Governance
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Chairedman's overview

Shaping the future through corporate governance

In a world of uncertainty, effective corporate governance remains the bedrock of any successful business.

As a company, we recognise and are very alive to our responsibilities to our shareholders, customers, employees and suppliers as well as to the communities in which we operate. We have been able to meet these responsibilities through strong governance, operational dexterity and capacity developed over the years.

In 2018, the Board in conjunction with the management team worked tirelessly to ensure that the Company is governed in accordance with our enshrined Vision, Mission and strategic objectives; that identified risks are mitigated; and that the long-term sustainability goals are properly balanced against the short-term goals. During the year under review, our internal corporate governance embedding activities continued to thrive, as the Board, management and employees participated in the Company’s annual corporate governance declarations. In discharging its oversight role, the Board undertook an independent evaluation of its performance, and the performance of the Chairman, Board Committees and individual Directors, which was facilitated by an external consultant, Mr. Scott Eversman. In addition, management and staff undertook the annual corporate governance re-certification exercise.

In continuation of the successes recorded by our Company in the corporate governance space in 2017, Seplat commenced the 2018 financial year on a vibrant note with the upscaling and migration of the Company from the Main Board to the Premium Board of the Nigerian Stock Exchange (NSE), thereby becoming the first oil and gas company to be migrated to the Premium Board of the NSE.

The Premium listing is in recognition of the outstanding performance of the Board in the corporate governance rating system’s (CGRS) Fiduciary Awareness Certification Test (FACT) and Company’s attainment of the capitalisation requirements of the NSE. Seplat exceeded these requirements, achieving an outstanding assessment score of 88% which was way beyond the minimum score of 70%. The Premium Board is the listing segment for the elite group of issuers that meet NSE’s most stringent corporate governance and listing standards.

The successes recorded by Seplat in corporate governance for the year under review are testament to the sound corporate governance principles by which the Board, with the support of the management team and employees, has steered the wheel of the Company’s operations.

I would like to thank the Board, management and the employees for their relentless contributions, which are very evident in the overall performance of Seplat for this financial year. Finally, I would like to use this opportunity to thank our shareholders for their unwavering support and employees for their relentless support to the sustainable development of Seplat.

As we project into the future, we are assured that Seplat is well positioned to actualise its Vision of becoming a world class independent energy company delivering premium value to all stakeholders through continuous strengthening of our corporate governance.

A.B.C. Orjiako
Chairman
Board of Directors

In compliance with the Nigerian Code and the UK Code, the Board comprises a majority of Non-Executive Directors, at least half of whom are independent. Each Board member brings a wealth of business leadership experience to foster the collective strength of the Board in setting the strategic goals of the Company and overseeing the effective performance of management in achieving these goals.

Board composition as at 28 February 2018

A. Chairman 1
B. Executive Directors 3
C. Non-Executive Directors 2
D. Independent Non-Executive Directors 6

Board structure

Seplat Petroleum Development Company Plc Annual Report and Accounts 2018 71

Finance Committee
Charles Okeahalam (Chair) Lord Mark Malloch-Brown
Michael Alexander Ifueko M. Omoigui Okauru

The committee assists the Board in providing financial oversight. Main task areas include financial strategy, policy and treasury matters; budgeting and financial planning, integrity of financial reporting, internal financial controls, financial risk management systems and accountability policies.

Remuneration Committee
Michael Alexander (Chair) Basil Omiyi
Charles Okeahalam Damian Dodo

The committee advises and advises the Board on matters relating to the remuneration of the Board and senior management; to attract, motivate and retain the best, relevant and skilled talents in the market in order to maximise shareholder value.

Nomination and Establishment Committee
A.B.C. Orijiako (Chair) Basil Omiyi
Michael Alexander Damian Dodo

The committee assists and advises the Board on its size, composition, balance of the Board and its Committees. It also evaluates the balance of skills, experience, independence and knowledge on the Board and reviews the performance and effectiveness of the Board and subsidiary boards in the achievement of the Company’s objectives.

Gas Committee
Basil Omiyi (Chair) Macaulay Agbada Ofurhie
Michael Alexander

The committee develops and oversees the deployment of the long-term strategic Gas Master Plan; oversees the midstream investments of the Company and reviews the investment portfolio and opportunities of Seplat’s gas subsidiary company.

Risk Management and HSSE Committee
Basil Omiyi (Chair) Ifueko M. Omoigui Okauru
Macaulay Agbada Ofurhie

The committee assists the Board with the review of the Company’s Risk Management Policy, Risk Management Register and Risk Dashboard including risk appetite and risk strategy and makes necessary recommendations for Board’s approval. It also reviews the adequacy and effectiveness of risk management and controls; carries out periodic review of changes on the economic and business environment, including trends and other factors relevant to the Company’s risk profile.

Corporate Social Responsibility Committee
Lord Mark Malloch-Brown (Chair) Ifueko M. Omoigui Okauru
Macaulay Agbada Ofurhie

The committee has oversight of the Company’s Community Relations Policy, practices and procedures and CSR initiatives. It is also responsible for the review of key issues which impact community relations and advises the Board on broader societal related matters in addition to key issues which may impact the Company’s reputation, brand, management and successful business operations.

Key
- Chairman
- Executive Directors
- Non-Executive Director

Seplat Petroleum Development Company Plc
Annual Report and Accounts 2018
Board of Directors

Experienced, proactive and effective leadership

Non-Executive Chairman

Ambrosie Bryant Chukwueloka (‘A.B.C.’) Orjiako

Biography

Dr. A.B.C. Orjiako is the Chairman of Seplat which he co-founded in 2009. He is qualified as an orthopaedic and trauma surgeon. Dr. Orjiako ventured into business and has developed extensive experience in the Nigerian oil and gas sector, having established and managed various companies in the upstream, downstream, and oil services sectors through companies such as: Abbeycourt Trading Company Ltd, Abbeycourt Energy Services Ltd, Zebra Energy Ltd and Shebah Exploration and Production Company Ltd.

Dr. Orjiako is also the Chairman of Neimeth Pharmaceutical International Plc, which is listed on the Nigerian Stock Exchange (NSE). By invitation of the London Stock Exchange, he became a founding member of the London Stock Exchange Group’s Africa Advisory Group (‘LAAG’), a select group working to resolve the commercial and social issues affecting Africa.

He has received numerous awards and recognitions for his service to humanity and his entrepreneurial achievements. Some of these notable awards include the Distinguished Alumnus Award and Doctor of Science (D.Sc.) Honors Causa by the University of Calabar, Nigeria in 2001; Platinum Award of the West African College of Surgeons in 2006; National Honours as an Officer of the Federal Republic (‘OFR’), conferred on him by the President of Nigeria in 2012; the coveted Zik (Nnamdi Azikiwe) Prize in the Professional Leadership category by the Public Policy Research and Analysis Centre (‘PPRAC’); and African Business Executive of the Year 2014, by the Oil and Gas Council.

Experience

Dr. Orjiako brings a wealth of sector experience in the Nigerian oil and gas sector having managed several companies including Abbeycourt Trading Company Ltd, Abbeycourt Energy Services Ltd, Zebra Energy Ltd and Shebah Exploration and Production Company Ltd.

Executive Directors

Ojunekwu Augustine (‘Austin’) Avuru

Chief Executive Officer; Executive Director

Biography

Mr. Avuru is a co-founder of Seplat and became CEO on 1 May 2010.

A geologist by background, Mr. Avuru spent 12 years at the Nigerian National Petroleum Corporation, where he held various positions including Well Site Geologist, Production Seismologist and Reservoir Engineer. In 1992, he joined Allied Energy Resources in Nigeria, a pioneer deep water operator, where he served as Exploration Manager and Technical Manager. In 2002, Mr. Avuru established Platform Petroleum Ltd and held the role of Managing Director until 2010, when he left to take up the CEO position at Seplat.

Experience

Mr. Avuru has over 38 years’ experience, working in the Nigerian oil and gas sector in increasingly senior technical and management roles. He has spent the last 15 years in CEO roles at Platform Petroleum and Seplat Petroleum, and has built up a strong reputation as a reference resource professional on the Nigerian Oil and Gas Industry play.

Roger Thompson Brown

Chief Financial Officer, Executive Director

Biography

Mr. Brown joined Seplat as Chief Financial Officer in 2013. With a background in finance, he is a qualified Chartered Accountant with the Institute of Chartered Accountants of Scotland and also a member of Association of National Accountants of Nigeria.

Mr. Brown has over 25 years’ experience in the financial sector, primarily focused on emerging markets with extensive experience in structuring energy and infrastructure transactions on the African continent. Prior to joining the Company, he held the position of Managing Director of Oil and Gas EMEA for Standard Bank Group.

Experience

Mr. Brown brings to Seplat extensive financial, accounting, M&A, debt and equity capital markets experience in the emerging markets space, and in particular the African oil and gas sector. He has advised on some of the largest and highest profile transactions that have occurred in Nigeria in recent years.

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Non-Executive Chairman

Ambrosie Bryant Chukwueloka (‘A.B.C.’) Orjiako

Biography

Dr. A.B.C. Orjiako is the Chairman of Seplat which he co-founded in 2009. He is qualified as an orthopaedic and trauma surgeon. Dr. Orjiako ventured into business and has developed extensive experience in the Nigerian oil and gas sector, having established and managed various companies in the upstream, downstream, and oil services sectors through companies such as: Abbeycourt Trading Company Ltd, Abbeycourt Energy Services Ltd, Zebra Energy Ltd and Shebah Exploration and Production Company Ltd.

Dr. Orjiako is also the Chairman of Neimeth Pharmaceutical International Plc, which is listed on the Nigerian Stock Exchange (NSE). By invitation of the London Stock Exchange, he became a founding member of the London Stock Exchange Group’s Africa Advisory Group (‘LAAG’), a select group working to resolve the commercial and social issues affecting Africa.

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Biography

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Mr. Brown has over 25 years’ experience in the financial sector, primarily focused on emerging markets with extensive experience in structuring energy and infrastructure transactions on the African continent. Prior to joining the Company, he held the position of Managing Director of Oil and Gas EMEA for Standard Bank Group.

Experience

Mr. Brown brings to Seplat extensive financial, accounting, M&A, debt and equity capital markets experience in the emerging markets space, and in particular the African oil and gas sector. He has advised on some of the largest and highest profile transactions that have occurred in Nigeria in recent years.
Biography
Mr. Effiong Okon joined Seplat in January 2018 as Operations Director and brings 26 years' experience in upstream and integrated oil and gas operations across Africa, Europe, the Middle East, and Nigeria. He was most recently General Manager Deepwater Production for Shell Nigeria. Previous appointments at Shell also include Deputy Vice President Technical and Manager North Field Wells and Reservoir during the commissioning, start-up and early production phase of mega projects Qatar Shell Pearl GTL and Qatar Gas LNG Trains 7 & 8.

Experience
Mr. Okon brings extensive experience in safety leadership, field development, project delivery, asset management, managing and safely running significant and complex oil and gas upstream and midstream operations in the onshore and offshore sectors of a diverse range of geographies, successfully leading multi-disciplinary teams, driving change, managing service providers and controlling significant budgets. Mr. Okon is a member of several professional organisations, including the Society of Petroleum Engineers (SPE).

Date of appointment
• 23 February 2018
Board meetings attended
• 10/13
Committee membership
• Not applicable
Independent
• Not applicable

Biography
Mr. Alexander was appointed to the Board in 2013. He spent 25 years at BP Plc in various roles and was Chief Executive Officer of British Energy Group Plc between 2003 and 2005. Prior to that he was an Executive Director of Centrica Plc having held a number of senior positions within British Gas Plc, including Commercial Director of British Gas Exploration & Production.

Experience
Over the course of his wide-ranging career, Mr. Alexander has acquired considerable experience in executive leadership roles specifically within the energy sector, and more recently he has held a number of non-executive directorships and associated committee roles allowing him to bring wide-reaching international board and corporate governance experience to Seplat.

Date of appointment
• 1 June 2013
Board meetings attended
• 13/13
Committee membership
• Remuneration Committee (Chairman)
• Finance Committee (Member)
• Nomination and Establishment Committee (Member)
• Gas Committee (Member)
Independent
• Yes

Biography
Mr. Omiyi's career spans 40 years at Royal Dutch Shell, during which time he occupied a number of senior roles in Nigeria and Europe, including Managing Director of Shell Petroleum Development Company of Nigeria Limited and Country Chairman of Shell Companies, Nigeria. Mr. Omiyi also holds board positions in a range of other companies including as Chairman of a Banking and Financial Services company as well as Chairman of a Real Estate Company.

Experience
Mr. Omiyi has extensive insight into and experience in the global oil and gas industry and in particular brings a detailed knowledge and understanding of the Nigerian oil and gas sector together with senior management expertise gained in a large-scale multinational organisation.

Date of appointment
• 1 March 2013
Board meetings attended
• 12/13
Committee membership
• Risk Management and HSSE Committee (Chairman)
• Gas Committee (Chairman)
• Nomination and Establishment Committee (Member)
• Remuneration Committee (Member)
Independent
• Yes
Board of Directors

Non-Executive Directors

Lord Mark Malloch-Brown
Independent Non-Executive Director

Biography
Lord Malloch-Brown is a former Deputy Secretary General of the United Nations as well as a previous Administrator of the United Nations Development Programme. He has also served in the British Cabinet and Foreign Office. He is active both in business and in the non-profit world. He also remains deeply involved in international affairs. Lord Malloch-Brown is a former Chair of the Royal Africa Society.

Experience
Lord Malloch-Brown brings a great deal of knowledge and experience on international and external affairs, and particularly the promotion of business and commerce in African economies, including Nigeria, within a global context. He also brings extensive experience on corporate responsibility and governance systems to the Board.

Charles Okeahalam
Independent Non-Executive Director

Biography
Dr. Okeahalam is a co-founder of AGH Capital Group, a private equity and diversified investment holding company based in Johannesburg, with assets in several African countries. Prior to co-founding AGH Capital Group in 2002, he was a Professor of Financial Economics and Banking at the University of the Witwatersrand in Johannesburg. His other roles have included advising a number of African central banks and government ministries, the World Bank and the United Nations. He has held several board positions and is a former non-executive chairman of the Nigeria Mortgage Refinance Company.

Experience
Dr. Okeahalam brings extensive corporate finance and capital markets expertise to the Board, and in particular detailed knowledge of African financial markets, economies and the investment industry.

Ifueko M. Omoigui Okauru
Independent Non-Executive Director

Biography
Mrs. Okauru is the Managing Partner of Compliance Professionals Plc, a Compliance Consulting firm. She is also a Commissioner in the Independent Commission for the Reform of International Corporate Taxation (‘ICRICT’). She serves as an Independent Director in other Nigerian public companies and is a founding member of the Board of Trustees of DAGOMO Foundation Nigeria Ltd. She previously, she worked as Chief Responsibility Officer for ‘ReStral Ltd, a company she founded, and before that, spent 12 years at Arthur Andersen & Co. where she became National Partner of the firm’s strategy practice. She has served as Executive Chairman of Nigeria’s Federal Inland Revenue Service, Chairman of Nigeria’s Joint Tax Board, and part-time member of the United Nations Committee of Experts on International Cooperation in Tax Matters. Mrs. Okauru received a Master of Public Administration degree from Harvard Kennedy School, Harvard University in 2014; a Master of Science, Management Science from Imperial College, University of London in 1986; and a Bachelor of Science (First Class), Accounting from the University of Lagos in 1983. She is a Fellow of the Institute of Chartered Accountants of Nigeria (‘FCA’), 2001 and a Fellow of the Chartered Institute of Taxation of Nigeria (‘FCTI’), 2007. She was awarded a Member of the Order of Nigeria (‘MON’) in 2000, and a Member of the Federal Republic of Nigeria (‘MFR’) in 2006.

Experience
Mrs. Omoigui Okauru brings extensive experience in finance, accounting and tax to the Board together with a great deal of experience in management consulting, strategy and change management.
Biography

Chief Ofurhie was appointed to the Board as a nominee of Shebah Petroleum Development Company Limited. A geoscientist by background, Chief Ofurhie has worked in the Nigerian upstream oil and gas industry in a career spanning 34 years. During this time, he has held various executive positions in NNPC and served as Director at the Department of Petroleum Resources (‘DPR’). At NNPC, Chief Ofurhie was the Managing Director of Nigerian Petroleum Development Company (‘NPDC’) and Nigerian Gas Processing and Transportation Company (‘NGPTC’) (formerly known as Nigerian Gas Company (‘NGC’)).

Experience

Chief Ofurhie has, over the course of his career, gained extensive experience in the Nigerian upstream oil and gas industry, from both public and private sector perspectives, and has a deep understanding of the below and above ground operating environments in Nigeria.

Date of appointment
• 30 June 2014
Board meetings attended
• 13/13
Committee membership
• Nomination and Establishment Committee (Member)
• Remuneration Committee (Member)
Independent
• Yes

Biography

A renowned lawyer, Mr. Dodo has acted and continues to act for a wide range of major Nigerian corporations, governmental and regulatory bodies across a number of business sectors and has served on a number of panels and commissions in Nigeria, including the NNPC Commission of Inquiry, the Governing Board of the National Agency for the Prohibition of Trafficking in Persons (‘NAPTIP’) and the National Lottery Regulatory Commission where he all served as Chairman.

In 2001, Mr. Dodo was awarded Nigeria’s highest legal practice rank of Senior Advocate of Nigeria (‘SAN’). In 2011, he was awarded the National Honour of Officer of the Order of the Federal Republic of Nigeria by the President of Nigeria. Mr. Dodo was also awarded a fellowship by the Nigerian Institute for Advanced Legal Studies.

In 2017, Mr. Dodo was appointed a Fellow of the Nigerian Chartered Institute of Arbitrators (a Member of the Think Tank of Arbitrators); a Member of the Taraba State Judicial Service Commission; and a member of the Body of Benchers. He has been an alumnus of the Said Business School of the University of Oxford, an alumnus of the IMD Business School, Lausanne, Switzerland; an associate of the Chartered Institute of Arbitrators in London; a Member of the Institute of Directors; a member of the Nigerian Institute of International Affairs; and a member of the National Judicial Council.

Experience

Mr. Dodo brings an extensive legal expertise and knowledge base to the Board together with a firm understanding of relevant regulatory regimes and corporate governance.

Date of appointment
• 14 December 2009
Board meetings attended
• 13/13
Committee membership
• Audit Committee (Member)
Independent
• Not applicable

Biography

Mr. Hochard was appointed to the Board of Seplat as a nominee of Maurel et Prom. He is presently the Chief Executive Officer of Maurel et Prom. Mr. Hochard is a Chartered Accountant whose experience includes serving as Internal Auditor for the Department of Finance of ELF Aquitaine, Head of the Finance Division for Africa and the Middle East, and Director of Finance of the SNEAP, then of ELF Aquitaine production.

Experience

Mr. Hochard brings a great deal of finance, accounting and risk management expertise to the Board and more specifically in the context of the international oil and gas industry.

Date of appointment
• 14 December 2009
Board meetings attended
• 13/13
Committee membership
• Audit Committee (Member)
Independent
• Not applicable

Alternate Director

Biography

Madame Delapalme is an Independent Director on the Board of Directors of Maurel et Prom, and since 30 June 2014, acts as an alternate to Maurel et Prom’s nominee, Michel Hochard. Madame Delapalme served the French Government as an Inspector of Finance at the Ministry of Economy and Finance, an adviser for the Finance and Budgetary Commission in the French Senate, and an adviser for Africa and Development in the offices of various Foreign Affairs Ministers. She remains deeply involved in governance and leadership in Africa.

