

2024 SUSTAINABILITY IMPACT STATEMENT

Pan Ocean Oil Corporation (Nigeria) Limited
Newcross Petroleum Limited
Newcross Exploration & Production Limited
NewX Energy Resources Limited

ABOUT THIS STATEMENT

As Nigeria's energy transition accelerates, and ESG expectations tighten under domestic and global watch, we reaffirm our commitment to deliver responsibly, sustainably, and profitably. This 2024 Sustainability Impact Statement offers an update on Pan Ocean and the Newcross companies' ongoing efforts to integrate sustainability into our operations, reflecting our strategy, performance, and tangible progress across Environmental, Social, and Governance (ESG) domains.

Guided by the principles of building a sustainable business that considers responsible stewardship of resources, this report encompasses our core business streams: Pan Ocean Oil Corporation (Nigeria) Limited, Newcross Petroleum Limited, Newcross Exploration and Production Limited, and NewX Energy Resources Limited. These entities collectively operate across diverse energy assets— OML 147, OML 152, OML 24, and emerging renewable energy initiatives, all of which are critical to our sustainability journey.

We have adopted an innovative, action-driven approach for reporting our 2024 sustainability impact. The sustainability impact statement as we have termed it serves as a bridge between our 2023 Sustainability Vision Report and the fully matured reporting process planned for 2025. With structured ESG data systems still being developed, we take a principles-and-action-based approach to document our progress in 2024. This includes tracking key initiatives, mapping actions to our sustainability commitments, and capturing the broader impact of our work across our operational bases.

In this statement, we highlight the concrete steps taken in 2024 to advance our 2023 commitments. This shift allows us to transparently showcase our dedication to sustainability while laying the groundwork for a more robust, data-driven report by 2025. Our scope includes operational updates from assets like OML 147, OML 152 and OML 24, community engagement efforts, and emerging renewable projects, all aligned with our four-pronged sustainability pillars: value creation for society, environmental protection, people's well-being, and sustainable energy systems. Through this report, we aim to show our commitment to responsible business practices, ethical conduct, and long-term value creation for all stakeholders.

REPORTING PRINCIPLES AND STANDARDS

This report is prepared in alignment with the Global Reporting Initiative (GRI) Standards, the United Nations Global Compact (UNGC) Ten Principles, and Nigeria's national energy transition and ESG regulatory expectations, particularly as enforced through the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and environmental authorities. We have adopted a phased approach toward full GRI compliance, beginning with theme-based action tracking, stakeholder engagement, and documentation of performance data. Future reports will integrate Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD)-aligned disclosures, ensuring financial materiality and risk transparency.

GROUP MANAGING DIRECTOR'S FOREWORD

In light of the energy transition goals of Nigeria, and the global sustainability landscape, our commitment at Pan Ocean and the Newcross Companies remains resolute. The challenges of operating at a time when climate change, economic disparity, and energy transition demand structured reporting necessitates a deep-rooted alignment with values, actions, and community engagement.

Our 2024 Sustainability Impact Statement reflects our current phase, the collective strides we undertake toward embedding ESG into our operational ecosystem, while preparing to deliver a fully data-driven sustainability report in 2025.

At Pan Ocean and the Newcross Group of Companies, sustainability is not an aspiration—it is a leadership imperative that defines how we operate, innovate, and build enduring value for our stakeholders and the communities we serve. This 2024 Sustainability Impact Statement shows a deliberate and confident step towards our ESG maturation goal. It captures the results of choices we have made to prioritise action, invest in long-term positive resilience, and deliver measurable impact across our operation and systems.

Throughout the year, we advanced initiatives that speak clearly to our sustainability commitments: commissioning of the Vapour Recovery Unit to significantly reduce gas flaring, scaling up of produced water treatment capacity, proactive environmental compliance monitoring, enhanced safety oversight, and direct community investments in socio- infrastructure.

We have chosen to present this as an Impact Statement because it represents where we are: a company executing on its sustainability commitments while preparing to transition to full, data-rich ESG reporting by 2025. While our systems are meeting up with our ambition, the impact to the bottom line is already tangible and we are not building traction on this progress.

