



ENVIRONMENTAL
SOCIAL AND
GOVERNANCE
HIGHLIGHTS



Assala is first and foremost a group of energy companies.

It specialises in exploring and producing oil and gas from mature assets.

These natural resources will remain a key source of energy for years to come, however it is critical that actors in this industry play a proactive and fully engaged role in the transition to cleaner energy.

Responsible operatorship is the key to mitigate risks and maximise benefits.

**Embedding ESG performance into
the business is a mindset and a journey.**



OUR RESPONSIBILITIES ARE MULTIPLE

towards three primary groups of stakeholders:



OUR HOST GOVERNMENTS AND COMMUNITIES, operating safely, creating tangible benefits to the local and national economies and working towards a net zero impact on the environment;



OUR SHAREHOLDERS AND LENDERS, ensuring that our business is compliant, robust, profitable and sustainable for the long term;



AND OUR EMPLOYEES, providing a stimulating and inclusive meritocracy where each person is valued and can reach their full potential.





GOVERNANCE

Governance is essential to ensure compliance with international best practice standards and our contractual and other legal obligations.

Assala Values & Spirit, Code of Conduct, Integrated Management System, Environmental & Social Management System

Assala⁽¹⁾ approaches decision-making using its **Values and Spirit**. Together with our Code of Conduct and while maintaining health and safety as our first priority, Assala is committed to finding solutions that are sustainable and from which all our stakeholders benefit. The Equator Principles and International Finance Corporation's (IFC) Performance Standards are our framework.

Our People

Assala has a dynamic workforce. We make adjustments to identify the strengths of our people and empower them to reach their full potential. **If our employees are successful, then, as a result, Assala will also be successful.**

Training and Raising Awareness

We invest in training, which begins with an induction for new joiners and continues throughout employment with Assala. The onboarding process includes mandatory training on our Values, Spirit and Code of Conduct before expanding the curriculum to cover critical Health, Safety, Security and Environment (HSSE). Given the precious environment in which we work, Assala Wildlife Safety Rules are an integral part of training. We mark an annual Safety Day and celebrate World Environment Day to help us remain focused on our priorities.

2019 - Assala Gabon Training

Hours Invested ¹	Hours Invested ¹
All sessions	13 257

1. This does not include coaching, mentoring, online and on-the-job training.

1. The name 'Assala' in this report refers collectively to the entities Assala Energy UK Limited and Assala Gabon S.A. Information specific to a single entity is referred to as either Assala Energy or Assala Gabon respectively.

GOVERNANCE

Assessments

Our Goals, Performance and Appraisal (GPA) system is in place to help each employee, team and department align with our annual corporate objectives and contribute to their achievement.

There are mandatory objectives for all employees, 30% of which relate to compliance, HSE and professional behaviours, which require, among other Key Performance Indicators (KPIs), attendance to relevant training sessions.



Audits

External audits include the annual audit of financial statements on behalf of shareholders and audits of environmental performance on behalf of lenders. Further reviews are carried out by our insurers and authorities.

Internal audits in 2019 covered financial risk management, compliance and hydrocarbon accounting.

Assala Gabon maintained its ISO 14001 certification in 2019.

2019 - External Audit

Third Parties	Subject	Recommendations / Status
Petrenel	IFC Performance Standards	125 recommendations (report received November 2019) / 21% closed ¹ by Aug 2020 (delay due to COVID-19 travel restrictions)
Lloyds of London	ISO14001	2 major and 5 minor non-conformities / The 2 major non-conformities were subsequently downgraded during a follow up surveillance audit in March 2020
EY	Assala Group (Assala Energy UK Ltd, Assala Gabon S.A.) signed audited financial statements as per UK Companies Act, OHADA (Gabonese tax return filing) & lender requirements	NA ²
DGI, Finance Ministry (Gabon government)	Tax contributions	NA ²
DGH, Hydrocarbon Industry (Gabon government)	Cost recovery	NA ²
Social Security (Pensions)	Contributions towards state pensions	NA ²
Social Security (Health)	Contributions towards state healthcare system	NA ²
Ropes and Gray	Compliance	Started in 2019, recommendation in 2020

1. 13 Major: 9 Open / Ongoing – 4 Closed.
 64 Minor: 51 Open / Ongoing – 13 Closed.
 48 Improvement Opportunities: 38 Open / Ongoing – 10 Closed.
 2. NA: recommendations are not part of the scope of these types of audit.