Date of appointment
• 14 December 2009
Board meetings attended
• 9/13
Committee membership
• Risk Management and HSSE Committee (Member)
• CSR Committee (Member)
• Audit Committee (Member)
• Gas Committee (Member)
Independent
• Not applicable

Alternate Director

Madame Nathalie Delapalme
The purpose of this report is to explain how the affairs of Seplat have been directed and controlled by the Board and to summarise the corporate governance activity that has taken place during the 2018 financial year.

In addition to its overall responsibility for corporate governance, the Board’s duties include setting the Company’s strategy and values and overseeing and supporting management in their day to day running of the Company’s business. We are pleased to inform you that the Board demonstrates the appropriate behaviours and has an impressive blend of diversity, skills, independence and knowledge of the business to enable it to successfully discharge its duties.

Some of the key corporate governance provisions that apply to Seplat as a Nigerian company listed on both the Nigerian Stock Exchange (NSE) as well as the London Stock Exchange (LSE) for the year ended 31 December 2018, are contained in the Nigerian Securities and Exchange Commissions’ Rules and Regulations on Code of Corporate Governance for Public Companies (2011) (“SEC Code”), UK Corporate Governance Code as updated and published by the Financial Reporting Council (FRC) in July 2018 (UK Code), UK Listing Rules (“LRs”) and the Market Abuse Regulations, 2016 (“MAR”). We are equally mindful of the requirements of the Nigerian Code of Corporate Governance which was released by the Financial Reporting Council of Nigeria (FRC) in June 2018 and was formally unveiled on 15 January 2019.

In line with the requirements of these regulations, the Board of Directors of Seplat strives to ensure that the Company meets high standards of safety, performance and governance. The Board has ultimate authority over, and maintains oversight of, the Company and regards corporate governance as a critical factor in the achievement of the Company’s objectives. Consequently, the Board has adopted appropriate charters and policies.

Board processes

Scope and authority

In line with relevant code of corporate governance and regulations, the Board is responsible for ensuring compliance with all applicable laws, rules and regulations. In discharging this responsibility, the Board is supported by the Company Secretariat headed by the Company Secretary/General Counsel. In addition, the Board is supported by the members of the management team as are required from time to time. To aid the Directors’ effective participation and making of informed decisions at Board and Committee meetings, all Board and Board Committee papers are distributed to each Director in advance of their meetings using the Board pad software that is designed for that purpose. Formal minutes of Board and all Committee meetings are taken by the Company Secretariat team and are reviewed and discussed by the Board prior to their approval and adoption by the Board at the subsequent Board meeting. The Company Secretary also advises and gives guidance to the Board in the discharge of its obligations as stipulated in the applicable UK and Nigerian laws. Members of the Board are equally entitled to obtain independent professional advice at the Company’s expense, where necessary.

The roles and responsibilities of the Chairman and the CEO are clearly separated and are outlined under their respective appointment letters. This role separation is monitored by the Senior Independent Non-Executive Director (“S.I.D.”) and is periodically assessed during Board evaluations.

The Board has adopted a Board Charter that sets out the matters that are exclusively reserved for the Board’s approval. These exclusive matters are also captured in the Authority Matrix of the Company to ensure strict compliance by management. Under the Board Charter, the Board has exclusive responsibility for the following:

- overall strategy, objectives and management of the Company;
- corporate structure;
- capital structure;
- corporate governance;
- risk management and HSSE policy framework;
- financial reporting and controls;
- material contracts, related party transactions and conflicts of interest;
- material acquisitions or disposals;
- communication to shareholders and investors;
- appointment, induction, training and succession planning of Directors and senior management;
- remuneration of Directors and senior management;
- corporate social responsibility;
- approval of overall levels of insurance for the Company;
- major changes to the rules of any Seplat pension or other benefit scheme;
- Board Charter;
- prosecution, defence or settlement of litigation that is considered material to the interests of the Company;
- appointment of Seplat’s banks and approval of bank mandates; and
- establishment and maintenance of the Company’s system of internal control and internal audit procedures and review of its effectiveness.

The Board Charter in its current form is in alignment with the provisions of the Nigerian Code and the UK Code as well as international best practice.

The Board has established six Board Committees to facilitate an efficient and effective discharge of its responsibilities and has delegated specific aspects of its responsibilities to these Committees. The Committees of the Board are as follows:

1. Finance Committee (to comply with the UK Code’s requirement for an Audit Committee).
2. Remuneration Committee.
3. Nomination and Establishment Committee.
5. Corporate Social Responsibility (“CSR”) Committee.
6. Gas Committee

In addition to these Board Committees, the Company established a statutory Audit Committee at its 30 June 2014 Annual General Meeting (“AGM”). The establishment of the Audit Committee is in compliance with Sections 359(3) and (4) of the Companies and Allied Matters Act (“CAMA”). As required by CAMA, three shareholder representatives and three Non-Executive Directors are elected at every AGM to sit on the Audit Committee.

All seven Committees have Terms of Reference that guide their members in the execution of their duties, and these Terms of Reference are available for review by the public. All the Committees present a report to the Board with recommendations on the matters within their terms of reference. The details of these seven Committees are contained in the individual Committee reports later in this governance section.
Board review and evaluation

To sustain the efficient performance of its oversight role, the Board undertook an independent review and evaluation of its performance, the Chairman, Board Committees and individual Directors, which was facilitated by an external consultant Mr Scott Eversman. A number of recommendations and suggested actions to achieve development, including potential competence development, were made.

The key components of the Board review included:

- Board composition and structure;
- role and accountability of the Board;
- strategic alignment and engagement with business issues;
- processes and practices;
- Board culture and dynamics;
- Board interaction and relationship with management; and
- ethics and values.

Board meetings

The Board meets at least once every quarter. Additional meetings are scheduled whenever matters arise that require the attention of the Board before convening the next quarterly Board meeting.

During the 2018 financial year, the Board held 13 meetings with the dates and attendance of each Director reflected below.

<table>
<thead>
<tr>
<th>Director</th>
<th>Meetings attended</th>
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<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>13/13</td>
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<tr>
<td>Austin Avuru</td>
<td>13/13</td>
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<td>Michael Alexander (Senior INED)</td>
<td>13/13</td>
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<td>Roger Brown</td>
<td>13/13</td>
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<td>Lord Mark Malloch-Brown</td>
<td>10/13</td>
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<td>Michel Hochard</td>
<td>13/13</td>
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<td>Macaulay Agbada Ofurhie</td>
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<td>Charles Okeahalam</td>
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<td>Damian Dodo</td>
<td>13/13</td>
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<td>Effiong Okon</td>
<td>10/13</td>
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1. Senior Independent Non-Executive Director.
2. Independent Non-Executive Directors.

Board meetings

During the 2018 financial year, highlights of the Board’s activities included:

- **January**
  - review and approval of the Q4 2017 financial results;
  - review and approval of revised 2018 budget;
  - review and approval of the 2018 – 2022 five-year plan;

- **February**
  - review and approval of the 2017 Annual Report and Accounts;
  - review of the domestic macroeconomic trends and the global events and their impact on the energy sector as well as the Company;

- **April**
  - review and approve Q1 2018 results and approval to declare and distribute an interim dividend;
  - review and approval of refinancing options for the $300 million Revolving Credit Facility (RCF);

- **May**
  - review and approval of the Gas Committee to have oversight of the Company’s gas business;
  - review and approval of the Company’s strategy for key asset acquisitions;

- **June**
  - review and approval of the Company’s strategy for resolving disputes in relation to critical matters;

- **July**
  - review of updates on current reserves positions and production trends;
  - review and approval of H1 2018 results; review of corporate risk framework, enterprise risk dashboard, high-level risks, and risk response actions;
  - review of 2017 financial year and quarterly corporate business performance;
  - securing an alternative crude evacuation route to keep up the performance and delivery of 2018 strategic goals;
  - review of the 2018 strategic focus centred on growth in production, reserves and discipline across all levels of the organisation;
  - review of the Company’s five-year business plan (2018 – 2022) for major capital investments;

- **September**
  - review of proposals for development of the gas business;
  - review and approval of the 2015 Company’s Long Term Incentive Plan (‘LTIP’) vesting in 2018 and approval of the 2018 LTIP awards to be made to Executive Directors and qualifying employees;
  - review and adoption of reports received from Board Committees;
  - re-election of retiring Directors;
  - 2018 Board Review and Directors’ evaluation; and
  - review and approval of the 2019 Budget and Work Programme.

- **October**
  - review and approval of Q3 2018 results
Corporate governance report continued

Board policies and insurance cover
In addition to the Board Charter earlier discussed, the Board has adopted a Code of Conduct and other corporate governance policies covering anti-bribery and corruption, related party transactions, conflicts of interest, share dealing, whistleblowing, community relations, risk management, electronic information and communication systems etc, details of which are discussed later in this governance section.

The Board has also adopted the Market Abuse Regulations (‘MAR’) which replaced the Model Code for Directors’ dealings. The MAR governs the disclosure and control of inside information and the reporting of transactions by persons discharging managerial responsibilities (‘PDMRs’).

The Board is responsible for taking appropriate steps to ensure observance of the Article provisions of MAR by the Directors. The Company is therefore committed to observing the MAR provisions as part of its commitment to good corporate governance practices.

The Company has arranged appropriate insurance cover for legal action against its Directors. This insurance covers losses and actions arising from matters involving a Director’s failure to act in good faith and in the Company’s best interest, failure to exercise his/her powers for a proper purpose, failure to use his/her skills reasonably, failure to comply with the law, etc. The Company regularly reviews this insurance coverage to ensure adequate protection of its Directors.

Appointment, development and evaluation of Directors
The Board has adopted a Board Appointment Process to guide the appointment of its Directors in accordance with corporate laws, corporate governance regulations and international best practice. The Nomination and Establishment Committee, chaired by Dr. A.B.C. Orjiako, has overall responsibility for the Board appointment, induction, training and evaluation processes, as well as changes to the Company Secretary, all of which are subject to approval by the Board.

The fundamental principles of the appointment process include: evaluation of the balance of skills, knowledge and experience on the Board, leadership needs of the Company and ability of the candidate to fulfill his/her duties and obligations as a Director. New Directors are required to attend an induction programme on the Company’s business, their legal duties and responsibilities as well as other information that would assist them in effectively discharging their duties.

The Company believes in and provides continuous training and development opportunities for its Directors.

Rotation of Directors
Seplat stated at the time of the IPO that it would comply with the provisions of section 259 of CAMA, regarding the re-election of Directors at each AGM, which would not follow provision B.7.1 of the UK Code. The following two Independent Non-Executive Directors, who have stayed longest in office, retired during the last AGM and were duly re-elected: (1) Michael Richard Alexander; and (2) Lord Mark Malloch-Brown.

The Board also reappointed the current representatives: (a) Mrs. Ifeuko M. Omoigui Okauru; (b) Mr. Michel Hochard; and (c) Mr. Macaulay Agbada Ofurhie, to serve on the Audit Committee, alongside the three shareholders’ representatives who were elected at the last AGM: Chief Anthony Idigbe SAN, Dr. Faruk Umar; and Sir Sunday Nwosu.

Appointment of new Operations Director
The appointment of Mr. Effiong Okon as the Operations Director, effective from 23 February 2018 was ratified by the shareholders at the fifth Annual General Meeting. Mr. Okon replaced Mr. Stuart Connal, who retired as Chief Operating Officer on 30 March 2017.

Accountability
The Board is aware of its responsibility to prepare the Company’s financial statements and accounts, and state that they consider the financial statements and accounts, taken as a whole, to be fair, balanced and understandable and to contain the information necessary for shareholders to assess the Company’s position and performance, business model and strategy. Details are contained on pages 119-269 of this report. Seplat’s business model and strategy for delivering the objectives of the Company and the assumptions underlying the Directors’ assessment of the business as a going concern are given on pages 18-21 and 30-31 of this report, respectively.

The Board has assessed the Company’s risk management and internal controls systems, including financial, operational and compliance controls, and has carried out a review of their effectiveness, details of which are given on pages 44 to 51 of this report.

In compliance with the provisions of CAMA, the Company has established a statutory Audit Committee (mentioned earlier), and in compliance with the UK Code’s requirement for an Audit Committee, the Board has established a Finance Committee comprising four Independent Non-Executive Directors. Details of the Finance and Audit Committees’ membership and activities are given in their respective reports, on pages 82 and 94. The Board has also established the Risk Management and HSSE Committee, which is responsible for reviewing on behalf of the Board, operational risk, health and safety, and environment matters. Details of the Committee’s membership and activities are given in its report on page 90.

Remuneration
In compliance with the Nigerian Code and UK Code, the Board has established a Remuneration Committee solely comprising Independent Non-Executive Directors, under the chairmanship of Michael M. Alexander (S.I.D.). Details of the Committee’s membership and activities are given in its report on page 85. Details of how Seplat’s remuneration policy links remuneration to the achievement of the Company’s strategy and the level of remuneration paid to each of the Directors during the year are outlined on pages 98 and 102.

Seplat stated at the time of the IPO that remuneration for certain Non-Executive Directors may include performance-related elements and certain Executive Directors’ service contracts may include an initial fixed term of more than one year; and recognize that this is not in compliance with provisions D.1.3 and D.1.5, respectively, of the UK Code. In compliance with both the Nigerian Code and the UK Code, no Executive Director is a member of the Remuneration Committee and no Director is involved in any deliberation of his/her remuneration. The Company’s remuneration policy and practices are outlined on page 101 of this report.

Protection of shareholder rights
The Board ensures that the statutory and general rights of shareholders are protected at all times. It further ensures that all shareholders are treated equally. On 25 March 2014, the Company entered into a Relationship Agreement with its founding shareholders (who are represented on the Board) to regulate their degree of control over the Company so that the rights of minority shareholders and the independence of the Board are protected. All other shareholders are given equal access to information and no shareholder is given preferential treatment.

Communication with shareholders
Seplat understands the value, and actively strives to open multiple lines of communication with its shareholders regularly in the course of the year, via announcement of quarterly and full year results as well as other statutory announcements and filings required of the Company by the rules regulating the operations of the Company. This is in addition to the full year accounts which are published and issued to shareholders preparatory to Annual General Meeting. The Company ensures that shareholders have unfettered and continuous access to these reports by posting them on the Company’s website with replays of webcasts.
Annual General Meeting
The Annual General Meeting of the Company is the principal opportunity for the Board to meet investors and give a progress report on the company’s activities during the year and provide clarifications on issues raised by shareholders.

The Notice of Annual General Meeting together with explanatory notes (where a special business is to be proposed), is sent to all shareholders at least 21 days before the AGM is held. In compliance with CAMA, Seplat proposes separate resolutions on each substantially separate issue, including a resolution relating to the Report and Accounts. This is with the exception to matters where CAMA allows more than one item to be decided by a single resolution. The notice of the 2018 AGM has been sent to shareholders with this Annual Report and Accounts and the Company’s intention is to follow the best practice as detailed in the Nigerian Code and the UK Code.

The Chairman of the Board as well as the Chairmen of the respective Board Committees will be available at the meeting to formally engage investors in the course of the meeting. The Board and senior management team of the Company are also available to discuss with shareholders before the Annual General Meeting.

Seplat’s fifth AGM was held on 6 June 2018 in Lagos, Nigeria, and was attended by 430 shareholders in person while 168 shareholders were represented by proxies. The business transacted at the meeting were in compliance with CAMA requirements and, as such, diverged in some respects from that common to UK companies. The sixth AGM of Seplat for the 2018 financial year will be held on Thursday the 16th May 2019 at the Civic Center, Victoria Island, Lagos at 11:00am.

Additionally, the Board maintains a dialogue with investors outside the AGM so as to foster mutual understanding of objectives and to gain a balanced view of key issues and concerns of shareholders. The primary contact is through the Executive Directors.

The Non-Executive Directors, and in particular the Chairman and the S.I.D., are available to attend meetings if requested specifically by shareholders. The Company, through the Investors Relations function, continuously engages existing and potential shareholders on key issues regarding business strategy and performance.

The Company conducts an active investor relations programme with institutional investors and analysts. This includes participation at conferences, both within and outside Nigeria, where a number of one-on-one meetings and group presentations are made, and the undertaking of investor road shows in key financial centres. In 2018, the Company held over 350 meetings with institutional investors and expanded its analyst coverage.

Regular analysis of Seplat’s shareholder register and major movements, together with market feedback, trading analysis and peer performance, are communicated to the Board via the Chief Financial Officer and the Head of Investor Relations.

The Board welcomes enquiries from shareholders and encourages attendance at the Company’s AGM and participation in its results presentations and webcasts. The Board further encourages shareholders to subscribe to receiving news alerts via the subscription service on the Company’s website.

Statutory Disclosures
As a company listed on both the Premium Board of theNSEand on the Main Board of the LSE, Seplat strives to comply with the highest standards of disclosure. As a matter of practice, the Company simultaneously releases announcements through the relevant regulatory channels both in Nigeria and the UK. It also ensures that all announcements, financial reports, results and other relevant information are available on the Company’s website.

The Executive Directors are ultimately responsible for the approval of Company announcements and ensuring that such documents comply with relevant legal and regulatory requirements. The Company has controls and processes in place for the management of inside information.

Corporate governance framework and compliance initiatives
The Board recognises the importance of good corporate governance in the success of the Company and the integrity of its operations. The Board has overall responsibility for developing and embedding the corporate governance framework of the Company and does so with “tone from the top” compliance. The Board regularly subjects itself to evaluations of its level of corporate governance compliance and takes remedial action to resolve any areas of potential or perceived non-compliance.

In the course of the year, the Board continued to improve on its existing relationship with its regulatory stakeholders via constant engagement and prompt response to regulatory enquiries. The Company also engaged the SEC to discuss and explain how the Company has applied relevant provisions of the applicable SEC Code of Corporate Governance and the UK Corporate Governance Code.

To foster an effective day to day implementation of our well established corporate governance ethos, a dedicated Corporate Governance Unit has been put in place within the Legal Department and the Business Integrity Unit. These two functions in collaboration with external consultants liaise with the Company’s regulators (NSE, SEC, FRCN, CAC, LSE and FCA) as at and when necessary to ensure the sustenance of a robust corporate governance framework in the Company. Members of the Corporate Governance Unit and the Company Secretariat Unit frequently attend engagement sessions with regulators, particularly the NSE. One such corporate governance engagement session for the reporting period is the Mandatory Compliance Training organised by the NSE in October 2018.

As part of the ongoing embedding of an effective corporate governance, a great deal of focus was placed on strengthening the Company’s compliance practice which involved the establishment of a compliance framework with the Board setting the tone from the top and delegating its powers to the senior management to monitor implementation and day to day compliance.

The five main pillars of the Company’s compliance framework are – identification of obligations, assessment of compliance risk, managing compliance risks, compliance monitoring and compliance reporting. Further, the Company has categorised its compliance focus areas under four major headings – governance, safety, health and environment (“SHE”); operations; and commercial. These major compliance headings consists of 12 subsets viz – governance, health and safety, environment, listing compliance, social performance, financial, human resources, oil and gas regulatory, Nigerian Content Development (NCD), data and technology. The Company has also identified compliance focal points to champion compliance within the various business units. The Company recognises that the embedding of an effective compliance practice is a journey and we intend to leverage on the progress made thus far in the succeeding years. The journey of strengthening our compliance practice within the Company forms an integral part of the Seplat Business Improvement Programme ("SBIP") with the acronym “RISE” (Rapid Improvement through Sustained Excellence). RISE has ten work streams that cuts across all facets of our operations and are focused on Leadership; Asset Integrity & Safety; Integrated Work Process; Collaboration; Disciplined Execution; Embedding Behaviours; Learning Organisation; Communication & Engagement; Supply Chain Management; Optimisation; and Cost Optimisation. We recognize that compliance is not merely a box ticking exercise, but a commitment to value creation underpinned by a clear long-term vision and robust strategy driven by highly motivated and responsible workforce.

