Africa Oil Corp.

AFRICA OIL CORP.

SUSTAINABILITY REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

AFRICAOILCORP.COM

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2021 HIGHLIGHTS

ZERO
Fatalities and
Lost Time Injuries (LTIs)

Net equity emissions of
127 ktCO_2e
vs. 129 ktCO_2e in 2020;
emissions intensity of 15.4 kgCO_2e/boe

Adopted target to achieve
CARBON NEUTRALITY
by 2025.

Purchased an initial tranche of offsets covering
>20% OF NET EQUITY SCOPE 1 AND 2 EMISSIONS
from a Gold Standard certified clean cookstove project in Kenya. Began feasibility studies for direct investment in a proprietary nature-based carbon removal project.

Inaugural ESG Review published in March 2021. Full materiality assessment and TCFD compliant scenario analysis conducted in Q4 2021.

Africa Oil is a contributing partner to the Lundin Foundation.

Some of the photographs in this report are of the projects that Africa Oil and the Lundin Foundation have collaborated on and are kindly provided by the foundation.

INTRODUCTION

LETTER FROM CEO

Keith Hill
President & CEO

Dear Stakeholder,

WE WELCOME YOU TO OUR SECOND ANNUAL SUSTAINABILITY REPORT.

The past year has seen continued global commitment towards meeting the world's sustainability challenges, even as the world emerged from the depths of last winter's COVID-19 related lockdowns and energy demand and commodity prices rebounded. Both companies and governments at all levels set increasingly ambitious climate targets leading up to COP26 in Glasgow. Parties to the UN Convention on Biological Diversity likewise kicked off efforts to agree a post-2020 global framework to protect biodiversity. New Task Forces for Nature-related Financial Disclosures and Scaling Voluntary Carbon Markets were established, as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) became codified in law.

Africa Oil has likewise continued our sustainability journey this year. We recognize that oil and gas extraction is an emissions intensive activity that directly and indirectly contributes to global climate change. We support the transition to a low carbon economy and seek to minimize our own impact, while ensuring that oil and gas remain available to meet global demand and economic objectives until cleaner alternatives can be developed and deployed at scale. This report both summarises the progress made towards those objectives and is itself a reflection of that progress, as we bring reporting more closely in line with TCFD and Sustainability Accounting Standards Board (SASB) guidelines .

We are proud to announce that we have renewed our support for the Extractive Industries Transparency Initiative (EITI) and become a signatory to the UN Global Compact (UNGC). The EITI is the global standard for the good governance of oil, gas and mineral resources. The UNGC is a pact to encourage businesses across the globe to adopt sustainable and socially responsible policies and to uphold ten key principles. Africa Oil already adheres to the standards upheld by the EITI and UNGC and is looking forward to collaborating with industry and government partners to further support transparency, human and labour rights and environmental best practices within the oil and gas industry. The UNGC supports the Sustainable Development Goals (SDGs) and we have detailed our alignment with those goals within this report.

As a non-operator, having robust, demonstrable governance procedures is paramount. We act as a **Trusted Partner** to the operators we work with, clearly communicating our expectations through our company policies and Standards of Operation. This year, we worked closely with our joint venture partner in Nigeria, Prime Oil and Gas, to support the development of their standards of operation and establish requirements for a strong ESG governance strategy.

INTRODUCTION - CONTINUED

We have applied comparative scrutiny to our own ESG management in 2021. Our ESGHS Committee conducted a thorough review of our ESG policies, and the Company appointed a VP of ESG to drive forwards and more effectively communicate our strategy. Commensurate with this, we conducted a comprehensive materiality assessment, engaging with both internal and external stakeholders to add rigour to our management of ESG risk.

At Africa Oil we hold all personnel to the highest standards of ethical behaviour, as laid out in our Company policies. This is reinforced by training and communications around ethics and compliance. We are proud to have had zero non-compliance events or incidents in 2021, verifying the efficacy of our approach. We conduct extensive investment due diligence and supplier due diligence to safeguard our expectations and ensure every organisation we work with is held to equivalent standards.

Africa Oil is likewise committed to act as a **Responsible Steward** of the environment, directly and indirectly facilitating actions that mitigate climate change and broader environmental impacts. We have established our target to become carbon neutral by 2025. Moreover, this year we have reinforced our alignment with the TCFD recommendations. We engaged a consultancy to conduct a scenario analysis, which demonstrated that our portfolio remains cash-generative across all scenarios, including the most demanding NZE scenario, lending further credibility to our approach.

We continue to use our influence with our operating partners to enhance effective stewardship practices. Working closely with our partners in the South Lokichar Basin in Kenya, we have not only implemented strategies to improve the long-term financial viability of the project, but also improved its environmental footprint by reducing associated emissions and biodiversity impacts.

We have also engaged local communities to help them understand the impacts of the project on livelihoods, land use and critical natural resources, as well as expected benefits in terms of employment and education.

Empowering these local stakeholders is essential in realising our third strategic pillar and supporting **Strong Communities**. We recognise the central role our assets can play in the lives of local people, and it is therefore our responsibility to ensure the impacts of our operations are positive. Importantly, the field development plan for our South Lokichar Basin development in Kenya includes provision of a water pipeline, which will ensure that the local community has secure access to water, as well as providing water for operations. Additionally, this year, our membership in the Kenya Private Sector Alliance (KEPSA) has enabled us to support the rollout of vaccines to protect people against COVID-19.

Concurrently, we greatly value the role our own employees play in driving the success of our business, and we continue to offer development opportunities to all individuals. This year we presented our enhanced role in the South Lokichar Basin Project as a chance for our team in Kenya to accept greater responsibility and I am delighted with how the team have embraced these new challenges.

As the Company progresses on its ESG journey, I acknowledge that this is an ongoing process and one that will need to continue to adapt to a rapidly evolving landscape. We will continually interrogate and improve upon our own practices to ensure they remain fit for purpose, as well as guide our partners and operators to make the best decisions to protect the environment and support local communities

I am pleased to present thisSustainability Report, building on the groundwork laid in our inaugural 2020 ESG Review.

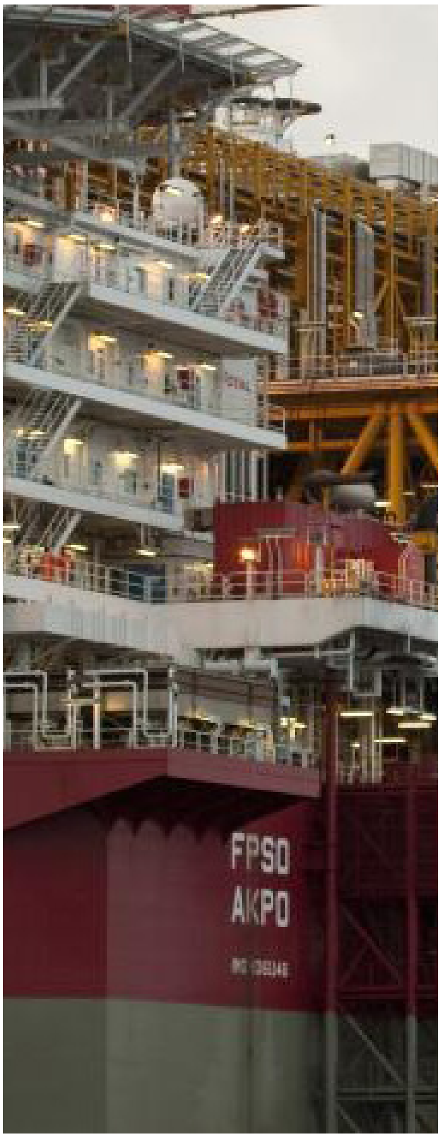
Signed for and on behalf of the Board of Africa Oil.

Keith Hill
President & CEO

ABOUT AFRICA OIL CORP.

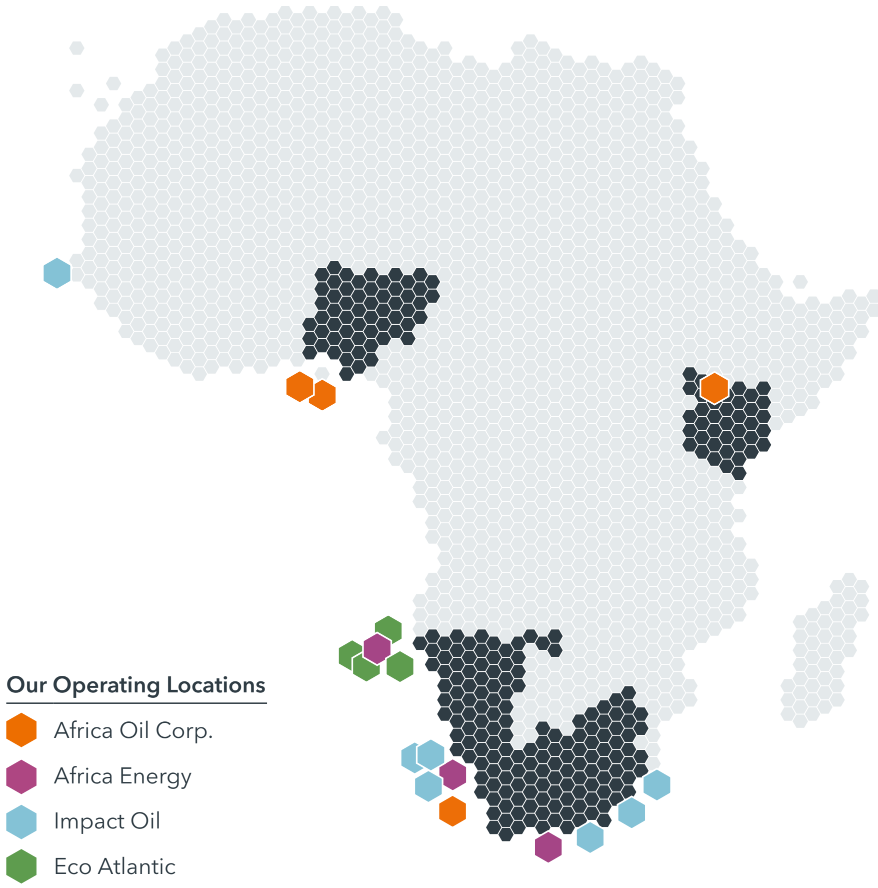
Building on strong cash flows to strengthen and **responsibly grow our business.**

Africa Oil is a Canadian oil and gas company with a diversified African portfolio, encompassing deepwater production assets offshore Nigeria, development assets onshore Kenya and exploration and appraisal assets in South Africa, Namibia, Guyana and the Senegal Guinea Bissau Joint Development Zone ("AGC").



The Company holds its assets through direct interests in oil and gas concessions and through its shareholdings in a number of investee companies, namely Prime Oil & Gas Coöperatief U.A., Africa Energy Corp., Eco (Atlantic) Oil & Gas Ltd. and Impact Oil and Gas Ltd.

The Company aims to increase shareholder value through the acquisition, exploration, development and production of oil and gas assets, focusing on Africa.



ABOUT AFRICA OIL CORP. - CONTINUED

OUR VISION

To be a full cycle oil exploration and production growth vehicle that integrates sustainability considerations throughout decision-making and operational management. We will work with our partners to support the transition to a less carbon-intensive business.

OUR VALUES

- We strive for operational excellence safeguarding the health and safety of people and protecting the environment
- We adopt the highest standards of professional integrity and comply with national and international laws and regulation
- We act in a fair, honest and non-discriminatory way in all our business activities
- We promote a culture of open and honest dialogue with stakeholders

KEY DRIVERS FOR ESG PERFORMANCE

We are focused on the efficient and responsible exploration, development and production of oil and gas resources in compliance with host country laws and good international practice (as defined by IFC Performance Standards)

We support the transition to a less carbon-intensive global economy, recognising the ongoing role for oil and gas in the energy balance until cleaner forms of energy are available at the scale needed

We recognise the challenge, which is especially acute in Africa, in how to meet the world's increasing demand for energy and economic development whilst minimising environmental and social impacts

SUSTAINABILITY GOALS

As a non-operating investor in exploration and production assets, Africa Oil is focused on the effective identification and management of risk. Our operating partners are selected in part on their ability and commitment to manage ESG risks effectively. We monitor operator performance and work with operators where possible and necessary to improve performance. Our role as the custodians of our shareholders' capital is to ensure robust governance systems are in place to deliver our sustainability goals.

- We aim to provide a safe and healthy working environment for our employees and contractors, with the objective of zero harm in the workplace
- We aim to minimize the impact of our activities on the natural environment
- We aim to integrate the monitoring, management and reporting of greenhouse gas emissions into our activities, strategy and decision-making
- We aim to assist the social and economic development of communities associated with our activities
- We aim to ensure that activities for which we are responsible respect and protect human rights
- We aim to operate to the highest standards of ethical conduct and corporate governance

ABOUT AFRICA OIL CORP. - CONTINUED

STAKEHOLDER ENGAGEMENT

We greatly value our global network of stakeholders, which encompasses our employees, partners, associate companies, investors, governments and regulators, and local communities and interest groups. Their support and engagement underpin our license to operate, and we therefore seek to have regular, proactive, and productive interactions with them.

