPCO's first sustainability disclosure, the HSEF systems and performance described in this section represent a foundational stage in our ESG journey.

Our focus remains on:

- Preventing incidents and environmental harm
- Strengthening emissions and waste management systems
- Maintaining full regulatory compliance
- Protecting the health and safety of people and communities

HSEF performance will continue to be reviewed, enhanced, and transparently disclosed as SEEPCO advances its sustainability journey.



GOVERNANCE, ETHICS, RISK MANAGEMENT AND POLICY FRAMEWORK

19.1 Governance Philosophy and ESG Oversight

Sterling Oil Exploration & Energy Production Company (SEEPCO) recognises that strong governance is the foundation for sustainable operations, regulatory compliance, and long-term value creation. As this is our first formal sustainability report, governance structures described in this section represent the systems currently in operation and those that underpin our environmental, social, and operational performance.

SEEPCO's governance framework integrates environmental stewardship, social responsibility, and ethical business conduct into corporate decision-making. Oversight of ESG matters is exercised through senior management structures, supported by defined policies, internal controls, and regulatory engagement.

Our governance approach is aligned with Nigerian legal and regulatory requirements, particularly the Petroleum Industry Act (PIA), 2021, and is informed by international best practices in corporate governance and sustainability.

19.2 Regulatory Governance and Compliance Structure

SEEPCO operates within Nigeria's upstream petroleum regulatory framework and maintains active engagement with statutory regulators.

Primary regulatory oversight is provided by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), which is responsible for:

- Licensing and operational approvals
- Oversight of greenhouse gas and methane management
- Environmental compliance and reporting
- Approval of Field Development Plans and GHG Management Plans

Environmental protection and spill oversight are further supported by:

- National Oil Spill Detection and Response Agency (NOSDRA)
- Federal Ministry of Environment (FMENV)

SEEPCO maintains required approvals, permits, inspections, and reporting obligations with these authorities, reinforcing transparency and regulatory accountability.

Alignment with the Petroleum Industry Act (PIA)

The Petroleum Industry Act (PIA), 2021, serves as the central legislative framework guiding SEEPCO's governance, environmental compliance, and host community engagement.

Key PIA provisions informing SEEPCO's governance approach include:

- Environmental protection and sustainability obligations
- Gas flaring reduction and emissions management
- Host community development and stakeholder engagement
- Transparency, accountability, and reporting requirements

SEEPCO's ESG practices are implemented in a manner that ensures consistency with the intent and requirements of the PIA, while also supporting Nigeria's broader development and climate objectives.



RISK MANAGEMENT FRAMEWORK

SEEPCO applies a structured risk management approach to identify, assess, and manage risks across its operations. Risk categories considered include:

- Operational and process safety risks
- Environmental and climate-related risks
- Security and supply chain risks
- Human rights and social risks
- Regulatory and compliance risks

Risk identification and mitigation measures are embedded within operational planning, project execution, and contractor management processes. This approach ensures that material ESG risks are addressed proactively rather than reactively.



ETHICS, INTEGRITY AND BUSINESS CONDUCT

SEEPCO maintains a zero-tolerance approach to unethical conduct. Ethical behaviour is reinforced through internal policies, training, and compliance monitoring.

Key principles guiding ethical conduct include:

- Transparency in operations and reporting
- Accountability at all levels of the Organisation
- Compliance with Nigerian laws and regulations
- Respect for human rights and community interests

Ethics and integrity expectations apply to employees, contractors, suppliers, and business partners operating on SEEPCO's behalf.



HUMAN RIGHTS GOVERNANCE AND DUE DILIGENCE

SEESCO recognises its responsibility to respect human rights across its operations and value chain. Human rights governance is supported by:

- A Human Rights Impact Assessment (HRIA) Policy
- Alignment with the Voluntary Principles on Security and Human Rights
- Integration of human rights considerations into operational and security decision-making

Human Rights Due Diligence (HRDD) processes are embedded in operational activities to identify, prevent, mitigate, and address potential human rights impacts. These processes extend to contractor and security arrangements where applicable.



COMMUNITY GOVERNANCE AND ENGAGEMENT FRAMEWORK

SEEPCO engages host communities through structured and transparent processes supported by a dedicated Community Affairs Policy.

Community-related initiatives implemented by SEEPCO include:

- Development projects executed both within and outside Host Communities Development Trust (HCDT) structures
- Continuous dialogue with community leadership and representatives
- Grievance management mechanisms to address concerns promptly and fairly

This approach ensures that community investments are responsive to local needs while remaining aligned with regulatory expectations under the PIA.