We are equally mindful that the goal of strengthening our compliance practice and corporate governance ethos can only be achieved by creating an enabling environment and a culture that fosters openness, integrity and zero tolerance for wrongdoing. It is against this backdrop that a Company-wide workshop on whistleblowing was carried out in the year under review.
In the workshop, which was facilitated by our Business Integrity Unit in conjunction with KPMG sensitised and encouraged employees to report concerns and wrong doings openly without fear of any form of victimisation and/or reprisals. Employees are assured that all reports will be treated with utmost confidentiality and are reminded that they may elect to make a report anonymously through the Seplat/KPMG Ethics Line which includes a dedicated whistleblowing hotline – 0800 444 1234 (Toll Free) or KPMG's MTN toll free number: 0703-000-0026. Employees could also report their concerns by sending on email to speakup@seplatpetroleum.com or kpmgethicsline@ng.kpmg.com. To further encourage anonymity, the Business Integrity Unit recently introduced 'Whistleblowing Drop Boxes' which are stationed at the entrances of our various office locations.

As part of our continuous corporate governance awareness campaign in 2018, the Company rolled out a corporate governance online recertification programme which is compulsory for all staff.

As of the date of this Annual Report and Accounts, the Board has adopted the following internal corporate governance policies and practices; most of which can be found on the Corporate Governance page in the Investor Relations section of the Seplat’s website.

1) Board Charter.
2) Code of Conduct.
3) Anti-Bribery and Corruption Policy.
4) Conflicts of Interest for Employees Policy.
5) Conflicts of Interest for Directors Policy.
6) Related Party Transactions Policy and Guidelines.
7) Share Dealing Policy.
8) Inside Information Policy.
9) Risk Management Policy.
10) Electronic Information & Communication Systems Policy.
11) Corporate Communications Policy.
12) Political and Charitable Contributions Policy.
13) Community Relations Policy.
14) Whistleblowing Policy.
15) Complaint Management Policy.

1) Board Charter
The Board Charter was adopted by the Board on 22 March 2013 but was updated on 29 January 2016. It outlines the ethical framework under which Seplat conducts business – with the highest standards of ethics, accountability and transparency. The Board Charter was adopted by the Board on 13 December 2012. It outlines the ethical framework under which Seplat conducts business – with the highest standards of ethics, accountability and transparency. The Board Charter was adopted by the Board on 13 December 2012 but was updated on 29 January 2016. The Policy demonstrates Seplat’s zero tolerance and commitment to the eradication of bribery and corruption. It prohibits payment or receipt of facilitation payments, misappropriation, ‘kickbacks’ and blackmail/extortion. It also sets the parameters under which Directors and employees may give or receive gifts and hospitality, deal with public officials, and make political and charitable donations. The Policy includes reporting, documentation and whistleblowing provisions as well as provisions regarding Company’s zero tolerance and disciplinary action for any violation.

Due diligence process
Seplat is committed to doing business with reputable, honest and qualified business partners. In line with our Code of Conduct commitment to “Do More” and “Go Further” in business ethics, our employees are encouraged to conduct due diligence exercises and take reasonable precautionary measures before entering into major transactions. These exercises and measures are geared towards evaluating each business partner’s tendency toward corruption and other forms of violation of applicable laws. The Company’s due diligence exercises are sometimes performed by external specialist firms engaged to identify potential risks associated with the Company doing business with new or existing business partners and counterparties.

2) Code of Conduct
The Code of Conduct was adopted by the Board on 13 December 2012. It outlines the ethical framework under which Seplat conducts business – with the highest standards of ethics, accountability and transparency. The Code of Conduct has been designed into an easy-to-read aesthetic handbook with memorable slogans, such as “Integrity... Do more, Go further”. This handbook was circulated Company-wide, together with a statement of acknowledgement for the recipients to sign. The Code of Conduct is an implied contract between the Company and its employees, contract staff and business partners to conduct business with the highest ethical standards.

3) Anti-Bribery and Corruption Policy
The Anti-Bribery and Corruption Policy was adopted by the Board on 13 December 2012 but was updated on 29 January 2016. The Policy demonstrates Seplat’s zero tolerance and commitment to the eradication of bribery and corruption. It prohibits payment or receipt of facilitation payments, misappropriation, ‘kickbacks’ and blackmail/extortion. It also sets the parameters under which Directors and employees may give or receive gifts and hospitality, deal with public officials, and make political and charitable donations. The Policy includes reporting, documentation and whistleblowing provisions as well as provisions regarding Company’s zero tolerance and disciplinary action for any violation.

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4) Conflicts of Interest for Employees Policy
Following a mandate from the Board, the initial version of the Policy that conjunctively addressed Conflicts of Interest and Related Party Transactions was revised and separated into distinct policy documents. The Conflicts of Interest Policy for Employees was adopted by the Board on 24 March 2015 and updated on 29 January 2016. It applies to both employees and contract staff. The Policy outlines Seplat’s commitment to avoiding and managing conflicts of interest in order to preserve the integrity of its business decisions and operations. It also sets a clear disclosure, approval, documentation and monitoring process for conflicts of interest within the Company, beginning with a mandatory annual conflict of interest declaration to the Company. Declared conflicts are presented to the constituted review panel for their consideration. The review panel is saddled with the responsibility of recommending control measures for approval by the CEO. During the year, employees participated in the annual declaration of conflicts of interest.  

5) Conflicts of Interest for Directors Policy
Following the revision to the initial Conflict of Interest and Related Party Transactions Policy (stated earlier), a stand-alone Policy addressing conflicts of interest for Directors was formally adopted by the Board on 29 January 2016, although the Board began incorporating its provisions in 2015. This Policy applies to Seplat Directors and the shareholder representatives on our statutory Audit Committee. The Policy clearly sets out the legally imposed duties of the Board and its members, along with some ethical requirements adopted by the Company. Particular attention is given to conflicts involving Independent Directors to ensure compliance with both the letter and spirit of corporate governance regulations on such Directors. The Policy outlines a clear disclosure, review and documentation process for all conflicts of interest involving a Director, beginning with a yearly declaration to the Company, for the consideration of a dedicated conflict of interest review panel. During the year under review, all members of the Board participated in the annual declaration of conflicts of interest.

6) Related Party Transactions Policy and Guidelines
The Company has put in place a Related Party Transactions Policy which sets out the policy statement, stringent disclosure requirements as well as the review and decision making process for such transactions. The Policy also sets out the special requirements on Interested Person Transactions as well as transfer pricing guidelines. The Related Party Transactions Policy and Guidelines is a live document that is revised from time to time to reflect changes in both the Nigerian and the UK laws and regulations. The Policy was updated by the Board on 29 January 2016.

The list of Seplat’s related party transactions is outlined in note 37 to the financial statements of the Annual Report and Accounts. Seplat is committed to conducting all related party transactions in accordance with the arm’s length principles and good corporate governance practices.
Directors’ interest in contracts
The Chairman and the CEO have disclosable indirect interest in contracts with which the Company was involved as at 31 December 2018 for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria. These are contained in under related party disclosures in note 37.

7) Share Dealing Policy
The Share Dealing Policy was adopted by the Board on 22 March 2013 and was subsequently updated on 29 January 2016. The Policy demonstrates Seplat’s commitment to trading securities in compliance with the requirements of the NSE Amended Listing Rules (‘ALR’), the Nigerian Code, the UK Listing Rules and European Union Market Abuse Regulations (‘MAR’). The Share Dealing Policy reflects the Company’s dual participation in the Nigerian and UK Stock Exchanges, and highlights the Company’s respective obligations under both Nigerian and UK listing regulations. The Share Dealing Policy sets the parameters under which Directors and employees of Seplat and its subsidiaries, and their connected persons, must deal with the Company’s shares, securities and inside information. This Policy has been further reviewed by the Board in line with MAR provisions which took effect from 3 July 2016.

Declaration of Compliance
In compliance with Section 14.4(b) of the NSE ALR, following specific enquiry, all Directors acted in compliance with the NSE ALR and Seplat’s Share Dealing Policy in respect of their securities transactions during the financial year ending 31 December 2018.

8) Inside Information Policy
The Inside Information Policy was adopted by the Board on 29 January 2016. The Policy clearly defines what constitutes ‘inside information’ and sets a clear process for the confidential preservation of such information. It also prohibits Seplat Directors, employees, contract staff, business partners and their connected persons from using inside information to deal in Seplat shares or securities or those of another public company.

9) Risk Management Policy
The Risk Management Policy was adopted by the Board on 29 August 2013 and updated on 29 January 2016. It demonstrates Seplat’s commitment to the enterprise risk management and reporting system that ensures efficient identification of operational, financial, health, safety and environmental risks, and risk eradication and management.

10) Electronic Information & Communication Systems Policy
The Electronic Information & Communication Systems Policy was adopted by the Board on 22 March 2013 and updated on 29 January 2016. The Policy demonstrates Seplat’s commitment to responsible, secure and efficient use of communication systems, such as the internet, electronic mail, social media, intellectual property, etc.

11) Corporate Communications Policy
The Corporate Communications Policy was approved on 13 August 2013 by the CEO and, after some updates, was adopted by the Board on 29 January 2016. The Policy sets out the process for communicating, interacting with, and disseminating information regarding the operations and management of the Company to shareholders, other stakeholders and the general public.

12) Political and Charitable Contributions Policy
The Political and Charitable Contributions Policy was adopted by the Board on 29 January 2016. The Policy prohibits Directors, employees, contract staff and business partners from making political donations or engaging in other political activities on behalf of Seplat. It also sets the standard and processes for making charitable donations to lawfully constituted charitable organisations, in line with the Corporate Social Responsibility (‘CSR’) initiatives of the Company.

13) Community Relations Policy
The Community Relations Policy was adopted by the Board on 13 December 2012 and updated on 29 January 2016. The Policy demonstrates Seplat’s value for the communities in which it operates, and the Company’s commitment to developing the communities through capacity building, business opportunities, employment, academic scholarships, charitable donations, awareness creation, etc. The details of Seplat’s CSR activities are contained in the CSR section of this report.

14) Whistleblowing Policy
The Whistleblowing Policy was adopted on 22 March 2013 and updated on 29 January 2016. In addition to this Policy, whistleblowing provisions are entrenched in all Seplat corporate governance policies. The Company has a dedicated whistleblowing hotline for employees and other stakeholders to confidentially report unlawful and unethical conduct involving the Company, its Directors or employees. The Company’s whistleblowing system comprises an internal and an external channel, which are operated concurrently. The internal whistleblowing channel is managed by the Company’s Business Integrity Unit, reporting directly to the CEO, while the external whistleblowing channel is managed by KPMG. The Business Integrity Unit and KPMG ensure that all reports are kept confidential and appropriately investigated and resolved.

15) Complaint Management Policy
The Company established a Complaint Management Policy pursuant to the Rules of the Nigerian SEC released on 16 February 2015 and the subsequent directive of the NSE to all listed companies in Nigeria. The Policy outlines the procedures established by Seplat to address the complaints and other communications received by its shareholders and the public in relation to specific matters. The Policy is available on the “Corporate governance policies” page of the Company’s website.

Directors’ declarations
None of the Directors have:
• ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
• ever been declared bankrupt or sequestrated in any jurisdiction;
• at any time been a party to a scheme of arrangement or made any other form of compromise with their creditors;
• ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
• ever been involved in any receiverships, compulsory liquidations or creditors’ voluntary liquidations;
• ever been barred from entry into a profession or occupation; or
• ever been convicted in any jurisdiction of any criminal offence under any Nigerian or UK legislation.

Statement of Compliance with Nigerian Stock Exchange on Listing on the Premium Board
In Compliance with Section 12.4 of the Rules of the Nigerian Stock Exchange on Listing on the Premium Board, we wish to state that the SEC Code of Corporate Governance for Public Companies in Nigeria and the UK Corporate Governance Code governs the operations of Seplat Petroleum Development Company Plc.

We hereby confirm that to the best of our knowledge, Seplat is in compliance with the Codes.

A.B.C. Orjiako
Chairman

Dr. Mirian Kene Kachikwu
General Counsel/Company Secretary
Board Committee reports

Finance Committee report

Finance Committee meetings in 2018

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<th>2018 Members</th>
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1. Independent Non-Executive Director.

Charles Okeahalam and Ifueko Omoigui Okauru have recent and relevant financial experience, as highlighted in the profiles of Directors on page 74. In the financial year ended 31 December 2018, the Committee held five meetings, dates and attendance records for which can be seen in the table above.

Dr. Charles Okeahalam
Chairman of the Finance Committee
1. Independent Non-Executive Director.

The Finance Committee consists of four members, all of whom are Independent Non-Executive Directors. The Committee meets at least four times a year, and its meetings are attended by appropriate senior management of the Company, including the Chief Financial Officer, the Head of Internal Audit, the Head of Business Integrity and the Head of Internal Controls.

The Finance Committee assists the Board in:

- monitoring the integrity of financial statements and any formal announcements relating to its financial performance, reviewing any significant financial reporting judgements contained in them;
- reviewing the Company’s internal financial controls and financial risk management systems;
- overseeing financial strategy, policy and treasury matters;
- reviewing and approving major capital expenditures;
- making recommendations to the Board for presentation to the shareholders for approval at the AGM in relation to the appointment, re-appointment and removal of the external auditor; and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- monitoring and reviewing the effectiveness of the Company’s internal audit function and its activities;
- providing advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy; and
- overseeing and evaluating the effectiveness of (and compliance with) the Company’s corporate governance policies (including without limitation: conflicts of interest, related-party transactions and whistleblowing).
The Committee’s activities during 2018
The Committee met five times during 2018. In compliance with the Committee’s terms of reference, it considered the following:

- Financial statements: the Committee reviewed the report from the external auditors and management on the interim and annual financial statements and the accompanying public releases. In doing so, it considered the following:
  - the oil and gas reserve estimates;
  - revenue recognition;
  - recoverability of the receivables from the joint venture partners;
  - impact of the new accounting standards on financial reporting;
  - impact of the fair value adjustments on oil hedges;
  - accounting treatment of the proceeds from OML 55;
  - areas that required significant estimation, judgement or uncertainty;
  - compliance with financial reporting and governance standards;
  - the basis for the going concern assessment; and
  - related party transactions as well as fraud and management override.

- Strengthening the balance sheet: the Committee worked closely with Management to explore the immediate and long-term strategies for improving the Company’s balance sheet. Management successfully refinanced the Company’s entire debt facilities with a US$350 million five-year bond facility; and a US$300 million RCF due in 2022, that was initially drawn to US$200 million but reduced in November 2018 and ultimately reduced to zero in February 2019. The Company’s position of established financial strength ensures the Company is now positioned to fund growth opportunities.

- Debt recovery: the Committee reviewed various strategies to recover debts and supported Management’s success in the significant debt recovery achieved in 2018.

- Cash flow analyses: the Committee worked closely with Management and ensured the disciplined approach to capital allocation was achieved following a substantial leverage of the balance sheet.

- Alternative export routes: Management has continued to achieve considerable progress to ensure completion of the Amukpe-Escravos Pipeline Project. The Trans-Forcados pipeline uptime in the period was significantly higher than prior years at over 80%. The Amukpe Escravos Pipeline is expected to be commissioned in 2019.

- Cost management: the Committee reviewed the continuous efforts by Management to efficiently manage costs. General and administrative costs were maintained at relatively flat levels during the year.

- Oil hedging: the Committee reviewed the implementation of the existing oil hedging strategy and ensured that appropriate levels of revenue protection were considered at the same time as ensuring that the risk and costs of hedging were manageable.

- Budgets: the Committee reviewed the annual budget in detail to ensure the assumptions were consistent with the business environment and appropriate growth targets. Oil price sensitivities, alternative export routes, cost reductions, impact of major acquisitions and impact of Naira devaluation were considered as a part of the process.

- Deferred tax: the Committee reviewed the appropriateness of deferred tax charges in the year.

- Major acquisitions: the Committee reviewed the proposals by Management on new potential acquisitions as part of the strategic growth of the Company and provided advice and recommendation.

- Internal and external audit: the Committee reviewed and made recommendations on the internal and external audit plans and the underlying activities, and monitored the extent and timing of remediation by Management.

- Internal controls and risk management: the Committee reviewed the business risks including the management and mitigation of financial risks and the timeline for remediation.

- Corporate governance compliance: the Committee reviewed the corporate governance framework to determine and make recommendations on its alignment with current Nigerian and UK regulations as well as the levels of compliance in the Company. The Committee also reviewed the effectiveness of the Business Integrity Unit, the whistleblowing policy, as well as reports made through the whistleblowing system and efforts to resolve them.

- Interim and final dividend: the Committee considered the impact of declaring an interim and final dividend.

The significant issues considered by the Committee in relation to the financial statements were:

- Payment of dividends in foreign currency: the Committee considered the implication of the Central Bank of Nigeria foreign exchange directive on the ability of the Company to pay dividends and contracts in foreign exchange.

- Related party transactions: the Committee undertook a thorough review as to the number and extent of related party transactions. It was decided that the Committee would continue to monitor these closely with a goal of reducing the number and value of related party transactions through the introduction of other service providers.

- Impairment: the Committee reviewed the impairment tests performed by management which was also an area of focus for the external auditor. In assessing the impact of impairment, oil price assumptions were compared with a number of external reference points and compared to ensure that the management estimates were appropriate.
Internal audit
During 2018, the Finance Committee on behalf of the Board reviewed the audit plan and received quarterly reports on the internal audit activities. PwC continues to support the Internal Audit team under a manpower call-off to provide resources as required in delivering the Internal Audit plan. The Head of Internal Audit reports directly to the Board through the Chairman of the Finance Committee with an administrative reporting line to the CEO. The internal audit function therefore has direct access to the Finance Committee and its main responsibilities include:

- evaluating the adequacy, reliability and effectiveness of governance, risk management and internal controls systems;
- evaluating the reliability and integrity of information and the means used to identify, measure, classify and report on such information;
- evaluating the means of safeguarding assets and verifying the existence of such assets, as appropriate;
- evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organisation; and
- performing consulting and advisory services on new initiatives and matters related to governance, risk management and internal controls as appropriate for the Company.

In 2018, the Company underwent an external quality assessment of its internal audit function and activities. This was conducted by an independent qualified assessor in line with the standards of the Institute of Internal Auditors (IIA), regulatory requirements and global best practices. The Committee has reviewed the report of the assessor and an approved implementation roadmap with ongoing remediation action. The internal audit strategy in 2018 provided greater focus on operational areas of capital spend to provide assurance about the effectiveness of operational controls, project management efficiency and delivery and achievement of strategic objectives underpinning the capital deployment. Internal audit focused on risk areas in the selection of key projects for audits, detailed testing of revenue accounting and process controls, regulatory compliance and reporting of corporate governance, review of insurance management and community relations activities.

The results of the internal audit findings were considered by the Committee at the majority of the meetings and the remedial plans were discussed with Management. Control findings led to further testing on contract performance and corporate services to address specific control gaps and assertions. As a quarterly activity, internal audit also conducted checkpoint remediation reviews to ensure that management was effectively closing out identified control gaps from prior audit findings.

External audit
The objectiveness and independence of the external auditor are taken seriously by the Company and this is reviewed each year prior to commencement of the audit process. The Committee has a policy of ensuring that the external auditors’ independence is maintained by minimising the provision of non-audit services. This is monitored closely throughout the year and the non-audit services are generally limited to services related to the audit such as review of the quarterly financial statements which the Company is required to publish. This practice was followed in 2018.

