Governance
Dear shareholders,

It is my pleasure to present the Corporate Governance section of our 2017 Annual Report and Accounts.

As you know, by virtue of Seplat’s dual listing, our Company is bound by the corporate governance regulations of both Nigeria and the United Kingdom, which include: the Companies and Allied Matters Act (‘CAMA’), the Securities & Exchange Commission (‘SEC’) Code of Corporate Governance for Public Companies in Nigeria (the ‘Nigerian Code’), the Nigerian Stock Exchange (‘NSE’) Rulebook, and the UK Corporate Governance Code (the ‘UK Code’).

Through strong governance and operational ingenuity, Seplat weathered the global economic storms of 2016 and successfully navigated through the residual storms in 2017, even as the country continues to recover from local economic challenges. I want to thank you all for staying the course with Seplat. Our ability to weather the storms and guarantee the continued success of the business is due, in no small part, to our unrelenting commitment to good corporate governance.

In 2017, we completed all phases of the mandatory corporate governance rating system (‘CGRS’) conducted by the Convention on Business Integrity on behalf of the NSE. I am delighted to report that the Company attained a score of 87.81%, by far surpassing the passing score of 70%. Our performance in the independent CGRS exercise is evidence of Seplat’s strong governance framework and culture. It is my hope that the Company’s strong governance will sustain your confidence and trust in Seplat, even as we observed continuous growth in the Company’s share price during 2017.

At the core of Seplat’s strong corporate governance is the Board, which assiduously works with management to ensure that the Company’s business is well governed and financially strong; that identified risks are mitigated; and long-term sustainability and short-term goals are properly balanced. The Company’s internal corporate governance embedding activities continued to thrive. 100% of the Board, management and staff participated in the Company’s annual corporate governance declarations. In addition, management and staff undertook a corporate governance re-certification exercise to follow their extensive trainings in the prior years. To sustain the efficient performance of 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.

Our internal embedding initiatives were supplemented by external engagements with our regulators and service providers because we recognise these stakeholders as critical to our corporate governance framework. We continued to explore opportunities to support our regulators in upholding the integrity of the capital markets. I applaud the ingenuity of our Audit Committee, which partnered with the SEC to undertake a one-day interactive workshop that delved deep into high level issues around the SEC Annual Returns on Corporate Governance, and brainstorm possible ways to improve the efficiency of this critical disclosure exercise.
Following the retirement of Stuart Connal as Chief Operating Officer in March 2017, I am pleased to announce to you that our Board has been further strengthened by the appointment of a new Executive Director in charge of Operations, Effiong Okon, effective 23 February, 2018. Previously General Manager for Deepwater Production for Shell Nigeria, Effiong has over 26 years of experience in oil and gas having undertaken a breadth of senior technical and leadership roles with Shell during that time, both in Nigeria and internationally. In addition, he was Deputy VP for the Upstream Gas Supply to the Qatar GTL and LNG mega projects. Effiong has proven expertise in successfully developing and operating upstream oil and integrated gas projects in Africa, Europe and the Middle East regions. We look forward to his contribution as we seek to grow our production output across our portfolio.

Please join me in appreciating the Board, management and staff for their unerring dedication and hard work towards delivering long-term sustainable value to all of our stakeholders.

After weathering the storms of the prior years, Seplat is repositioned for growth through operational and corporate governance excellence. We are determined to stay at the forefront of good corporate governance.

Thank you for remaining steadfast with Seplat. We look forward to a robust 2018.

A.B.C. Orjiako
Chairman

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**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 members**

As at 28 February 2018, Seplat had a Board of 12 Directors:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>Non-Executive Chairman</td>
</tr>
<tr>
<td>Austin Ayuru</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Effiong Okon</td>
<td>Operations Director</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>Senior Independent Non-Executive Director</td>
</tr>
<tr>
<td>Basil Omiyi</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Ifueko Omoigui Okauru</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Damian Dodo</td>
<td>Independent Non-Executive Director</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>Non-Executive Director</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>Non-Executive Director</td>
</tr>
</tbody>
</table>

1. Madame Nathalie Delapalme acts as alternate to Michel Hochard.

**Board structure**

**Board composition as at 28 February 2018**

- Chairman: 1
- Executive Directors: 3
- Non-Executive Directors: 2
- Independent Non-Executive Directors: 6

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 Sciences (D.Sc. Honoris Causa) by the University of Calabar, Nigeria in 2001; a 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.

Date of appointment
• As Director on 14 December 2009
• As Executive Chairman on 1 February 2010
• As Non-Executive Chairman on 1 January 2014

Board meetings attended
• 6/6

Committee membership
• Nomination and Establishment Committee (Chairman)
• Not applicable

Independent
• Not applicable

Executive Directors

Ojunkwu 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 37 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.

Date of appointment
• 1 May 2010

Board meetings attended
• 6/6

Committee membership
• Not applicable

Independent
• Not applicable

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 20 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.

Date of appointment
• As Chief Financial Officer and Executive Director on 22 July 2013

Board meetings attended
• 6/6

Committee membership
• Not applicable

Independent
• Not applicable
Michael Richard Alexander  
Senior Independent Non-Executive Director

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
- 6/6

Committee membership
- Remuneration Committee (Chairman)
- Finance Committee (Member)
- Nomination and Establishment Committee (Member)

Independent
- Yes

Basil Omiyi  
Independent Non-Executive Director

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.

In 2011, he was awarded the National Honour of Commander of the Order of the Niger by the President of Nigeria for pioneering Nigerian leadership in the oil and gas sector.

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
- 6/6

Committee membership
- Risk Management and HSSE Committee (Chairman)
- Nomination and Establishment Committee (Member)
- Remuneration Committee (Member)

Independent
- Yes

Effiong Okon  
Operations Director;  
Executive Director

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 is primarily a Petroleum Reservoir Engineer but combines this with experience across all aspects of the E&P sector including petroleum engineering, exploration, front end development studies, project execution, and production and asset management.

Prior to joining Seplat, Mr. Okon 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 project 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, 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
- Not applicable

Committee membership
- Not applicable

Independent
- Not applicable

Non-Executive Directors

Effiong Okon  
Operations Director;  
Executive Director

Michael Richard Alexander  
Senior Independent Non-Executive Director

Basil Omiyi  
Independent Non-Executive Director

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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 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.

Date of appointment
• 1 February 2014

Board meetings attended
• 5/6

Committee membership
• CSR Committee (Chairman)
• Finance Committee (Member)

Independent
• Yes

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 Heritage Bank Limited, Nigeria. Since March 2016 he has served as the 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.

Date of appointment
• 1 March 2013

Board meetings attended
• 5/6

Committee membership
• Finance Committee (Chairman)
• Remuneration Committee (Member)

Independent
• Yes

Ifueko 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/Gte.