SUPPLIER AND CONTRACTOR GOVERNANCE

SEEPCO recognises that suppliers and contractors play a critical role in ESG performance. Governance of third parties is supported by the Supplier and Contractor Code of Conduct, which sets expectations on:

- Health and safety performance
- Environmental protection
- Ethical conduct and compliance
- Respect for human rights

Contractor performance is monitored through inspections, audits, onboarding requirements, and ongoing engagement to ensure alignment with SEEPCO standards.



POLICY FRAMEWORK SUPPORTING ESG PERFORMANCE

SEEPCO's ESG performance is supported by a suite of internal policies that guide behaviour, decision-making, and operational controls. These include:

- Health, Safety, Environment and Fire (HSEF) Policy
- Human Rights Impact Assessment (HRIA) Policy
- Community Affairs Policy
- Supplier and Contractor Code of Conduct
- Alignment with the Voluntary Principles on Security and Human Rights

These policies apply across all SEEPCO operations and provide a formal basis for accountability and continuous improvement.



TRANSPARENCY, REPORTING AND FIRST-YEAR DISCLOSURE

As 2025 represents SEEPCO's first formal sustainability disclosure, governance systems are being documented and strengthened to support consistent ESG reporting.

Data presented in this report is drawn from operational records, regulatory submissions, and internal management systems. Governance structures will continue to evolve as data maturity improves and reporting processes are refined.

SEEPCO is committed to improving transparency, enhancing internal controls, and strengthening governance systems in line with regulatory expectations and stakeholder interests.



GOVERNANCE OUTLOOK

SEEPCO's governance framework reflects an Organisation building strong foundations for long-term sustainability. Our focus remains on:

- Strengthening ESG oversight and accountability
- Deepening regulatory engagement with NUPRC and other authorities
- Enhancing policy implementation across operations and the supply chain
- Supporting responsible growth under the Petroleum Industry Act

Governance performance will continue to be reviewed and enhanced as SEEPCO progresses along its sustainability journey.

27.1

Outlook: Our Commitment to Responsible Growth

As this inaugural ESG and Sustainability Report marks the beginning of SEEPCO's structured disclosure journey, our outlook is anchored on consolidation, continuous improvement, and the progressive strengthening of environmental, social, and governance systems across our operations. This first reporting cycle establishes a credible baseline for transparency, governance, and performance tracking, while recognising that sustainability maturity is an evolving process.

From an environmental perspective, SEEPCO will continue implementing its Greenhouse Gas Management Plan in alignment with national priorities and regulatory expectations issued by the Nigerian Upstream Petroleum Regulatory Commission. Greenhouse gas estimates will continue to be calculated using internationally recognised methodologies under the IPCC 2006 Guidelines and the Tier 1 approach, while internal capabilities are progressively strengthened toward more asset-specific methodologies. Our operational focus remains on flaring reduction, methane management through structured Leak Detection and Repair programmes, disciplined equipment maintenance, and increased associated gas utilisation. The ongoing transition of operational energy sources, including the phased move toward up to 60 per cent electrification, reflects our commitment to improving emissions efficiency as implementation progresses.

SEEPCO's social outlook is centred on workforce wellbeing, community development, and respect for human rights. We will continue to operationalise our Human Rights Impact Assessment Policy, Voluntary Principles on Security and Human Rights, Community Affairs Policy, and Supplier and Contractor Conduct Policy to ensure that human rights considerations are embedded across our operations and value chain. In alignment with the United Nations Guiding Principles on Business and Human Rights, SEEPCO applies a risk-based approach to identifying, preventing, mitigating, and addressing potential adverse human rights impacts, supported by grievance mechanisms, stakeholder engagement, and transparent communication.

Community investments will continue to be delivered through multiple implementation pathways, including Host Community Development Trusts and direct community initiatives, reflecting the diversity of development needs and implementation structures across our areas of operation. Our grievance management framework will remain a core accountability tool, supporting early issue resolution, trust building, and social licence to operate.

From a governance standpoint, SEEPCO will maintain full compliance with the Petroleum Industry Act and applicable subsidiary regulations, supported by robust internal policies, regulatory engagement, and structured reporting. ESG considerations will continue to inform operational decision-making, risk management, and performance oversight, reinforcing accountability at all levels.