The statutory audit fees earned by the external auditor for the audit services can be found in note 10 to the financial statements. There were no non-audit services rendered by the auditors during the year.

Prior to commencement of the audit, the Finance Committee meets with the external auditor to review the audit plan and reports. This is to ensure that the Committee has a thorough understanding of the higher risk areas designed to ensure that there are no material misstatements in the financial statements.

The Committee has reviewed the external auditors’ performance and independence taking into account input from Management as well as interaction with the external auditor without Management present. In making its assessment, the Committee focused on the robustness of the audit, the extent of investigation into the business and the quality and objectiveness of the audit team. Based on this information, the Committee concluded that the audit process is operating effectively and has thus recommended to the Board that the current auditor, Ernst & Young (‘E&Y’), be reappointed as external auditor. E&Y was first approved implementation roadmap with ongoing remediation action. The internal audit strategy in 2018 provided greater focus on operational areas of capital spend to provide assurance about the effectiveness of operational controls, project management efficiency and delivery and achievement of strategic objectives underpinning the capital deployment. Internal audit focused on risk areas in the selection of key projects for audits, detailed testing of revenue accounting and process controls, regulatory compliance and reporting of corporate governance, review of insurance management and community relations activities.

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Remuneration Committee report

Remuneration Committee meetings in 2018

<table>
<thead>
<tr>
<th>2018 Members</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Oct</th>
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<tbody>
<tr>
<td>Michael Alexander ('S.I.D.') 1, Chairman</td>
<td>●</td>
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<td>●</td>
<td>●</td>
<td>5/5</td>
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<tr>
<td>Charles Okeahalam 2, Member</td>
<td>●</td>
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<td>●</td>
<td>4/5</td>
</tr>
<tr>
<td>Basil Omiyi 2, Member</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>5/5</td>
</tr>
<tr>
<td>Damian Dodo 2, Member</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>5/5</td>
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</table>

1. Senior Independent Non-Executive Director.
2. Independent Non-Executive Director.

In the financial year ended 31 December 2018, the Committee held five meetings, dates and attendance records for which can be seen in the table above.

The Remuneration Committee is a standing committee of the Board, and is comprised wholly of Independent Non-Executive Directors under the chairmanship of the Senior Independent Director, in compliance with the Nigerian Code and the UK Code. You will see details on this page of the terms of reference for the Remuneration Committee and a summary of the activities carried out during the year.

The Remuneration Committee is established to ensure that remuneration arrangements for Seplat’s Chairman, Executive Directors, Non-Executive Directors and senior management support the strategic aims of the business and enable the recruitment, motivation and retention of relevant skilled personnel while satisfying the expectations of shareholders. Details of the Company’s remuneration policy are outlined on pages 98 to 108 of this Annual Report and Accounts. In the interest of transparency, no Director by reason of being a member of the Committee is involved in any decisions relating to his/her own remuneration.

The Committee will continue to be mindful of the concerns of shareholders and other stakeholders, and welcomes shareholder feedback on any issue related to executive remuneration.

In the first instance, please contact our General Manager, Human Resources.

Michael Alexander ('S.I.D.') 1
Chairman of the Remuneration Committee
1. Senior Independent Non-Executive Director.

All members of the Remuneration Committee are Independent Non-Executive Directors in order to preserve the transparency and integrity of remuneration processes. The Remuneration Committee meets at least four times a year, and, when required, the meetings are attended by appropriate senior management of the Company (such as the Chief Executive Officer and General Manager of Human Resources), and external advisers upon invitation.

When proposing remuneration to the Board, the Committee ensures that:

- the remuneration for Executive Directors is appropriately balanced between fixed and variable pay elements, which may include annual bonus and equity-based awards;
- Executive Directors do not receive any sitting allowances or fees that may be payable to Non-Executive Directors;
- the remuneration of Non-Executive Directors is determined by the Chairman and the Executive Directors; and
- no Director or manager is involved in any decisions as to his/her own remuneration.

The Remuneration Committee assists the Board in:

- Determining the framework for the remuneration of the Chairman, Chief Executive Officer, Executive Directors, Non-Executive Directors and members of senior management, including without limitation, the schemes of performance-based incentives (including share incentive plans), awards, and pension arrangements and benefits for the Executive Directors and senior management.
- Ensuring that contractual terms and payments in respect of dismissal, loss of office or termination (whether for misconduct or otherwise) are fair and not excessive to the individual.
- Providing appropriate input on Directors’ remuneration for the Company’s Annual Report and Accounts.
- Preparing necessary remuneration procedures and policies in compliance with the Nigerian Code, UK Code and other applicable laws, and in consideration of remuneration trends in the oil and gas industry in the area where Seplat operates.
- Reviewing remuneration and related matters to ensure that they are consistent with corporate governance best practice.
- Reviewing up-to-date information about remuneration in other companies in the oil and gas sector with the aid of qualified consultants.
• Overseeing any major changes in employee benefits structures throughout Seplat.
• Designing the policy for authorising claims for expenses from Executive and Non-Executive Directors.
• Regularly reviewing the ongoing appropriateness and relevance of the Company’s remuneration policy.

Highlights of business carried out by the Remuneration Committee during the year include:
• Monitoring the implementation of the Company’s remuneration policy and practice.
• Ensuring the appropriate cascade of the remuneration policy to the senior management grades.
• Setting the forthcoming year annual bonus performance targets for the CEO; CFO; Operations Director; Technical Director; Board executives; and senior management. These targets are cascaded throughout the Company to ensure alignment.
• Review Executive Management performance over the past year to determine the appropriate levels of annual bonus, the consequence of this review cascades throughout the Company.
• Determining the 2019 fee and salary levels for the Chairman, Executive Directors and senior management.
• Granting awards under the Company’s LTIP as well as monitoring performance progress of outstanding awards and determining the vesting of the 2015 LTIP awards in current financial year.
• Approving the Remuneration and Governance aspects of the Directors’ and the Board Chairman appointment contracts.
• Drafting the Company’s Directors’ Remuneration Report.
• Reviewing the impact of the new UK Financial Reporting Council (FRC) 2018 Corporate Governance Code and the new reporting regulations around executive remuneration in terms of structure, disclosure and the processes of the Remuneration Committee.
Nomination and Establishment Committee report

Nomination and Establishment Committee meetings in 2018

<table>
<thead>
<tr>
<th>2018 Members</th>
<th>18 Apr</th>
<th>17 Jul</th>
<th>24 Oct</th>
<th>3/3</th>
</tr>
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<tbody>
<tr>
<td>A.B.C. Orjiako, Chairman</td>
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<tr>
<td>Michael Alexander (&quot;S.I.D.&quot;)¹, Member</td>
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<td>3/3</td>
</tr>
<tr>
<td>Basil Omiyi², Member</td>
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<td>3/3</td>
</tr>
<tr>
<td>Damian Dodo³, Member</td>
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<td>3/3</td>
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</table>

1. Senior Independent Non-Executive Director.
2. Independent Non-Executive Director.

In the financial year ended 31 December 2018, the Committee held three meetings, dates and attendance records for which can be seen in the table above.

The Nomination and Establishment Committee was active during the year. The Committee assessed the notable improvements in the Company’s Performance Management System which included: (i) the cross-organisational introduction of a refined scorecard template for all staff assessment; (ii) the introduction of the 360 degrees feedback system which targets the assessments from everyone that worked with the employee on his/her performance; and (iii) the responsibility for calibration which was now mostly internal and conducted by reviewers with relevant context on appraisee performance.

A further review of the corporate organisational structure was carried out within Q1 2018 on the best way of delivering excellent value to the Company through appropriate placing of roles. However, another review will be carried out in 2019 to check the efficacy and efficiency of the alignment of the roles. The Committee during the year formally appointed members of the Board Gas Committee with the mandate to oversee the development and implementation of the Seplat Gas Strategy, amongst other responsibilities. There was also a restructuring of the composition of all the Board Committees with new members appointed to support the existing structures.

Also within the year, an executive recruiting firm, Pedersen & Partners, was engaged to carry out the 2018 Board Review and Directors’ Evaluation. The findings from the review were presented to the Board for its adoption and implementation. In line with best practice and corporate standard, certain policies such as the Diversity, Inclusiveness and Equity Policy, Non-Executive Succession Planning Policy, etc. were put in place.

Other 2018 activities of the Committee are outlined on this page. For further clarification, I shall be available at the AGM of the Company to be held on 16 May 2019 in Lagos, Nigeria to speak with shareholders. If you are not able to meet me at this year’s AGM, I can be contacted via the Company Secretary.

A.B.C. Orjiako
Chairman of the Nomination and Establishment Committee
• recommending to the Board any proposed appointments or removals of Directors to be made in accordance with Seplat’s Memorandum and Articles of Association; and evaluating the performance of Directors and making recommendations on the addition or replacement of Executive and Non-Executive Directors and the Chairman of the Board;

• overseeing management’s implementation of the Company’s human capital development policies and procedures;

• recruiting, promoting, developing, succession planning or disciplinary measures affecting Executive Directors and senior management; and

• overseeing the implementation of Seplat’s Code of Conduct as it relates to the functions undertaken or overseen by the Committee and reporting any lapses and recommending remedial action to the Board.

Highlights of the business carried out by the Nomination and Establishment Committee during the year include:

• close out on the 2018 Board Review and Directors’ Evaluation by an external consultant;

• strategic recruitment to fill key senior management roles;

• appointment of the Operations Director;

• training for all members of the Board;

• review of the results from the Seplat Voice 2018 (“SPV”) survey carried out across the Company;

• continuous review of key issues captured on the HR Dashboard with the mitigating factors;

• developed a Non-Executive Succession Planning Policy aimed at setting parameters for developing and implementing a succession planning programme for the Non-Executive Directors of the Company;

• reviewed the board structure of all the subsidiary companies;

• revisited and closed out on the Chairman’s Consultancy Contract (deliberations were made in the absence of the Chairman);

• reviewed and assessed the new improvements in the Company’s Performance Management System;

• considered the restructuring of staff between GL 9 to 15 and their progression plan;

• also reviewed the promotion gateways and criteria for staff between GL 3+ to 8 and above;

• considered and approved senior management promotions;

• developed a Diversity, Inclusiveness and Equity Policy aimed at fostering, cultivating and preserving a culture of diversity, inclusiveness and equity in an environment that enables individuals to fully participate and contribute regardless of their gender, socio-economic status, age, physical abilities, religious beliefs or race.

The Board appointment process:
The Nomination and Establishment Committee leads the process for identifying and recommending the appointment of new Directors. This process involves engaging an external search company, which conducts an external search for prospective candidates with appropriate skills and qualifications for specified directorship.

Following an external search, the Nomination and Establishment Committee interviews the short-listed candidates and recommends the selected candidate to the Board for appointment after it has determined that the selected candidate has the balance of skills, knowledge and experience that meets the leadership needs of the Company and that the selected candidate is able to fulfil his/her duties and obligations as a Director.

In the event that the candidate is to be appointed as an Independent Non-Executive Director, the Board will determine whether the candidate is independent in character and judgement, and whether there are circumstances which are likely to affect, or appear to affect, the candidate’s judgement as a Director.

Diversity at Seplat:
The Board recognises that people constitute the Company’s greatest assets. Diversity among the Company’s Directors and employees adds immeasurable value to the Company. The Board further recognises that having a wide range of identities and perspectives represented at Board meetings and at all levels of the business is critical to effective corporate governance and the continued success of the Company.

Full consideration is therefore given to diversity matters such as socio-economic background, culture and creed, nationality, age, gender etc.
The current Board consists of nationals from a variety of cultures within Nigeria and internationally, who have diverse expertise in the local and international oil and gas industry and different business sectors. The Nomination and Establishment Committee’s consideration of candidates for directorship includes a review of diversity matters. Diversity among Directors provides a strong mix of views and experiences to leverage the Board’s decision-making processes and leadership activities. There is currently one female Director on the Board, being Mrs. Ifueko M. Omoigui Okauru.

The Board also promotes diversity throughout the business. Seplat’s senior management team consists of men and women from different cultures in Nigeria and internationally, who have varying skills and experience in the different sub-sectors of the oil and gas industry. The Board is proud of the increasing number of women within the senior management team. Overall, the Company’s full-time workforce comprises 26% women and four different nationalities.

The Board is committed to continuous investment in diversity among its Directors and employees.
Gas Committee report
Inaugurated by the Board of Directors on 19 April 2018

The Gas Committee consists of three members who have strong leadership experience in the Nigerian and international gas industry. In line with its Board approved terms of reference, the Committee is slated to meet at least four times a year. Having been inaugurated in the second half of 2018, the Committee held two meetings which were attended by appropriate senior management of the Company, including the Operations Director and the General Manager of Gas.

The Gas Committee assists the Board in:
1. developing and overseeing the deployment of Seplat’s long-term strategic Gas Master Plan;
2. overseeing the Company’s successful transition from the upstream gas business into midstream value chain and beyond, including the gas prospects, commercial activities and legislative implications;
3. overseeing the midstream investments of the Company, such as the Assa-North Ohaji-South (ANOH) project;
4. reviewing the investment portfolio and opportunities of Seplat’s gas subsidiary company, Seplat Gas Company Limited; and
5. overseeing other activities which are related to the gas business of Seplat as the Board may approve from time to time.

Gas Committee meetings in 2018

2018 Members | 17 Jul | 25 Oct |
--- | --- | --- |
Basil Omiyi | ● | ● | 2/2 |
Michael Alexander | ● | ● | 2/2 |
Macaulay Agbada Ofurhie | ● | ● | 2/2 |

1. Independent Non-Executive Director.
2. Senior Independent Non-Executive Director.

In the financial year ended 31 December 2018, the Committee held two meetings, dates and attendance records for which can be seen in the table above.

I am pleased to make this first report to the Seplat shareholders on the activities of the newly inaugurated Gas Committee.

The Board constituted the Gas Committee in 2018 to help fine tune the Company’s gas strategy and bring greater focus to the management of gas business risks. The Committee will help the Company to successfully navigate the changing gas market landscape and position it to function as a robust, stand-alone midstream business. The activities of the Committee are detailed on this page.

I shall be available at the AGM of the Company to be held on 18 May 2019 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Basil Omiyi
Chairman of the Gas Committee
1. Independent Non-Executive Director.

The Committee’s activities during 2018

In 2018, the Committee conducted the following business:

- **Diversification of customer portfolio and markets:** During the year, the Committee worked with the Company to diversify its customer portfolio and markets. The Company signed two new bankable Gas Sale Agreements (‘GSAs’) with customers utilising gas outside of the domestic power industry. One of the GSAs is with a customer who is delivering gas to customers in the West African region. This GSA gives the Company the opportunity to earn USD from its gas sales and improve its currency mix from the gas business. The Company also successfully registered as a shipper on the West African Gas Pipeline giving it the opportunity to directly supply gas to customers in the West African Region. Some opportunities in the regional gas market are currently being pursued.

- **Extraction of further value from gas stream:** The Committee provided oversight over new projects to extract more value from the Company’s gas production. The Company is currently developing two new Liquefied Petroleum Gas (‘LPG’) projects which upon completion will support cleaner domestic energy initiatives in the country in addition to the additional value created for the Company.

- **Continued reduction in overdue receivables:** Working with the Committee, the Company continued to make significant progress in managing gas receivables and in this regard, in 2018, attained a new milestone in cash generated from the gas business.

- **Risk management:** The Committee brought increased focus on gas business risk management and in so doing reduced the overall risk exposure of the business and reviewed strategies for dealing with expected changes in the gas business environment.

- **ANOH project:** the Committee worked with management to successfully steer the Company through the formation of an incorporated joint venture, ANOH Gas Processing Company Limited (‘AGPC’) with the Nigerian Gas Company Limited (‘NGC’), a wholly-owned subsidiary of the Nigerian National Petroleum Corporation (‘NNPC’). The project agreements were executed on 13 August 2018 by Seplat, NNPC, NGC and AGPC. It was an important milestone in the development of the 300 MMScfd ANOH gas project that will substantially increase the Company’s gas production.
Risk Management and HSSE Committee report

Risk Management and HSSE Committee meetings in 2018

2018 Members

<table>
<thead>
<tr>
<th>18 Jan</th>
<th>10 Apr</th>
<th>10 July</th>
<th>16 Oct</th>
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<tbody>
<tr>
<td>Basil Omiyi, Chairman</td>
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<tr>
<td>Macaulay Agbada Ofurhie, Member</td>
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</tr>
<tr>
<td>Ifueko M. Omoigui Okauru, Member</td>
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</table>

1. Independent Non-Executive Director.

In the financial year ended 31 December 2018, the Committee held four meetings, dates and attendance records for which can be seen in the table above.

The role of the Risk Management and HSSE Committee in compliance with the provisions of the Securities & Exchange Commission ("SEC") Code of Corporate Governance is to assist the Board in overseeing the Company’s risk management processes, and key business risks including the risk appetite, risk profile and risk-reward strategies for the Company and as determined by the Board. It also reviews the adequacy and effectiveness of risk management and controls, has the oversight of the Company’s process for identification of significant risks across its business operations and the adequacy of prevention, detection and reporting mechanisms. The Committee also carries out a periodic review of changes in the economic and business environment, including trends and other factors relevant to the Company’s risk profile.

There is a regular review of the business risks associated with the operations, the health, safety, security and environmental matters in the Company and proposals made on risk mitigation and value protecting strategies to the Board. The Risk Management and HSSE Committee reviews the Corporate Risk Register and Risk Dashboard and receives reports from operational and support management as well as internal auditors.

The activities of the Risk Management and HSSE Committee are summarised on this page with highlights on certain key activities carried out in 2018.

I shall be available at the AGM of the Company to be held on 16 May 2019 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Basil Omiyi
Chairman of the Risk Management and HSSE Committee

1. Independent Non-Executive Director.

The Risk Management and HSSE Committee consists of three members – two Independent Non-Executive Directors (one of whom is the Committee Chairman), and one Non-Executive Director. The Risk Management and HSSE Committee meets at least four times a year, and when required, the meetings are attended by appropriate Senior Management of the Company, such as the Chief Executive Officer, Chief Financial Officer, Operations Director, Technical Director, Company Secretary/General Counsel, General Manager Operations Support, General Managers Eastern/Western Assets and Head of Internal Controls and Risk Management. Specialists with appropriate technical expertise are invited to attend and present to meetings of the Committee.

The Risk Management and HSSE Committee assists the Board to:

- review and recommend for approval by the Board, the risk management policies and framework, as well as assist the Board in its oversight of risk management strategy;
- review the adequacy and effectiveness of risk management and controls in the Company;
- provide feedback to, senior management on the categories of risk that Seplat faces, including credit, market and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and management’s views on the acceptable and appropriate levels of those risk exposures;
- review Seplat’s credit, market, liquidity and operational risk management frameworks, including significant policies, processes and systems that senior management uses to manage risk exposures, as well as risk measurement methodologies and approaches to stress testing;
- evaluate the adequacy of the Risk Management function;
- oversight of senior management’s processes for the identification of significant risk across Seplat and adequacy of prevention, detection and reporting mechanisms;
- review Seplat’s level of compliance with applicable laws and regulatory requirements including those that may impact Seplat’s risk profile;
• periodically review relevant changes in the economic and business environment, including emerging trends, management procedures, controls for risk associated with new business and other factors relevant to Seplat’s risk profile and those trends which may threaten Seplat’s business model, key strategies, future performance, solvency and liquidity and make recommendations to the Boards as appropriate;
• procedures and controls for any new businesses acquired or developed by Seplat;
• receive information from the CFO, Operations Director, Technical Director, General Managers Assets, Internal Controls and Risk Management Unit, the General Counsel/Company Secretary, others from senior management, Seplat’s independent auditors, regulators and outside experts as appropriate regarding matters related to risk management;
• in consultation with the Audit Committee, review and discuss with senior management, at least annually: (a) the key guidelines and policies governing Seplat’s significant processes for risk assessment and risk management; and (b) Seplat’s major financial risk exposures and the steps senior management has taken to monitor and control such exposures;
• exercise oversight over the process for the identification and assessment of risks across the Company and the adequacy of prevention, detection and reporting mechanisms;
• review the adequacy and frequency of risk reporting to the Board;
• perform other activities related to these terms of reference as requested by the Board;
• review the Company’s policies and procedures for detecting fraud and prevention of bribery including review of the Company’s whistleblowing policy and procedures;
• evaluate the effectiveness of Seplat’s policies and systems for identifying and managing environmental, health and safety risks within its operations;
• assess the policies and systems within Seplat for ensuring compliance with environmental, health and safety regulatory requirements, etc.