Grievances & Whistleblowing Service

We know that sometimes, despite good intentions, things can go wrong. So Assala has grievance processes and reporting systems through Line Managers, Human Resources and employee representatives for internal issues and through Community Liaison

officers for external matters. Additionally, an anonymous whistleblowing service, Safecall, enables anyone to report a compliance or any other issue by phone, email or through the website.



SOCIAL

Health and Safety

Safety is at the core of Assala's Values and is fundamental to everything we do. In 2019, Assala introduced a new Health, Safety, Security and Environment (HSSE) Management Standard as part of the framework for managing all Assala activities.

Safety Performance

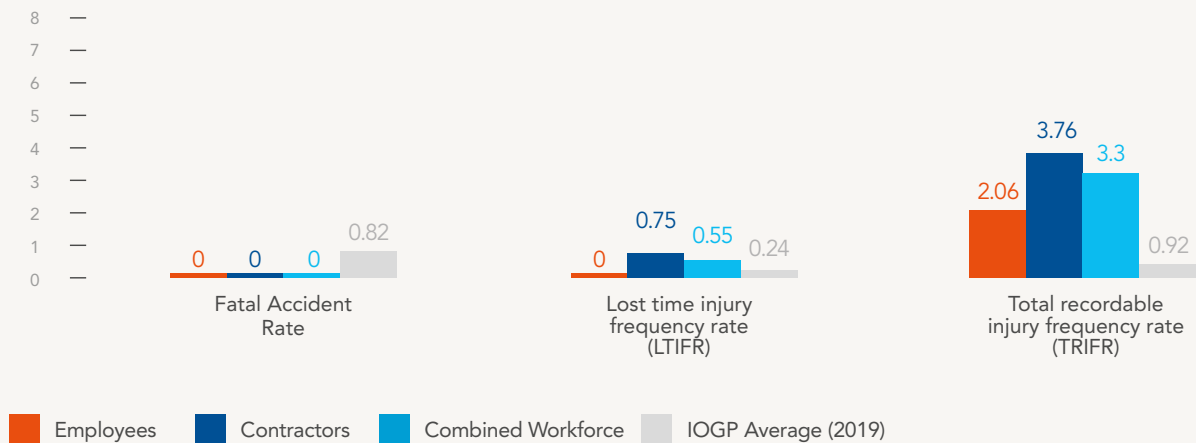
All incidents, or near misses that have the potential to result in an undesirable HSSE impact, are reported and investigated in accordance with our procedures.

Findings, root causes, and associated corrective and preventive actions are recorded and communicated to all relevant stakeholders to prevent any repeat incidents.

Assala carries out regular contract performance reviews, which include safety indicators.

However, there are significant challenges with the safety results achieved by our contracted services. We have identified weaknesses in the onboarding and supervision of contractors and are working to improve them.

2019 - Safety Performance - Assala Gabon



1. Recordable injuries are defined using the classification from the International Association of Oil and Gas Producers (IOGP).