Overall, SEEPCO's outlook reflects a disciplined and responsible growth pathway. By strengthening environmental performance, embedding human rights in line with global best practice, and reinforcing sound governance, we are positioning the Organisation to deliver long-term value while contributing meaningfully to Nigeria's sustainable development objectives.



CONCLUSION

This first ESG and Sustainability Report represents a significant milestone in SEEPCO's journey. It formalises our commitment to transparency, regulatory compliance, and responsible operations, while providing a clear and factual account of our environmental, social, and governance performance based strictly on verified data and established methodologies.

Throughout the reporting period, SEEPCO demonstrated measurable progress in greenhouse gas management, health and safety performance, community development, waste management, and governance controls. These outcomes were supported by structured policies, regulatory alignment, and operational discipline, reinforcing our approach to sustainable value creation within Nigeria's evolving energy landscape.

As a first-time reporter, SEEPCO recognises that sustainability performance is not static. This report establishes a strong foundation upon which future disclosures will build, with continuous improvements in data quality, systems, and performance tracking. Our commitment remains rooted in environmental stewardship, respect for human rights, community partnership, and governance integrity.

By aligning our operations with national priorities, international frameworks, and stakeholder expectations, SEEPCO is committed to growing responsibly, managing risk effectively, and contributing positively to Nigeria's socioeconomic development. This report marks not an endpoint, but the beginning of a structured and accountable sustainability journey.

GLOSSARY OF TERMS

- ▶ **Associated Gas**
Natural gas is produced alongside crude oil.
- ▶ **Baseline**
The reference reporting year is used to measure future performance and improvement.
- ▶ **BOE (Barrels of Oil Equivalent)**
A standard unit used to combine oil and gas production on an energy-equivalent basis.
- ▶ **Carbon Dioxide Equivalent (tCO₂e)**
A metric that expresses greenhouse gas emissions as equivalent units of carbon dioxide using global warming potentials.
- ▶ **Community Development Initiatives**
Programmes supporting education, health, livelihoods, and infrastructure in host communities, delivered through statutory and non-statutory mechanisms.
- ▶ **Cradle-to-Grave Waste Management**
A system that tracks waste from generation to final.
- ▶ **Emission Intensity**
Greenhouse gas emissions per unit of production, expressed as tCO₂e per BOE.
- ▶ **Environmental Impact Assessment (EIA)**
A regulatory process for assessing environmental impacts prior to project approval.
- ▶ **Flaring**
The controlled burning of natural gas during oil and gas operations.
- ▶ **Fugitive Emissions**
Unintentional releases of gases, primarily methane, from operational equipment.
- ▶ **GHG (Greenhouse Gases)**
Gases that contribute to climate change, including CO₂, CH₄, and N₂O.
- ▶ **GHG Management Plan**
A structured framework for measuring, monitoring, reducing, and reporting greenhouse gas emissions.
- ▶ **Global Warming Potential (GWP)**
A factor used to compare the climate impact of different greenhouse gases relative to CO₂.
- ▶ **HCDT (Host Community Development Trust)**
A trust established under the Petroleum Industry Act to manage host community development projects.

- ▶ **Human Rights Impact Assessment (HRIA)**
A process to identify and address potential human rights impacts of an Organisation's operations.
- ▶ **IPCC Tier 1 Methodology**
A greenhouse gas estimation approach using default emission factors provided by the IPCC.
- ▶ **Joint Investigation Visit (JIV)**
A collaborative investigation conducted with regulators and stakeholders to assess incidents and remediation actions.
- ▶ **Leak Detection and Repair (LDAR)**
A systematic process to identify and repair gas leaks to reduce emissions.
- ▶ **Methane Intensity**
Methane emissions per unit of production, expressed as kg CH₄ per kBOE.
- ▶ **NDC (Nationally Determined Contribution)**
Nigeria's national climate commitment under the Paris Agreement.
- ▶ **NUPRC**
The Nigerian Upstream Petroleum Regulatory Commission is the regulator of upstream oil and gas operations.
- ▶ **Petroleum Industry Act (PIA)**
Nigeria's principal legal framework governing petroleum operations and sustainability requirements.
- ▶ **Remediation**
The restoration of environments impacted by spills or contamination.
- ▶ **UN Guiding Principles on Business and Human Rights (UNGPs)**
An international framework guiding corporate responsibility to respect human rights.
- ▶ **Waste Hierarchy**
An approach prioritising waste minimisation, reuse, recycling, treatment, and disposal as a last resort.