Our stakeholders	Why we engage	How we engage
EMPLOYEES AND CONTRACTORS	To deliver upon our corporate aims, it is essential that our employees and full-time contractors are engaged and aligned with our corporate objectives. We also want to attract and retain high calibre talent to drive our business forward. It is therefore key that we engage with our workforce regularly, ensure that they are receiving the support they require, and offer opportunities to develop their skillsets and enhance their experience.	As a small organisation, we engage with our employees via one-on-one, as well as group, meetings and updates.
PARTNERS	Productive working relationships with our partners are critical to the seamless running of our business. Furthermore, we must maintain open channels of communication to ensure continued compliance with our standards of operation.	We engage with our operating partners in Operating and Technical Committee Meetings (OCMs/TCMs) and through joint technical work, audits, monitoring and reporting.
INVESTORS	We rely upon the support and direction of our investors. We therefore have a responsibility to ensure that they are well-informed on the performance and management of the business, as well as to provide opportunity for feedback.	To maintain transparency with our investors we engage through meetings, conferences, our website and shareholder reporting.
ASSOCIATE COMPANIES	Our equity investments in listed companies drive value for the business through their own activities. Strong governance practices are critical for ensuring those activities adhere to our standards of operation.	We engage with our listed associates through meetings (Board Meetings/ OCMs/TCMs), joint technical work, audits and monitoring and reporting.
GOVERNMENTS AND REGULATORS	Developing and sustaining positive and transparent relationships with governments and regulators is crucial to our license to operate, helping to maintain confidence in our management capacity and performance, and ensuring we are in compliance with the law and regulations of the jurisdictions in which we operate.	Communications with governments and regulators are maintained through meetings and regulatory and legal filings.
LOCAL COMMUNITY / INTEREST GROUPS	We depend on the support of local communities for operational continuity and aim to conduct our activities sustainably and to the benefit of the locality.	We seek to maintain positive relationships with communities via project-specific engagement teams that organise community meetings, distribute relevant informational materials, provide grievance mechanisms and develop social programmes based on community needs and requirements.

MATERIAL ISSUES

A materiality assessment is a process through which we can determine the issues most material to our business and its stakeholders. The outcome of this exercise enables effective governance and risk management, by informing our policies, systems and procedures and determining how we manage our business and assess performance.

In 2021 we conducted our second materiality assessment that was informed by the Global Reporting Initiative's (GRI) G4 guidelines, Sustainable Accounting Standards Board (SASB) and other industry specific guidance. Using a specialised ESG software platform, we began by identifying the full spectrum of ESG issues and topics relevant to the oil and gas industry, taking into consideration peer disclosures, as well as an artificial intelligence-based assessment of emerging trends in regulations and traditional and social media over the previous six months. We then engaged internal and external stakeholders to provide qualitative and quantitative input on which of the economic, environmental, social and governance issues identified were material to the business, via both an online survey and one-on-one interviews. Respondents included shareholders, banks, equity research, partners, employees, executive management, and the Board. This feedback was collated to develop a ranked list of issues based on perceived materiality to both sets of stakeholders, which was presented to and reviewed by the Board and executive team.

ABOUT AFRICA OIL CORP. - CONTINUED

MATERIAL ISSUES - CONTINUED

The materiality matrix below displays the results of that assessment and identifies the 10 issues deemed most material to the business by both our internal and external stakeholders . Each of the Top 10 material issues aligns with one of the three Environmental Social and Governance functions. We have described how we are addressing these issues in the corresponding section of the report: Trusted Partner (Governance), Responsible Steward (Environment), and Strong Communities (Social), which are ordered to reflect the materiality ascribed to these issues.

BUSINESS RESILIENCE	1. Business continuity 2. **LONG-TERM VALUE CREATION** 3. **SOLVENCY AND FINANCIAL MANAGEMENT** 4. **CLIMATE CHANGE RISKS & MANAGEMENT**
COMMUNITY ENGAGEMENT & SUPPORT	5. Community engagement & support 6. Human rights
EMPLOYEE ENGAGEMENT & WELLBEING	7. Labor rights 8. Employee wellbeing 9. **OCCUPATIONAL HEALTH & SAFETY** 10. Corporate culture 11. Employee engagement & satisfaction 12. Employee acquisition, talent management & retention 13. Employee development
SUPPLY CHAIN & MATERIALS MANAGEMENT	14. Energy use, conservation & reductions 15. Transition to renewable energy 16. Supply chain management 17. Materials management
ETHICS & COMPLIANCE	18. **BUSINESS ETHICS** 19. **COMPLIANCE MANAGEMENT** 20. Responsible tax practices
DIVERSITY & INCLUSION	21. Fair & inclusive workplace 22. Social inclusion
GOVERNANCE	23. Board effectiveness 24. **ESG GOVERNANCE** 25. Grievance mechanisms & remediation 26. Investor relations
INNOVATION & DIGITALISATION	27. Advanced technologies & innovations 28. Cybersecurity & information security 29. Data privacy management
ENVIRONMENTAL MANAGEMENT	30. **PROJECT-BASED ESIA** 31. GHG emissions & reductions 32. Managing land use & reducing deforestation 33. **WATER MANAGEMENT** 34. Biodiversity management 35. **AIR EMISSIONS MANAGEMENT** 36. Spill management 37. Waste management
MACRO RISKS	38. Public health risks 39. Physical disasters & failures 40. Political & societal risk
TRANSPARENCY	41. Executive compensation 42. Public policy practices

ABOUT AFRICA OIL CORP. - CONTINUED

ESG STRATEGIC FRAMEWORK

Being a **Trusted Partner**, acting as a **Responsible Steward** of the environment, and supporting **Strong Communities**; these three pillars form the bedrock of the Company's approach to ESG management. Developed as a result of our materiality assessment, they comprise three key areas of focus for the business.

PILLAR 1: **TRUSTED PARTNER**

Commitment

Being a **"Trusted Partner"** to all those we engage with, including governments, operating partners, communities, employees, and investors, by maintaining open communications, productive relationships, and honest reporting.

Contribution to SDGs

16. Peace, Justice and Strong Institutions:
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Targets

16.3: Promote the rule of law at the national and international levels and ensure equal access to justice for all

16.5: Substantially reduce corruption and bribery in all their forms

16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels

16.a: Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime

16.b: Promote and enforce non-discriminatory laws and policies for sustainable development

17. Partnership for the goals
Strengthen the means of implementation and revitalize the global partnership for sustainable development

Targets

17.1: Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

17.11: Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships Data, monitoring and accountability

Where we have a governance role, we work closely with stakeholders to ensure that their interests and concerns are listened to and considered at all stages of the projects. We build relationships with local governments with honest and transparent lines of communication to maintain confidence in our operations.

ABOUT AFRICA OIL CORP. - CONTINUED

PILLAR 2: RESPONSIBLE STEWARD

CLIMATE CHANGE RISKS & MANAGEMENT 4

PROJECT-BASED ESIA 30

AIR EMISSIONS MANAGEMENT 35

WATER MANAGEMENT 33

Commitment

Acting as a **"Responsible Steward"** by developing a robust Energy Transition Strategy and supporting our operating partners to invest to reduce their environmental impact.

Contribution to SDGs

6 CLEAN WATER AND SANITATION

6. Clean Water and Sanitation: Ensure availability and sustainable management of water and sanitation for all

Targets 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all

13 CLIMATE ACTION

13. Climate Action: Take urgent action to combat climate change and its impacts

Targets 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

14 LIFE BELOW WATER

14. Life Below Water: Conserve & sustainably use the oceans, seas and marine resources for sustainable development

Targets 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

15 LIFE ON LAND

15. Life on Land: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Targets 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

We work with our operating partners to ensure that environmental standards are being met and that measures are being taken to reduce impact where possible. We have set our own carbon neutrality target to support the transition towards a low-carbon future.

PILLAR 3: STRONG COMMUNITIES

OCCUPATIONAL HEALTH & SAFETY 9

PROJECT-BASED ESIA 30

Commitment

Enabling **"Strong Communities"** by investing in the development of our people and supporting the communities in which we operate.

Contribution to SDGs

8 DECENT WORK AND ECONOMIC GROWTH

8. Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Targets 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

10 REDUCED INEQUALITIES

10. Reduced Inequalities: Reduce inequality within and among countries

10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.7: Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

While we are a small organisation, we provide ongoing development opportunities, by offering employees more responsibilities, exposure to different parts of the business, and the ability to share and exchange knowledge and expertise. We also create economic opportunity for local communities.

TRUSTED **PARTNER**

Being a **Trusted Partner** to the operators we work with is critical to our business. As non-operators we must uphold robust governance policies and processes and clearly communicate with our partners to ensure they are meeting our expectations. As such, this section highlights our approach to governance and risk management, our policies that define ethical behaviour, committees' responsibilities, and investment practices.

Business Resilience
LONG-TERM VALUE CREATION

Ethics & Compliance
BUSINESS ETHICS

Governance
ESG GOVERNANCE

GOVERNANCE AND RISK MANAGEMENT

Our governance structure establishes management and Board oversight of the implementation of our ESG Policies and Standards of Operation.

CORPORATE GOVERNANCE & OVERSIGHT

THE BOARD
The Board must supervise and evaluate management, oversee the conduct of the Company's business, set policies appropriate for the business of the Company and approve corporate strategies and goals.

ENVIRONMENTAL SOCIAL GOVERNANCE AND HEALTH AND SAFETY COMMITTEE
The Committee is responsible for assisting the Board of Directors to review the Company's performance with respect to Environmental Social Governance, and Health and Safety matters.

AUDIT COMMITTEE
The Audit Committee ensures that the Company's management has designed and implemented an effective system of internal financial controls and reviews the integrity of the Company's financial statements and compliance with regulatory and statutory requirements.

CORPORATE GOVERNANCE & NOMINATING COMMITTEE (the "CGNC")
The CGNC is responsible for developing and monitoring the Company's approach to corporate governance issues, including the recommendation of possible Board nominees

RESERVES COMMITTEE
The Reserves Committee is responsible for developing the Company's approach to the reporting of oil and gas resources and/or reserves and the valuation of those resources/ reserves.

COMPENSATION COMMITTEE
The Compensation Committee is responsible for reviewing and making recommendations to the Board in respect of compensation matters relating to Company's Executives.

MANAGEMENT, POLICY AND OPERATIONAL CONTROL

CHIEF EXECUTIVE OFFICER
The CEO holds overall responsibility for delivering on strategy and operating performance.

CHIEF FINANCIAL OFFICER
The CFO is responsible for managing all financial, internal audit, and risk and control activities

CHIEF OPERATING OFFICER
The COO coordinates sustainability initiatives and activities to ensure transparency and long-term value for the Company's stakeholders.

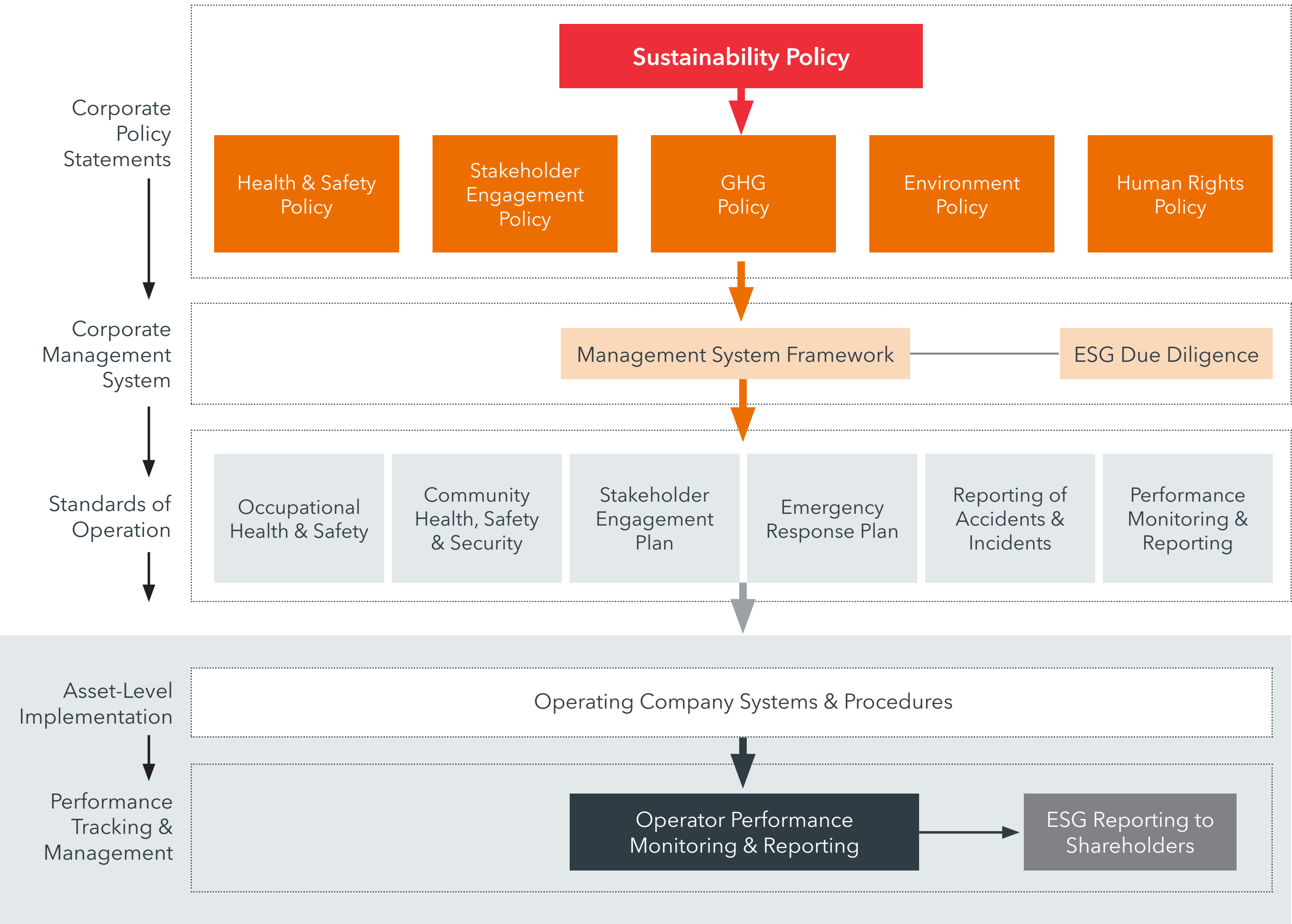
VP of ESG
The VP of ESG is responsible for defining and managing ESG strategy, overseeing all corporate ESG initiatives and coordinating with our operating partners on all ESG related matters.