Previously, she worked as Chief Responsibility Officer for ReStRaL Ltd, a company she founded and before that, had 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.

Date of appointment
• 1 March 2013

Board meetings attended
• 6/6

Committee membership
• Finance Committee (Member)
• Risk Management and HSSE Committee (Member)
• CSR Committee (Member)

Independent
• Yes
Independent Non-Executive Director

Damian Dinshiya Dodo (S.A.N.), OFR, FCIarb, FNIALS

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 and the Governing Board of the National Agency for the Prohibition of Trafficking in Persons. He currently chairs the National Lottery Regulatory Commission.

In 2001, Mr. Dodo was awarded Nigeria’s highest legal practice rank of Senior Advocate of Nigeria (‘S.A.N.’). 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 has also recently been awarded fellowship by the Nigerian Institute for Advanced Legal Studies. In 2017, Mr. Dodo was appointed a Fellow of the Nigerian Chartered Business School, Lausanne, Switzerland; 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 Arbitrators; a Member of the Nigerian Institute of Arbitrators; a member of the Body of Benchers. He is also 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 Arbitrators; a member of the Body of Benchers. He is also an alumnus of the Said Business School of the University of Oxford.

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
• 30 June 2014

Board meetings attended
• 6/6

Committee membership
• Nomination and Establishment Committee (Member)
• Remuneration Committee (Member)

Independent
• Yes

Non-Executive Director

Macauly Agbada Ofurhie

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
• 6/6

Committee membership
• Risk Management and HSSE Committee (Member)
• CSR Committee (Member)

Independent
• Not applicable

Non-Executive Director

Michel Hochard

Biography
Mr. Hochard was appointed to the Board of Seplat as a nominee of Maurel et Prom. Mr. Hochard 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
• 5/6 (One meeting attended by Alternate Director Madame Nathalie Delapalme.)

Committee membership
• Audit Committee (Member)

Independent
• Not applicable

Alternate Director

Madame Nathalie Delapalme

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 advisor for the Finance and Budgetary Commission in the French Senate, and an advisor for Africa and Development in the offices of various Foreign Affairs Ministers. She remains deeply involved in governance and leadership in Africa.
The Board maintains oversight of the performance and affairs of the Company on behalf of the shareholders. It defines the Company’s strategic goals and ensures that management effectively deploys the human and financial resources of the Company towards achieving those goals.

Board processes

Scope and authority
In line with relevant code of corporate governance and regulations, the Board is responsible for ensuring compliance with the Company’s corporate governance and regulatory compliance. In discharging this responsibility, the Board is supported by the Company Secretariat headed by the Company Secretary/General Counsel. In addition, the Board is also supported by the members of the Management Team whenever required. 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 the purpose. This enables Directors to contribute effectively to Board meetings and make informed decisions during their meetings. Formal minutes of Board and all Committee meetings are taken by the Company Secretariat team and approved at the next Board meeting, after it has been reviewed and discussed by the Board. Apart from assisting the Board and Board Committees during their meetings, the Company Secretariat also advises the Board in the performance of its duties within the confines of both the UK and Nigerian laws. Members of the Board are entitled to obtain independent professional advisers 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 its approval. These exclusive matters are also captured in the Authority Matrix of the Company in order to ensure strict compliance by management. Under the Board Charter, the Board has exclusive responsibility for the:
- 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 are 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.

In order to carry out its responsibilities, the Board has established five Board Committees and has delegated aspects of its responsibilities to them. The Committees of the Board are as follows:
- Finance Committee (to comply with the UK Code’s requirement for an Audit Committee);
- Remuneration Committee;
- Nomination and Establishment Committee;
- Risk Management and HSSE Committee;
- Corporate Social Responsibility (‘CSR’) Committee.

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’). As required by CAMA, three shareholder representatives and three Non-Executive Directors are elected at every AGM to sit on the Audit Committee.

All six 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 six 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 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. 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 2017, the Board held six meetings with the dates and attendance of each Director reflected below. During the year, the Non-Executive Directors held exclusive meetings, without the Executive Directors. In addition, the Chairman and the Senior INED each held different meetings with the Non-Executive Directors, in the absence of the Executive Directors. In compliance with the Nigerian Code and the UK Code, it is the policy and practice of Seplat that no Director is involved in any deliberation pertaining to his/her remuneration.

Dates of 2017 Board meetings:
- 23 March 2017.
- 20 April 2017.
- 1 June 2017.
- 19 October 2017.

During 2017, highlights of the Board's activities included:

- review and approval of the 2016 Annual Report and Accounts;
- review and approval of revisions to the 2017 budget and work programme in response to the low oil price environment and industry challenges;
- review and approval of quarterly and full-year financial results;
- review and approval of the vision and mission of the Company;
- review and approval of the Company's corporate strategy in line with international best practice;
- review and approval of the Company's strategy for key asset acquisitions;
- review and approval of the Company's strategy for resolving disputes in relation to critical matters;
- review of updates on current reserves positions and production trends;
- review of corporate risk framework, enterprise risk dashboard, high-level risks, and risk response actions;
- review of prior year and quarterly corporate performance;
- review the entire value chain of the industry and identified potentials;
- diversify evacuation options with a view to improving the Company's liquidity;
- review of the business strategy in response to the year's challenging operational and financial environment;
- review the Company's business plan for strategic acquisitions that are aimed at positioning the Company to be a foremost Nigerian indigenous upstream oil and gas Company, operating both offshore and onshore assets;
- joint Board and management strategy session primarily to review the Company's five-year Business Plan;
- review of proposals for development of the gas business;
- proposal and approval of the second batch of the Company's Long Term Incentive Plan (‘LTIP') award;
- review and approval of strategy to recover all receivables owed to the Company;
- review and approval of refinancing strategies;
- review and adoption of reports received from Board Committees;
- re-election of retiring Directors;
- re-election of the Chairman of the Board; and
- undergoing 2017 Board evaluation.

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 decided to adopt the Model Code for Directors' dealings contained in the UKLA Listing Rules (the ‘Model Code'). The Board is responsible for taking appropriate steps to ensure observance of the Model Code by the Directors. The Company is therefore committed to observing the Model Code in order to demonstrate 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.

<table>
<thead>
<tr>
<th>Director</th>
<th>Meetings attended</th>
</tr>
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<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>6/6</td>
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<td>6/6</td>
</tr>
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<td>Stuart Connal</td>
<td>2/2</td>
</tr>
</tbody>
</table>

1. Senior Independent Non-Executive Director.
2. Independent Non-Executive Directors.
3. One meeting attended by the Alternate Director, Madame Nathalie Delapalme.
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) Basil Omiyi; and (2) Charles Okeahalam.

The Board also reappointed the current representatives: (a) Mrs. Ifueko 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 S.A.N., Dr. Faruk Umar; Sir Sunday Nwosu.