Our strategic intent is clear: we stay true to our values and vision while we deepen sustainability integration across all functions, elevate data maturity, and deliver reporting that meets global standards. Our integrating and maturing sustainability practices into the business is in tandem with our operational excellence motive. As we prepare for a data-rich 2025 report, we extend gratitude to our employees, whose innovation drives us forward; our communities, whose partnership sustains us; and our stakeholders, whose trust inspires us.

MATERIALITY ASSESSMENT UPDATE

2023, we committed to conducting a materiality assessment in 2024 to prioritise sustainability issues. This year, we initiated a preliminary assessment, engaging stakeholders across assets and NewX projects, including employees, community leaders, regulators, and customers. We identified key issues through consultations and reviewing regulations and ESG frameworks: climate risk management, community engagement, carbon footprint reduction, workplace safety, and biodiversity preservation. These align with our operational realities (e.g., flaring, spills) and stakeholder concerns (e.g., community development). A full report, with ranked priorities and action plans, will be completed and shared in 2025, ensuring our strategy remains relevant and impactful.

RECAP OF 2023 SUSTAINABILITY COMMITMENTS

Our 2023 Sustainability Report established a strategic foundation for integrating sustainability into our corporate ethos, rooted in our ESG framework and aligned with the United Nations Sustainable Development Goals (SDGs). We identified three key priorities to guide our efforts:

- **Create an Inclusive Economic Opportunity:** This priority focused on fostering a diverse and inclusive workplace, driving economic empowerment for our employees and communities, and supporting local development through education, skills training, and job creation. Specific objectives included promoting diversity, ensuring fair treatment, and enhancing community livelihoods.
- **Accelerate the Transition to Net Zero:** We committed to reducing our carbon footprint, adopting low-carbon technologies, and fulfilling our energy transition goals, with a long-term target of Net Zero by 2060 in line with Nigeria's national ambitions. Actions included minimising environmental impact, reducing emissions, and transitioning to circular economy practices.
- **Enable Green Economy Growth:** This priority aimed to promote sectoral collaboration, leverage our research and resource capabilities, and support the transition to a green economy. Objectives included adopting renewable energy solutions, innovating low-carbon technologies, and advocating for policies to scale green economic growth nationally.

Our sustainability framework underpinned these commitments, emphasising environmental stewardship, social responsibility, and robust governance. We promised to engage stakeholders—employees, communities, regulators, and shareholders—to refine our approach and conduct a materiality assessment in 2024 to prioritise key issues. This recap serves as the benchmark for evaluating our 2024 progress.

OUR SUSTAINABILITY APPROACH AND ESG HIGHLIGHTS IN 2024

2024 we moved from ambition to implementation by adopting our Group-wide ESG and Energy Transition (ET) Strategy in March 2023. We began grounding our operations on key strategic areas—from flare reduction and stakeholder engagement to health and safety performance, social investments, and governance reform. Our 2024 Sustainability Report is presented as a continuation of our accountability journey. It reflects what we have done, what we have learned, and how we intend to grow.

For 2024, we translated our 2023 ambitions into site-specific and thematic initiatives, from renewable energy deployment and emissions reduction to talent development and community electrification. We adopted a four-pillar sustainability approach in 2023: Value creation for society, Environmental protection, People's well-being and Sustainable energy systems. Our core values— RISES—Resilience, Innovation, Safety, Excellence, and Sustainability—support these pillars and are aligned with the UN Sustainable Development Goals (SDGs).

Environmental Stewardship

In line with our commitment to reduce our environmental footprint and support Nigeria's Net Zero 2060 ambitions, we took key environmental actions across our assets in 2024. The Vapour Recovery Unit at OML 147 was fully commissioned, cutting flaring by nearly 80% and recovering low-pressure gas for reinjection and produced water management efforts, including optimising Compact Flotation Units (CFUs) and new atomiser systems. Across the Group, Environmental Compliance Monitoring (ECM) was sustained with NUPRC's participation, and NOSDRA audit inspections were completed successfully. No significant environmental fines or legal breaches were recorded.