In the financial year ended 31 December 2018, the Risk Management and HSSE Committee held four meetings, the dates of which are listed above in this report.

Highlights of business carried out by the Committee during the year were as follows:
• embarked on a field visit to the Sapele facilities and inspected the Sapele West Gas Plant, Flowstation & New FLB, Amukpe Flowstation, LTF, Buffer Tanks & Compression Station, Oben Flowstation & Oben Gas Plant.
• quarterly review of the high risks on the Enterprise Risk Dashboard and associated risk mitigations put in place;
• quarterly review of the Enterprise Risk Register;
• highlights of high-level technical, operational and financial business activities including ongoing capital projects;
• quarterly review of report on HSSE Performance activities which includes: Online Fire Safety training and certification for Company personnel, On-screen HSE awareness campaign established in addition to periodic publication of Lessons From Incidents; etc.;
• quarterly update on Community Relations operations;
• quarterly review of risk notes on the ANOH Gas Project;
• quarterly update on Government receivables;
• review of key issues on the Risk Management Watch List which includes: 2019 Elections; Acquisitions; etc.
• review of 2018 Corporate HSSE Business Plan;
• quarterly review of report on risk framework and policy deployment in the Company;
• quarterly review of report on security within the Niger Delta region;
• quarterly review of updates on the alternative export routes;
• quarterly review of the Legal Risk Dashboard and Litigation Matrix which highlights the key legal risks and high-profile litigations within the Company; and
• review of risk papers on the operations of the business and certain assets of the Company such as Sand Management/ Sand Control Strategy, D&C Inventory Management, Water Handling Strategy, Asset Integrity Management with the Heat Map of Gap Analysis, SCM Improvement Process for Procurement of Quality Materials, etc.
CSR Committee report

Seplat is committed to contributing to economic development while improving the quality of life of our workforce, their families and the community at large. The Company recognises the community as one of its key stakeholders and conducts its business with future generations in mind so as to create and sustain an environment that enables a better standard of living.

The CSR Committee has oversight of Seplat’s Community Relations Policy, practices and procedures, its corporate social responsibility initiatives and review of key issues which impact community relations especially with the host oil and gas producing communities. It also advises the Board on broader societal related matters in addition to key issues which may impact Seplat’s reputation, brand management and successful business operations.

Although the Company’s CSR activities began when the Company commenced operations in 2010, the CSR Committee was constituted in 2014 to strengthen the Company’s CSR commitment and initiatives. You will see details on this page of the activities carried out during the year. Further details of the Company’s CSR activities during 2018 are also contained on pages 62 to 67 of this report.

I shall be available at the AGM of the Company to be held on 16 May 2019 in Lagos, Nigeria to talk with shareholders, or if you are not able to meet me there, I can be contacted via the Company Secretary.

Lord Mark Malloch-Brown
Chairman of the CSR Committee

1. Independent Non-Executive Director.

CSR Committee meetings in 2018

<table>
<thead>
<tr>
<th>2018 Members</th>
<th>Apr</th>
<th>Jul</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Mark Malloch-Brown¹, Chairman</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie, Member</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Ifueko M. Omoigui Okauru¹, Member</td>
<td>●</td>
<td>●</td>
<td>●</td>
</tr>
</tbody>
</table>

¹. Independent Non-Executive Director.

In the financial year ended 31 December 2018, the Committee held three meetings, dates and attendance records for which can be seen in the table above.

The CSR Committee assists the Board to:

- review, agree and establish Seplat’s Corporate Strategy to ensure that corporate social responsibility is and remains an integral part of the strategy and its implementation in practice and that the Group’s social, environmental and economic activities are aligned;
- ensure that there is recognition by all within the Group of the impact of its activities upon all stakeholders including shareholders, customers, suppliers, employees and the wider community and environment and that those activities are regulated such that, consistent with sustainable business and development, they are conducted in a socially responsible manner and have a positive impact on communities;
- oversee the development of strategy and implementation of Seplat’s Community Relations Policy, Corporate Social Responsibility (“CSR”) programmes, Corporate Branding efforts and policies on all key areas of CSR including standards of business conduct, ethics, charitable activities, community initiatives while ensuring that Seplat maintains a cooperative relationship with relevant environmental, health and safety agencies (public and private) as well as with community representatives;
- develop and support the activities necessary to convert CSR policies into an effective plan for implementation across the Group and to agree a programme of specific CSR activities and focus for each financial year, supported by appropriate targets and key performance indicators;
- develop a comprehensive Environmental Sustainability policy/strategy and monitor its total compliance by all parties with respect to protecting the sanctity of the environment;
• oversee and ensure compliance with the CSR Policy and review performance against agreed targets;

• have full responsibility for all environmental matters in relation to the activities and operations of Seplat;

• oversee and monitor implementation of the newly executed Global Memorandum of Understanding (‘GMOU’) between Seplat and its host communities towards ensuring that equity and fairness are promoted in the distribution of CSR related initiatives amongst the various communities and that the programmes/activities impact the lives of all host community indigenes positively;

• ensure that other communities which are impacted by Seplat’s operations though not necessarily designated ‘host communities’ are given due regard in allocation of CSR initiatives as may be necessary;

• assess the performance of Seplat with regard to the impact of CSR decisions and actions upon employees, communities and other third parties. It shall also assess the impact of such decisions and actions on the reputation of the Group;

• evaluate and oversee, on an ongoing basis, the quality and integrity of any reporting to shareholders and external stakeholders concerning community relations issues and approve the annual CSR report for submission to the Board for ratification and publication in the Annual Reports and Accounts;

• ensure that Seplat has a system to identify and evaluate the interests of all stakeholders (both internal and external) and review the Seplat Stakeholder Map and Matrix on a regular basis in order to be aware of charges and initiatives required to address stakeholders’ interests;

• review the results of any independent audits of the Group’s performance in regard to community relations matters, review any strategies and action plans developed by management in response to issues raised and, where appropriate, make recommendations to the Board concerning the same;

• ensure appropriate monitoring tools are put in place to measure the impact of programmes under the CSR Policy;

• review and oversee other related matters and topics in relation to CSR as may be assigned to it by the Board from time to time; and

• lay down policy guidelines for charitable donations and corporate social responsibility of Seplat, in line with Seplat’s corporate social strategy and as allowed by the Memorandum and Articles of Association of the Company, having considered the recommendations of the CSR Committee.

Highlights of business carried out by the CSR Committee during the year include:

• focused on the Company’s CSR strategy for 2018 which was centred on health, Education and Economic Empowerment with a signature programme tagged “Facilitating Economic Empowerment and Development” (‘FEED’); aimed at empowering women and youths in the communities by providing them with opportunities to generate income and be self-sustaining;

• successfully developed and submitted the 2017 Sustainability Report to the Exchange in compliance with the NSE Directive to all listed companies to submit and publish their sustainability reports before March of every year with effect from 2018;

• reviewed and approved the 2018 Work Programme which focused on Community Development and Capacity Development/Economic Empowerment;

• focused on the Sapele Okpe Community Endowment Fund which was a community-based programme aimed at creating an endowment fund to float a tertiary scholarship scheme to encourage youths within the communities to higher academic opportunities;

• reviewed the Gifts and Hospitality Policy to ensure proper alignment with the UK Anti-Bribery Act;

• successfully concluded the mid-year review of the GMOU with the communities which was aimed at assessing the effectiveness and proper implementation of the terms within the GMOU;

• successfully carried out a benchmark assessment of the Company’s CSR activities to ensure its compliance with Good International Industry Practices (‘GIIP’) on Corporate Sustainability & Responsibility (‘CS&R’) and the National CS&R best practices;

• successfully carried out a CSR Workshop which focused on: (i) review of Seplat’s past performance and learnings from CSR and CR; (ii) examination of what constitutes GIIP for CSR; (iii) review of the benchmark survey of IOCs and LOCs; (iv) developing a new CSR strategy for Seplat; and (v) establish bold ambition/goals for what constitutes world class CSR/CR for Seplat;

• reviewed the new Global Reporting Initiative (‘GRI’) which highlighted the insights into the newly launched GRI Standards to enhance corporate transparency worldwide;

• deployed two key programmes in the Eastern Asset (Assa in Ohaji); (i) Seplat Eye Can See Programme; and (ii) Safe Motherhood Programme.
In compliance with Section 359(6) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 (‘CAMA’), we the members of the Audit Committee have reviewed the financial statements of the Company for the year ended 31 December 2018 and reports thereon, and confirm as follows:

• the accounting and reporting policies of the Company are in compliance with legal requirements and agreed ethical practices;
• the scope and planning of audit requirement were, in our opinion, compliant with legal requirements and best practice;
• we have reviewed the findings on management matters, in conjunction with the external auditor, and we are satisfied with the response of management in dealing with such matters;
• the Company’s systems of accounting and internal controls are in compliance with legal requirements and best practice; and
• we have, in response to these matters, made the required recommendations to the auditors of the Company.

In addition to the foregoing, we the members of the Audit Committee conducted the following business during the year:

• review of the implementation of the Company’s corporate governance framework;
• review of the 2018 external audit plan and the 2019 internal audit plan, including an assessment of the external auditors’ independence; and
• review of the proposed 2019 budget and work programme.

In the financial year ended 31 December 2018, the Committee held four meetings, dates and attendance records for which can be seen in the table above.

Chief Anthony Idigbe, SAN
Chairman of the Audit Committee
FRC/2015/NBA/00000010414
Dear shareholder,

As the Chairman of the Remuneration Committee (the 'Committee'), I am pleased to present the report of the Board covering our remuneration policy and its implementation for the year ended 31 December 2018.

Company highlights for the 2018 financial year

2018 was a strong year for Seplat in which we continued to deliver on our production targets which, combined with a strengthening oil price, resulted in a year of strong financial performance and improved profitability.

Michael Richard Alexander
Senior Independent Non-Executive Director

We continue to seek opportunities to consolidate and grow our onshore reserve position as well as considering entry in the offshore areas with a focus on near term production and cash flow. These objectives are embedded in our remuneration structure. In order to achieve these objectives we have taken steps to strengthen our executive team with Effiong Okon joining the Board as Executive Operations Director on 23 February 2018.

Remuneration outcomes for the 2018 financial year

Our remuneration policy is closely aligned to our strategy, the market and shareholder interests. Our annual bonus is linked to production, sales, profitability, corporate responsibility and strategic progress, whilst the long-term incentive plan measures our success in maintaining and expanding quality reserves, and delivering long-term shareholder value. In line with this approach, the performance levels set out below have increased 2018 pay outcomes compared to 2017. The annual bonus pay-out levels were slightly above target, which the Committee felt fairly reflected our wider corporate performance over 2018.

The main remuneration outcomes are set out below:

- In light of the improved financial and operational performance in 2018 and in recognition that base salaries and fees were frozen for three consecutive years, an increase of 3% was awarded to the Executive and Non-Executive Directors for 2019. These increases were aligned to the salary review for senior management and the wider employee population in UK. Senior

How the Committee determines remuneration outcomes:

<table>
<thead>
<tr>
<th>Assess performance against targets</th>
<th>Review outcomes with management and other committees to ensure holistic reflection of performance</th>
<th>Consider outcomes in the context of the wider workforce and environment</th>
<th>Use judgement to reflect whether discretion is required, considering the market and shareholder interests</th>
</tr>
</thead>
</table>

Seplat Petroleum Development Company Plc Annual Report and Accounts 2018 95
Nigeria-based employees, below Board level, were awarded salary increases of up to 8%, whilst Nigeria-based employees at the lower to middle grades were awarded increases of up to 15% to reflect higher inflation rates in the Nigerian economy.

- The Committee reviewed the Company’s performance against the bonus scorecard and established that the Company has continued to deliver solid results. In particular, above target oil and gas production volume led to profit before tax and cash flow results which exceeded maximum performance levels. The resulting 2018 annual bonus outcomes were 68.4% of maximum for the CEO, 71.2% for the CFO and 64.3% for the Operations Director. The bonus levels represent an increase from 2017 reflecting the improved corporate performance. The determination of the corporate scorecard is cascaded through the organisation, affecting not only the Executive Directors, but also the bonuses of senior and middle management. The Committee is cognisant of the impact on the wider workforce when determining outcomes using the process laid out above. The Committee considered the levels of scorecard achievement reflective of the Company’s underlying performance and therefore no discretion was exercised in relation to the annual bonus outcome.

- The 2016 LTIP awards, for which the performance period ended on 31 December 2018, will vest in March 2019. I am delighted to announce that the Company was placed significantly above the upper quartile of the TSR comparator group. The level of reserves growth delivered between FY15 and FY18 was at 0.1% which resulted in overall LTIP vesting of 75.3%. 60% of these awards will be released immediately, with the remaining 40% being released in equal instalments after a one and two-year holding period. Seplat’s TSR growth of 94% over the three-year period and placing in first position amongst the comparator group was considered a strong outcome given the adverse external conditions. The Committee felt that this achievement, combined with the adjustment resulting from the application of the reserves growth underpin, warranted the 75.3% vesting and therefore no discretion was exercised in relation to the LTIP.

### Operation of the remuneration policy going forward

Seplat intends to follow the relevant corporate governance standards in both the UK and Nigeria which were both revised in 2018. We recognise the overall sentiment and the increased scrutiny around executive pay and the role of remuneration committees. Therefore, in 2018 the Committee reviewed the operation of the current remuneration policy to align it to these governance standards and made the following conclusions:

1. The current policy operates in line with many of the new UK Corporate Governance Code provisions. For example, Executive Director pension contributions are in line with those provided to the wider employee population, and the Committee has discretion to override formulaic outcomes of the incentive plans.

2. The operation of our current policy ensures linkage of pay to Company performance and shareholder experience as well as transparent and fair pay at all levels, in line with our remuneration philosophy. However, the Committee concluded that given the Company’s strategic progress since IPO and the revised Corporate Governance codes, the LTIP performance measures should be refreshed and the changes are set out below.

### LTIP measures

- LTIP awards will continue to be primarily driven by the Company’s relative TSR performance against other E&P companies but will be moderated by an underpin linked to the achievement of an acceptable level of performance against the annual operational and technical bonus scorecard metrics over the 3 year LTIP performance period.

### LTIP discretion

- The Committee developed a framework whereby it will actively consider exercising its discretion to scale back or defer LTIP payments that are over 2.5 times the value at grant.

### LTIP vesting

- The current LTIP release schedule whereby 60% of vested shares were released on vesting (three years) with a further 20% being release after four and five years, will be replaced by a two-year holding period applying to 100% of the vested LTIP awards, such that all awards are released after five years. This change will only apply to the Executive Directors for awards granted in 2019 onwards.

### Shareholding requirement

- The current shareholding requirement will continue to apply for one year post cessation of employment for the Executive Directors and at 50% of the requirement between one and two years post-cessation.

### Annual bonus payout

- The level of annual bonus payout corresponding to the achievement of on-target performance will be reduced from 60% to 50% of maximum in response to the latest guidelines published by UK shareholder bodies encouraging companies to limit the level of bonus payout at target.

In the meantime, the Committee regularly reviews and monitors governance developments and market context in both the UK and Nigeria in order to ensure the appropriateness of the policy and may introduce more changes in 2019.
Engagement with the shareholders
During 2018, the Committee agreed a plan for regular shareholder engagement beyond General Meetings with our major investors and we intend to consult in a two-way open dialogue. We will be reaching out to these investors during 2019 and in addition, we monitor shareholder reaction and commentary regarding our remuneration practices. However, if you would like to discuss any further aspect of our remuneration strategy I would welcome your views. The details of the shareholder voting outcomes in respect of the remuneration policy and Remuneration Report are presented on page 101.

Main Remuneration Committee actions and decisions in 2018
• The Committee approved the 2018 Annual Bonus targets for the Executive Directors and senior management. These targets are cascaded throughout the Company to ensure alignment.
• The Committee also approved the grant of LTIP awards to the Executive Directors, senior management and selected junior management and reviewed performance progress of outstanding awards.
• The Committee considered annual bonus and LTIP performance and concluded that the formulaic outcomes were representative of the underlying Company performance. Therefore no discretion was exercised. Approved outcomes were cascaded throughout the Company.
• The Committee determined Executive and Non-Executive Directors’ base salary and fee levels for 2019, ensuring the appropriate cascade of the remuneration policy to the senior management grades.
• Additionally in 2018 the Committee approved the remuneration and governance aspects of the Directors’ and the Board Chairman’s appointment contracts.
• The Committee approved changes in policy implementation in 2019 in light of changes to the Nigerian and UK corporate governance codes and considered relevant disclosure in the Directors’ Remuneration Report. Further changes will be considered by the Committee to ensure full compliance with both codes.

Summary
I hope that you find the information in this report helpful and I look forward to your support at the Company’s AGM. I am always happy to hear from the Company’s shareholders and you can contact me via the GM Human Resources, Alero Onosode, if you have any questions on this report or more generally in relation to the Company’s remuneration.

Michael Alexander (‘S.I.D.’)
Chairman of the Remuneration Committee

Notes
This report has been prepared taking into account the principles of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended, the provisions of the UK Corporate Governance Code (the ‘Code’) and the Listing Rules.

As Seplat is a Nigerian registered company, this report has also been prepared taking into account the disclosure requirements under Nigerian law, and specifically the Companies and Allied Matters Act (‘CAMA’). These rules, consistent with the UK regulations, require the remuneration of all Directors, other than the Chief Executive Officer, to be approved by shareholders at the AGM.

The report consists of three sections:
• the Annual Statement by the Remuneration Committee Chairman (pages 95 to 97);
• the At a Glance section (pages 98 to 102); and
• the Annual Report on Remuneration which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2018 financial year (pages 103 to 108).

The Company’s full remuneration policy report which sets out the Company’s remuneration policy for Directors and the key factors that were taken into account in setting the policy can be found in our 2018 Annual Report and Accounts on our website (http://ar2018.seplatpetroleum.com/#downloads).

1. Effiong Okon (Operations Director) Joined the Company on 1 February 2018 and the Board on 23 February 2018 and in line with our remuneration policy he received a pro-rated annual bonus payment for 2018.
2. Independent Non-Executive Director.
Introduction
In this section, we highlight the performance and remuneration outcomes for the 2018 financial year and the wider employee context.

2018 single total figure of remuneration
The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2018 financial year.