**Re-Election of Dr. A.B.C. Orjiako as Chairman of the Board**

In line with good corporate governance and pursuant to the Chairman’s Letter of Appointment, the Board considered and unanimously voted in favour of re-electing Dr. A.B.C. Orjiako as Chairman of the Board, given his strong leadership, experience and vision, and his success in steering the Board and the Company through the global and local industry challenges of recent years.

**Appointment of new Operations Director**

We are pleased to announce the appointment of Mr. Effiong Okon as the Operations Director, effective from 23 February 2018. Mr. Okon replaces Mr. Stuart Donnai, who retired as Chief Operating Officer on 30 March 2017. The Company welcomes Mr. Okon to the Board and to executive management. He will be presented to the 6 June 2018 AGM for ratification of his appointment.

**Accountability**

Details of the Directors’ responsibility for preparing the Company’s financial statements and accounts, and a statement 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, are given on page 123 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 20 and 24 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 54 to 61 of this report.

In compliance with 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 93. 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 89.

**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 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 99 and 100.

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. Thus, this practice would not be 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 99 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 values effective communication with its shareholders. The Company reports formally to shareholders four times a year with the announcement of quarterly and full-year results as well as providing disclosure on material changes to the business as and when required. The full-year Annual Report and Accounts are issued to shareholders. These reports are posted on the Company’s website. Results presentations are also made available on the Company’s website together with replays of webcasts.

Seplat’s fourth AGM was held on 1 June 2017 in Lagos, Nigeria, and was attended by 366 shareholders in person while 142 shareholders were represented by proxies. The business transacted at the meeting was based on CAMA requirements and as such, diverged in some respects from that common to UK companies. The Company’s AGM affords shareholders the opportunity to discuss matters regarding the Company’s business with the Chairman, the Committee Chairmen and individual Directors, and also for shareholder and Board representatives to be elected to sit on the Audit Committee, as required by CAMA.

The notice of the 2017 AGM has been sent to shareholders with this Annual Report and Accounts and it is intended that the best practice for AGMs as detailed in the Nigerian Code and the UK Code will be followed.

The Board maintains a dialogue with investors outside the AGM with the intention of ensuring a mutual understanding of objectives 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.

Engagement with existing and potential shareholders regarding business strategy and performance is coordinated by the Investor Relations function. The Head of Investor Relations reports directly to the Chief Financial Officer. Matters regarding the general administration of shareholdings are coordinated by the Company Secretary.

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 roadshows in key financial centres. In 2017, the Company held over 280 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.

Disclosure of information
Seplat aims to comply with the highest standards of disclosure. The Company simultaneously releases announcements through the relevant regulatory channels in both Nigeria and the UK. It also ensures that all announcements are available on the Company’s website together with copies of its latest results, financial reports and other relevant information. The Company has controls and processes in place for the management of inside information. The Executive Directors are ultimately responsible for the approval of Company announcements and ensuring that such documents comply with relevant legal and regulatory requirements.

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 improved its relationship with its regulatory stakeholders by constant engagement and prompt response to regulatory enquiries. In order to properly address feedback from the previous filings of the Annual Security and Exchange Commission Corporate Governance Returns, the Audit Committee hosted the SEC officials for a one–day workshop which provided more enlightenment on the corporate governance requirements under the SEC Code.

A dedicated Corporate Governance Unit within the Legal Department works in partnership with the Business Integrity Unit, external consultants and the Company’s regulators (NSE, SEC, FRCN, CAC, LSE and FCA) when necessary to maintain a robust corporate governance framework in the Company. Members of the Corporate Governance Unit and the Company Secretariat Unit frequently attend engagement sessions with the Nigerian regulators, particularly the NSE. They also facilitated the Company’s participation in the Nigerian Corporate Governance Rating System that was launched in 2016.

The corporate governance embedding activities which were launched in 2016 by the Executive Management Team continued in the year 2017 with posting of key corporate governance policies at strategic and conspicuous places in all our offices as well as the use of screensavers to interchangeably showcase key policy requirements as well as the whistleblowing channels. In addition, we went a step further by including our Anti-Bribery and Corruption Policy in our contract templates which were embraced by our contractors.

In order to strengthen the corporate governance awareness campaign in 2017, a corporate governance online recertification programme was implemented for all employees and contract staff.

As of the date of this Annual Report and Accounts, the Board has adopted the following internal corporate governance policies and practices:
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 to align its provisions in compliance with international best practice. The Board Charter sets out the responsibilities of the Board; the establishment of the Board Committees with clear delegated responsibilities; the matters reserved for the exclusive approval of the Board; and the conduct of Board proceedings.

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 was fashioned 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 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 zero tolerance 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 commitment in our Code of Conduct 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 new business transactions. These exercises and measures are geared towards evaluating each business partner’s tendency toward corruption and other violations of law. The Company’s due diligence exercises are sometimes performed by external specialist firms engaged to identify potential risks to the Company associated with doing business with new or existing business partners and counter parties.

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 emerging Conflicts of Interest for Employees Policy 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, for the consideration of a conflict of interest review panel that subsequently recommends control measures for approval by the CEO. During the year, 100% of 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, all members of the Board participated in the annual declaration of conflicts of interest.

6) Related Party Transactions Policy and Guidelines
Aligning with the increasing attention to related party transactions, the Company developed a stand-alone document for such transactions as well as transfer pricing guidelines. The Related Party Transactions Policy and Guidelines is a live document that is revised real-time with changes to the Nigerian and the UK transfer pricing regulations. For example, the Board recently revised the Policy to incorporate the requirements of the NSE rules governing transactions with interested persons or related parties that were issued at the end of 2014. The Policy was mostly recently reaffirmed by the Board on 29 January 2016. It outlines a stringent process for disclosing, reviewing/approving and recording all related party transactions as well as business relevant guidelines for ensuring the arm’s length conduct of approved transactions.

The list of Seplat’s related party transactions is outlined in Note 31 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 2017 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 31.

7) Share Dealing Policy
The Share Dealing Policy was adopted by the Board on 22 March 2013 but was 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 and the UK Listing Rules. The Share Dealing Policy acknowledges the Company’s dual participation in the Nigerian and UK Stock Exchanges, and its conjunctive obligations under both Nigerian and UK listing regulations. The Policy therefore 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. During the year, the Policy was reviewed in line with the European Union Market Abuse Regulations that 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 2017.

8) Inside Information Policy
Stemming from the Share Dealing 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 & Communications Systems Policy
The Electronic Information & Communications 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 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 or an offence under any Nigerian or UK legislation.
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 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

I am pleased to make this report to Seplat shareholders on the activities of the Finance Committee, which I trust you will find to be of interest.

The Finance Committee was constituted in 2013 in compliance with the UK Code’s requirement for an audit committee, and consists wholly of Independent Non-Executive Directors as listed above.