Social Investment

Our social investments were technically informed with the provision of 12 open shops and 12 lock-up shops at Obi-Anyima and the modernisation of the town hall for the Agbor-Aladinma community. Preliminary site visits commenced in light of the proposed power supply extension from our flow station to Agbor-Alidinma General Hospital. This intervention underscores the idea that technical sustainability is three-pronged—environmental compliance, uplifting communities and driving long-term value creation.

In 2024, our social agenda focused on staff welfare, host community development, and talent acceleration. We continued our Health, Safety, and Environment (HSE) campaigns, recording over 16 million safe person-hours group-wide.

The HCDT framework was activated in three key host communities, and data was submitted to the NUPRC HostComply portal. Community relations remained stable with no significant disruptions to operations, aided by intelligence-based surveillance and quarterly joint engagement forums.

Governance and Operations

Over 80 audit recommendations were closed in 2024, including those related to procurement transparency and safety governance. The Group expanded its Code of Conduct campaign and reviewed key HR, CPS, QA/QC, and Operational procedures. Cybersecurity and Business Continuity Plans (BCP) were upgraded with board-level oversight. Policies around whistleblowing, contractor screening, and local content compliance were enforced. Risk dashboards for OML 24, OML 147, and OML 152 tracked safety and environmental triggers for escalation.

STRATEGIC SUSTAINABILITY INVESTMENTS

Substantial investments were made to upgrade our environmental and technical infrastructure, highlighting our long-term commitment to ESG integration:

Project	Cost
VRU & Flare Reduction (OML 147)	N108 million
LACT Unit Engineering & Construction	\$7.23 million
Gas Generator Procurement (PML 18)	\$0.242 million
AGG Booster Compressors (OML 24)	\$21.9 million
Produce Water Treatment Systems	\$5.96 million
Workover/Completion of Injection Wells	\$6.97 million

HEALTH, SAFETY, SECURITY & ENVIRONMENTAL (HSSE) PERFORMANCE

Our safety and security performance in 2024 reflects a heightened focus on risk reduction, regulatory alignment, and personnel welfare across operational sites. The group achieved over 1 million safe man-hours at OML 24 and zero fatalities across all assets despite increased project intensity.

Category	OML 24	OML 147	PML 18	OPL 276
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Total Man-Hours	1,039,881	373,820	842,907	
Fatalities	0	0	0	0
Oil Spills	2	0	0	0
LTIs	0	1	0	0
Medical Treatments	10		5	1
Unsafe Acts	194	365	105	0
Unsafe Conditions	201	240	30	0

ESG INSIGHTS ACROSS THE GROUP

OML 147 – Engineering-Led Sustainability

OML 147 demonstrated a strong technical and environmental performance in 2024. The Vapour Recovery Unit (VRU) commissioned in February led to a drop in flared gas from 2 MMscf/day to 0.5 MMscf/day, with direct environmental and economic benefits. Produced water management has also advanced with efforts to maximise the compact flotation unit (CFU) and procure atomisers for higher treatment standards. In addition, the LACT Unit installation began, which is a significant infrastructure step toward improved metering and crude handling.

From a safety and operations standpoint, OML 147 recorded 373,820 man-hours with zero fatalities, maintained a solid facility uptime (Gas Compressors 94%, Export Pumps 100%), and engaged in continuous community-based pipeline surveillance to mitigate vandalism.

OML 24 – Midstream Strength and Community Harmony

The asset focused on midstream improvements and flare elimination with AGG Booster Compressors entirely fabricated and in transit by year-end. The site recorded zero fatalities, maintained high safety compliance, and completed environmental audits, including PSSR and NOSDRA inspections. Despite two operational oil spills (521 bbls), prompt response protocols helped minimise environmental impact; they were quickly contained with no long-term environmental damage. Operational deferrals due to rig delays and surge vessel issues were notable but contained.

Community relations remained stable through proactive stakeholder engagement and support for cultural programs.

OML 152 – Post-Deployment Readiness

With new infrastructure at the EPF, OML 152's sustainability work revolved around power and safety preparedness: gas generators, solar lighting, handheld gas detectors, and tree planting preparedness for carbon offset. Environmental compliance and GHG inclusion continued alongside planning for diesel-to-gas transitions.