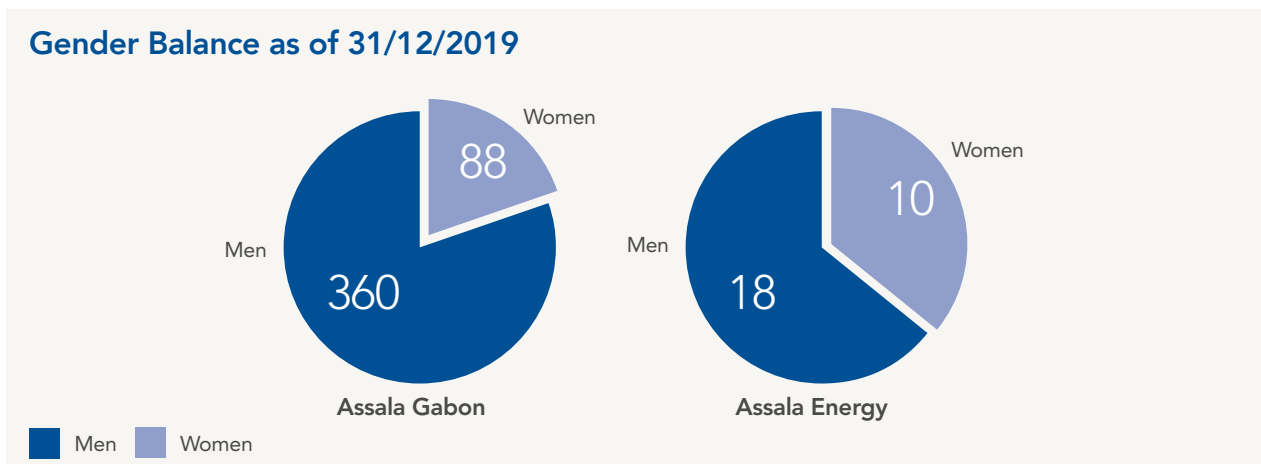
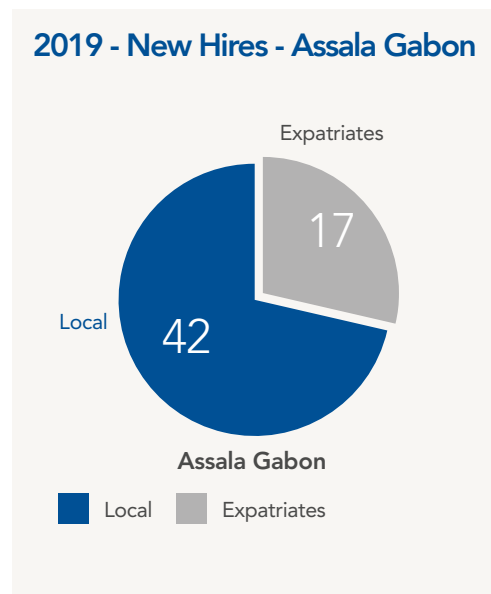
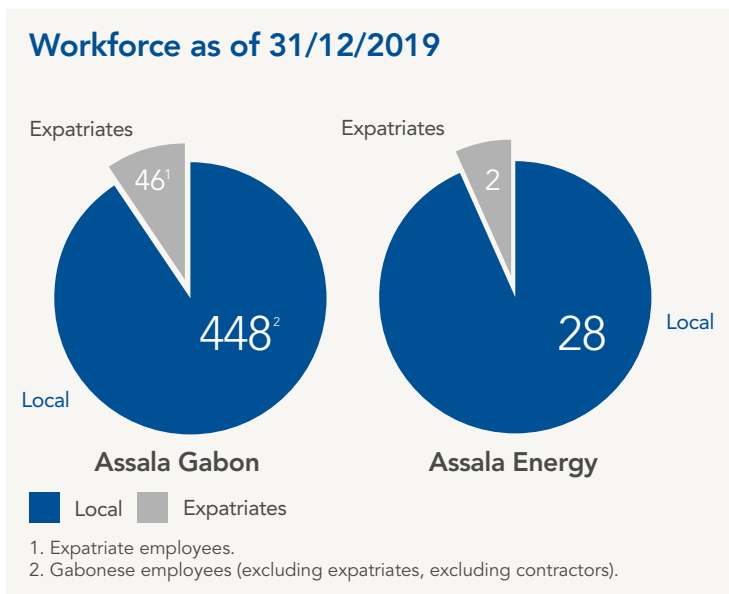
Reporting & Learning

We work to minimise complacency or risk desensitisation and learn from each other. Our primary tools are the Assala’s FOCUS card which can be used by anyone to report a health and safety issue, regular HSSE meetings on site and

the transfer of individuals between sites so teams can benefit from “fresh perspectives”. **Every individual on our premises has the right and the duty to stop activities if they believe there is a safety issue.**

Assala Labour and Working Conditions

Assala is one of the top total remuneration employers in Gabon, according to Mercer’s benchmarking. Social dialogue is important for Assala and its employees, and in 2019, there were 18 meetings with employee representatives.



Equality, Diversity & Inclusion

Assala's Equality, Diversity and Inclusion policy, as well as the CEO statement published on our website, attests to our commitment to **making Assala a great place to work, whoever you are**. We believe that our strength lies in our diversity and research systematically indicates that diverse companies deliver better results⁽²⁾.