You will see below the details of the terms of reference for the Finance Committee. During the year, the Committee focused on strategies to bolster the Company’s financial performance amidst volatile oil prices and an extremely challenging operating and financial environment. We remained steadfast in our resolve to explore and execute viable solutions to each operational and financial challenge. I am happy to report the success of the Company in realising profit in spite of the low oil price environment and operational challenges. The details of our activities are contained below.

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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

I shall be available at the AGM of the Company to be held on 6 June 2018 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.

Dr. Charles Okeahalam
Chairman of the Finance Committee

1. Independent Non-Executive Director.
The Committee’s activities during 2017

The Committee met five times during 2017. 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.

- Survival strategy: the Committee considered various strategies for bolstering the Company’s performance in the challenging operating environment, ranging from commercialising gas reserves and production, to strengthening the Company’s balance sheet.

- Alternative export routes: in response to the prolonged Trans Forcados downtime, the Committee considered various options for immediate and long-term alternative export routes. Following relevant government approvals, management successfully executed an agreement to complete the Amukpe-Escravos Pipeline Project whilst maintaining barging operations from Warri refinery.

- 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 extended the principal repayments on its corporate facility, which was due for repayment in 2017; this resulted in valuable savings to the Company.

- Cash flow analyses and action plan: the Committee worked closely with management to regularly monitor the Company’s liquidity projections over periods ranging from 12 months to 18 months in order to assess the impact of operational challenges on key cash flow sources. From these analyses, an action plan was developed for increasing funds inflow and controlling funds outflow in response to specific operational and financial activities.

- Debt recovery: the Committee reviewed various strategies to recover debts owed to the Company in order to buttress the Company’s financial performance.

- Cost management: the Committee reviewed the continuous efforts by management to efficiently manage costs in response to the low oil price environment. These efforts resulted in the trending down of general and administrative costs during the year.

- Oil hedging: the Committee reviewed and recommended the implementation of an appropriate oil hedging strategy to protect against volatile oil prices, after ensuring 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 revisions to 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 part of the process.

- Pioneer tax extension: the Committee monitored the efforts of management to progress the Company’s application for an extension of its pioneer tax status, and considered the impact of recognising tax in the Company’s accounts in the absence of such extension.

- Major acquisitions and litigations: the Committee reviewed the efforts of management to resolve issues around ongoing major acquisitions impacting the liquidity of the Company and recommended strategic ways to control funds from those transactions.

- 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 in view of the low oil prices and challenging operating environment, and the expectations of shareholders under these conditions.
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 forecasts were compared with a number of external reference points and compared to ensure that the management estimates were appropriate.

**Internal audit**

During 2017, the Finance Committee on behalf of the Board reviewed the audit plan and received quarterly reports on the internal audit activities. The Internal Audit department was formed in 2014. Prior to 2014, the internal audit activities were outsourced to PwC. 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 CFO. 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;
- setting the internal audit strategy and plan and delivering risk-based assurance and compliance monitoring;
- evaluating the integrity of information and the means to identify and report on such information;
- evaluating the means of safeguarding assets and verifying the existence of such assets, as appropriate; and
- performing consulting and advisory services on new initiatives as appropriate for the Company.

In 2017, internal audit focused on risk areas in performing both process audits and detailed testing of transactions related to contracting and procurement procedures, financial accounting processes, deep dive review of the vendor master database, legal and regulatory compliance and embedding of corporate governance. The results of the internal audit findings were considered by the Committee at the majority of the meetings and the remedial plan was discussed with management. Control findings led to further testing on contract performance and corporate services to address specific control gaps and assertions. 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 2017.

An analysis of the fees earned by the external auditor for the audit and non-audit services can be found in Note 7 to the financial statements.

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 appointed on 20 December 2010. The Company complies with the Nigerian corporate governance regulations, while observing those in the UK by strategically adopting the most stringent conditions under both sets of regulations. This results in the audit partner being rotated every five years and the audit being put out to tender at least every ten years.
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 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 below details 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 99 to 109 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.
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.

• Determining the 2018 fee and salary levels for the Chairman, Executive Directors and senior management.

• Determining the level of bonus payments in respect of the current financial year.

• Granting awards under the Company’s LTIP as well as monitoring performance progress of outstanding awards and determining the vesting of the 2015, 2016 and 2017 LTIP awards.

• Review and development of a new remuneration policy which will be put to shareholders for approval at the 2018 Annual General Meeting.

• Reviewing the appointment contracts for Directors and the Board Chairman.

• Drafting the Company’s Directors’ Remuneration Report.
Nomination and Establishment Committee report

All four members of the Nomination and Establishment Committee are Non-Executive Directors, three of whom are Independent. The Nomination and Establishment Committee meets at least three times a year. When required, the meetings of the Committee are attended by appropriate senior management of the Company (such as the Chief Executive Officer, Chief Finance Officer, General Manager of Human Resources and Company Secretary) and external advisers upon invitation.

In accordance with the provisions of the SEC Code of Corporate Governance, the Nomination and Establishment Committee assists the Board in:

• reviewing and making recommendations on the size, composition and balance of the Board and its Committees;
• evaluating the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment and ascertaining that nominees are fit and proper to carry out the duties of a Director;
• reviewing the criteria for Board and Board committee memberships, reviewing candidates’ qualifications and any potential conflict of interest, assessing the contribution of current Directors in connection with their re-nomination and making recommendations to the Board;
• ensuring that a succession policy and plan exist for the positions of Chairman, CEO, Executive Directors and managing directors for the subsidiary companies;
• reviewing the performance and effectiveness of the subsidiary company boards on an annual basis where applicable;
• keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
• preparing a job specification for the Chairman’s position, including an assessment of time commitment required of the candidate;
• identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;

The Nomination and Establishment Committee was active during the year. Following the review of a new organisational structure for the Company, strategic steps were taken to leverage this new structure against the Company’s business priorities. For example, a succession plan and talent review and re-structuring were conducted for the senior management team with a view to formulate specific development plans that would close any gaps that were identified at that level. In addition, a competency development training plan was developed and implemented to help senior management to build and sustain long-term leadership skills.

The 2017 activities of the Committee are outlined below. For further clarification, I shall be available at the AGM of the Company to be held on 6 June 2018 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

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3 Nomination and Establishment Committee meetings in 2017

<table>
<thead>
<tr>
<th>2017 Members</th>
<th>22 Mar</th>
<th>19 July</th>
<th>18 Oct</th>
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<tbody>
<tr>
<td>A.B.C. Orjiako, Chairman</td>
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<tr>
<td>Michael Alexander (‘S.I.D.’)¹, Member</td>
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<tr>
<td>Basil Omiyi², Member</td>
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<tr>
<td>Damian Dodo³, Member</td>
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</tr>
</tbody>
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1. Senior Independent Non-Executive Director.
2. Independent Non-Executive Director.

In the financial year ended 31 December 2017, the Committee held three meetings, dates and attendance records for which can be seen in the table above.