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>Period</th>
<th>Salary</th>
<th>Taxable benefits</th>
<th>Bonus</th>
<th>LTIP</th>
<th>Pension</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
<td>US$'000</td>
</tr>
<tr>
<td>Austin Avuru (CEO)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>1,097</td>
<td>512</td>
<td>1,125</td>
<td>1,985</td>
<td>187</td>
<td>0</td>
<td>4,906</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>1,097</td>
<td>470</td>
<td>813</td>
<td>2,420</td>
<td>187</td>
<td>0</td>
<td>4,987</td>
</tr>
<tr>
<td>Roger Brown (CFO)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>653</td>
<td>78</td>
<td>465</td>
<td>1,207</td>
<td>98</td>
<td>0</td>
<td>2,501</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>631</td>
<td>76</td>
<td>312</td>
<td>1,472</td>
<td>95</td>
<td>0</td>
<td>2,584</td>
</tr>
<tr>
<td>Effiong Okon (Operations Director)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>597</td>
<td>338</td>
<td>384</td>
<td>102</td>
<td>0</td>
<td>0</td>
<td>1,421</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

1. For the CEO, the July 2014 USD: GBP exchange rate has been used to calculate 2017 and 2018 remuneration. For the CFO and the Operations Director, the average 2018 USD: GBP exchange rate of 1.34 has been used where applicable.
2. The value of the 2016 LTIP awards vesting in March 2019 is shown in 2018 as the performance period ended on 31 December 2018. The estimated value of these awards uses a 2018 Q4 average share price of $1.63. the actual value will be updated in the 2019 Directors' Remuneration Report when the awards vest on 24 March 2019. $264,045 of the CEO's 2016 LTIP value at vesting of $160,539 is attributable to share price growth over the vesting period. The value of the 2015 LTIP awards that vested in April 2018 is shown in 2017. The value has been restated based on the actual share price on 21 April 2018 ($1.99) and includes dividend equivalents. On the basis that the Company's share price fell over the vesting period, this reduced by $168,075 the value of the CEO's 2015 LTIP vesting of $2,420,280.
3. Effiong Okon (Operations Director) joined the Board of Seplat Plc on 23 February 2018 and his 2018 remuneration ... detail regarding the disclosures in the table above is presented in the Annual Report on Remuneration on page 103.

Variable pay outcomes for 2018
The Remuneration Committee determined both the 2018 annual bonus outcome and the vesting level of the 2016 LTIP awards (where the performance ended on 31 December 2018). We set out below a summary of the 2018 annual bonus performance outcomes, together with details of the determination of the 2016 LTIP vesting level. Further detail is set out in the Annual Report on Remuneration on page 103.

2018 annual bonus performance assessment
The chart below summarises the 2018 annual bonus performance assessment against the corporate and personal targets for the Executive Directors:

For the Operations Director, the annual bonus disclosed in the single total figure of remuneration table has been pro-rata based on service from the date of joining the Board (23 February 2018).

2016 LTIP awards vesting and Executive Director shareholdings
The 2016 LTIP awards vest on 24 March 2019. However, the performance period for these awards ended on 31 December 2018 and their value is included in the single figure table above. 75.3% of the awards vested after testing the relative TSR and reserves growth performance conditions as set out below:

<table>
<thead>
<tr>
<th>TSR performance vs comparator group</th>
<th>Seplat reserves growth between FY15 and FY18</th>
<th>2P Reserves growth underpin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seplat TSR growth</td>
<td>Median TSR growth (25% vesting)</td>
<td>Reserves growth required to fully satisfy underpin</td>
</tr>
<tr>
<td>81.6%</td>
<td>-36.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>8.7%</td>
<td>100%</td>
<td>10%</td>
</tr>
<tr>
<td>0.1%</td>
<td>24.7%</td>
<td>24.7%</td>
</tr>
</tbody>
</table>

Reduction in vesting based on the underpin | Final vesting level |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>24.7%</td>
<td>75.3%</td>
</tr>
</tbody>
</table>

At a glance
We also set out below how our executive’s shareholdings compare to the requirements of our policy using the 31 December 2018 share price of $1.45. In addition we provide the pre-tax value of the Executive Directors’ unvested or unexercised equity awards.

Remuneration alignment to performance
The following analysis compares executives’ pay and movement in wealth through their Seplat shareholding against their remuneration opportunity and Company performance:

**Actual pay versus opportunity**
The chart below illustrates how the 2018 total single figure of remuneration for the CEO compares to minimum, on-target and maximum opportunity in accordance with the remuneration policy that applied in the year. 2018 remuneration is between the on-target and maximum opportunity due to the slightly above on-target bonus outcome and 75% vesting of the 2016 LTIP.

**Actual CEO pay versus total shareholder return (‘TSR’)**
The Company feels it is critical that CEO pay reflects the returns delivered to shareholders, where TSR is the core performance measure chosen to reflect shareholder experience.

Given the improved financial and operational performance, the Committee took the decision to award base salary and fee increases for the first time in four years to Executive and Non-Executive Directors’ Annual bonus has recovered to above target levels as a result of this improved performance in 2018 and Seplat remains the sector stock of choice by continuing to perform significantly above the upper quartile TSR. This is illustrated in the chart below.
Pay at risk

The charts below set out the elements of remuneration provided under the policy which remain ‘at risk’. For example:

- Payment is subject to continuing employment for a period (deferred shares and LTIP awards);
- Performance conditions must still be satisfied (LTIP awards); or
- Elements are subject to clawback or malus for a period, over which the Company can recover sums paid or withhold vesting.

Numbers have been calculated based on maximum performance (fixed elements plus maximum annual bonus and the maximum LTIP). The charts have been based on the same assumptions as set out above for the illustrations of the application of the remuneration policy, updated for 2019 base salary, and demonstrate that 70% of Executive Directors’ pay is at risk.

The Committee considered disclosing CEO pay ratios and the Company’s gender pay gap in 2018. However, given the Company’s main operations are based in Nigeria whilst the UK workforce consists of significantly fewer than 250 employees, the results would not be representative of our business, statistically significant and provide little or no insight to investors. We will reassess this disclosure if the Company expands its UK operations in future years.
Implementation of the remuneration policy for 2019

Our Directors’ remuneration policy applies for three years starting from 11 May 2018, when it was approved by shareholders and can be found in full in the 2017 Annual Report and Accounts on our website (http://ar2017.seplatpetroleum.com/#downloads).

We set out below a summary of the Directors’ remuneration policy and its implementation for 2019.

<table>
<thead>
<tr>
<th>Element</th>
<th>2019 Operation</th>
</tr>
</thead>
</table>
| **Base salary** | There will be a 3% salary increase for Executive Directors, in line with the UK wider workforce, for the financial year ending 31 December 2019 and which is consistent with our current shareholder approved remuneration policy.  
The base salaries (US$000s) from 1 January 2019 will be:  
• CEO: US$1,130  
• CFO: US$673  
• Operations Director: US$719 |
| **Benefits** | No change from 2018 on the basis that benefits are dependent on their working location and are either in the form of a cash allowance as the actual benefit itself. |
| **Pensions** | No change from 2018. Pensions contributions as % of base salary will remain as:  
• CEO: 17%  
• CFO: 15%  
• Operations Director: 17% |
| **Annual bonus** | No change to the maximum opportunity as % of base salary from 2018 and remains as:  
• CEO: 150%  
• CFO: 100%  
• Operations Director: 100%  
There is no change proposed to the structure of the bonus payment between cash and deferred shares and malus and clawback triggers.  
From 2019 the percentage of bonus maximum earned for levels of performance is as follows:  
• Threshold – 30%  
• Target – 50% (reduced from 60%)  
• Maximum – 100%  
The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial, operational and strategic targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in the best interests of shareholders. The performance measures, achievement against targets and the value of awards made will be published at the end of the performance periods, so shareholders can assess the basis for any pay-outs under the annual bonus. |
| **Long Term Incentive Plan** | No change to the LTIP opportunity as % of base salary from 2018 and remains as:  
• CEO: 250%  
• CFO: 200%  
• Operations Director: 200%  
All awards will vest subject to performance measures (and the Executive Director’s continued employment) at the date of vesting after three years and are then subject to a new flat two-year holding period from the staggered approach applied to the awards made in 2018.  
Malus and clawback will continue to apply to LTIP awards.  
The 2019 LTIP awards will be subject to the following performance measures:  
Relative TSR performance against other E&P companies will continue to be the primary measure of performance moderated by an underpin linked to the achievement of an acceptable level of performance against the annual operational and technical bonus scorecard metrics over the 3 year LTIP performance period.  
In addition, to ensure that remuneration outcomes are not unreasonable and are truly reflective of underlying corporate and individual performance, the Committee will scale back the formulaic outcome from the 2019 and future LTIP where the value of the shares vesting is in excess of 2.5 times their value at grant, i.e. by scaling back the awards (unless the Committee feels that this would be unreasonable).  
Full targets for the 2019 LTIP will be disclosed at the time of making the awards and in the 2019 Directors’ Remuneration Report. |
| **Non-Executive Director Fees** | There will be a 3% fee increase for Non-Executive Directors, in line with the Executive Directors and the wider UK workforce, for the financial year ending 31 December 2019.  
The fees (US$000s) from 1 January 2019 will be:  
• Chairman: US$960  
• Board: US$138  
• Senior Independent Director: US$200  
• Committee Chairmanship: US$40  
1. Only applicable to those Directors who have additional responsibilities.  
2. Actual amount paid in 2019 will depend on the USD: GBP exchange rate in the year. |
| **Shareholding requirement** | Executives Director are given five years from the date of the policy implementation, or date of appointment if later, to satisfy the following shareholding requirement:  
• CEO: 200% of base salary  
• Other Executive Directors: 150% of base salary  
For 2019 and beyond, the Committee determined that the shareholding requirement would continue to apply for one year post cessation of employment for the Executive Directors and at 50% of the requirement between one and two years post-cessation. |

It is the Committee’s intention that commitments made in line with its current remuneration policy and policies prior to Admission will be honoured.

Seplat Petroleum Development Company Plc Annual Report and Accounts 2018 101
Employee context
The Remuneration Committee oversees compensation of the Chairman, Executive Directors and senior management, having regard to remuneration trends across the Company. The Remuneration Committee and management are committed to fair pay practices across the organisation. The Company holds annual meetings of the Employee Forum chaired by the General Manager, HR. Additionally, an online survey platform exists to gather views of the workforce on a wide range of matters.

When setting remuneration policy and making decisions on remuneration, the Committee references a number of factors including the general workforce pay structure, workforce policies, talent development needs and wider stakeholder impact, as illustrated below.

Reward structure cascade
The table below illustrates the cascade of our reward structure from Executive Directors to the wider employee population. As shown below, senior management and key employees participate in the LTIP and annual bonus schemes. Additionally, pension contribution levels are consistent for all employee levels.

<table>
<thead>
<tr>
<th>Number of participants</th>
<th>Element of pay</th>
<th>CEO</th>
<th>Board</th>
<th>Senior management (grades 1-4)</th>
<th>Other key employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors, senior management, other key employees</td>
<td>LTIP</td>
<td>250%</td>
<td>200%</td>
<td>50-150%</td>
<td>25-35%</td>
</tr>
<tr>
<td>Executive Directors</td>
<td>Annual bonus – Deferred shares</td>
<td>37.5%</td>
<td>25%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>All employees</td>
<td>Annual bonus – Cash</td>
<td>112.5%</td>
<td>75%</td>
<td>40-75%</td>
<td>Up to 30%</td>
</tr>
<tr>
<td>All employees</td>
<td>Pension</td>
<td>17%</td>
<td>15-17%</td>
<td>Up to 17%</td>
<td>Up to 17%</td>
</tr>
<tr>
<td>All employees</td>
<td>Benefits</td>
<td>All employees</td>
<td>All employees</td>
<td>All employees</td>
<td>All employees</td>
</tr>
</tbody>
</table>
Annual report on remuneration

Single total figure of remuneration

**Executive Directors**

The table below sets out the single total figure of remuneration and breakdown for each Executive Director in respect of the 2018 financial year, on a receivable basis in accordance with the policy as approved by shareholders. Comparative figures for the 2017 financial year have also been provided.

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>Period (US$’000)</th>
<th>Salary</th>
<th>Taxable benefits</th>
<th>Bonus</th>
<th>LTIP</th>
<th>Pension</th>
<th>Other</th>
<th>Total (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru (CEO)</td>
<td>2018</td>
<td>1,097</td>
<td>512</td>
<td>1,125</td>
<td>1,985</td>
<td>187</td>
<td>0</td>
<td>4,906</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>1,097</td>
<td>470</td>
<td>813</td>
<td>2,420</td>
<td>187</td>
<td>0</td>
<td>4,987</td>
</tr>
<tr>
<td>Roger Brown (CFO)</td>
<td>2018</td>
<td>653</td>
<td>78</td>
<td>465</td>
<td>1,207</td>
<td>98</td>
<td>0</td>
<td>2,501</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>631</td>
<td>76</td>
<td>312</td>
<td>1,472</td>
<td>95</td>
<td>0</td>
<td>2,584</td>
</tr>
<tr>
<td>Effiong Okon (Operations Director)</td>
<td>2018</td>
<td>597</td>
<td>338</td>
<td>384</td>
<td>0</td>
<td>102</td>
<td>0</td>
<td>1,421</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

1. Salaries for Executive Directors are set in GBP – 2018 and 2017 salaries were £643,750 for the CEO and £489,250 for the CFO whilst for the Operations Director 2018 salary was set at $698,000. For the CEO, the July 2014 USD:GBP exchange rate has been used to calculate 2018 and 2017 remuneration. For the CFO and the Operations Director the average 2018 USD:GBP exchange rate of 1.34 has been used where applicable.
2. The taxable benefits for each Executive Director comprise those which are quantifiable.
4. The value of the 2016 LTIP awards vesting in March 2019 is shown in 2018 as the performance period ended on 31 December 2018. The estimated value of these awards uses a 2018 Q4 average share price of $1.63; the actual value will be updated in the 2019 Directors’ Remuneration Report when the awards vest on 24 March 2019. The value of the 2015 LTIP awards that vested in April 2018 is shown in 2017. The value has been restated based on the actual share price on 21 April 2018 ($1.99) and includes dividend equivalents.
5. Pension contributions are provided as a cash supplement; contribution into a personal pension fund and equal 17% of salary for the CEO, 15% for the CFO and 17% for the Operations Director.
6. For the CEO (who is located in Nigeria), income tax credits of 20% have been partly paid by the Company as a carry-over of historical practice. This practice is in the process of being phased out by 2019, so that in 2018 only 25% of income tax was paid by the Company. It is intended that in 2019 no tax credits will be paid. This is not included in the salary, taxable benefits, bonus or pension figures above.
7. Effiong Okon (Operations Director) joined the Board on 23 February 2018 and therefore received a pro-rated remuneration package for the proportion of the year he was in office.

We set out below, in relation to the value of the LTIP awards disclosed in the single figure table above, the proportion of the value attributable to share price growth / reduction over the vesting period. We note that as the Operations Director joined the Board in 2018, he was not granted 2015 or 2016 LTIP awards.

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>2016 LTIP</th>
<th>2015 LTIP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value of the 2016 LTIP award</td>
<td>Value attributable to share price growth / (reduction)</td>
</tr>
<tr>
<td>CEO</td>
<td>$1,984,772</td>
<td>$264,045</td>
</tr>
<tr>
<td>CFO</td>
<td>$1,206,741</td>
<td>$160,539</td>
</tr>
</tbody>
</table>

Non-Executive Directors

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director for 2018 on a receivable basis in accordance with the policy approved by shareholders.

<table>
<thead>
<tr>
<th>Name</th>
<th>2018 Fees (US$’000)</th>
<th>2017 Fees (US$’000)</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>1,011</td>
<td>1,011</td>
<td>Non-Executive Chairman and Nomination and Establishment Committee Chairman</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>465</td>
<td>423</td>
<td>Senior Independent Director, Remuneration Committee Chairman, Finance, Nomination and Establishment Committee and Gas Committee member</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>138</td>
<td>133</td>
<td>Audit Committee member</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>218</td>
<td>184</td>
<td>Risk Management and HSSE, CSR, Audit Committee and Gas Committee member</td>
</tr>
<tr>
<td>Basil Omuyi</td>
<td>271</td>
<td>223</td>
<td>Risk Management and HSSE Committee and Gas Committee Chairman, Remuneration and Nomination and Establishment Committee member</td>
</tr>
<tr>
<td>Ifueko M. Omoigui Okauru</td>
<td>224</td>
<td>217</td>
<td>Finance, Audit, CSR and Risk Management and HSSE Committee member</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>218</td>
<td>210</td>
<td>Finance Committee Chairman and Remuneration Committee member</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>204</td>
<td>197</td>
<td>CSR Committee Chairman and Finance Committee member</td>
</tr>
<tr>
<td>Damian Dodo</td>
<td>191</td>
<td>184</td>
<td>Remuneration and Nomination and Establishment Committee member</td>
</tr>
</tbody>
</table>

1. Fees shown are those receivable in GBP; converted at the average exchange rate for the relevant year. This is with the exception of the Chairman, whose fees are converted at the July 2014 USD:GBP exchange rate. Although the NED base fee remained unchanged for 2018, many of the NED fees expressed in USD have slightly increased from 2017, reflecting the fluctuations in the average USD:GBP exchange rate for 2018 compared to 2017.
2. For the Chairman (who is located in Nigeria), income tax credits of 20% have been partly paid by the Company as a carry-over of historical practice. This practice is in the process of being phased out by 2019, so that in 2018 only 25% of income tax was paid by the Company. The tax credits are not included in the table above.
3. The Company has settled, on behalf of each Non-Executive Director, the local Nigerian withholding tax on Directors’ fees and this not included above.
Annual fees

<table>
<thead>
<tr>
<th>Position</th>
<th>2018 Annual Fee (US$’000)</th>
<th>2017 Annual Fee (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>960</td>
<td>960</td>
</tr>
<tr>
<td>Board</td>
<td>138</td>
<td>133</td>
</tr>
<tr>
<td>Senior Independent Director</td>
<td>200</td>
<td>193</td>
</tr>
<tr>
<td>Committee Chairmanship</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>Finance Committee Chairmanship</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td>Committee membership</td>
<td>27</td>
<td>26</td>
</tr>
<tr>
<td>Finance Committee membership</td>
<td>33</td>
<td>32</td>
</tr>
</tbody>
</table>

Notes:
1. Fees shown are those receivable in GBP, converted at the average exchange rate for the relevant year. This is with the exception of the Chairman, whose fees are converted at the July 2014 USD: GBP exchange rate. Although the NED base fee remained unchanged for 2018, many of the NED fees expressed in USD have slightly increased from 2017, reflecting the fluctuations in the average USD: GBP exchange rate for 2018 compared to 2017.
2. Only applicable to those Directors who have additional responsibilities.

Additional information regarding single figure table

The Committee considers that performance conditions for all incentives are suitably demanding, having regard to the business strategy, shareholder expectations, the cyclical nature of the markets in which the Group operates and external advice. To the extent that any performance condition is not met, the relevant part of the award will lapse. There is no retesting of performance.

Annual bonus

Seplat promotes a culture of high performance and uses a scorecard to assess the annual bonus outcome. The bonus scorecard is reviewed annually to ensure strong alignment with Company strategic priorities, prevailing market practice and the operating environment.

In respect of the 2018 financial year, the bonus awards payable to Executive Directors were approved by the Committee having reviewed the Company’s underlying performance. On this basis, the Committee was comfortable not to exercise discretion in relation to the formulaic outcomes set out below. Details of the achievement of the measures used to determine bonuses in respect of the 2018 financial year and the extent to which they were satisfied are shown in the table below. These resulting bonus figures are included in the single figure table.

Achievement of corporate performance conditions

The Executive Directors’ bonus scorecard is weighted in favour of corporate measures, as shown below. Additionally, individual strategic goals are set for each Executive Director annually based on the Company’s strategic priorities for the respective year. These measures would typically fall under one of the following categories: development of strategic focus, team development and succession planning, technical and operational excellence. It is the Committee’s view that the specific individual performance conditions are commercially sensitive and therefore details cannot be fully disclosed.