Local Content

Assala's contribution to the national and local economies in Gabon is derived from tax payments, but also a more hands-on approach, through Local Content support. In line with Gabon's economic and social hydrocarbon national policy, we actively support the development of capabilities directly and indirectly related to the energy sector, the use of human and material resources, training and national

competencies, technology transfer, utilisation of local goods and services and creation of value added at a local level.

It is our responsibility to contribute to Local Content so that our business is socially and economically viable at least for the next 25 years, i.e. the duration of Assala's longest licence.

ASSALA LOCAL CONTENT 2019 HIGHLIGHTS



311M USD
spent with Gabonese
businesses



7M USD
spent with businesses
based in Gamba



309
Gabonese businesses
working directly with Assala



13 257
hours of training
(in-house and external)
to Gabon-based participants



35
internships offered to
Gabonese people



13
technical work placements
offered to Gabonese
science students



500 **1000**
direct jobs indirect jobs



More than **90%**
of Gabonese employees

2. <https://www.weforum.org/agenda/2019/04/business-case-for-diversity-in-the-workplace/>

Social Performance Strategy

Assala's Social Performance has always been about Win-Win partnerships, accompanying local communities in their development ambitions. We make no excuse for being a profit-making company: a business orientated mindset provides a barrier against investments in projects that do not make long-term economic sense and have no tangible return on investment for local residents.

Assala Gabon operates close to the town of Gamba-Mayonami with its 8,200 inhabitants, as well as the villages around our Rabi, Toucan and Koula fields, home to 1,200 people.

In 2019, Assala Gabon used its discretionary funds to launch the Assala Excellence Prize, a recognition event for top students in each community and in each school year group. 21 winners received stationery and study materials to support their studies in the following academic year.

Assala Gabon supports initiatives to improve basic facilities:



Ad hoc medical evacuation and emergency health clinic services to local communities.



Technical assistance in maintenance projects to the national water and electricity company, as well as backup generators and access to Assala water sources when these services fail.



Logistics to mobile communications companies to ensure there is network coverage, even in remote areas, allowing communities to stay in touch, not least for safety and security reasons.



Assala Excellence Prize in Gamba.

FOCUS ON GAMBA IN 2019

Public transport infrastructure

Gamba has no direct connection to Gabon's national road system, isolating the town and making investment, trade and development a challenge. To mitigate these effects, Assala Gabon transports goods and equipment, free of charge, for local shops and service providers (electricity, telecoms). This practice is not sustainable and distorts local business models. **Using contractual funds, Assala is supporting the local community to purchase a barge to facilitate passenger and cargo river crossings.**

Before 2019, Assala flew parents, teachers and students, every year, to one of the country's national examination centres, where they would stay for a month to complete their tests. Despite this support, some students couldn't afford to graduate. In 2019, Assala Gabon invested c. 200k USD and worked with the Ministry of Education to establish Gamba as a national exam centre. As a result, all 103 *Terminale* students took their final high school exams in their hometown. **Gamba is now a national exam centre.**

Opening new business possibilities

In 2018, Assala Gabon closed its kindergarten, primary school and supermarket which were for the exclusive use of Assala's workforce. Equipment valued at 420k USD was donated to 15 state-run schools and **Assala's workforce became clients for newly established businesses and education facilities.**



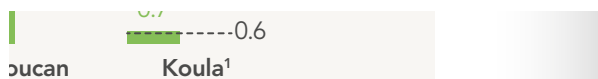
Gamba high school Roger Goutheron.

Education

We provide allowances and travel for teachers in the town's secondary school, who are not native to Gamba, to reinforce the attractiveness of their assignment. In 2019, Assala provided 93k USD worth of Gamba allowance for teachers.



ENVIRONMENT



While people contribute to many of the environmental problems that the world faces, these same people are the key to fixing, protecting and conserving precious biodiversity.