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Board Committee reports continued

• 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:
• review and recommendations to the Board and management on the 2017 Board evaluation exercise;
• engagement of new hires to fill in key strategic positions;
• retirement of the COO of the Company;
• review and recommendation of courses for the training of the Directors within the period;
• review and approval of Seplat Bullying and Harassment Policy;
• development and presentation of the Human Resources Dashboard for reflection of all key issues and mitigating factors;
• ensure a succession policy and plan for the positions of CEO, Executive Directors, members of boards of subsidiary companies and senior management staff;
• reviewed and approved the promotion of certain key management staff who had distinguished themselves through excellent performances;
• strategic recruitment of senior management roles;
• implementation of cross-functional movements of functional heads to improve job performance and effectiveness as well as the overall deliverables; and
• consideration and implementation of a Company-wide leadership development programme and the Graduate Scheme exercise.

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 are Seplat’s stakeholders and one of 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 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 25% women and four different nationalities.

The Board is committed to continuous investment in diversity among its Directors and employees.
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 three 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 Manager Operations Support, General Managers Assets and Head of Internal Controls and Risk Management, and 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 approve Seplat’s risk management policies and strategy;
- receive reports from, review with, and provide feedback to, senior management on the categories of risk that Seplat faces, including credit, market, liquidity 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 compliance levels with applicable laws and regulatory requirements including those that may impact Seplat’s risk profile;
- review of relevant changes in the economic and business environment such as emerging trends, management procedures and controls for risk associated with new business;

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 below with highlights on certain key activities carried out in 2017.

I shall be available at the AGM of the Company to be held on 6 June 2018 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.
• review and recommend for approval by the Board risk management 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 Head of the Legal Department, 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;

• 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 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 2017, 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 include:

• 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 and Community Relations operations;

• review of risk notes on the ANOH Gas Project;

• review of 2017 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; and

• review of risk papers on the operations of the business and certain assets of the Company.
The CSR Committee comprises three Non-Executive Directors, two of whom are Independent and an Alternate Director. The Committee meets at least three times a year, and when required, the meetings are attended regularly by the Seplat Chairman as well as appropriate senior management of the Company (such as the Chief Executive Officer, General Manager Operations Support, and General Manager of External Affairs & Communication), and external advisers upon invitation. The Committee is also strongly supported by the consultancy services provided by Madame Nathalie Delapalme.

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;

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 and 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 below details of the activities carried out during the year. Further details of the Company’s CSR activities during 2017 are also contained on pages 64 to 67.

I shall be available at the AGM of the Company to be held on 6 June 2018 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

The CSR Committee report

3 CSR Committee meetings in 2017

<table>
<thead>
<tr>
<th>2017 Members</th>
<th>19 April</th>
<th>19 July</th>
<th>18 October</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lord Mark Malloch-Brown¹, Chairman</td>
<td>☑</td>
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<td>☑ 3/3</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie, Member</td>
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<td>☑ 3/3</td>
</tr>
<tr>
<td>Ifueko Omoigui Okauru¹, Member</td>
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</table>

1. Independent Non-Executive Director.

In the financial year ended 31 December 2017, the Committee held three meetings, dates and attendance records for which can be seen in the table above.
• 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 of Incorporation and Articles of Association, having considered the recommendations of the CSR Committee.

Highlights of business carried out by the CSR Committee during the year include:
• successfully achieved the completion of various ongoing projects within both the Western and Eastern Assets Region;
• successfully developed a CSR Strategy for the Eastern Assets which includes immediate, short and long-term programmes;
• development of a communication strategic policy document for the effective management of major programmes executed under the community and CSR projects;
• updated the new Company website for upload of more insightful information on Seplat’s CSR activities;
• successfully supported the Internally Displaced Persons (‘IDP’) by providing sustenance material items; and
• concluded the review of the CSR Committee’s terms of reference to ensure alignment with international standard practice.
Audit Committee report

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 2017 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, 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 2017 external audit plan and the 2018 internal audit plan, including an assessment of the external auditors’ independence; and

• review of the proposed 2018 budget and work programme.

Chief Anthony Idigbe, S.A.N.
Chairman of the Audit Committee
FRC/2015/NBA/00000010414

Audit Committee report

4 Audit Committee meetings in 2017

<table>
<thead>
<tr>
<th>2017 Members</th>
<th>22 Mar</th>
<th>19 Apr</th>
<th>19 July</th>
<th>18 Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Anthony Idigbe S.A.N., Chairman and shareholder member</td>
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</tr>
<tr>
<td>Dr. Faruk Umar, Shareholder member</td>
<td>☑</td>
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<td>4/4</td>
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<tr>
<td>Sir Sunday N. Nwosu, KSS Shareholder member</td>
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</tr>
<tr>
<td>Macaulay Agbada Ofurhie, Director member</td>
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</tr>
<tr>
<td>Ifueko Omoigui Okauru†, Director member</td>
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</tr>
<tr>
<td>Michel Hochard, Director member</td>
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</table>

1. Independent Non-Executive Director.

In the financial year ended 31 December 2017, the Committee held four meetings, dates and attendance records for which can be seen in the table above.

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 2017 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
Remuneration Committee Chairman’s Annual Statement

2017 has marked a significant improvement in Seplat’s financial and operational performance and the Company’s return to profitability.

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 2017.

Company highlights for the 2017 financial year

2017 was another challenging year for Seplat, with the lifting of force majeure at the Forcados terminal delayed until 8 June, coupled with the alternate barging operations being constrained by necessary repair and upgrade works to the jetties at the Warri refinery. Despite these operational challenges, oil production recovered to pre force majeure and planned rates once full exports at the terminal were reinstated. This translated into a significantly improved performance through the second half of the year that in turn resulted in the Company returning to profitability for the full year 2017. This was a significant improvement on 2016. The management team has put significant effort into developing alternate oil export routes and has maintained a strong level of gas production, albeit lower than originally envisaged by the Board, owing to liquid handling constraints as a result of force majeure. Investors have recognised the efforts management were taking across the operations in these unprecedented times, and the sharp improvement in second half performance, resulting in a significant share price increase from the third quarter of 2017 onwards. This strong performance resulted in Seplat delivering above upper quartile relative Total Shareholder Return performance against 19 oil and gas peers over the three years to 31 December 2017. The Committee views this as a significant achievement against the backdrop of our major export terminal being closed for 16 months during this period.

Notwithstanding the positive outlook formed by this improved performance, the business is yet to fully recover from the effects of the past two years. To reflect this, the Committee took the difficult decision that all Executive and Non-Executive Directors’ salaries and fees would remain frozen for a third successive year. This approach will be reviewed by the Committee in the coming year in the light of the 2018 results.