PML 18 (Egbaoma) – Water and Energy Resilience

Egbaoma's strategic initiatives addressed water injection, gas generator commissioning, and process optimisation. HSSE reported zero fatalities, 130,785 Q4 man-hours, and commendable proactive actions like field fumigation, NNRA permit acquisition, and HAZOP reviews. Community security and RoW patrols were scaled up to combat increased pipeline interference attempts.

OPL 276 – Governance, Community & Readiness

Still in its exploration phase, OPL 276 emphasised governance setup, HSSE frameworks, and stakeholder engagement. Key progress included the inauguration of MACOM and OPCOM, EIA revalidation (valid until 2026), and seismic readiness preparations. A draft MOU and Host Community Development Trust framework are being developed, setting the tone for responsible upstream activities in 2025.

2024 PROGRESS ON COMMITMENT AND ACTIONS TAKEN

In 2024, we translated our 2023 commitments into action. Below, we detail our progress across each pillar, focusing on initiatives implemented and the qualitative outcomes.

Environmental Commitment: Reduce carbon footprint and transition to Net Zero by 2060.

- **Action:** In February 2024, we commissioned a Vapour Recovery Unit (VRU) at OML 147, reducing flared gas from 2 million standard cubic feet per day (MMscf/day) to 0.5 MMscf/day. This pilot project targeted one of our most significant emission sources—gas flaring—and involved collaboration with technical teams to install and operationalise the system.
- **Outcome:** Field observations indicate a substantial decrease in flaring intensity, improving air quality and aligning with SDG 13 (Climate Action). However, without comprehensive metering, exact reductions remain unquantified. We plan to install meters in 2025 to measure impact.
- **Action:** OML 24 advanced the Gas Metering Skid project and completed the Eku I & II AGG Booster Compressors assembly. These initiatives aim to enhance gas capture and use, reducing waste and emissions.
- **Outcome:** The infrastructure promises to improve gas handling, supporting our Net Zero roadmap. Data collection will begin post-installation, providing a baseline for future reports.
- **Action:** Environmental studies were conducted across assets, including effluent and gaseous emission monitoring by NUPRC at Egboma and Awoba fields and HAZOP reviews for storage tanks and dehydration units.
- **Outcome:** These actions strengthened regulatory compliance and process safety. However, incidents like the 501-barrel spill at San Barth highlight gaps in spill prevention and tracking, which we address through recovery and clean-up efforts.

Social Commitment: Drive economic empowerment and support communities.

- **Action:** Sustained community-based pipeline security surveillance at OML 147, reducing vandalism from an average of 6 to 2 monthly incidents through collaboration with local stakeholders and security forces.
- **Outcome:** Enhanced asset security bolstered local economies by minimising disruptions, while educational initiatives fostered skills development. Specific beneficiary numbers and impact metrics are pending systematic tracking, planned for 2025.
- **Action:** Deployed 103 Battalion Army and Navy personnel to OML 24, briefing them on Voluntary Principles on Security and Human Rights (VPSHR) to ensure ethical conduct. Daily wellhead surveillance and flowline monitoring were intensified.
- **Outcome:** Achieved zero security incidents in Q4 2024, enhancing safety for employees and communities, aligning with SDG 16 (Peace, Justice, and Strong Institutions). Community trust grew, though qualitative feedback dominates due to limited data.
- **Action:** Initiated needs assessments in host communities and planned incorporation of Host Community Trust Funds by 2025 under the Petroleum Industry Act (PIA). Cultural festival support and public forums were also launched.
- **Outcome:** These steps laid the foundation for sustainable community development. Formal impact assessments to quantify socio-economic benefits are scheduled for 2025.

Governance Commitment: Strengthen corporate governance and ethical standards.

- **Action:** Developed a compliance tracker for PIA host community provisions, ensuring alignment with legal requirements. This tool monitored obligations across assets like.
- **Outcome:** Achieved zero facility shutdowns from disputes or litigation, reflecting robust compliance. Complete documentation of compliance metrics is in progress for 2025.
- **Outcome:** Enhanced operational accountability and stakeholder trust; detailed process records will be centralised for 2025 reporting.
- **Action:** Sustained high ethical standards through our Code of Conduct, with whistleblowing mechanisms in place and regular supplier risk assessments under Group Procurement Policies.
- **Outcome:** Improved stakeholder confidence.