Energy Use & Greenhouse Gas (GHG) Emissions

In 2018 and 2019, our absolute flaring levels increased with production as projects to address the issue were being implemented. To ensure that

this type of compromise did not become standard, **Assala committed to a 50% reduction in flaring by 2025⁽³⁾.**

Project	Description	Actual Investment USD 2019	Completion Status
Gamba Power Plant Project	18M USD Power Plant, an energy use rationalisation project over 2.5 years, kicked off in 2018, to improve energy efficiency, costs and support future fields development Spent on the project to date: 15,000,000 USD	6,000,000	Commissioning Q2 2021 due to COVID-19 impact
Gamba electrical gas compressor	10M USD gas compressor project	1,700,000	Commissioning Q3 2021 due to COVID-19 impact

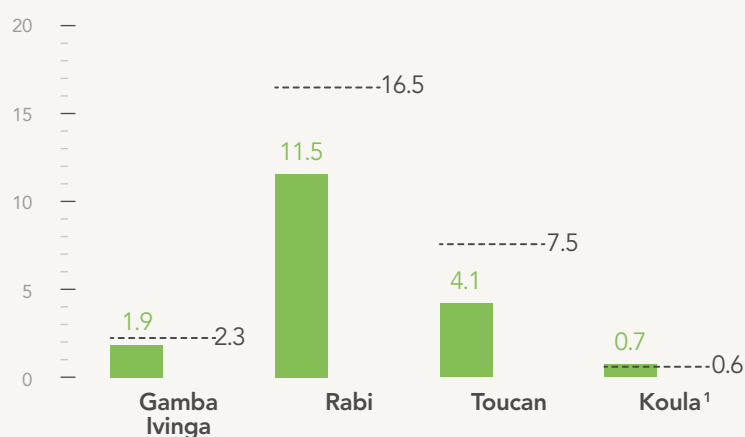
3. Absolute values per field.

ENVIRONMENT

Flaring Reduction Project

	Description	Actual Investment (USD) 2019	Completion Status
Toucan / Flaring reduction	Upgrade of low voltage distribution system to increase maximum gas compression capacity	250,000	Completed

Flaring Performance



■ Volume in million standard cubic feet per day (Mscfd).

--- Flaring Limits in Mscfd, as defined by the Gabonese government.

1. Higher flared gas level temporarily induced by increased maintenance and integrity works on gas compression station.

Process Safety & Asset Integrity

Improving asset integrity through maintenance is key in the harsh, humid equatorial climate and Assala worked several “big ticket” items during 2019.

Projects

Asset	Description	Actual Investment (USD) 2019	Achèvement
All	Pipeline Integrity Management (Main Oil Line)	700,000	2019
Gamba	Single Point Mooring (SPM) maintenance	1,200,000	2020
Gamba	SPM replacement	8,000,000	2020
Gamba	T1501 storage tank maintenance	4,000,000	2019
TOTAL		13,900,000	

Waste Management, Legacy Contamination and Domestic Waste

Investments and projects are paving the way for improvements. As an example, Assala complies with IFC best practice guidelines with an oil in water ratio of 10 parts per million in the water that is discharged into the sea, lower than Gabon’s regulatory oil in water ratio of 50 parts per million.



Emergency Response and Preparedness

Our business presents risks and we continually prepare for emergency situations.

2019 - Remote Training

Description	Number of participants
Emergency Response - classroom training	55
Oil Spill Response – classroom training	44

2019 - On-Site Training

Description	Frequency and location
Emergency Response – on site exercises and drills	Monthly, for each asset



Biodiversity

Assala is privileged to operate in the Gamba Complex of Protected Areas (GCPA), alongside other industries hosted within the local industrial corridor. This zone, surrounded by national parks, provides a vital sanctuary as well as migration paths for key species. **Contrary to perceptions, recent research showed that the presence of industries in the area contributes positively to the survival of large mammals.** Further⁽⁴⁾ research from satellite imagery shows a decrease in illegal logging activities in the area, thanks to Assala's funding of ranger patrols.

Fencing Scheme

Assala is funding a 1.2M USD, three-year programme with international NGO Space for Giants and the Gabonese National Parks Authority to support Gabonese farmers working in challenging environments. **Working with local communities to plan land use and build electric fences around agricultural fields aims to reduce human-wildlife conflict** caused by elephant crop-raiding.

4. Rapport Technique : Abondance et distribution des éléphants, grands singes, autres mammifères, perroquets gris, et signes de chasse dans le corridor industriel du Complexe d'Aires Protégées de Gamba, by Smithsonian & WWF. June 2018.

Supporting Environmental Enforcers, Local Scientists and Rangers

Win-Win Partnerships is at the heart of Assala's work with the local community and environmental partners. A healthy environment underpins critical ecosystems and services essential to our wellbeing. They preserve water quality and key biodiversity which supports the food chain, including crop pollination.