ESG MANAGEMENT SYSTEM
This comprises our corporate policies, corporate management system, standards of operation, asset level implementation, and performance tracking and management.

OPERATIONS
Our operations are managed by independent Operators, Prime (Chevron and Total) and Tullow. Please see their websites for further information.

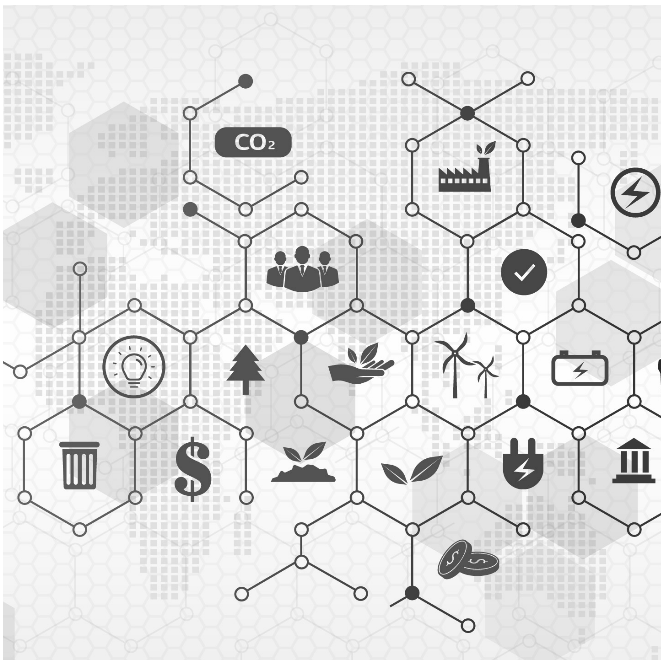
TRUSTED PARTNER - CONTINUED

Our ESG management system guides the way that we work and operationalises our ESG strategy. It ensures that our work, and any work carried out on our behalf, is done to high standards and in line with international good practice. Our Company policies are implemented via Africa Oil's Management System Framework, and our Standards of Operation are used to support the performance management of operated and non-operated assets. Our policies apply to our employees, as well as consultants and the suppliers we engage. To the extent possible, we encourage our equity associates and asset operators to adhere to our Standards of Operation, which represent good international practice.



ESG Risk Management

Africa Oil is dependent on the senior management and directors of the Company with respect to corporate, environmental and social governance, as well as oversight of health and safety risks. In 2019 we established the Environmental, Social, Governance, and Health and Safety ("ESGHS") Committee, which ensures that the Board remains informed of ESG risks pertaining to the Company. The Committee is chaired by Erin Johnston, who as Head of the Lundin Foundation, brings a wealth of knowledge and expertise. In 2021, the Company further strengthened ESG oversight by appointing a VP of ESGto ensure that we are strategic and effective in navigating the ESG landscape. As such, we conducted a more in-depth materiality assessment this year, gathering insights from both internal and external stakeholders to gain a broad perspective on the risks and challenges facing our industry. Furthermore, in 2022 there will be a focus on designing our energy transition strategy and building the appropriate governance mechanisms to deliver on that strategy.



TRUSTED PARTNER - CONTINUED

ESGHS Committee

All of our employees take ESG and H&S matters seriously and are committed to ensuring all activities are conducted in a manner that will protect the health and safety of our staff, contractors, the public and the environment. Establishment of the ESGHS Committee has enabled crucial Board oversight. The ESGHS Committee receives regular updates from management on day-to-day ESGHS performance, as well as strategic initiatives, and subsequently reports these up to Board.

The responsibilities of the ESGHS Committee entail reviewing and providing recommendations to the Board regarding ESG and H&S performance, risk, compliance, reporting and disclosures, and strategy. The ESGHS Committee comprises three members of the Board, all of whom are independent non-management directors. The ESGHS Committee meets at least once per quarter.

In 2021, the ESGHS Committee drove a number of material changes. Foremost, the Committee conducted a comprehensive review of the following policies to ensure they were fit for purpose in an evolving environment and in response to Africa Oil's development as a business: Environmental, Health and Safety, Human Rights, Stakeholder Engagement and Community Relations, and GHG Emissions Management. The Committee oversaw the update of the website to ensure that the Company's ESG message was being communicated effectively. The Committee reviews a quarterly ESGHS scorecard that provides the opportunity to understand performance and set expectations.

"2021 was a key year for us on our ESG journey, specifically in our thinking on climate. It is great to see the increased vigour with which the Company has approached ESG risk and opportunity management this year. The oversight of the ESGHS Committee has continued to grow and we have been heavily involved in supporting the business in reviewing and considering the challenges posed by climate change."

Quote from Erin Johnston

ESG Governance activity timeline

Timing	Governance & Audit	Strategic Initiatives	Reporting & Communication	Compliance & Other Activities
Q1 2021	• ESG Policies & ESG Assurance Plan roll out starts ✓	• RFP for emissions offsets launched ✓	• ESG Review report disclosed ✓	• Kenya EOPS Waste Management Plan development ✓
Q2 2021	• ESG Policies & ESG Assurance Plan roll out ✓ • IFC IMG audit ✓ • Helios ESG audit ✓	• POK emissions management plan finalized via FEED ✓ • Energy Transition Strategy completed & endorsed by BOD ✓ ***Energy Transition Strategy deferred to 2022 pending Climate Risk & Resilience Review***	• Communication plans developed for ESG & Energy Transition - to support Africa Oil value proposition & build into shareholder communications ***On hold following finalization of Energy Transition Strategy***	• Kenya Upstream ESIA preparation ✓ • Kenya EOPS Waste Management Plan execution ✓
Q3 2021	• ESG Policies & ESG Assurance Plan roll out completed ✓ • Establish ESGHS Risk Register ***Risk Register deferred to 2022***	• Emissions Offset Plan roll-out ✓	• ESG "horizon scanning" and peer benchmarking review ✓ • Climate risk review (TCFD compliant) ✓ ***Completed in Q421***	• Kenya Upstream ESIA preparation ✓ • Kenya EOPS Waste Management Plan execution ✓
Q4 2021	• ESG assurance review • IFC IMG audit *Risk* ***IMG audit deferred to Q1 '22***	• Annual Climate Risk & Resilience Review ✓ ***Broadened to include materiality assessment***	• Prepare 2021 ESG Review (TCFD compliant) ✓	• Kenya water pipeline ESIA preparation ✓

BUSINESS ETHICS

At Africa Oil, we expect all personnel to adhere to the highest standards of ethical behaviour. Our ethics standards are defined in the following governance policies: Anti-Corruption Policy, Code of Business Conduct, Corporate Disclosure Policy, and Whistleblowing Policy. In 2021, all employees completed training that covers both anti-corruption and bribery, and code of business conduct and ethics. There have been no non-compliance events this year.

Key Performance Indicator	Performance 2020	Performance 2021
Percentage of employees that business ethics training	100%	100%
Number of reported breaches of company policies	ZERO	ZERO

Anti-Corruption Policy:

The Company upholds rigorous anti-bribery and corruption standards. Africa Oil's Anti-Corruption Policy applies to all Company personnel, including employees, consultants, officers, directors, and individuals who provide office management or administrative services. The policy details the rules around gifts and hospitality, prohibited payments, expenses, political contributions, charitable contributions, record keeping and accounting obligations, exceptions for duress or emergencies; business partners, mergers, acquisitions and joint ventures; cooperation with audits and investigations; and conferences, travel and training for government officials.

The Audit Committee, on behalf of the Board of Directors and Chief Financial Officer, is responsible for the creation and maintenance of this policy. All personnel must read, understand and comply with Africa Oil's Anti-Corruption Policy. The Company provides an annual anti-corruption training module and established an anti-corruption compliance and onboarding program for anyone that does business with the Company.

Code of Business Conduct and Ethics:

The Company's Code of Business Conduct and Ethics ("Code") outlines the guiding principles for conduct and ethics expected of all personnel. The objective is to promote honesty, transparency, accuracy and accountability, and deter any wrongdoing. The Code covers a range of business practices and procedures including regulatory compliance, insider trading, conflicts of interest, corporate opportunities, and respect for all employees. In each instance, the Code describes the behaviour expected or actions prohibited. While the Code cannot address every possible issue or situation that may arise, the examples provided, and principles articulated give employees a clear indication of the conduct expected.

The Board of Directors, acting through the Audit Committee, is ultimately responsible for maintaining this code and monitoring compliance. All employees are responsible for understanding and acting in compliance with the Code, supported by annual compliance training.

Corporate Disclosure Policy:

The Company is committed to ensuring timely, informative, and accurate disclosure of the Company's material information to the public and to providing equal access to such information through broadly disseminated disclosure in accordance with all applicable laws and regulations. The Corporate Disclosure Policy is applicable to all personnel and covers all methods of communication by the Company with the public, both written and oral.

The policy is circulated to all employees on an annual basis or whenever material changes are made. The consequence for violation of this policy may include disciplinary action, immediate termination, or, if securities laws have been violated, referral to the appropriate regulatory authorities.

Whistleblowing Policy:

The objectives of the Company's Whistleblowing Policy are threefold: (1) to encourage Company representatives to report actual or suspected wrongdoing as soon as possible; (2) to provide Company representatives with guidance as to how to report actual or suspected wrongdoing, and how such reports will be reviewed and/or investigated; and (3) to reassure Company representatives that they will not be retaliated against for reporting wrongdoing in good faith pursuant to this policy.

Individuals can make a report orally or in writing either through our third-party service, Whistleblower Security System, or via communication to the Company's Chief Executive Officer, Chief Financial Officer, and/or Whistleblowing Officer. The policy also explains how an investigation will be conducted and concluded and the protection and support for whistleblowers. The scope of the policy was expanded this year to ensure ESG and H&S concerns could be voiced through the whistleblowing channels as well. The Whistleblowing Policy applies to all personnel. The Audit Committee has overall responsibility for the policy and for reviewing the effectiveness of actions taken in response to concerns.

TRUSTED PARTNER - CONTINUED

FINANCIAL RESILIENCE

Compensation Committee:

The purpose of the Compensation Committee is to implement and oversee compensation practices and policies approved by the Company's Board of Directors and to assist the Board in fulfilling its obligations relating to human resource and compensation matters and to establish a plan of continuity and development for senior management.

The Committee's responsibilities include but are not limited to: reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation and evaluating performance in light of this; reviewing and recommending the compensation philosophy, guidelines and plans for the Company's employees and executives; and ensuring that the Company has in place programs to attract and develop management.

The Compensation Committee meets as frequently as is necessary to fulfil their responsibilities and at least once per year provides a report to the Board of Directors. There are three members of the Committee, all of whom are independent and are appointed by the Board from its members.

Audit Committee:

The purpose of the Audit Committee is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the Company's financial statements and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material risks and facts.