Overall, the annual bonus reward level for Executive Directors was above on-target as set out below:

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>Specific</th>
<th>Below Threshold</th>
<th>Threshold to Target</th>
<th>Target to Maximum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production and operational efficiency</td>
<td>Oil production volume</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>81%</td>
</tr>
<tr>
<td></td>
<td>Gas production</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Reserve replacement ratio</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>41%</td>
</tr>
<tr>
<td>Financial</td>
<td>Profit before tax</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Net cash flow</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>100%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>LTIF rate</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>100%</td>
</tr>
<tr>
<td>Strategy</td>
<td>Strategic objectives</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td>43% – 56%</td>
</tr>
</tbody>
</table>

Performance achieved against targets
Annual bonus pay-out
The table below sets out the annual bonus earned for the year:

<table>
<thead>
<tr>
<th>Performance measures</th>
<th>CEO</th>
<th>CFO</th>
<th>Operations Director</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Achieved (% of max)</td>
<td>Bonus earned (US$'000)</td>
<td>Achieved (% of max)</td>
</tr>
<tr>
<td>Corporate measures</td>
<td>52.4% out of 80%</td>
<td>$862</td>
<td>63.4% out of 88%</td>
</tr>
<tr>
<td>Individual performance</td>
<td>16.0% out of 20%</td>
<td>$263</td>
<td>7.6% out of 12%</td>
</tr>
<tr>
<td>Total</td>
<td>68.4% out of 100%</td>
<td>$1,125</td>
<td>71.2% out of 100%</td>
</tr>
</tbody>
</table>

In line with policy, 25% of the Executive Directors’ bonus will be deferred into shares and will be released at the end of year 3 subject to continued employment.

Long-term incentives vesting in 2018
The 2016 LTIP awards were made to the CEO and CFO on 24 March 2016 (conditional on approval by the Nigerian Stock Exchange, which was subsequently received). The awards vest on 24 March 2019; however the performance period for these awards ended on 31 December 2018. The performance conditions for these awards are set out in the implementation of the remuneration policy in 2019 table on page 101. 76.3% of the awards vested after testing the relative TSR and reserves growth performance conditions as set out below:

<table>
<thead>
<tr>
<th>TSR performance vs comparator group</th>
<th>Seplat reserves growth between FY15 and FY18</th>
<th>2P Reserves growth underpin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seplat TSR growth</td>
<td>Median TSR growth (25% vesting)</td>
<td>Upper quartile TSR growth (100% vesting)</td>
</tr>
<tr>
<td>Median TSR growth (25% vesting)</td>
<td>81.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Upper quartile TSR growth (100% vesting)</td>
<td>-39.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Vesting under TSR condition</td>
<td>0.1%</td>
<td>10%</td>
</tr>
<tr>
<td>2P Reserves growth required to fully satisfy underpin</td>
<td>10%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Reduction in vesting based on the underpin</td>
<td>Final vesting level</td>
<td>75.3%</td>
</tr>
</tbody>
</table>

The following table presents the number of 2016 LTIP awards that will vest in March 2019 based on the assessment of the performance conditions and the resulting value of awards on vesting for each Executive Director.

<table>
<thead>
<tr>
<th>Role</th>
<th>Number of 2016 LTIP awards granted</th>
<th>Number of 2016 LTIP awards vesting in March 2019</th>
<th>Value of vested awards1</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1,621,536</td>
<td>1,220,374</td>
<td>$1,984,772</td>
</tr>
<tr>
<td>CFO</td>
<td>985,894</td>
<td>741,987</td>
<td>$1,206,741</td>
</tr>
</tbody>
</table>

1. Based on Q4 2018 average share price and excludes dividend equivalents.

Long-term incentives awarded in 2018
The table below sets out the details of the long-term incentive awards made in the 2018 financial year where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods.

<table>
<thead>
<tr>
<th>Name</th>
<th>Basis on which award made</th>
<th>Face value of award (US$’000)</th>
<th>Percentage of award vesting at threshold performance</th>
<th>Maximum percentage of face value that could vest</th>
<th>Performance conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>Annual</td>
<td>2,413</td>
<td>25%</td>
<td>100%</td>
<td>100% Relative TSR and reserves growth underpin</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>Annual</td>
<td>1,467</td>
<td>25%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Effiong Okon</td>
<td>Annual</td>
<td>1,504</td>
<td>25%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

The share price used to calculate the face value of awards was that at the date of award, being 2 May 2018 (conditional on approval by the Nigerian Stock Exchange) of US$1.93.

The comparator group used for assessing relative TSR consists of the following companies:

- Africa Oil
- Cairn Energy
- Enquest
- Erin Energy
- Faroe Petroleum
- Genel Energy
- Gran Tierra Energy
- Kosmos Energy
- Murphy Oil
- Nostrum Oil & Gas
- Ophir Energy
- Parexs Resources
- Phoenix Global Resources
- Premier Oil
- Sound Energy
- Tullow Oil

Payments to past Directors
As disclosed in the 2017 Directors’ Remuneration Report, when Stuart Connal stepped down from his role as Chief Operating Officer on 30 March 2017, in line with Seplat’s policy for loss of office and the rules of the LTIP, the Committee determined he was a good leaver. In 2018, Stuart’s 2015 deferred bonus and 2015 LTIP awards vested during the year. However these awards were already disclosed in the 2017 single total figure of remuneration and therefore no further detail is provided.

Payments for loss of office
There were no payments in the financial year.

Fees retained for external non-executive directorships
Executive Directors may hold positions in other companies as non-executive directors and retain the fees.
### Statement of Directors’ shareholdings

The table below sets out the number of shares of the Company in which current Directors had a beneficial interest and details of long-term incentive interests as at 31 December 2018.

<table>
<thead>
<tr>
<th>Director</th>
<th>Shares required to be held % of salary</th>
<th>Benificially owned</th>
<th>Shareholding requirement met only required to be met in April 2019 or 5 years after joining if later</th>
<th>Interests subject to performance conditions</th>
<th>Interests not subject to performance conditions</th>
<th>Total interests held as at 31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>200%</td>
<td>70,823,189</td>
<td>Yes</td>
<td>2,859,452</td>
<td>1,518,594</td>
<td>75,201,235</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>150%</td>
<td>1,327,207</td>
<td>Yes</td>
<td>1,738,546</td>
<td>856,692</td>
<td>3,922,445</td>
</tr>
<tr>
<td>Effiong Okon</td>
<td>150%</td>
<td>0</td>
<td>No</td>
<td>779,061</td>
<td>0</td>
<td>779,061</td>
</tr>
</tbody>
</table>

1. Beneficial interests include shares held directly or indirectly by connected persons and include shares held by Stanbic IBTC Trustee Limited/Seplat LTIP.
2. Includes 2016 LTIP awards which vest in March 2019.
3. Effiong Okon joined the Board on 23 February 2018.

Details of the Non-Executive Directors’ interests in shares are set out below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Shares held as at 31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>45,961,325</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>115,238</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>95,238</td>
</tr>
<tr>
<td>Macaulay Agbadu Ofurhie</td>
<td>4,001,611</td>
</tr>
<tr>
<td>Basil Omiyi</td>
<td>495,238</td>
</tr>
<tr>
<td>Ifueko M. Omoigu Okauru</td>
<td>95,238</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>495,238</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>31,746</td>
</tr>
<tr>
<td>Damian Dodo</td>
<td>0</td>
</tr>
</tbody>
</table>

1. Beneficial interests include shares held directly or indirectly by connected persons and include shares held by Stanbic IBTC Trustee Limited/Seplat LTIP in relation to vested awards made on Admission.

There have been no changes in the shareholdings of the Executive Directors and Non-Executive Directors between 31 December 2018 and the disclosure in the Full Year 2018 Financial Results announcement as at 28 February 2019.

### Comparison of overall performance and pay

The graph below shows the value of US$100 invested in the Company’s shares since listing compared to the median of the FTSE All Share Exploration & Production companies. The graph shows the Total Shareholder Return generated by both the movement in share value and the reinvestment over the same period of dividend income.

The Committee considers that the FTSE All Share Exploration & Production is an appropriate comparator group as it contains the UK companies that are constituents of Seplat’s TSR comparator group. This graph has been calculated in accordance with the Regulations. It should be noted that the Company began trading conditionally on the London Stock Exchange on 9 April 2014 and therefore only has a listed share price for the period of 9 April 2014 to 31 December 2018.

**TSR (rebased to 100 at 9 April 2014)**

Source: Thomson Reuters Datastream

1. In line with the methodology used for LTIP performance assessment, TSR was calculated using a three-month average.
CEO historical remuneration

The table below sets out the total remuneration delivered to the CEO between 2014 and 2018 valued using the methodology applied to the single total figure of remuneration. The Committee does not believe that the remuneration payable in its earlier years as a private company bears any comparative value to that paid in its later years and therefore the Remuneration Committee has chosen to disclose remuneration only from 2014:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total single figure (US$’000)</td>
<td>4,906</td>
<td>4,987</td>
<td>3,143</td>
<td>3,004</td>
<td>2,866</td>
</tr>
<tr>
<td>Annual bonus payment level achieved (% of maximum opportunity)</td>
<td>68%</td>
<td>49%</td>
<td>35%</td>
<td>46%</td>
<td>53%</td>
</tr>
<tr>
<td>LTIP vesting level achieved (% of maximum opportunity)</td>
<td>75%</td>
<td>100%</td>
<td>97%</td>
<td>N/A¹</td>
<td>N/A²</td>
</tr>
</tbody>
</table>

1. Includes vesting in relation to the one-off Global Offer Bonus award in 2014 and 2015.
2. No LTIP awards vested in 2014 and 2015 — vesting of the first LTIP awards (awarded in 2014) occurred in 2017 (however the performance period for these awards ended on 31 December 2016 so it is included in the 2016 column). There were no equity based arrangements operating prior to listing.

Change in the CEO’s remuneration compared with employees

<table>
<thead>
<tr>
<th>Year-on-year change</th>
<th>Chief Executive Officer¹</th>
<th>Average employee pay in comparator group²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(%) (US$)</td>
<td>(%) (Naira)</td>
</tr>
<tr>
<td>Base salary</td>
<td>0%</td>
<td>11%</td>
</tr>
<tr>
<td>Taxable benefits</td>
<td>9%</td>
<td>6%</td>
</tr>
<tr>
<td>Annual bonus</td>
<td>38%</td>
<td>28%</td>
</tr>
</tbody>
</table>

1. CEO year-on-year change has been expressed in USD to reflect the currency in which he is paid (for his base salary and taxable benefits). The annual bonus change for the CEO reflects the change in maximum bonus opportunity achieved.
2. Average employee pay year-on-year change is expressed in Naira as a significant majority of employees are paid in Naira.

Relative importance of the spend on pay

The table below sets out the overall spend on pay for all employees compared with the dividends distributed to shareholders:

<table>
<thead>
<tr>
<th>Significant contributions</th>
<th>2018 ($m)</th>
<th>2017 ($m)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall spend on pay¹</td>
<td>72.4</td>
<td>56.9</td>
<td>27%</td>
</tr>
<tr>
<td>Distributions to shareholders (dividends)²</td>
<td>58.9</td>
<td>Nil</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. Calculated by converting 2018 and 2017 figures (from Naira) at the relevant year’s average NGN: USD exchange rate and excludes LTIP.
2. For 2018 this includes a special dividend paid in June 2018 and an interim dividend paid in December 2018.

Service agreements and letters of appointment

Executive Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of service contract</th>
<th>Nature of contract</th>
<th>Notice period from Company</th>
<th>Notice period from Director</th>
<th>Compensation provisions for early termination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>27 March 2014</td>
<td>Rolling</td>
<td>12 months</td>
<td>12 months</td>
<td>Payment in lieu of notice equal to 12 months’ salary and benefits, including any payments accrued at the date of termination.</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>20 May 2013</td>
<td>Rolling</td>
<td>12 months</td>
<td>12 months</td>
<td></td>
</tr>
<tr>
<td>Effiong Okon</td>
<td>1 February 2018</td>
<td>Rolling</td>
<td>12 months</td>
<td>12 months</td>
<td></td>
</tr>
</tbody>
</table>

Non-Executive Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of appointment / re-appointment</th>
<th>Nature of letter of appointment</th>
<th>Notice period from Company</th>
<th>Notice period from Director</th>
<th>Compensation provisions for early termination</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>1 June 2017</td>
<td>Fixed term to 2020 AGM</td>
<td>12 months</td>
<td>12 months</td>
<td>None.</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>6 June 2018</td>
<td>Fixed term to 2019 AGM</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months’ fees if not re-elected or retired.</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>14 December 2009</td>
<td>Rolling</td>
<td>6 months</td>
<td>6 months</td>
<td>None.</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>14 December 2009</td>
<td>Rolling</td>
<td>6 months</td>
<td>6 months</td>
<td>None.</td>
</tr>
<tr>
<td>Basil Omiyi</td>
<td>1 June 2017</td>
<td>Fixed term to 2020 AGM</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months’ fees if not re-elected or retired.</td>
</tr>
<tr>
<td>Ifueko M. Omoigui Okauru</td>
<td>30 June 2014</td>
<td>Fixed term to 2020 AGM</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months’ fees if not re-elected or retired.</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>1 June 2017</td>
<td>Fixed term to 2020 AGM</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months’ fees if not re-elected or retired.</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>6 June 2018</td>
<td>Fixed term to 2021 AGM</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months’ fees if not re-elected or retired.</td>
</tr>
<tr>
<td>Damian Dodo</td>
<td>30 June 2014</td>
<td>Fixed term to 2019 AGM</td>
<td>6 months</td>
<td>6 months</td>
<td>6 months’ fees if not re-elected or retired.</td>
</tr>
</tbody>
</table>
The Committee’s policy for setting notice periods is that a 12-month period will apply for Executive Directors unless the Committee determines otherwise.

The Non-Executive Directors of the Company do not have service contracts. The Non-Executive Directors are appointed by letters of appointment, which are kept at Seplat’s registered office along with Executive Director service contracts.

As required by Nigerian law, the Company follows the provisions set out in its Memorandum and Articles of Association and annually places one-third of its Independent Non-Executive Directors for re-election.

Composition and terms of reference of the Remuneration Committee

The members of Seplat’s Remuneration Committee are as follows:

• Michael Alexander (Chairman)
• Basil Omiyi
• Charles Okeahalam
• Damian Dodo

The Board has delegated to the Committee, under agreed terms of reference, responsibility for the remuneration policy and for determining specific packages for the Executive Directors, the Chairman, Non-Executive Directors and other members of the Senior Management Team. The terms of reference for the Committee are available on the Company’s website, www.seplatpetroleum.com, and from the Company Secretary at the registered office.

The Committee receives assistance from the GM Human Resources, who attends meetings by invitation. The Executive Directors attend by invitation on occasions, except when issues relating to their own remuneration are being discussed. The Committee met five times during the financial year.

Advisers to the Remuneration Committee

The Committee continues to engage the services of PricewaterhouseCoopers LLP (‘PwC’) as independent remuneration adviser. Other services received by the Company from PwC during the financial year included those in relation to payroll, personal/corporate tax advice and internal audit.

During the financial year, PwC advised the Committee on all aspects of remuneration policy for Executive Directors, Non-Executive Directors and members of the Executive Team. The Committee is satisfied that advice received from PwC during the year was objective and independent.

PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees.

Shareholder voting at general meeting

At the previous AGM held on 6 June 2018, the Company received a vote of 99.7% in favour of its remuneration policy and the Remuneration Report through the acceptance of the 2017 Directors’ Remuneration Report.

Michael Alexander (‘S.I.D.’)
Chairman of the Remuneration Committee

1. Independent Non-Executive Director.
The Directors are pleased to present to the shareholders of the Company their report with the audited financial statements for the year ended 31 December 2018.

Principal activity
The Company is principally engaged in oil and gas exploration and production.

Corporate structure and business
Seplat Petroleum Development Company Plc (“Seplat” or the “Company”), the parent of the Group, was incorporated on 17 June 2009 as a private limited liability company and re-registered as a public company on 3 October 2014, under the Companies and Allied Matters Act 2004. The Company commenced operations on 1 August 2010.

The Company acquired, pursuant to an agreement for assignment dated 31 January 2010 between the Company, SPDC, TOTAL and AGIP, a 45% participating interest in the following producing assets: OML 4, OML 38 and OML 41 located in Nigeria. The total purchase price for these assets was US$340 million paid at the completion of the acquisition on 31 July 2010 and a contingent payment of US$33 million payable 30 days after the second anniversary, 31 July 2012, if the average price per barrel of Brent Crude oil over the period from acquisition up to 31 July 2012 exceeds US$80 per barrel.

US$358.6 million was allocated to the producing assets including US$18.6 million as the fair value of the contingent consideration calculated on acquisition date. The contingent consideration of US$33 million was paid on 22 October 2012.

Seplat Petroleum Development Company Plc was successfully listed on the Nigerian Stock Exchange and the main market of the London Stock Exchange on 14 April 2014. However, on 4 April 2018, Seplat was migrated to the Premium Board of the Nigerian Stock Exchange.

In 2013, Newton Energy Limited (“Newton Energy”), an entity previously beneficially owned by the same shareholders as Seplat, became a subsidiary of the Company. On 1 June 2013, Newton Energy acquired from Pillar Oil Limited (“Pillar Oil”) a 40% Participant interest in producing assets: the Umuseti/Igbuku marginal field area located within OPL 283 (the “Umuseti/Igbuku Fields”).

In 2015, the Group purchased a 40% participating interest in OML 53, onshore north eastern Niger Delta, from Chevron Nigeria Ltd. for US$259.4 million. It also concluded negotiations to buy 56.25% of BelemaOil Producing Ltd., a Nigerian special purpose vehicle that bought a 40% interest in the producing OML 55, located in the swamp to coastal zone of southern Niger Delta. NNPC holds the remaining 60.00% interest in OML 55, and Seplat’s effective participating interest in OML 55 as a result of the acquisition was 22.50%.

Based on the above, Seplat consolidated BelemaOil in its 31 December 2015 consolidated financial statements.

During the year, the minority shareholders of BelemaOil began to dispute Seplat’s majority shareholding in the entity. In July 2016, Seplat instituted legal action in a bid to secure its investment in OML 55. Subsequent to the year end, the Asset Management Team of OML 55 has been formally inaugurated, and first lifting has taken place, the proceeds of which have been deposited into the escrow account as prescribed in the agreements.

Subsequently, and in a bid to resolve pending legal disputes, representatives of both Seplat and BelemaOil have agreed to a new arrangement which provides for a discharge sum of US$330 million, as at the reporting date fair valued at US$250 million, to be paid to Seplat over a six-year period, through allocation of crude oil reserves of OML 55. In turn, Seplat relinquishes all claims to its shareholding of BelemaOil as an entity. The 40% stake in OML 55 will be held by Seplat and BelemaOil over the period of this arrangement through an Asset Management Team comprising equal representatives of both parties. The Asset Management Team makes all the key decisions regarding the relevant activities of the underlying asset, and consent of all parties is required for decision making. The agreements have been signed by both parties but are subject to ministerial consent. The Group however believes consent will be received as the agreements were brokered by the Ministry of Petroleum Resources.

As a result of the foregoing, Seplat no longer exercises control and has now deconsolidated BelemaOil in the financial statements in accordance with IFRS 10 (par B97). Seplat has recorded its rights to receive the discharge sum from the crude oil reserves of OML 55 as other asset.