We are committed to delivering exceptional performance and sustainably creating long-term value for our shareholders which is reflected in the stretching corporate objectives in the bonus scorecard. The significant improvement in the Company’s 2017 cash position and operational performance during the second half of the year, and in particular the final quarter, resulted in an improved reward compared to 2016, although the annual bonuses for Executive Directors were still slightly below target.

As set out above, our share price reacted positively in 2017, both in absolute and relative terms, and combined with the Company’s sustained reserves growth resulted in the 2015 LTIP award vesting in full.

In addition, I would like to mention that Stuart Connal, Chief Operating Officer, retired from the Board effective 30 March 2017 after seven years of dedicated service to the Company. In line with our existing remuneration policy, the Committee determined that Stuart was a good leaver under the Company’s incentive plans. The details of his remuneration arrangements for 2017 are set out on page 113. I would also like to take this opportunity to welcome Effiong Okon who began his new role of Operations Director and joined the Board with effect from 23 February 2018.

Remuneration Policy review

The major project for the Committee during the latter part of the year was to review the existing remuneration policy to ensure it remains fit for purpose. In approaching this review the Committee assessed the current policy against the following criteria:

- Alignment with the Company’s strategy and KPIs;
- Clear linkage between remuneration outcomes and overall corporate performance given the current challenging conditions;
- The commercial needs of the business to ensure that the remuneration structure continues to retain, attract and motivate top talent;
- Market practice and competitiveness around executive pay in the oil and gas sector; and
- Nigerian and UK corporate governance best practice around executive remuneration.

The Remuneration Committee concluded that the current policy which has worked well for the past three years remains fit for purpose and competitive for the next three years. Furthermore shareholder support for the implementation of the policy has been strong with 100% of votes in favour of the Directors’ Remuneration Report at last year’s AGM. While no structural changes are deemed necessary, the Committee is proposing some minor amendments to the remuneration policy to ensure it better meets governance guidelines. The changes relate to a reduction in the maximum pension contribution to 17% of salary and an increase in the shareholding requirement for the CEO and CFO to 200% and 150% of salary respectively.

The proposed remuneration policy is set out on pages 99 to 109 and will be submitted to the Company’s shareholders for their approval at the 2018 AGM.
Remuneration outcomes for the 2017 financial year

The Company’s pay structure is simple, consistent with the market and aims to align the interests of the Executive Directors, senior managers and employees with those of shareholders. In line with this commitment to link executive remuneration to annual corporate performance and long-term shareholder returns, the performance levels have driven 2017 pay outcomes upwards compared to 2016. However the pay-out levels remain below target which fairly reflects our corporate performance and the wider business and industry environment.

The main remuneration outcomes are given below:

- Base salaries and fees were frozen again for 2018 for the Executive and Non-Executive Directors. This is the third year running the Remuneration Committee has determined that no increases are appropriate despite significant inflationary pressures in Nigeria. Nevertheless, salary increases were awarded to the wider employee population in Nigeria to reflect personal performance and contribution and ensure the Company’s remuneration packages remain competitive. Senior Nigeria-based employees, below Board level, were awarded salary increases of up to 10%, whilst Nigeria-based employees at the lower to middle grades were awarded increases of between 10% and 15%.
- The Remuneration Committee reviewed the Company’s performance against the bonus scorecard and established that the Company had achieved a significant year-on-year improvement since 2016. In particular, given the operational instability within the year and the production start-up challenges faced by the Company in the third quarter of 2017, the Committee applied its judgement to use the final quarter 2017 production rates as the benchmark the Company would have hit, if the external factors had not been so disruptive. The resulting 2017 annual bonus outcomes were 49.4% for maximum for the CEO, 49.4% for the COO and 49.5% for the CFO. The bonus levels represent an increase on the 2016 bonus reflecting the significant improvement in the Company’s performance in 2017.

- 2015 LTIP awards, for which the performance period ended on 31 December 2017, will vest in April 2018. I am delighted to announce that the Company was placed above the upper quartile of its TSR comparator group and achieved reserves growth in excess of 10% over the performance period which resulted in 100% vesting. 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.

In our assessment, overall remuneration for 2017 represents a balanced outcome.

Main Remuneration Committee decisions in 2017

- The Committee reviewed the Remuneration Policy and each element of the compensation structure and determined that no significant changes should be made, with the exception of the reduced pension policy maximum and an increase in the shareholding requirement for the CEO and CFO.
- In line with the existing remuneration policy and the LTIP rules, the Committee applied the default treatment for outstanding share awards and other components of remuneration in relation to the Chief Operating Officer’s retirement. The details of the treatment are set out on page 113.
- The Committee considered annual bonus and LTIP performance and applied judgement to determine the annual bonus outcomes, in the area of lost production resulting from export pipeline closures outside our control.
- The Committee determined base salary and fee levels for 2018.

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 in 2013, 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 four sections:

- the Annual Statement by the Remuneration Committee Chairman (pages 94 to 95);
- the At a Glance section (pages 96 to 98);
- the 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. This policy applies for three years from 11 May 2018, the date of our 2018 AGM (pages 99 to 109); 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 2017 financial year (pages 110 to 117).

The key areas of FY17 performance and FY16 comparative performance are set out below:

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(loss) before tax (US$ million)</td>
<td>44</td>
<td>(173)</td>
</tr>
<tr>
<td>Oil production volume (MMbbls)</td>
<td>6.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Gas sales (MMboe)</td>
<td>7.1</td>
<td>5.7</td>
</tr>
<tr>
<td>2P Reserves (MMboe)</td>
<td>477</td>
<td>462</td>
</tr>
<tr>
<td>Lost time incident frequency rate (‘LTIF rate’)</td>
<td>0.31</td>
<td>0.33</td>
</tr>
</tbody>
</table>

1. Stuart Connal (COO) retired on 30 March 2017 and in line with our Remuneration Policy he received a pro-rated annual bonus payment for 2017 of 11.9% of salary.

2. Independent Non-Executive Director.
Introduction
In this section, we highlight the performance and remuneration outcomes for the 2017 financial year.

2017 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 2017 financial year.