The Audit Committee also has the responsibility to identify and understand the principal risks to the Company and to report such risks to the Board to ensure there are systems in place to effectively monitor and manage those risks in order to achieve its long-term strategic objectives. The Committee oversees the accounting and financial reporting processes of the Company and its associate companies and all audits and external reviews of the financial statements of the Company on behalf of the Board, and has general responsibility for oversight of internal controls, accounting and auditing activities of the Company and its associates.

The Audit Committee is appointed annually by the Board and is composed of three members, each of whom is a director of the Company and all of whom are independent. The Committee meets quarterly.

Further detail on each committees' remit and activities during the year is disclosed in the Company's Annual Information Form.

TRUSTED PARTNER - CONTINUED

INVESTMENT GOVERNANCE

Investment Engagement

As a non-operator, we place great importance on our Governance practices. As such, we support the responsible development of the oil and gas assets and businesses in which we are invested through a number of methods. Foremost, prior to investment, we uphold a rigorous due diligence procedure, which includes ESG considerations. (Further details are provided in the following section of this report.) Post-investment, where we are a joint venture partner, we have active and regular participation in relevant operational and technical oversight meetings and budget reviews. Africa Oil has voting rights in line with those of other joint venture partners or shareholders and seeks to influence via engagement with the operators and through the investment holding companies. In line with our investment strategy, we maintain substantial shareholdings in our investment companies. These afford us board seats that make direct engagement both more feasible and effective. Operating partners and investment holding companies typically keep the Company informed via monthly and quarterly reporting.

In addition to our engagement and oversight of our portfolio, an Independent Monitoring Group conducts six-monthly reviews to assess compliance with International Finance Corporation (IFC) Performance Standards. These reviews ensure that requirements are being met in line with this internationally recognised sustainability-focused standard.

In Kenya, employees of Africa Oil, together with independent technical experts, engage with our partner, Tullow Oil, to drive performance. Foremost, this involves reviewing and approving budgets, development plans and other management activities. All relevant ESG matters are considered on an ongoing basis in line with Kenyan law, IFC Performance Standards and industry good practice.

For operations in Nigeria, our focus remains on maintaining a strong working relationship with the Prime Oil & Gas team. Africa Oil's engagement includes participation in operating and technical committee meetings (OCMs and TCMs) and approval of Prime's budget expenditure. Moreover, we are supporting Prime in an ESG-focused programme that is seeking to increase the rigour of their standards and procedures. By having an open and ongoing dialogue with the operator, we share our knowledge and expertise and ensure effective lines of communication. ESG performance is reported on a quarterly basis by Prime to Africa Oil.

For other assets, where Africa Oil is a shareholder rather than a joint venture partner, Africa Oil has a seat on the Board of the investee company and relies on experienced and world-class operators (such as Total, with whom the Company has no direct relationship or control) to undertake activities in an appropriate and responsible manner. For these assets, issues are reported to Africa Oil on a case-by-case basis should they arise.

Investment Due Diligence

We seek to employ robust diligence processes in line with good investment practices to ensure that any new investments adhere to our strategic priorities and ESG policies and criteria. As such, our ESG Due Diligence Procedure was developed in 2020 for the purposes of defining the scope of ESG due diligence required for different types of transaction, setting out the basic ESG issues to be addressed during due diligence, including ensuring that potential GHG emissions and above-ground risks are considered, and defining roles and responsibilities.

The procedure provides internal assurance, assists in decision-making, and ensures alignment with both internal ESG policies and industry good practice on greenhouse gas (GHG) emissions and above ground risk management. The Chief Operating Officer is responsible for providing leadership and direction to achieve the objectives of due diligence, and the procedure will be evaluated bi-annually. This year, with the introduction of a VP of Production to Africa Oil's team, we are seeking to instil further rigour into the process.

The application of the procedure varies between asset types and depends on the nature of the transaction. The procedure defines three categories of investments (Minority Stake; Operatorship within a Joint Venture; and Sole Ownership), and four categories of assets, ranging from low-risk exploration data interpretation through exploration drilling and appraisal, development and production operations. The greatest scrutiny is applied to those assets where Africa Oil seeks operatorship or sole ownership.

Depending on the opportunity, the due diligence procedure includes: financial due diligence; ESG due diligence; assessment of forecast GHG emissions on project economics; site visits; and independent due diligence assessments;

The ESG due diligence checklist encompasses governance issues, environmental and social, and health & safety.

If the transaction is approved by the board of directors, an Environmental and Social Action Plan (ESAP) will be prepared based on the findings and recommendations of the ESG Due Diligence report. Additionally, we will share the due diligence reports and ESAP with the Independent Monitoring Group (IMG) in compliance with the International Finance Corporation (IFC) requirements.

Supplier Due Diligence

At Africa Oil we engage numerous contractors and suppliers, from security services to accounting firms, to support our operations in the UK and Canada, as well as those in Kenya. As such we implement a robust third-party due diligence process to ensure that any company that is providing us with a service meets our high standards of governance and business ethics.

There are three components to the compliance process. First, we ask all third parties to complete a detailed questionnaire, which includes identification of any individual who owns more than 25% of the company, contractors that would act as an agent on behalf of Africa Oil, and any individual within the company that is a government official. The questionnaire also asks whether the company is controlled by, owned by, or operates in any sanction-related countries. The third party must provide supporting documents such as financial statements, incorporation documents, and compliance policies and procedures. If the third party does not have the necessary compliance documentation, we will refer them to our own policies. Any red flags identified at this stage will be escalated to the Chief Financial Officer.

The second stage of the process is an assessment by our internal representative, who must complete a questionnaire that provides additional details on the company, including commercial terms. This enables our Corporate Counsel and Secretary to assess whether a contract is potentially high risk and must be escalated to the Chief Financial Officer; further concerns will result in an escalation to external counsel for their review and clearance.

The final stage is certification that Africa Oil can enter into an agreement with a third party as the compliance process has been completed and the company has been onboarded. The process is informed by the relevant bribery and corruption acts of the jurisdictions in which we operate: the UK Bribery Act, the Corruption of Foreign Public Officials Act in Canada, and the Foreign Corrupt Practices Act in the US.

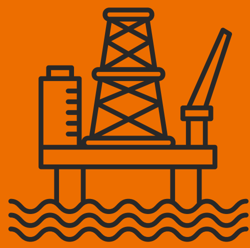
ISSUE IN **FOCUS**

PRIME OIL & GAS

In January 2020, Africa Oil acquired a 50% equity interest in Prime Oil & Gas Coöperatief U.A. ("Prime"), which transformed the Company into a full-cycle exploration and production company via the addition of producing assets in Nigeria's deepwater Niger Delta Basin.

Through its shareholding in Prime, the Company has exposure to some of the best producing assets offshore West Africa. Prime owns an 8% minority stake in Oil Mining Lease (OML) 127 containing a portion of the Agbami Field, and a 16% interest in OML 130 containing the Akpo and Egina Fields, as well as several undeveloped discoveries. Agbami is operated by affiliates of Chevron, while Akpo and Egina are operated by affiliates of TotalEnergies. The fields are located more than 100 km from shore in water depths of 1,000 m to 2,250 m. All three fields have high-quality reservoirs that produce light to medium, sweet crude oil through floating production, storage and offloading (FPSO) facilities. Akpo and Egina also produce natural gas for sale. Together, the fields produced ~427,500 barrels of oil equivalent per day (boe/d) in 2021, equivalent to ~30,000 boe/d net to Africa Oil.

Chevron and Total are experienced, world-class operators. The assets have a strong environmental health and safety record. Notably, in August 2021, Agbami achieved 10 years with no lost time injuries, and Akpo has similarly recorded no lost time injuries for 12 years. Stringent COVID safety protocols throughout the year limited the number of confirmed cases and ensured no impact to production operations. Flaring for the year was below plan ; however, both operators are actively exploring options to reduce gas flaring at the facilities.

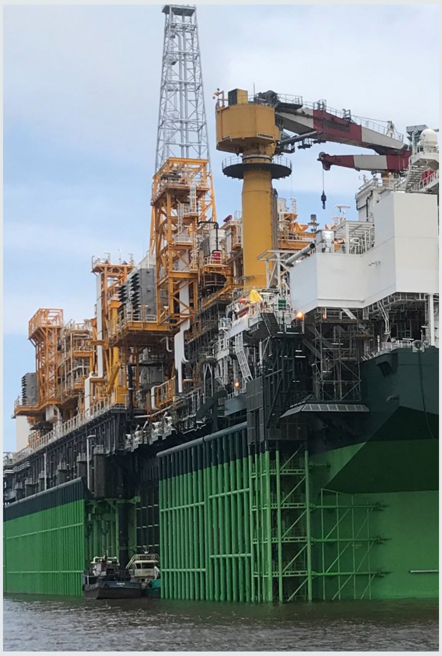


3 OF THE TOP 5

OIL PRODUCING FIELDS IN WEST AFRICA

All three fields have high-quality reservoirs that produce light to medium sweet crude oil

- Agbami achieved 10 years with no Long Term Injuries (LTI) in September 2021; Akpo has recorded no LTIs for 12 years and Egina for nearly two years
- Strong uptime with entitlement production 107% above plan
- Low opex per boe of $7.6/boe
- Net equity emissions of 126.9 $ktCO_2e$ vs. 129.2 $ktCO_2e$ in 2020
- Emissions intensity of 15.4 $kgCO_2e$/boe vs. 12.3 $kgCO_2e$/boe in 2020 and global average ~20 $kgCO_2e$/boe[1]

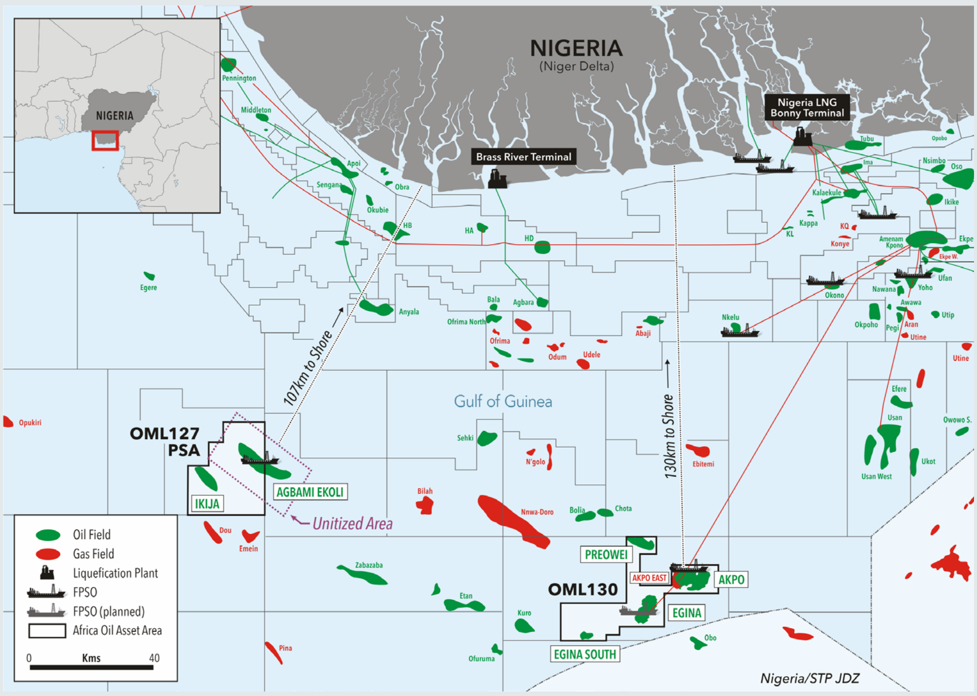


1. Rystad Energy, Global Upstream Emissions Dashboard

While the Company is not the operator for our Nigeria deepwater operations, we endeavour to act as responsible stewards and be engaged, proactive partners. Our principal objectives are therefore to cultivate strong relationships with the Prime team and, through Prime, work with the operators to ensure sustainable development of these oil and gas assets. By maintaining open communication channels, we can remain informed of operations, including ESG issues and performance data, and also provide feedback and input on areas for engagement.

During 2021, the Company collaborated to support Prime on its own ESG performance improvement journey as they work to develop their ESG strategy. A key tenet to this programme is to enhance reporting and evidence of compliance and effective risk management. The Company conducted a process with Prime to map out and agree ESG reporting requirements, their implications and how they will support certain strategic objectives.

This enabled Prime to identify a list of key compliance and performance requirements, heighten focus and levels of accountability relative to its Operating Partners and report performance to Prime's key stakeholders.



RESPONSIBLE STEWARD

As a **Responsible Steward** of the environment, it is essential that we support good environmental practices and embed further considerations about the risks posed by climate change.
The following section details our climate change considerations, including our alignment with the TCFD and approach to environmental management.

CLIMATE RESILIENCE

Business Resilience
CLIMATE CHANGE RISKS & MANAGEMENT

Environmental Management
AIR EMISSIONS MANAGEMENT

Access to affordable and cleaner sources of energy is essential for tackling poverty and inequality, safeguarding the natural environment and promoting human prosperity. into our activities, strategy and decision-making.