Energy Transition and RE Economy Commitment: Adopt low-carbon technologies and promote RE growth.

- **Action:** NewX Energy advanced mini-grid projects in Nasarawa (Jeun-Jankawa and Ado) with AEDC, signing exclusivity and land lease agreements, conducting customer enumeration, and planning Environmental Impact Assessments (EIAs)
- **Outcome:** These projects position us as leaders in renewable energy, supporting SDG 7 (Affordable and Clean Energy). Completion in 2025 will provide measurable energy access data.
- **Action:** Engagement and considered partnership with Nelson-Goedert Energy for natural hydrogen exploration—a low-carbon fuel alternative—in Nigeria.
- **Outcome:** Early-stage progress promises innovation; feasibility studies in 2025 will quantify potential. The collaboration aligns with our green economy goals.
- **Action:** Proposed mini grids for OML 24 communities to replace diesel dependency.
- **Outcome:** A sustainable electrification plan is underway, reducing emissions and costs; implementation data will follow in 2025.

ROADMAP TO 2025

To meet our 2025 goal of publishing a fully developed Sustainability Report, we commenced work alongside Qowokoni and Partners. In 2024, we adopted a structured ESG integration approach, beginning with gap assessments, training, and framework alignment. The roadmap defines five maturity levels, from sub-optimal to industry leadership, using a Red-Amber-Green (RAG) model. Our target for 2025 is to reach an intermediate-to-good practice rating in governance, climate risk management, and social performance planning.

Key 2025 commitments include:

- Conducting a full ESG materiality assessment
- Establishing a cross-functional ESG governance council
- Completing Scope 1 and 2 emissions inventories
- Embedding ESG risk assessments into project planning
- Publishing quarterly ESG disclosures aligned with applicable reporting frameworks
- Launching an internal ESG training program

CONCLUSION

2024 served as a year of transition—from sustainability ambition to action. While we are refining our data gathering and analytics systems, the actions taken in 2024 reflect a meaningful impact across environmental, social, and governance domains. From reducing flaring with the VRU to securing communities with JTF support and pioneering renewables through NewX, we've laid a strong foundation for our 2060 Net Zero goal. These efforts reflect our dedication to environmental stewardship, social responsibility, and governance excellence.

Our commitment to operationalise sustainability and deliver measurable, transparent, and credible ESG performance by 2025 remains firm.

Appendix: Alignment with Global Frameworks

A.1 United Nations Global Compact (UNGC) Principles

The 2024 Sustainability Report aligns with the Ten Principles of the UNGC as follows:

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Make sure they are not complicit in human rights abuses.

Labour

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Eliminate all forms of forced and compulsory labour.
5. Abolish child labour.
6. Eliminate discrimination concerning employment and occupation.

Environment

7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Work against corruption in all forms, including extortion and bribery.

A.2 Global Reporting Initiative (GRI) Standards

This report has been structured in alignment with the following GRI Standards:

GRI 102 – General Disclosures (Governance, Strategy, Ethics and Integrity)

GRI 201 – Economic Performance

GRI 302 – Energy

GRI 303 – Water and Effluents

GRI 305 – Emissions

GRI 306 – Waste

GRI 401 – Employment

GRI 403 – Occupational Health and Safety

GRI 413 – Local Communities

GRI 419 – Socioeconomic Compliance

A.3 UN Sustainable Development Goals (SDGs)

The following SDGs are directly supported by initiatives documented in this report:

SDG 3 – Good Health and Well-being

SDG 4 – Quality Education

SDG 6 – Clean Water and Sanitation

SDG 7 – Affordable and Clean Energy

SDG 8 – Decent Work and Economic Growth

SDG 9 – Industry, Innovation and Infrastructure

SDG 12 – Responsible Consumption and Production

SDG 13 – Climate Action

SDG 16 – Peace, Justice and Strong Institutions

SDG 17 – Partnerships for the Goals