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>Period</th>
<th>Salary¹ US$’000</th>
<th>Taxable benefits US$’000</th>
<th>Bonus US$’000</th>
<th>LTIP² US$’000</th>
<th>Pension US$’000</th>
<th>Other US$’000</th>
<th>Total US$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru (CEO)</td>
<td>2017</td>
<td>1,097</td>
<td>470</td>
<td>813</td>
<td>1,587</td>
<td>187</td>
<td>0</td>
<td>4,153</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>1,097</td>
<td>569</td>
<td>582</td>
<td>708</td>
<td>187</td>
<td>0</td>
<td>3,143</td>
</tr>
<tr>
<td>Roger Brown (CFO)</td>
<td>2017</td>
<td>631</td>
<td>76</td>
<td>312</td>
<td>965</td>
<td>95</td>
<td>0</td>
<td>2,078</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>663</td>
<td>78</td>
<td>233</td>
<td>404</td>
<td>99</td>
<td>197</td>
<td>1,674</td>
</tr>
<tr>
<td>Stuart Connal (COO)</td>
<td>2017</td>
<td>152</td>
<td>21</td>
<td>75</td>
<td>643</td>
<td>34</td>
<td>0</td>
<td>926</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>663</td>
<td>223</td>
<td>233</td>
<td>404</td>
<td>146</td>
<td>0</td>
<td>1,668</td>
</tr>
</tbody>
</table>

Notes:
1. For the CEO, the July 2014 USD:GBP exchange rate has been used to calculate 2016 and 2017 remuneration. For the CFO and COO the average 2017 USD:GBP exchange rate of 1.29 has been used where applicable.
2. The value of the 2015 LTIP awards vesting in April 2018 is shown in 2017 as the performance period ended on 31 December 2017. The estimated value of these awards uses a 2017 Q4 average share price; the actual value will be updated in the 2018 Directors’ Remuneration Report when the awards vest on 21 April 2018. The Value of the 2014 LTIP awards that vested in April 2017 is shown in 2016. The value has been restated based on the actual share price on 9 April 2017 ($1.00) and includes dividend equivalents.
3. Stuart Connal (COO) retired on 30 March 2017 and his 2017 remuneration reflects this.

Further detail regarding the disclosures in the table above is presented in the Annual Report on Remuneration on page 110.

Variable pay outcomes for 2017
The Remuneration Committee determined both the 2017 annual bonus outcome and the vesting level of the 2015 LTIP awards (where the performance ended on 31 December 2017). We set out below a summary of the 2017 annual bonus performance outcomes, together with details of the determination of the 2015 LTIP vesting level. Further details are set out in the Annual Report on Remuneration on page 111.

2017 Annual bonus performance assessment
The chart below summarises the 2017 annual bonus performance assessment against the corporate and personal targets for the Executive Directors:

For the COO, annual bonus was awarded pro-rata based on service to the date of his retirement (30 March 2017), with the outcome aligned to the corporate scorecard.

2015 LTIP awards vesting
The 2015 LTIP awards vest on 21 April 2018. However, the performance period for these awards ended on 31 December 2017 and their value is included in the single figure table above. 100% 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>2P Reserves growth underpin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seplat TSR growth</td>
<td>Seplat reserves growth</td>
</tr>
<tr>
<td>Median TSR growth (25% vesting)</td>
<td>between FY14 and FY17</td>
</tr>
<tr>
<td>Upper quartile TSR growth (100%</td>
<td>Reserves growth required to</td>
</tr>
<tr>
<td>vesting)</td>
<td>fully satisfy underpin</td>
</tr>
<tr>
<td>Vesting under TSR condition</td>
<td>Reduction in vesting based</td>
</tr>
<tr>
<td></td>
<td>on the underpin</td>
</tr>
<tr>
<td>-33.4%</td>
<td>70%</td>
</tr>
<tr>
<td>-59.4%</td>
<td>10%</td>
</tr>
<tr>
<td>-45.5%</td>
<td>0%</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

At a glance
Actual pay versus opportunity

The chart below illustrates how the 2017 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. 2017 remuneration is slightly below the on-target opportunity as the Corporate Scorecard fell short in some areas, although considerably higher than in 2016, and the value of the 2015 LTIP vesting reflects alignment with the share price over the past three years.

CEO (US$’000)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>On-Target</th>
<th>Maximum</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$1,753</td>
<td>100%</td>
<td>US$1,714</td>
<td>39%</td>
<td>US$2,743</td>
</tr>
<tr>
<td>US$1,753</td>
<td>39%</td>
<td>US$1,664</td>
<td>27%</td>
<td>US$1,587</td>
</tr>
<tr>
<td>US$1,753</td>
<td>29%</td>
<td>US$1,753</td>
<td>42%</td>
<td>US$1,753</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reporting Periods</th>
<th>Fixed</th>
<th>Annual Variable</th>
<th>Multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Target</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum</td>
<td>29%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual</td>
<td>42%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

Reflecting the shareholder experience the Committee took the difficult decision that the CEO’s salary would remain frozen for a third successive year. Annual bonus has recovered to close to 2014 levels as a result of significantly improved performance in 2017. This is illustrated in the chart below.

CEO pay vs. TSR performance

Pay at risk

The charts below set out the elements of the 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 and demonstrate that 70% of Executive Directors’ pay is at risk.

CEO (Austin Avuru)

- At risk: US$4,389
- Benefits and pensions: US$656
- Salary: US$1,097

CFO (Roger Brown)

- At risk: US$1,893
- Benefits and pensions: US$171
- Salary: US$631

Annual bonus US$1,646
LTIP US$2,743

Annual bonus US$631
LTIP US$1,262
**Equity exposure of Executive Directors and wealth at risk**

The share ownership and wealth of our Executives is impacted by changes in our share price as illustrated in the table below. The value of shares held by the Executives increased over the last year with the rise of the share price from US$0.90 to US$1.47. This provides additional incentive for the Executive Directors to drive share price performance.

<table>
<thead>
<tr>
<th>Shares owned</th>
<th>Unvested shares from DBP and LTIP</th>
<th>Total shares</th>
<th>Value at 31 December 2016</th>
<th>Value at 31 December 2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>74,546,740</td>
<td>4,646,323</td>
<td>US$171,273,757</td>
<td>US$116,413,803</td>
<td>US$45,140,046</td>
</tr>
</tbody>
</table>

**Summary of changes proposed to the remuneration policy**

As set out in the Chairman’s Statement on pages 94 to 95, the Committee reviewed the Remuneration Policy and determined that the current policy remains fit for purpose and that it will continue to complement the Company’s strategy in the medium term. The table below sets out proposed changes to the 2018 Remuneration Policy.