We recognise that oil and gas activities directly and indirectly impact the environment, including contributing to global climate change through release of greenhouse gas emissions. We support the transition to a low carbon economy, balancing the world's ongoing demand for energy and economic development with environmental prerogatives. Oil and gas will continue to play an important role in the energy mix under even the most demanding low-carbon scenarios until cleaner alternatives can be developed and deployed at scale. An understanding of how AOC's activity contributes to the global carbon budget is vital to managing the Company's approach to the Energy Transition. The global disclosure system developed by the TCFD is a key part of the Company's strategy to manage climate risk.

We are committed to protecting and sustaining the environment and seek to minimise our climate impacts in line with the Paris Agreement. Toward these aims, we are integrating the monitoring, management and reporting of GHG emissions into our activities, strategy and decision-making.

Q&A
with Amy Bowe, VP ESG

What influenced the decision to report according to the recommendations of the TCFD?

Stakeholders increasingly require an understanding of how businesses are positioned for a low carbon future. As the globally recognised standard for climate change-related disclosure, the TCFD provides a practical framework to detail the resilience of our business under different possible future climate scenarios, as well as the systems, processes and performance measures we have in place to manage related risks and opportunities.

Where is Africa Oil on their TCFD journey?

Africa Oil are still relatively early in our TCFD journey. However, we have made good progress this year in bringing our reporting more closely in line with TCFD guidelines.

One of the key recommendations under the TCFD's Strategy pillar is to conduct scenario analysis to test the resilience of the portfolio to a low carbon future, an exercise that we completed for the first time this year. It was important to us to choose scenarios that are viewed as credible, comparable and representative of the range of possible future energy and emissions trajectories. We therefore elected to use three scenarios developed by the IEA for this purpose, namely the Net Zero Emissions by 2050 (NZE), Sustainable Development (SDS) and Stated Policies (STEPS) scenarios. We hired an independent consultant to conduct the analysis and were heartened to discover that our assets perform well under even the most ambitious climate change scenario (see the Strategy section below to read the details of this analysis).

TCFD was designed to be an iterative process, and we will continue to enhance and evolve our climate related disclosures in line with the recommendations going forward.

Have you set any targets to reduce your carbon footprint?

This year, we announced a target to achieve carbon neutrality by 2025, supported by an emissions management framework. A priority for 2022 will be developing a concrete strategy for reducing operational emissions, including near, medium and long-term targets. Whilst we do not operate the assets in which we are invested, which limits our ability to directly determine carbon mitigation plans, we continue to work with our operating partners to identify, guide and support initiatives to avoid, reduce and displace emissions. For instance, in Nigeria, our operating partners are working to minimize flaring, whilst the redesign of the development project in Kenya has removed the requirement to flare altogether and has optimised energy efficiency.

Meanwhile, we have embarked on a carbon offsetting programme that will deliver both immediate and longer-term reductions via direct and indirect investment in credible offset projects, with a focus on nature-based removals.

RESPONSIBLE STEWARD - CONTINUED

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Responding to the recommendations of the TCFD

In 2017 the Task Force on Climate-related Financial Disclosures (TCFD) published a set of reporting recommendations designed to support businesses in reporting climate-related risks.

We included our initial response to the recommendations in our maiden ESG Review in 2020. This latest TCFD response builds on our initial disclosure and covers our governance approach, strategy alignment, approach to risk management and the metrics and targets used to assess climate-related risks and opportunities.

Governance

> The purpose of the Governance Pillar is to disclose the organization's governance around climate-related risks and opportunities.

The Board of Africa Oil recognises climate change presents a range of risks and opportunities that are critical for the business to address. The Company's annual materiality assessment reinforced the importance of climate change management to both internal and external stakeholders. The Board has oversight of all climate-related issues through the ESGHS Committee, which reports to the Board on a quarterly basis. Climate-related metrics are also presented to the Board on a quarterly basis as part of an ESG performance scorecard.

At executive-level, our CEO is ultimately responsible and accountable for the Company's approach to environmental and climate change management, supported by our VP of ESG. Our VP of ESG is responsible for identifying and assessing climate change-related business risks and opportunities, defining the Company's energy transition strategy and developing and approving action plans suitable to control and mitigate any identified risks. Our VP of ESG has oversight of all ESG related matters, including climate change, and delivers a monthly ESG briefing to the Board highlighting critical trend evolutions and the implications for the Company.

Our commitment to managing and mitigating climate risk is codified within our GHG Emissions Management Policy, which is available on our website for review.

Strategy

The purpose of the Strategy Pillar is to disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Risks and Opportunities

Climate change presents both direct and indirect risks to our business via changing weather patterns, local and global policy responses, changing consumer preferences and social action. At the same time, technology evolution, innovation and market developments can offer opportunities for differentiation and growth.

- **Physical Risk:** We recognise that all countries in which we operate are vulnerable to the direct physical impacts from increasing temperatures and changing weather patterns. Our Nigerian assets are located offshore, where they are potentially subject to increased intensity of storms and rising sea levels which have potential to damage facilities and disrupt operations. Africa Oil's exploration ventures are likewise located offshore South and West Africa and South America's Caribbean coast. As the frequency and intensity of storms, tropical cyclones and hurricanes increase, these operations are also subject to more frequent interruption

  Predictions of future weather patterns in Kenya vary widely across different climate models. Most models predict increased temperature and rainfall, as well as more frequent extreme weather events. Other models predict significant decreases in precipitation. The field development plan for the Lokichar Basin assets entails sourcing water for operations from the Turkwel Dam. Some climate models predict as much as a 20% increase in Kenya's river flows by 2030 due to increased rainfall, which could result in flooding and erosion impacting the project site, facilities and infrastructure. A shortage of water in the case of drought could also impact operations should volumes in the Turkwel Reservoir fall below those required to supply the project as well as power the hydroelectric dam. Turkana County is already experiencing a severe drought that is impacting the lives and livelihoods of local people. Though the pipeline that would bring water from Turkwel Reservoir to the project site has been designed with excess capacity to supply the local population, drought could exacerbate competition for water resources between the project and community.

  We will continue to develop our understanding of long-term weather patterns in the geographies in which we have assets in order to anticipate the need for additional adaptation measures to protect our infrastructure as well as the communities in which we operate.

- **Litigation Risk:** We recognise that climate-related litigation is a rapidly evolving and increasingly important issue for our industry. We do not consider Africa Oil at immediate risk of climate litigation but are monitoring developments closely, realising that the possibility of companies in our sector facing legal challenges could rise as the costs of climate change mitigation and adaptation increase, and as more climate laws and agreements are put in place. While the majority of cases continue to be brought in developed economies, the number of climate litigation cases in developing countries is growing, with at least 58 cases recorded in developing country jurisdictions in the Southern Hemisphere[1] . These include cases relevant to the oil and gas industry in Guyana and South Africa, as well as before the East African Court of Justice. While these cases do not directly concern our own assets and licenses, their outcomes could have indirect implications for our exploration and development activities.

- **Policy Risk:** Since the Paris Agreement was signed in 2015, countries have steadily enacted policies to enable the transition to a low carbon future and meet their Nationally Determined Contributions (NDCs). These policies may directly or indirectly affect our operations at a local or global scale. Accordingly, we have considered the implications of evolving regulatory and policy drivers in the countries most relevant to our business: Kenya, Nigeria, and South Africa for exploration and production, and Sweden and Canada where our shares are listed.

  » **Nigeria:** As a long-standing oil producer, Nigeria is Africa's largest economy and one of the continent's biggest emitters of greenhouse gases, but also one of the most vulnerable to climate change.

    In July, Nigeria submitted a revised NDC that unconditionally commits the country to reduce emissions 20% below business-as-usual (BAU) by 2030; that target increases to 47% below BAU contingent on international support. Longer term, the country committed to reduce emissions 50% by 2050, and President Muhammadu Buhari subsequently announced at COP26 that Nigeria will achieve net zero emissions by 2060.These objectives will be achieved in part by eliminating gas flaring by 2030 and reducing fugitive methane

1. Grantham Institute; Global trends in climate change litigation: 2021 snapshot

RESPONSIBLE STEWARD - CONTINUED

Risks and Opportunities - continued

emissions by 60% by 2031. At the same time, Nigeria intends to continue to develop its fossil fuel industry, underpinned by the recently implemented Petroleum Industry Bill, with a strong emphasis on natural gas as a transition fuel. These developments have direct implications for our oil and gas operations in the country in terms of reinforcing the need for flaring and methane mitigation, as well as encouraging development of associated natural gas. Efforts are already under way at both OML 127 and OML 130 to identify opportunities to reduce flaring and emissions more broadly, including through monetisation of associated gas at Agbami.

- **Kenya:** Kenya's Constitution sets out the institutional and legal framework for climate change action. It has an ambitious NDC under the Paris Agreement, a Climate Change Act and a National Climate Change Action Plan. Specifically, Kenya has set a target of cutting greenhouse gas emissions 32% by 2030 relative to its BAU forecast, though this is heavily dependent on receiving international financial support. Additionally, Kenya's national development plan, 'Vision 2030', aims to drive economic growth through a low-carbon, climate resilient development pathway.

  At the same time, Kenya's Petroleum Act came into force in 2019, and Vision 2030 provides that 'oil development is for the benefit of the people with priority to be given to local communities'. This implies that Kenya still sees an important role for oil in meeting its economic development goals, which is supported by our own experience. We consult regularly with the Government of Kenya, including the Ministry of Petroleum and Mining, Energy Regulatory Commission and National Environment Management Authority. We submitted both the Field Development Plan for the South Lokichar Basin development and related Environmental and Social Impact Assessments in 2021, and received the Environmental Impact Assessment License for the midstream pipeline in the fourth quarter.

- **South Africa:** Though heavily dependent on coal, South Africa aspires to achieve net zero by 2050. South Africa's NDC sets absolute emissions targets for 2025 and 2030, expressed as a range; if achieved, South Africa's emissions would fall to 5%-6% below 2010 levels by 2030[1]. As with Kenya and Nigeria, South Africa's targets are conditional on international financial help. Some of this was forthcoming at COP26, with the announcement of a US$8.5 billion package to support the phase out of coal.

  South Africa's Low-Emission Development Strategy (LEDS) supports these ambitions. The LEDS reaches beyond the country's NDC and includes a goal to reach net zero emissions by 2050. Natural gas is expected to play a particularly large role in weaning the economy off coal, though there is also a significant push into renewables. The Upstream Petroleum Resources Development Bill, currently going through Parliament, emphasises that the country needs 'to accelerate petroleum exploration and production'. The need to secure natural gas reserves should provide a supportive policy environment for exploration and development activity in the country, though environmental groups have successfully filed applications against seismic operations off the country's Eastern Cape on other environmental grounds.

- **Sweden:** As a company listed on the Swedish stock exchange, the Nasdaq Stockholm AB, Africa Oil is subject to applicable EU financial legislation. The EU has ambitious plans to be climate neutral by 2050 and has been developing a raft of legislation over the past few years to achieve this aim.

  Amongst the many measures proposed are the extension of carbon pricing, including the introduction of a Carbon Border Adjustment Mechanism (CBAM). The CBAM does not currently apply to imports of oil; however, future extensions of the mechanism could impact oil exports from Nigeria.

  The Corporate Sustainability Reporting Directive (the CSRD), part of a complementary Sustainable Finance Strategy, will extend ESG reporting to a much wider range of firms than the existing Non-Financial Reporting Directive. It will apply to all listed firms, including Africa Oil, starting from the fiscal year ending 31 December 2025.

- **Canada:** Canada is travelling along a similar path to the EU in terms of climate ambition and reporting. Its regulatory framework is not as well advanced as the EU's, but it has a net zero target for 2050, is developing sustainable finance rules, and the Canadian Securities Administrator has published a proposal to introduce mandatory reporting of climate-related risks aligned with the TCFD recommendations. If agreed, this "National Instrument on Disclosure of Climate-related Matters" would come into force at the end of 2022 and apply to all listed companies, including Africa Oil.

We are closely monitoring developments in climate-related financial regulation in the jurisdictions where we have a presence to ensure we are meeting all our reporting obligations. At the same time, we are working towards achieving international standards of best practice in the way we disclose information to our stakeholders, as demonstrated by this year's enhanced TCFD report.

1. Climate Action Tracker: https://climateactiontracker.org/countries/south-africa/policies-action/. Retrieved 10th January 2022.