The Company together with its subsidiary, Newton Energy, and other wholly owned subsidiaries, namely, Seplat Petroleum Development Company UK Limited (“Seplat UK”), which was incorporated on 21 August 2013; Seplat East Onshore Limited (“Seplat East”), which was incorporated on 12 December 2013; Seplat East Swamp Company Limited (“Seplat Swamp”), which was incorporated on 12 December 2014; Seplat Gas Company Limited (“Seplat Gas”), which was incorporated on 12 December 2013; Seplat West Limited (“Seplat West”) which was incorporated on 16 January 2018; and ANOH Gas Processing Company Limited which was incorporated on 18 January 2017 are referred to as the Group.

Dividend
Having emerged from a period of weak macro conditions and a disrupted operating environment in 2016 and 2017, where Seplat’s key focus was on preservation of liquidity and selective capital allocation to ensure the Company maintained a necessary level of financial flexibility, the Board reinstated the dividend in 2018 with a special dividend of US$0.05 per share in April paid to normalise returns to shareholders after the dividend suspension and an interim dividend of US$0.05 per share declared in October in line with our normal dividend distribution timetable (2017: nil).
Further to this, the Board of Seplat is recommending a final dividend of US$0.05 per share. Subject to approval of shareholders, at the AGM which will be held on 16 May 2019 in Lagos, Nigeria, the final dividend will be paid electronically to shareholders (on or around 23 May 2019) whose names appear on the register of members as at 20 March 2019.

Unclaimed dividend

The total amount outstanding as at 31 December 2018 is US$2,713.50 and ₦88,777,086.54. A list of shareholders and corresponding unclaimed dividends is available on the Company’s website: www.seplatpetroleum.com.

Changes in property, plant and equipment

Movements in property, plant and equipment and significant additions thereto are shown in note 17 to the financial statements.

Rotation of Directors

In accordance with the provisions of Section 259 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria (‘LFN’) 2004, one third of the Directors of the Company shall retire from office. The Directors to retire every year shall be those who have been longest in office since their last election. However, in accordance with Article 131 of the Company’s Articles of Association, apart from the Executive Directors and Founding Directors (who are referred to as the Non-Executive Directors), all other Directors are appointed for a fixed term. Upon expiration of the terms, they become eligible for re-appointment. The Directors who are eligible for re-appointment this year are Mrs. Ifueko M. Omoigui Okauru and Mr. Damian Dodo, SAN.

Board changes

The Board has appointed an Executive Director since the last Annual General Meeting, Effiong Okon was appointed Operations Director effective 23 February 2018 and ratified by shareholders at the 2018 Annual General Meeting. Effiong brings a wealth of relevant Nigerian and international operational experience from 26 years in the industry with Shell. He is an asset to the Board and we look forward to his contribution to the growth of the Company.

The appointment and removal or reappointment of Directors is governed by its Articles of Association and Companies and Allied Matters Act (CAMA) LFN 2004. It also sets out the powers of Directors.

Corporate governance

The Board of Directors of the Company is committed to sound corporate governance and ensures that the Company complies with Nigerian and UK corporate governance regulations as well as international best practice.
The Board constituted the Gas Committee in 2018 to help fine tune the Company’s gas strategy and bring greater focus to the management of gas business risks. The Committee will help the Company to successfully navigate the changing gas market landscape and position it to function as a robust, stand-alone midstream business.

In addition to these Board Committees, the Company formed a statutory Audit Committee at its 30 June 2014 Annual General Meeting ("AGM") in compliance with Sections 359(3) and (4) of the Companies and Allied Matters Act ("CAMA"). In compliance with CAMA, three shareholder representatives and three Non-Executive Directors are elected at every AGM to sit on the Committee.

Statutory Audit Committee
- Chief Anthony Idigbe, SAN, Committee Chairman (Shareholder Member)
- Ifueko M. Omoigui-Okauru, Director Member
- Macaulay Agbada Ofurhie, Director Member
- Michel Hochard, Director Member
- Dr. Faruk Umar, Shareholder Member
- Sir Sunday Nnamdi Nwosu, Shareholder Member

All seven Committees have terms of reference that guide their members in the execution of their duties, and these terms of reference are available for review by the public. All the Committees present a report to the Board with recommendations on the matters within their purview.

Record of attendance of Board and Committee meetings
The Board met 13 times during the year and at least once every quarter in line with Section 12.1 of the SEC Code. Board meetings were well attended with attendance of all Directors exceeding two-thirds as required by Section 12.2 of the SEC Code. The record of attendance of Directors at Board meetings and that of its Committees in the year under review is published herewith:

### Finance Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Charles Okeahalam, Chairman</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2.</td>
<td>Michael Alexander</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>3.</td>
<td>Ifueko M. Omoigui-Okauru</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>4.</td>
<td>Lord Mark Malloch-Brown</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

Meeting dates: 23 January, 23 February, 18 April, 17 July, 24 October.

### Nomination and Establishment Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A.B.C. Orjiako, Chairman</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2.</td>
<td>Basil Omiyi</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>3.</td>
<td>Michael Alexander</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Damian Dodo</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Meeting dates: 18 April, 17 July, 24 October.

### Remuneration Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Michael Alexander</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2.</td>
<td>Basil Omiyi</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>3.</td>
<td>Charles Okeahalam</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>4.</td>
<td>Damian Dodo</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Meeting dates: 23 January, 23 February, 7 March, 18 April, 24 October.

### Risk Management and HSSE Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Basil Omiyi</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Macaulay Agbada Ofurhie</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Ifueko M. Omoigui-Okauru</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Meeting dates: 17 January, 10 April, 13 July, 12 October.

### Corporate Social Responsibility Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Lord Mark Malloch-Brown</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2.</td>
<td>Macaulay Agbada Ofurhie</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>3.</td>
<td>Ifueko M. Omoigui-Okauru</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Meeting dates: 18 April, 17 July, 24 October.

### Gas Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Basil Omiyi</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2.</td>
<td>Macaulay Agbada Ofurhie</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>Michael Alexander</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>


### Statutory Audit Committee

<table>
<thead>
<tr>
<th>S/N</th>
<th>Name</th>
<th>No. of meetings in the year</th>
<th>No. of times in attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Chief Anthony Idigbe, SAN</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Dr. Faruk Umar</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Sir Sunday Nnamdi Nwosu</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>4.</td>
<td>Michel Hochard</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>5.</td>
<td>Ifueko M. Omoigui-Okauru</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>6.</td>
<td>Macaulay Agbada Ofurhie</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Meeting dates: 22 February, 18 April, 16 July, 24 October.
**Directors’ interest in shares**

In accordance with Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004, the interests of the Directors (and of persons connected with them) in the share capital of the Company (all of which are beneficial unless otherwise stated) are as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of Ordinary Shares</th>
<th>No. of Ordinary Shares</th>
<th>As a percentage of Ordinary Shares in issue</th>
<th>As a percentage of Ordinary Shares in issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako¹</td>
<td>47,251,325</td>
<td>45,951,325</td>
<td>7.81%</td>
<td>7.81%</td>
</tr>
<tr>
<td>Austin Avuru²</td>
<td>74,546,740</td>
<td>70,823,189</td>
<td>12.04%</td>
<td>12.04%</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>807,942</td>
<td>1,327,207</td>
<td>0.23%</td>
<td>0.23%</td>
</tr>
<tr>
<td>Effiong Okon</td>
<td>n/a</td>
<td>0</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>95,238</td>
<td>95,238</td>
<td>0.02%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>4,001,611</td>
<td>4,001,611</td>
<td>0.68%</td>
<td>0.68%</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>105,238</td>
<td>115,238</td>
<td>0.22%</td>
<td>0.22%</td>
</tr>
<tr>
<td>Charles Okahalam</td>
<td>597,238</td>
<td>495,238</td>
<td>0.08%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Basl Omyri</td>
<td>495,238</td>
<td>495,238</td>
<td>0.08%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Ifueko M. Omoigui Okauru</td>
<td>95,238</td>
<td>95,238</td>
<td>0.02%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>31,748</td>
<td>31,748</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Danvan Dodo</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128,927,554</strong></td>
<td><strong>123,431,268</strong></td>
<td><strong>20.98%</strong></td>
<td><strong>20.98%</strong></td>
</tr>
</tbody>
</table>

Notes:
1 16,151,325 ordinary shares are held directly by A.B.C. Orjiako and Shebah Petroleum Development Company Limited; 16,300,000 ordinary shares are held by Vitol Energy Limited for the benefit of Shebah Petroleum Development Company Limited, which is an entity controlled by A.B.C. Orjiako and members of his family; 800,000 ordinary shares are held by Pursley Resources Limited, a company owned by A.B.C.'s wife; and 12,600,000 ordinary shares were transferred from direct holdings to indirect holdings of Austin Avuru. Professional Support Limited (an entity controlled by Austin Avuru) now holds 30,163,494 shares after transfers from Abtrust Integrated Services Limited and LTIP share awards. Platform Petroleum Limited “PPL” (an entity in which Austin Avuru has a 23% equity interest) ordinary shareholding has reduced to 40,659,695 ordinary shares, after an aggregate of 4,539,469 shares have been transferred directly to certain shareholders of Platform and are therefore not considered to be connected persons.

**Directors’ interest in contracts**

The Chairman and the Chief Executive Officer have disclosable indirect interest in contracts with which the Company was involved as at 31 December 2018 for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20, LFN, 2004. These have been disclosed in note 31.

**Substantial interest in shares**

According to the register of members at 31 December 2018 and also the date of this report, the following shareholders held more than 5.0% of the issued share capital of the Company:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of holdings</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS PLC – MAIN¹</td>
<td>414,415,996</td>
<td>70.43</td>
</tr>
<tr>
<td>Platform Petroleum Limited</td>
<td>40,659,695</td>
<td>6.91</td>
</tr>
</tbody>
</table>

1 CIS PLC – MAIN is made up of the total shareholdings held in the UK by the registrars.

**Free float**

The Company’s free float at 31 December 2018 was 52.47%.

**Acquisition of own shares**

The Company did not acquire any of its shares during the year.

**Shareholding analysis**

The shareholding pattern as at 31 December 2018 is as stated below:

<table>
<thead>
<tr>
<th>Share range</th>
<th>Number of shareholders</th>
<th>% of shareholders</th>
<th>Number of holdings</th>
<th>% shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10,000</td>
<td>1,921</td>
<td>86.3371</td>
<td>1,445,520</td>
<td>0.2457</td>
</tr>
<tr>
<td>10,001-50,000</td>
<td>148</td>
<td>6.6517</td>
<td>3,813,454</td>
<td>0.6481</td>
</tr>
<tr>
<td>50,001-100,000</td>
<td>50</td>
<td>2.2472</td>
<td>3,642,452</td>
<td>0.6190</td>
</tr>
<tr>
<td>100,001-500,000</td>
<td>68</td>
<td>3.0562</td>
<td>16,237,145</td>
<td>2.7583</td>
</tr>
<tr>
<td>500,001-1,000,000</td>
<td>14</td>
<td>0.6292</td>
<td>10,867,172</td>
<td>1.8468</td>
</tr>
<tr>
<td>1,000,001-5,000,000</td>
<td>18</td>
<td>0.8090</td>
<td>39,755,584</td>
<td>6.7560</td>
</tr>
<tr>
<td>5,000,001-10,000,000</td>
<td>2</td>
<td>0.0899</td>
<td>13,506,800</td>
<td>2.2953</td>
</tr>
<tr>
<td>10,000,001-50,000,000</td>
<td>3</td>
<td>0.1348</td>
<td>59,760,438</td>
<td>14.4042</td>
</tr>
<tr>
<td>50,000,001-100,000,000</td>
<td>0</td>
<td>0.0000</td>
<td>0</td>
<td>0.0000</td>
</tr>
<tr>
<td>100,000,001-500,000,000</td>
<td>1</td>
<td>0.0449</td>
<td>414,415,996</td>
<td>70.4257</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,225</strong></td>
<td><strong>100.0000</strong></td>
<td><strong>588,444,561</strong></td>
<td><strong>100.0000</strong></td>
</tr>
</tbody>
</table>
Share capital history

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised increase</th>
<th>Cumulative Issued increase</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-09</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td>cash</td>
</tr>
<tr>
<td>Mar-13</td>
<td>100,000,000</td>
<td>200,000,000</td>
<td>stock split from N1.00 to 50k</td>
</tr>
<tr>
<td>Jul-13</td>
<td>200,000,000</td>
<td>400,000,000</td>
<td>bonus (1 for 2)</td>
</tr>
<tr>
<td>Aug-13</td>
<td>600,000,000</td>
<td>1,000,000,000</td>
<td>cash</td>
</tr>
<tr>
<td>Dec-14</td>
<td>1,000,000,000</td>
<td>553,310,313</td>
<td>No change</td>
</tr>
<tr>
<td>Dec-15</td>
<td>1,000,000,000</td>
<td>563,444,561</td>
<td>staff share scheme</td>
</tr>
<tr>
<td>Dec-16</td>
<td>1,000,000,000</td>
<td>563,444,561</td>
<td>No change</td>
</tr>
<tr>
<td>Dec-17</td>
<td>1,000,000,000</td>
<td>563,444,561</td>
<td>No change</td>
</tr>
<tr>
<td>Feb-18</td>
<td>1,000,000,000</td>
<td>588,444,561</td>
<td>staff share scheme</td>
</tr>
</tbody>
</table>

Donations

The following donations were made by the Group during the year (2017: ₦105,361,000; US$344,535).

<table>
<thead>
<tr>
<th>Name of beneficiary</th>
<th>₦'000</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOW Conference</td>
<td>805</td>
<td>2,634</td>
</tr>
<tr>
<td>Augustine University</td>
<td>46,125</td>
<td>150,571</td>
</tr>
<tr>
<td>Brandzone Innovations</td>
<td>338</td>
<td>1,104</td>
</tr>
<tr>
<td>Chattered institute of procurement</td>
<td>608</td>
<td>1,988</td>
</tr>
<tr>
<td>Edo festival</td>
<td>900</td>
<td>2,941</td>
</tr>
<tr>
<td>Ehimade Nigeria Limited</td>
<td>7,200</td>
<td>23,556</td>
</tr>
<tr>
<td>Energy Institute</td>
<td>2,186</td>
<td>7,152</td>
</tr>
<tr>
<td>Lagos Caledonian Society</td>
<td>450</td>
<td>1,469</td>
</tr>
<tr>
<td>Lagos Institute of Public Relation</td>
<td>225</td>
<td>733</td>
</tr>
<tr>
<td>Lagos state security trust fund</td>
<td>900</td>
<td>2,943</td>
</tr>
<tr>
<td>Malabite Magazine</td>
<td>180</td>
<td>589</td>
</tr>
<tr>
<td>Ministry of Oil and Gas</td>
<td>900</td>
<td>2,943</td>
</tr>
<tr>
<td>National Identity Management Commission</td>
<td>90</td>
<td>296</td>
</tr>
<tr>
<td>National Oil spill detection and response agency</td>
<td>4,041</td>
<td>13,220</td>
</tr>
<tr>
<td>National Orthopedic Hospital</td>
<td>900</td>
<td>2,943</td>
</tr>
<tr>
<td>Nigeria LP Gas Association</td>
<td>675</td>
<td>2,202</td>
</tr>
<tr>
<td>Nigerian Army</td>
<td>900</td>
<td>2,934</td>
</tr>
<tr>
<td>Nigerian Association of Petroleum Explorationists</td>
<td>11,700</td>
<td>38,294</td>
</tr>
<tr>
<td>Nigerian Conservation centre</td>
<td>450</td>
<td>1,468</td>
</tr>
<tr>
<td>Nigerian Conservation Foundation</td>
<td>225</td>
<td>734</td>
</tr>
<tr>
<td>Nigerian Environmental Society</td>
<td>1,215</td>
<td>3,975</td>
</tr>
<tr>
<td>Nigerian Gas Association</td>
<td>4,126</td>
<td>13,500</td>
</tr>
<tr>
<td>Nigerian Oil and Gas Industry Games</td>
<td>135</td>
<td>442</td>
</tr>
<tr>
<td>Nigerian Orthopaedic Association</td>
<td>675</td>
<td>2,208</td>
</tr>
<tr>
<td>Nigerian Sport Media Awards</td>
<td>1,163</td>
<td>3,792</td>
</tr>
<tr>
<td>NNPC Postgraduate scholarship</td>
<td>1,390</td>
<td>4,397</td>
</tr>
<tr>
<td>NNPC undergraduate scholarship</td>
<td>12,015</td>
<td>39,286</td>
</tr>
<tr>
<td>Oben Cottage Hospital</td>
<td>236</td>
<td>771</td>
</tr>
<tr>
<td>Okparavero Memorial Hospital</td>
<td>4,712</td>
<td>15,416</td>
</tr>
<tr>
<td>Others</td>
<td>5,178</td>
<td>16,927</td>
</tr>
<tr>
<td>Pearl Awards</td>
<td>223</td>
<td>727</td>
</tr>
<tr>
<td>Petroleum Technology Association</td>
<td>2,751</td>
<td>9,000</td>
</tr>
<tr>
<td>Society of Petroleum Engineer</td>
<td>5,069</td>
<td>16,583</td>
</tr>
<tr>
<td>Soja Magazine</td>
<td>113</td>
<td>366</td>
</tr>
<tr>
<td>St. Savours Hospital</td>
<td>900</td>
<td>2,945</td>
</tr>
<tr>
<td>The Institute of Internal Auditors Nigeria</td>
<td>225</td>
<td>736</td>
</tr>
<tr>
<td>The Niche Newspaper</td>
<td>450</td>
<td>1,472</td>
</tr>
<tr>
<td>Tribalmarks Media production</td>
<td>450</td>
<td>1,472</td>
</tr>
<tr>
<td>Union of National Africa paediatric societies</td>
<td>900</td>
<td>2,945</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>121,683</strong></td>
<td><strong>397,672</strong></td>
</tr>
</tbody>
</table>

Employment and employees

a) Employee involvement and training: The Company continues to observe industrial relations practices such as the joint Consultative Committee and briefing employees on the developments in the Company during the year under review. Various incentive schemes for staff were maintained during the year while regular training courses were carried out for the employees. Educational assistance is provided to members of staff. Different cadres of staff were also assisted with payment of subscriptions to various professional bodies during the year. The Company provides appropriate HSSE training to all staff, and Personal Protective Equipment (PPE) to the appropriate staff.

b) Health, safety and welfare of employees: The Company continues to enforce strict health and safety rules and practices at the workplace environment which are reviewed and tested regularly. The Company provides free medical care for its employees and their families through designated hospitals and clinics. Fire prevention and fire-fighting equipment is installed in strategic locations within the Company’s premises. The Company operates Group life insurance cover for the benefit of its employees. It also complies with the requirements of the Pension Reform Act, 2004 regarding its employees.

c) Employment of disabled or physically challenged persons: The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company’s policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. As at the end of the reporting period, the Group has no disabled persons in employment.

Auditor

The auditor, Ernst & Young, has indicated its willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004. A resolution will be proposed for the re-appointment of Ernst & Young as the Company’s auditor and for authorisation to the Board of Directors to fix auditor’s remuneration.

By Order of the Board

Dr. Mirian Kene Kachikwu
FRC/2015/NBA/00000010739
Company Secretary,
Seplat Petroleum Development Company Plc
29a Lugard Avenue
Ikoyi, Lagos
Nigeria
6 March 2019
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

1. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004;

2. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

3. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and of its financial performance and cash flows for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least 12 months from the date of this statement.

Signed on behalf of the Directors by:

A.B.C Orjiako  
Chairman  
FRC/2014/IODN/00000003161  
6 March 2019

Austin Avuru  
Chief Executive Officer  
FRC/2014/IODN/00000003100  
6 March 2019