Assala has a holistic approach with its partners, environmental organisations Smithsonian Conservation Biology Institute, Space for Giants and Gabonese marine turtle group, Ibonga. Together, we aim to combine environmental protection and sustainable development while increasing sustainable conservation awareness.

Conservation Themes

	Description	Organisation	Units	Actual Investment (M USD) 2019
Wildlife & Anti-poaching Patrols	Turtle protection	Ibonga	240 patrols	1.16
	Biodiversity protection	Smithsonian Institute and the Ministry of Forests, the Sea, the Environment and Climate Plan (MINFMEPC)	48 patrols	
Awareness Raising	Assala's Wildlife Safety Rules and risk reduction strategies for Assala workforce ¹	Smithsonian Institute	700+ individuals	
	Marine wildlife protection	Ibonga	45 sessions	
	Conservation principles for primary school students	Smithsonian Institute	200 children	
Research & Training	Teacher workshop	Ibonga	50 participants	
	Financial support for applied research on plants, animals and human impacts on the environment	Smithsonian Institute	6 Gabonese scientists	
	Guided tours, facilities and maintenance of Biodiversity Centre and specimen collection	Smithsonian Institute	157 visitors	
Activities	Beach cleaning: Assala workforce and local community	Ibonga	300 participants	
	Recycling of domestic food waste to create compost (pilot)	Smithsonian Institute	3+ tons	

1. Assala employees and contractors.





LOOKING FORWARD: ASSALA'S ESG TARGETS FOR THE NEAR FUTURE

Below are key targets that Assala intends to achieve in the near future.

GOVERNANCE TARGETS

2020 Mandatory Training

	Gabon	UK
Code of Conduct	100%	100%
HSE Induction	100%	100%

2020 External Audit

Subject	Legacy Major Non-Conformities	Legacy Minor Non-Conformities	New Major Non-Conformities	New Minor Non-Conformities
IFC Performance Standards	8 ¹	55 ¹	0	0
ISO 14001	0	2	0	0

1. Delay due to COVID-19 travel restrictions.

LOOKING FORWARD: ASSALA'S ESG TARGETS FOR THE NEAR FUTURE

SOCIAL TARGETS

2020 Social Performance

Measured decrease in unemployment rate in local communities against the Assala-commissioned baseline study.

2020 Safety Performance

Assala	Fatal Accident Rate	LTIFR ¹	TRIFR ²
Employees and Contractors Combined Workforce	0	0	0

LTIFR and TRIFR are calculated by dividing the number of incidents per million hours worked.

1. Lost time injury frequency rate.
2. Total recordable injury frequency rate.

2020 Continuous improvement / Culture

Description	Percentage
Learning from incident reports shared monthly	100%
HSSE performance review with Leadership team held quarterly	100%
Participation to the Assala Safety Day	100%
Actions arising from incident investigation or audits are effectively closed out on schedule	100%

2020 Emergency Response and Preparedness

Description	Number and frequency
Site level exercise (Field Response Team)	At least 1 per month
Site level exercise simulating a major accident (Field Response Team)	One per quarter and per site
Country level comprehensive exercise (Incident Management Team)	At least 2 per year

ENVIRONMENTAL TARGETS

2020 Process Safety

Description	Number
Outstanding maintenance activities on safety-critical elements or equipment	0

GHG Roadmap

	Description	Completion Target
Venting	Maintain a no venting position	2019 and beyond
GES	Establish strategy and reduction targets in a five-year forecast	2020
Routine gas flaring	Establish plan to reduce routine flaring by 2025, by at least 50%	2025

Waste Roadmap

Asset / Project	Description	Completion Target
All / Black spot remediation	Vendor identification and resumption of work	T3 2020 ¹
Gamba / Oil waste pits	Treatment of sludge and pit repairs	T1 2021

1. This project was commissioned in 2019 but completion of field trips has been delayed due to travel restrictions caused by COVID-19. This is a 5-year project.

2020 Biodiversity

Stewardship	Description	Completion Target
Biodiversity Management Plan	KPIs defined and rolled out	2020 ¹

1. Plan on track for delivery by Q4 2020. Actions to be rolled out commencing Q1 2021.

This report covers the activities of Assala Energy UK Limited and Assala Gabon S.A. during 2019 (unless otherwise specified).

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www.assalaenergy.com

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