RESPONSIBLE STEWARD - CONTINUED

- **Technology Risk:** Evolution of clean energy technologies, including renewables, electric vehicles, hydrogen and other clean fuels, and energy management technologies such as the Internet of Things, is likely to result in decreased demand for oil and gas in the medium and long term. At the same time, these technologies present opportunities for integration with our operations to lower our own emissions footprint. Specifically, the Field Development Plan for our Kenyan assets includes use of solar power to support administrative loads, and we have explored broader use of renewables to power operations at the facility.
- **Market Risk:** Changing consumer preferences for low carbon sources of energy, transport and products and services may erode demand for oil and gas as clean alternatives come to market and gain scale. As the energy transition unfolds, unbalanced investment in traditional vs. new energy technologies and sources, combined with uncertain demand dynamics, may lead to commodity price volatility. Supply chains may also become constrained, as suppliers adjust their strategies and product mix in response to the energy transition, resulting in increasing costs for some goods and services. At the same time, markets for new products and services may present new opportunities for Africa Oil to expand or diversify our lines of business. For instance, we are exploring development of an offset project in Kenya of sufficient scale to help mitigate both our own emissions as well as potentially third-party emissions.
- **Reputational Risk:** The oil and gas sector is under increasing scrutiny and pressure from environmental activists, non-governmental organisations and the financial sector. Numerous banks and large institutional investors have already communicated an intention to divest from coal and select, largely unconventional, oil and gas activities, such as oil sands, Arctic exploration and development, and shale oil and gas. Conventional oil and gas activities are increasingly coming under similar pressure, and Africa Oil may find access to capital limited, more expensive or made contingent upon environmental performance standards. Similarly, companies within the sector and our supply chain may make emissions performance and climate risk management explicit in partner or contract decisions.

To understand the risks to our portfolio from the transition to a low carbon future, Africa Oil contracted an independent consultancy to conduct scenario analysis using three possible future climate scenarios and the associated oil price forecasts, demand curves, and carbon price assumptions. The methodology and key findings of this quantitative and qualitative analysis are set out below.

Describing the resilience of our strategy based on scenario analysis outcomes

Our scenario analysis work was carried out in October 2021, in advance of the UN climate conference COP26. At the conference, member states explicitly acknowledged the importance of limiting global warming to less than 1.5°C, rather than the previous Paris Agreement target of 'well below 2°C'. COP26 also saw more countries announcing net-zero targets, and a global agreement to 'phasedown' unabated coal power and phase-out inefficient fossil fuel subsidies.

We recognise that these measures increase the uncertainty of the macro-economic environment for companies in our sector, reinforcing the importance of placing climate change risk at the heart of our strategic decision-making, and of minimising our climate impact.

At the same time, global energy demand is projected to continue to grow rapidly, and emerging economies in Africa and other geographies are increasingly looking to their fossil resources to underpin economic growth, finance their own energy transition, and help to pay for urgently needed climate adaptation measures. Our strategy therefore aims to balance environmental, energy security and economic objectives by investing in efficient producing assets in Nigeria, Kenya, South Africa and elsewhere, and working with our partners to support the transition to a low-carbon business.

In order to test the resilience of our strategy, we used three of the four scenarios examining future energy trends published by the International Energy Agency (IEA) in this year's World Energy Outlook (WEO-2021): Net Zero Emissions by 2050 (NZE), Sustainable Development (SDS), and Stated Policies (STEPS). We chose not to use the Announced Pledges Scenario (APS) on the basis that many of the assumptions could become rapidly outdated as more countries announced net-zero commitments at COP26 and thereafter.

RESPONSIBLE STEWARD - CONTINUED

Synopsis of some of the key features of the scenarios used in our analysis

Net Zero Emissions

NZE requires global greenhouse gas (GHG) emissions to drop by around 50% by 2030, or 7% per year for the next 9 years, implying a rapid drop in oil & gas consumption, a massive push into renewable energy, big gains in energy efficiency, and rapid development and scaling-up of new technologies, including carbon capture. Another major focus is reducing methane emissions from fossil fuel operations. It also demands no further fossil fuel exploration and no new oil and gas production from fields beyond those already approved for development.

Oil demand in NZE falls to 72 mmb/d in 2030 and 24 mmb/d by 2050. The decline is led by road transport, where 60% of all passenger cars sold globally are electric by 2030, and no new combustion engine cars are sold anywhere after 2035. Petrochemicals are the only area where demand increases and by 2050 accounts for 55% of all oil consumed. Prices fall along with demand, to $36/bbl in 2030 and $24/bbl in 2050.

Sustainable Development Strategy

SDS sees oil demand remaining essentially at current levels over the rest of this decade before declining significantly to 47 mmb/d in 2050. Prices remain relatively stable, rising to $56/bbl in 2030 (relative to IEA price for last year of $42/bbl) before tapering off to $50/bbl as supply from new production declines more or less in line with falling demand.

Stated Policies

STEPS has demand continuing to rise gradually, levelling off at 104 mmb/d in the mid-2030s; then declining very slightly to 103 mmb/d by 2050. A fall in demand from power generation is offset by increased consumption for road transport (around 6 mmb/d through to 2030) and robust demand from aviation, shipping and petrochemicals. Oil prices rise, reaching $77/bbl in 2030 and $88/bbl in 2050.

Carbon pricing

The IEA anticipates carbon prices being introduced at different levels and at different speeds based on geography and stage of economic development. In the NZE, carbon prices are needed in all regions, rising by 2050 to an average of $250/ tonne of CO2 (tCO2) in advanced economies, $200/tCO2 in other major economies, including South Africa, and to lower levels elsewhere. The carbon price for emerging economies with net zero targets is $110/ tCO2 in 2040 under the SDS and $35/ tCO2 for other emerging economies in both NZE and SDS. In the STEPS, on the other hand, only existing and planned carbon pricing schemes are included, such as the EU's and China's emission trading systems. At the same time, as the IEA notes, "The level of CO2prices included in the scenarios should be interpreted with caution" given the relatively immaturity of carbon pricing mechanisms globally, particularly within emerging economies.

Key findings

Our analysis suggests that our portfolio remains resilient under each of the scenarios we considered, including the most demanding NZE scenario. Though declining oil prices under the SDS and NZE would negatively impact asset NPVs, those NPVs remain positive under all scenarios. Moreover, our assets remain competitively positioned relative to competing sources of supply in terms of both the field economics and emissions profiles, such that we would expect minimal risk of stranded reserves. This is especially true for our Nigerian assets, which are already producing and benefit from low operating costs, such that their breakeven costs are well below the commodity prices forecast under these scenarios. As a result, we would expect these assets to continue producing to meet residual oil demand. Though the breakeven price associated with our Kenyan development project is higher, given that the majority of capital has yet to be spent, it is still aligned with the long-term commodity price forecast under the NZE. Moreover, the asset is consistent with Kenya's NDC and serves an important role in meeting the country's economic development goals. The following table illustrates the impact of the projected future oil prices and carbon prices used in each

	NZE	SDS	STEPS
Impact on NPV from oil price changes	36-55%	6-20%	≤5%
Impact on NPV adjusted for carbon prices	36-55%	21-35%	≤5%
Impact on reserves from oil price changes	6-20%	≤5%	≤5%

The majority of impact results from changes in oil demand and associated oil price movements. Carbon prices have a relatively minor impact on NPV, though the impact becomes more significant at prices over $100/tCO_2$, which are envisioned in a low-carbon future Though our assets remain NPV positive under all scenarios, there is a significant decrease in NPV in the SDS and especially the NZE. Understanding this risk places increased emphasis on working to reduce both emissions and costs across our portfolio to ensure our assets remain resilient as the world transitions to a lower carbon future.

RESPONSIBLE STEWARD - CONTINUED

Carbon pricing is an instrument that captures the external costs of greenhouse gas (GHG) emissions

Risk Management

The purpose of the Risk Management Pillar is to disclose how the organization identifies, assesses, and manages climate-related risks.

Our risk management framework ensures we effectively and appropriately identify, monitor and address climate risks to our business and investments, in addition to identifying and capitalising on potential opportunities.

The Company maintains a risk register by which it monitors financial, operational and ESG&HS risks to the company, including climate-related risks. Risks are assessed on their potential financial impact to the company and the likelihood that they will occur. Actions are then identified to mitigate those risks. For climate-related risks, mitigation actions include frequent review of the international regulatory landscape, alignment with TCFD recommendations and identification and implementation of emissions reduction measures. The Audit Committee reviews the risk register and mitigation strategy on a quarterly basis.

We also integrate climate risks into our investment due diligence procedures. The Company has developed two standard shadow carbon price scenarios (a "most likely" and a "reasonable worst case") to be used to evaluate the potential financial impacts of carbon pricing being applied to our operational GHG emissions. Scenarios will consider both the price, expressed as US dollars per tonne of carbon dioxide equivalent (tCO_2e), and timing in terms of when such a pricing regime may be implemented. The scenarios are applied to project cashflows taking into account applicable national taxation.

Further screening criteria were approved during the year that will explicitly include the review of a carbon intensity metric for any investment. This will place greater emphasis upon an asset that falls outside of the bounds we have set and necessitate consideration of whether that risk can be managed in line with our strategic objectives.

During the year, the findings from the comprehensive scenario analysis were presented to the executive committee and Board. The results of the scenario analysis will actively influence the formation of the Company's energy transition and future corporate strategy. With the appointment of a VP of ESG, development of a detailed energy transition strategy will be a focus for the coming year, along with ensuring that the appropriate governance mechanisms are put in place to deliver that strategy.

RESPONSIBLE STEWARD - CONTINUED

Metrics and Targets

> The purpose of the Metrics and Targets Pillar is to disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

We announced a carbon neutrality target for 2025 for our equity owned Scope 1 and 2 emissions. It is our intention to offset the entirety of our GHG emissions by 2025 whilst concurrently developing short-, medium- and long-term emissions reduction targets and a detailed strategy to meet those.

Our carbon neutrality framework relies first and foremost on avoiding, reducing and displacing emissions from our production assets. Any emissions that cannot otherwise be mitigated will then be offset. Our near-term offset strategy is to invest into highly credible carbon credit schemes whilst developing our own nature-based carbon sequestration project over the medium term. We are also keen for our offsetting efforts to deliver additional social and environmental benefits, particularly within our areas of operation and influence; therefore, the location and type of project we develop are of key consideration.

To date, we have screened numerous short-term projects and invested in one – a Kenyan-based clean cookstove project. Certified to the internationally recognised Gold Standard, this project aims to tackle essential development challenges through the distribution of efficient cookstoves to Kenyan communities. Through 2021, Africa Oil purchased 30,088 offsets from this project at a cost of ~US$281,000, sufficient to offset 23% of Scope 1 and 2 emissions.

Efforts to identify our own project are also progressing well. During the year, we engaged with a project developer to assess the feasibility of a project in Kenya that will employ a proven soil carbon improvement methodology for rangeland. A potential project location has been identified, based on existing land surveys and our extensive local network of non-governmental and governmental contacts. We intend to provide an update on this project later in 2022.

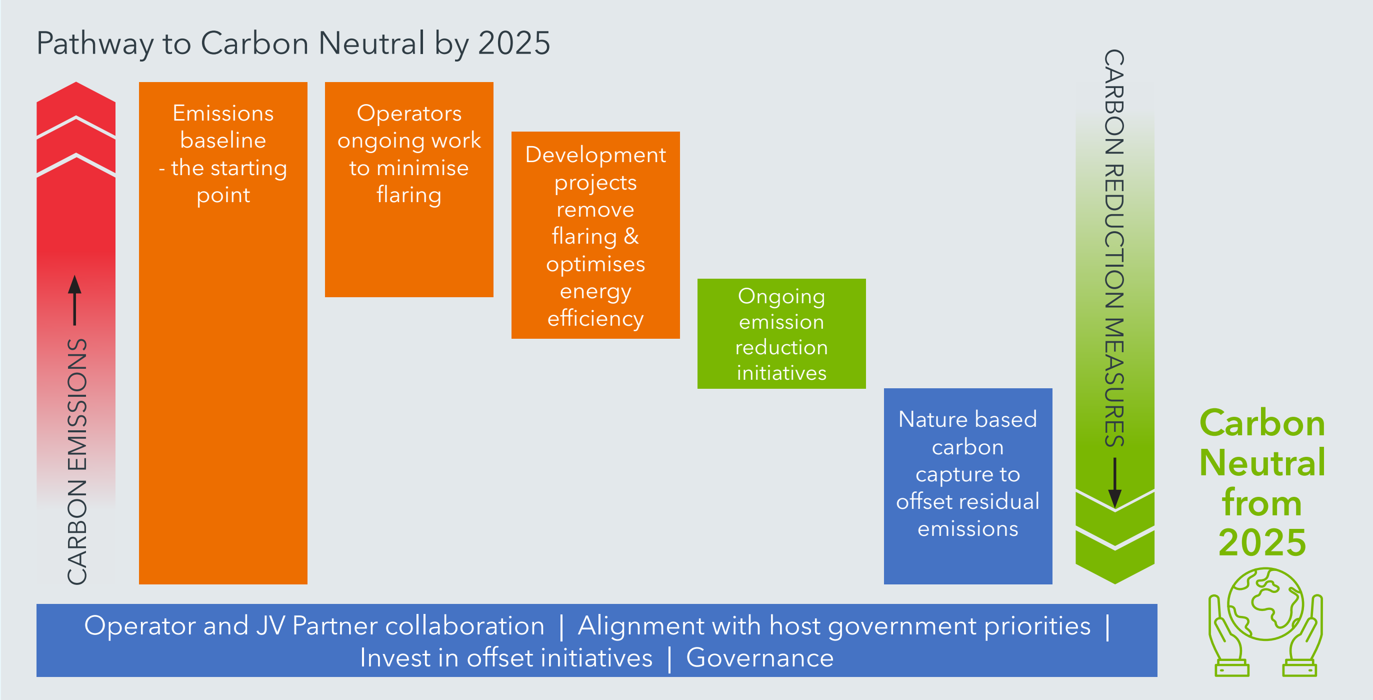
Currently, 7.5% of executive compensation is linked to emissions performance, specifically continued progress on development of the Company's climate change strategy and minimization of flaring related emissions. The level of linked compensation and relevant metrics will be reassessed as we further develop our energy transition strategy.

Scope 1 emissions:
127.0 ktCO_2e (Corporate-wide) vs. 129.2 ktCO_2e (Prime only) in 2020

Scope 2 emissions:
0.02 ktCO_2e (no comparison for 2020)

Scope 3 emissions:
4,973 ktCO_2e, with 0.06 related to emissions from business travel and the remainder related to emissions from end use of products sold

Scope 1 emissions intensity:
15.4 kgCO_2e/boe vs. 12.3 kgCO_2e/boe in 2020



RESPONSIBLE STEWARD - CONTINUED

ENVIRONMENTAL MANAGEMENT

As responsible stewards of our investments, we are committed to minimising the environmental impact of our oil and gas activities. We act in compliance with the applicable environmental laws and regulations of the countries in which we operate, and we manage our activities according to international industry best practice.

In 2021, the ESGHS Committee conducted a thorough review of the Company's Environmental Policy to ensure that was fit for purpose, meeting investor expectations and Africa Oil's own standards. The updated policy was approved by the Board and applies to all personnel including contractors and sub-contractors. The policy is reviewed on a regular basis to ensure that it continues to support and encourage a high standard of environmental performance on our projects. The Chief Operating Officer has ultimate responsibility for the implementation and enforcement of the Environmental Policy.

Environmental Management
PROJECT-BASED ESIA

Environmental Management
WATER MANAGEMENT

Our approach

Our Standards of Operation set out our performance expectations irrespective of asset operatorship. Where Africa Oil is not the operator, we engage our operating partners, so they understand our performance expectations and we work jointly to improve performance.

We take a rigorous approach to operational planning. We will identify potential environmental or ecological risks and impacts of operations, obtain and maintain all necessary permits and licenses for our activities, consult with stakeholders on environmental issues that may affect them, investigate any environmental incidents, and maintain emergency response procedures for protection of our operating environment.

Through considered water management we strive to minimise consumption, mitigate impact upon water sources and monitor and safely dispose of our waste streams. We assess and put measures in place to minimize our impact on biodiversity and ecosystems in line with the mitigation hierarchy and, where appropriate, undertake offsetting measures to ensure that our activities lead to a no net loss of important biodiversity and habitats.

Our footprint

Given the small size of our employee base and our office-based environment, our direct carbon footprint is minimal. We have endeavoured to minimise this footprint by occupying a small, modern office which suits our workforce size, and has energy efficient heating and lighting systems and bicycle storage. The location of our office, in central London, also means we have excellent public transport links.

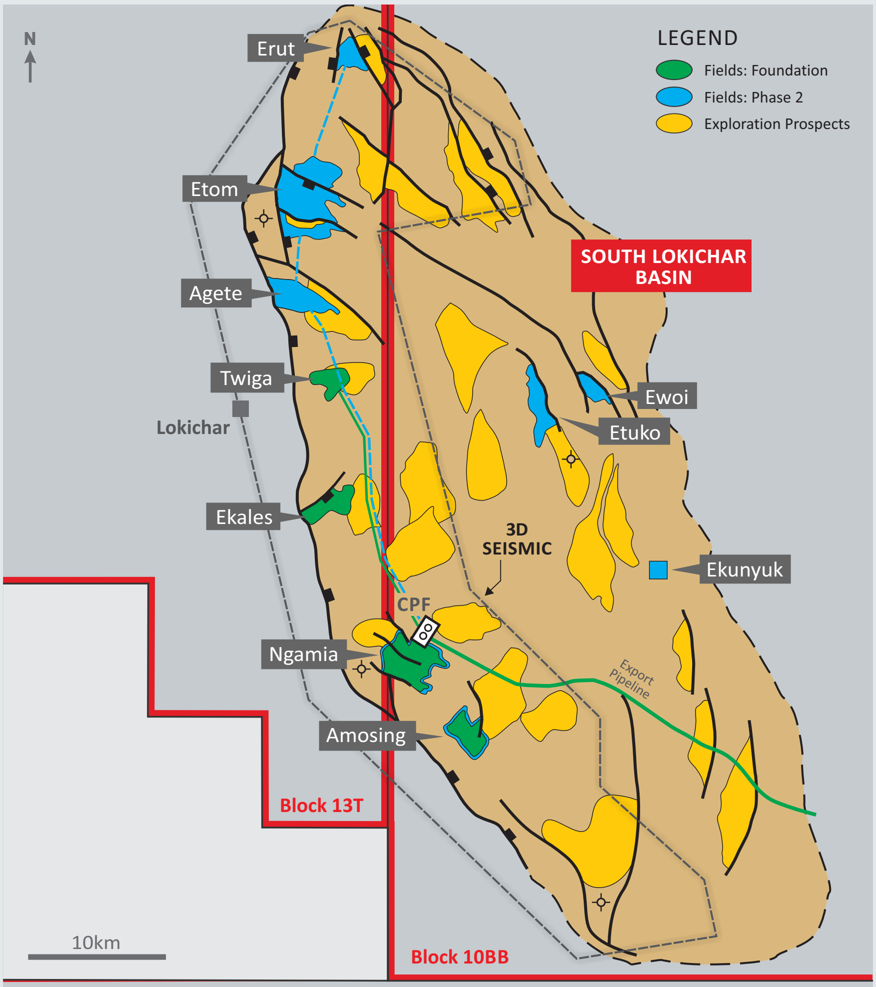
ISSUE IN **FOCUS**

PROJECT OIL KENYA

WE SUCCEDED IN REDUCING THE EMISSIONS FOOTPRINT OF THE PROJECT FROM

30 to 19 $kgCO_2e/bbl$

In Kenya, the Company has a 25% interest in Blocks 10BB and 13T in Kenya's South Lokichar Basin, alongside our joint venture partners, Tullow Oil (the operator) and TotalEnergies. The blocks contain 14 oil discoveries, the majority of which were made over 2012-2017. The partners submitted a Field Development Plan (FDP) encompassing four of the discoveries (Ngamia, Amosing, Twiga and Ekales) to the Government of Kenya in Q4 2021. Produced crude would be transported to Lamu Port for export through a newbuild midstream pipeline. Collectively, the development is referred to as "Project Oil Kenya". Development of the other discoveries could provide future upside, along with additional exploration potential.



In 2021, we worked closely with our partners to review and revise the Project Oil Kenya subsurface resources and project implementation strategy. The objective was to improve the economic viability of the project such that it would be robust in a low-price environment. Undertaking this also meant reassessing the engineering design, including ensuring that environmental and social impacts were considered as an integral part of the process.

Foremost, we succeeded in reducing the emissions footprint of the project from 30 to 19 $kgCO_2e/bbl$. We started from the principle of avoiding flaring, using produced gas as effectively as possible to generate power and reinjecting surplus gas into the reservoir formation for later use when the project becomes energy deficient and would otherwise have to import power from the national electrical grid. Use of highly efficient gas combustion turbines was found to be less emissions intensive than electrification based on Kenya's existing grid mix, even with a high penetration of hydro. Waste heat recovery further helped to reduce operational emissions. Finally, we explored various options for integrating renewable energy into the project. Wide-scale integration of renewables was deemed uneconomic or unfeasible at this time. However, we are planning to use solar power where economically and technically feasible for administrative and lighting purposes across the project footprint.

We also addressed concerns around competing demands for scarce water resources. The proposed development includes construction of a pipeline to bring water from the Turkwell Dam in order to reduce reliance on infield water sources and potential impacts to local communities by limiting the time that local water resources will need to be used by the project. To build sustainability into the existing community water supply system and to meet the dual objectives to ensure community access without creating a dependency upon our operations, we have transferred responsibility for local community water supply to the County Government in line with its constitutional mandate. The latter consideration is key, as we recognise any dependencies arising would be detrimental to local communities in the long-term. Finally, we have established a biodiversity advisory panel, as part of our compliance commitments to IFC. This comprises leading Kenyan experts from governments and universities, to advise on minimising negative biodiversity impacts. This support has been instrumental across the full project footprint and has guided our approach to impact minimisation, management and mitigation.

Further local engagement was required to re-establish relationships with the government and local officials and community, promoting confidence in our operations and demonstrating transparency and accountability. We have set up technical forums to inform stakeholders about the activities and gather feedback. We have consulted around 1,800 stakeholders on the project disclosure, and 1,700 on the impacts and mitigations of the project. While this is an ongoing process, we have now completed all of the necessary stakeholder engagement informed by the IFC, and our next step will be preparing a supplementary assessment to demonstrate how the project is complying with IFC standards.

During the COVID-19 pandemic, Africa Oil, as a member of the Kenya Private Sector Alliance (KEPSA), supported the government in driving vaccine uptake in order to protect lives and livelihoods. The objective was to vaccinate 1 million people. Africa Oil contributed $150,000 which was used to purchase 15,000 vaccines; 100 of these doses were directly distributed to Africa Oil Kenya and Tullow Kenya BV employees and their families, while the remaining 14,900 were donated to the government.

The KEPSA initiatives helped the Ministry of Health to recruit more organisations to administer the vaccines free of charge. KEPSA also worked with the Ministry of Health to strengthen communications and engagement in order to expedite vaccine uptake and combat any misinformation using agreed upon communication channels. KEPSA further worked with the Government to capture and report data on all vaccinations and accurately disseminate details of the program to the public, ensuring transparency and trust in the vaccine programme.

STRONG COMMUNITIES

We are committed to supporting **Strong Communities** by looking after our people and the people of local communities in which we operate. Within this section, we demonstrate the policies and practices we adhere to in order to promote their interests.

HEALTH AND SAFETY

Africa Oil is committed to operating in a safe and responsible manner and to ensuring that activities for which we are responsible cause no harm. Our Health and Safety Policy encompasses our belief that all work-related incidents, illnesses, and injuries are preventable and that there is a safe way of doing every task, however urgent or important.

Our Health and Safety Policy is informed by the World Bank Group's Environmental, Health and Safety guidelines, industry best practice and national regulatory requirements, and was revised this year as part of the ESGHS Committee's review of all ESG policies to ensure they are fit for purpose. The policy applies to all Africa Oil personnel, and we stress that all employees are responsible for their own actions and the workplace health and safety of their fellow workers.

Company personnel operate in the office environment and onsite in areas of operation, particularly Kenya. All staff and contractors are provided with a health and safety induction and the appropriate resources to complete their tasks efficiently and safely, with clear accountabilities and in accordance with our policies and procedures. For Africa Oil Kenya staff, we conduct health and safety training every year. When our employees travel to sites that are controlled by operators, they are subject to the expectations of the operator and must comply with all operator requirements and instructions.

Commensurate with our commitment to health and safety and seeking the highest standards from our operating partners, we record any reportable incidents at our offices. We also require our partners and associate companies to report recordable incidents at our operations.

Employee Engagement & Wellbeing
OCCUPATIONAL HEALTH & SAFETY

Environmental Management
PROJECT-BASED ESIA

STRONG COMMUNITIES - CONTINUED

HUMAN RIGHTS

Africa Oil is committed to operating in a socially responsible and transparent manner and we uphold the human rights of all individuals impacted by our operations including employees, contractors and external stakeholders. It is both a moral and business case for ensuring that human rights are upheld across all our assets, and we manage our activities based on international human rights standards

Our commitments and approach are laid out in our Human Rights Policy.
We incorporate consideration for human rights into our ESIA and avoid involuntary resettlement of individuals and/or communities where at all possible.
We do not tolerate any discrimination, harassment, or physical assault in the workplace, and we base employment on the principle of equal opportunity and fair treatment with no discrimination.

DIVERSITY AND INCLUSION ("D&I")

At Africa Oil we have a responsibility to make sure that all employees feel safe and supported and that our culture is one that promotes equity and inclusivity.

As stated in our Code of Conduct, we do not tolerate discrimination on the basis of age, gender (including pregnancy and childbirth), race, national or ethnic origin, sexual orientation, marital status, religious beliefs, disability, or on the basis of any other personal characteristics protected by human rights law. We encourage and expect all personnel to report harassment or other inappropriate conduct as soon as it occurs.

We recognise the importance of diversity, and the benefits of having a board,executive officers and broader workforce with varying characteristics including, but not limited to, religious and political beliefs, gender, ethnicity and socioeconomic background. Africa Oil maintains a Board and Executive Officer Diversity Policy, which requires that the Company actively look to promote diversity amongst the Board and Executive Officers, and that the Board and Executive Officers in turn seek out individuals self-identifying as members of one or more Designated Groups in the recruitment process. With the exception of one expatriate, all employees in both Kenya and Ethiopia are nationals. Our Board currently has two female members, representing 26% of the Board's composition.

"Diversity of thought drives our business; our Board and executive team comprises individuals with complimentary skillsets that encompass innovation, financial discipline and technical expertise."

Quote from John Craig,
Chairman of the Board

TRAINING AND DEVELOPMENT

As a small company we do not implement a formal training policy. We nevertheless recognise the importance of supporting the development of our employees. We do not place employees into narrow categories but ensure that people have exposure to parts of the business that are beyond their traditional remit. This enables employees to build their experience and we actively encourage an exchange of expertise to facilitate skills and knowledge development.

Furthermore, we offer individuals progressively more responsibilities to enable them to grow professionally. The greater role Africa Oil has taken in the Kenya Project has provided numerous such opportunities, and we are proud that our staff have embraced these new responsibilities and met and managed the challenges that were presented.

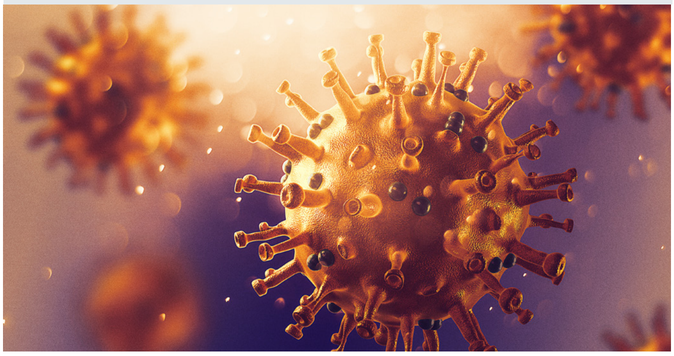
In the Kenya office we offer some structured trainings for different departments including ESG, accounts, and administration. This programme was disrupted due to the pandemic, though in 2021 the accounts department were able to attend a one-week training course in Mombasa.

APPROACH TO COVID-19

Throughout the pandemic, the safety and security of our people has been a priority. Plans were put in place in Nairobi, Addis Ababa, North America and London to support our personnel and to ensure business continuity. Remote working was easily facilitated for our UK-based and North America personnel as these are small offices and we had previously accommodated remote working. The past two years have only emphasised the ability of the organisation to function remotely, and we are continuing to support flexible working in our day-to-day operations.

In Kenya, staff worked remote for the first three months of the pandemic.
The office provided allowances to all employees during that period, and paid taxi fares for anyone who had to come into the office so that they did not have to use public transport. The Nairobi office is now fully operational; however, it is still maintaining COVID-19 safety protocols including sanitising, encouraging masks, and limiting vehicles going to the field to half capacity.

In Nigeria, to limit the spread of the virus, preventative measures were put in place including mandatory quarantine periods prior to travelling to offshore installations, isolation of any suspected and evacuation of confirmed cases and reduction of personnel on board. These efforts succeeded in minimising disruptions to activities, and production and loadings were not affected.



SASB
STANDARD

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Performance
GREENHOUSE GAS EMISSIONS	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO_2e	EM-EP-110a.1	127,048 (2020: 129,231 - pertaining to Nigeria only)
	Percentage methane	Quantitative	Percentage (%)	EM-EP-110a.1	Data provided by operators does not allow for calculation of this metric
	Percentage covered under emissions-limiting regulations	Quantitative	Percentage (%)	EM-EP-110a.1	33%, relating to Nigerian flaring regulations
	Amount of gross global Scope 1 emissions from:	Quantitative	Metric tons (t) CO_2e	EM-EP-110a.2	
	(1) flared hydrocarbons				42,305.6
	(2) other combustion				84,680.4
	(3) process emissions				0.0
	(4) other vented emissions				42.3
	(5) fugitive emissions				19.6
	Gross global Scope 2 emissions	Quantitative	Metric tons (t) CO_2e		23.1
	Global global Scope 3 emissions	Quantitative	Metric tons (t) CO_2e		
	(1) Business travel				60.1
	(2) Use of sold products				4,973,184.4
	Scope 1 and 2 emissions intensity	Quantitative	Kilograms CO_2e per barrel of oil equivalent ($kgCO_2e$/boe)		15.4
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and analysis	N/A	EM-EP-110a.3	See page 28 Metrics and Targets Pillar

SASB STANDARD - CONTINUED

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Performance
AIR QUALITY	Air emissions of the following pollutants:	Quantitative	Metric tons (t)	EM-EP-120a.1	
	(1) NOx (excluding N2O)				Data provided by operators does not allow for calculation of this metric
	(2) SOx				Data provided by operators does not allow for calculation of this metric
	(3) volatile organic compounds (VOCs)				Data provided by operators does not allow for calculation of this metric
	(4) particulate matter (PM10)				Data provided by operators does not allow for calculation of this metric
WATER MANAGEMENT	(1) Total fresh water withdrawn,	Quantitative	Thousand cubic meters (m^3)	EM-EP-140a.1	0.0
	(2) Total freshwater consumed	Quantitative	Thousand cubic meters (m^3)	EM-EP-140a.1	0.0
	Percentage of each in regions with High or Extremely High Baseline water stress	Quantitative	Percentage (%)	EM-EP-140a.1	None of the operations in which we have an interest are located in high or extremely high Baseline Water Stress according to the WRI Water Risk Atlas
	Volume of produced water and flowback generated	Quantitative	Thousand cubic meters (m^3)	EM-EP-140a.2	63,372,912.0
	Percentage	Quantitative	Percentage (%)	EM-EP-140a.2	
	(1) discharged				100%
	(2) injected				0%
	(3) recycled				0%
	Hydrocarbon content in discharged water	Quantitative	Metric tons (t)	EM-EP-140a.2	128.5
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Quantitative	Percentage (%)	EM-EP-140a.3	This metric is not applicable to the Company as we neither own nor operate any hydraulically fractured wells.
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline[2]	Quantitative	Percentage (%)	EM-EP-140a.4	This metric is not applicable to the Company as we neither own nor operate any hydraulically fractured wells.

SASB STANDARD - CONTINUED

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Performance
BIODIVERSITY IMPACTS	Description of environmental management policies and practices for active sites	Discussion and analysis	N/A	EM-EP-160a.1	See page 12 Governance and Risk Management See page 17 Investment Engagement Furthermore, each operating partner in Nigeria and Kenya has detailed environmental policices and practices that govern their operations. For further information please visit our operating partners' websites: https://www.chevron.com/ https://totalenergies.com/ https://www.tullowoil.com/
	Number and aggregate volume of hydrocarbon spills	Quantitative	Number, barrels (bbls)	EM-EP-160a.2	Number: 4 Volume: 13.9 bbls
	Volume in Arctic	Quantitative	Barrels (bbls)	EM-EP-160a.2	This metric is not applicable to the Company as we neither own nor operate any assets in the Arctic
	Volume impacting shorelines with ESI rankings 8-10	Quantitative	Barrels (bbls)	EM-EP-160a.2	This metric is not applicable to the Company as we neither own nor operate any assets located in proximity to shorelines with ESI rankings 8-10
	Volume recovered	Quantitative	Barrels (bbls)	EM-EP-160a.2	Data provided by operators does not allow for calculation of this metric
	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Quantitative	Percentage (%)	EM-EP-160a.3	Data provided by operators does not allow for calculation of this metric
SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Quantitative	Percentage (%)	EM-EP-210a.1	0%
	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Quantitative	Percentage (%)	EM-EP-210a.2	0%
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discussion and analysis	N/A	EM-EP-210a.3	This is not applicable to the Company as we neither own nor operate any assets in areas of conflict
COMMUNITY RELATIONS	Discussion of process to manage risks and opportunities associated with community rights and interests	Discussion and analysis	N/A	EM-EP-220a.1	See page 30 Project in Focus See page 32 Strong Communities
	Number and duration of non-technical delays	Quantitative	Number, Days	EM-EP-220a.2	0. There were no non-technical delays

SASB STANDARD - CONTINUED

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Performance
WORKFORCE HEALTH & SAFETY	(1) Total recordable incident rate (TRIR)	Quantitative	Rate	EM-EP-320a.1	0.18
	(2) fatality rate,	Quantitative	Rate	EM-EP-320a.1	0.00
	(3) near miss frequency rate (NMFR)	Quantitative	Rate	EM-EP-320a.1	Data provided by operators does not allow for calculation of this metric
	(4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	Quantitative	Hours	EM-EP-320a.1	As non-operating partner, the Company workforce is principally desktop-based. Therefore, we do not conduct health, safety or emergancy response training. Should any employee or contractor of the Company visit any operating site the operating partner ensures the delivery of appropriate training in line with their safety guidelines.
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Discussion and analysis	N/A	EM-EP-320a.2	See page 32 Health and Safety
RESERVES VALUATION & CAPITAL EXPENDITURES	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Quantitative	Million barrels (MMbbls), Million standard cubic feet (MMscf)	EM-EP-420a.1	STEPS: no impacts SDS: -2 mmbbl NZE: -9 mmbbl For further information, see pp22-28, with specific reference to pg 28.
	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Quantitative	Metric tons (t) CO_2e	EM-EP-420a.2	25,362,303.60
	Amount invested in renewable energy, revenue generated by renewable energy sales	Quantitative	Reporting currency	EM-EP-420a.3	$0
		Discussion and analysis	N/A	EM-EP-420a.4	See pages 22-28 TCFD disclosures
BUSINESS ETHICS & TRANSPARENCY	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	Percentage (%)	EM-EP-510a.1	(1) 0% (2) 0% The Company neither owns nor operates assets in any of the 20 countries with the lowest rankings in Transparency International's Corruption Perception Index
	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion and analysis	N/A	EM-EP-510a.2	See page 15 Business Ethics
MANAGEMENT OF THE LEGAL & REGULATORY ENVIRONMENT	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion and analysis	N/A	EM-EP-530a.1	See pages 23-24 regarding Policy Risk in the TFCD section

SASB STANDARD - CONTINUED

Topic	Accounting Metric	Category	Unit Of Measure	Code	2021 Performance
CRITICAL INCIDENT RISK MANAGEMENT	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Quantitative	Rate	EM-EP-540a.1	Data provided by operators does not allow for calculation of this metric
	Description of management systems used to identify and mitigate catastrophic and tail end risks	Discussion and analysis	N/A	EM-EP-540a.2	The Company relies on our operating partners' risk management systems. For further information please visit our operating partners websites: https://www.chevron.com/ https://totalenergies.com/ https://www.tullowoil.com/

Table 2. Activity Metrics

PRODUCTION	(1) oil	Quantitative	Thousand barrels per day (Mbbl/d)	EM-EP-000-A	25.0
	(2) natural gas	Quantitative	Million standard cubic feet per day (MMscf/d)	EM-EP-000-A	28.0
	(3) synthetic oil, and	Quantitative	Thousand barrels per day (Mbbl/d)	EM-EP-000-A	0.0
	(4) synthetic gas	Quantitative	Million standard cubic feet per day (MMscf/d)	EM-EP-000-A	0.0
	Number of offshore sites	Quantitative	Number	EM-EP-000-B	3 sites, comprising Total Energies' and Chevron's operations offshore Nigeria
	Number of onshore sites	Quantitative	Number	EM-EP-000-C	6 sites, comprising Tullow's operation in Kenya

Note: All figures presented on a net equity basis reflecting our working interest share in our Nigerian and Kenyan operations, and 100% of corporate-level metrics

FORWARD-LOOKING **STATEMENTS**

Certain statements and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect, "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, ongoing uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

Although the Company believes that the expectations reflected by the forward-looking statements presented in this document are reasonable, the Company's forwardlooking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to the Company about itself and the businesses in which it operates. Information used in developing forward-looking statements has been acquired from various sources, including third party consultants, suppliers and regulators, among others. Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forwardlooking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to the Company.

No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in macro-economic conditions and their impact on operations, changes in oil prices, reservoir and production facility performance, hedging counterparty contractual performance, OPEC+ quota impact on production, results of exploration and development activities, cost overruns, uninsured risks, regulatory and fiscal changes, defects in title, claims and legal proceedings, access to financing on favourable terms, availability of materials and equipment, availability of skilled personnel, timeliness of government or other regulatory approvals, actual performance of facilities, joint venture partner underperformance, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental, health and safety impacts on operations. Actual results may differ materially from those expressed or implied by such forwardlooking statements.

The Company's Annual Information Form for the year ended December 31, 2020 and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe risks, material assumptions and other factors that could influence actual results and are incorporated herein by reference.

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