<table>
<thead>
<tr>
<th>Element</th>
<th>Summary of current policy</th>
<th>Proposed changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>An Executive Director’s base salary is set on appointment, reviewed annually and is aimed to provide a competitive base salary relative to an appropriate benchmark.</td>
<td>No change</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Benefits provided to the Executive Directors are in line with market practice in their location. Benefits can be provided either in the form of a cash allowance or as the actual benefit itself.</td>
<td>No change</td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td>Employer contributions of up to 22% of salary. This may be provided either as a contribution into a personal pension fund or as a cash supplement.</td>
<td>Reduce the maximum contribution level to 17% of salary in line with the CEO contribution level.</td>
</tr>
<tr>
<td><strong>Annual Bonus</strong></td>
<td>The Committee will determine the maximum participation in the annual bonus for each year, which will not exceed 200% of salary. 75% of any bonus earned will be paid in cash at the end of year 1. The remaining 25% of any bonus earned will be deferred into shares and paid at the end of year 3. The Company operates an annual bonus scorecard of performance metrics, incorporating the Company’s KPIs as well as individual performance targets.</td>
<td>No change</td>
</tr>
<tr>
<td><strong>LTIP</strong></td>
<td>Annual grants of performance share awards linked to relative TSR and a reserves growth underpin. To the extent that awards vest, 60% of the awards will be exercisable after three years, 20% of the awards will be exercisable after four years and 20% of the awards will be exercisable after five years. A full description of LTIP structure is presented on the following pages.</td>
<td>No change</td>
</tr>
<tr>
<td><strong>Shareholding requirement</strong></td>
<td>CEO: 150% of base salary; CFO: 100% of base salary. Built up over a five-year period from IPO.</td>
<td>Increase to 200% for CEO and 150% for CFO to further align with best practice. Compliance to be achieved over 5 years from 2018 AGM.</td>
</tr>
<tr>
<td><strong>NED fees</strong></td>
<td>Provides a level of fees to support recruitment and retention of NEDs with the necessary experience to advise and assist with establishing and monitoring the Group’s strategic objectives. Structured as base fee plus Committee/SID fees.</td>
<td>No changes</td>
</tr>
</tbody>
</table>

The full Remuneration Policy is presented in the following section.
Directors’ remuneration policy

Introduction
The Remuneration Committee reviewed the previous Directors’ Remuneration Policy (the ‘Policy’) and deemed that it still remained appropriate to incentivise Executives and provides a market competitive package that is aligned to the Company’s strategy. As a result no significant changes are proposed to the Policy (except increased shareholding guidelines and a reduced maximum pension contribution, as summarised on page 98). The new Policy will be put to a shareholder vote at the Annual General Meeting on 11 May 2018 and will apply for a period of three years from commencement.

Policy review
The process by which the Policy was reviewed is set out in the table below.

<table>
<thead>
<tr>
<th>Steps</th>
<th>Details</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review</td>
<td>The Committee’s independent consultant, PwC, was asked to conduct a detailed review of current remuneration policy against market and corporate governance best practice and develop alternatives where required.</td>
<td>July to August 2017</td>
</tr>
<tr>
<td>Refinement and sign off</td>
<td>PwC presented the alternatives to the Committee and a number of discussions were held to refine these design features. Management was also consulted, as appropriate, during this period. The Committee approved the proposed Policy at its October meeting and agreed that a formal shareholder consultation was not appropriate given the limited changes to Policy being proposed.</td>
<td>September to October 2017</td>
</tr>
<tr>
<td>Shareholder Approval</td>
<td>The proposed changes to the remuneration policy will be put to a binding shareholder vote at the AGM on 11 May 2018.</td>
<td>May 2018</td>
</tr>
</tbody>
</table>

Policy summary
The Company’s aim is to attract, retain and motivate the best talent to help execute the business strategy successfully and ensure long-term value creation for shareholders in the current challenging environment for the oil and gas industry. Overall remuneration levels have been set at a level that is considered by the Committee to be appropriate for the size, nature and aspirations of the business, having taken specialist, independent advice where necessary, in order to ensure that the policies and remuneration structure are appropriate for the listed company environment.

Our principles of remuneration
The remuneration policy aims to align the interests of the Executive Directors, senior managers and employees to the long-term interests of shareholders and aims to support a high performance culture with appropriate reward for superior performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance.

The guiding principles behind the setting and implementation of our remuneration policy are as follows:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced</td>
<td>There should be an appropriate balance between fixed and performance-related elements of the remuneration package.</td>
</tr>
<tr>
<td>Competitive</td>
<td>Remuneration packages should be competitive taking into account the level of remuneration paid in respect of comparable positions in similar companies within the industry.</td>
</tr>
<tr>
<td>Equitable</td>
<td>There should be an appropriate level of gearing in the package to ensure that Executive Directors receive an appropriate proportion of the value created for shareholders whilst taking into account pay and conditions throughout the remainder of the Group, where the Company operates and where it is listed.</td>
</tr>
<tr>
<td>Risk-weighted</td>
<td>Remuneration should not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. More generally, the overall remuneration policy should not encourage inappropriate operational risk.</td>
</tr>
<tr>
<td>Aligned</td>
<td>There should be suitable provision of equity awards over the longer term, focusing the Executive Directors on delivering the business strategy, allowing them to build a meaningful holding in the Company to further align their interests with those of shareholders.</td>
</tr>
</tbody>
</table>
How our remuneration structure supports the business strategy

In line with our remuneration principles, the Committee will manage incentive plans for the Executive Directors such that they are closely linked to the business success, as outlined below:

<table>
<thead>
<tr>
<th>Maximise production and cash flows from operated assets</th>
<th>Oil Production</th>
<th>Annual Bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Profit before Tax</td>
<td>To ensure we act as a team, the Committee, on behalf of the Board, sets management a challenging annual bonus performance scorecard.</td>
</tr>
<tr>
<td>Commercialise and produce gas reserves</td>
<td>Gas sales</td>
<td>Whilst many scorecard elements are financial and operational at the Executive Director level, they do contain a number of quality targets (for example, around health and safety and corporate governance) designed to ensure we deliver the longer-term goals as a responsible and sustainable company. This scorecard is devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress. The content of this annual scorecard will change to mitigate short-term pressures and exploit short-term opportunities – all aligned to deliver the longer-term strategic objectives.</td>
</tr>
<tr>
<td>Be a highly responsible corporate citizen</td>
<td>Health &amp; Safety</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maintain and expand quality reserves</th>
<th>Reserves growth</th>
<th>LTIP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share price growth and dividends (TSR)</td>
<td>Our overall strategic goal is to be a high performing oil &amp; gas company – a shareholder stock of choice, within our sector and region. To achieve this, we align Executive Director equity awards with the fortunes of the shareholder through a relative TSR measure – based on performance against comparable oil &amp; gas companies – seeking to attain regular upper quartile results. If we achieve median positioning or above over a three-year cycle, management are well rewarded in that year; if we fall below the median position, management share the financial disappointment. This strategic three to five-year reward structure is further underpinned by the need to grow the key E&amp;P long-term core assets – recoverable reserves – at an acceptable rate.</td>
</tr>
<tr>
<td>Deliver shareholder value</td>
<td>Alignment to shareholder interests</td>
<td>Shareholding requirement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Success will deliver growing management share-ownership with extended retention periods, clawback in case of mis-statement, and sizable personal retained shareholdings. This is all working towards aligning the Company’s executive leadership with the interests of shareholders.</td>
</tr>
</tbody>
</table>

Directors’ remuneration report continued
Remuneration policy in practice
In order to deliver upper quartile performance against our oil and gas contemporaries, making Seplat the investor’s sector choice, we need to attract and retain highly experienced individuals. This applies not just at the executive level, but also within the management line. This is a recruitment and selection function led by the Nomination and Establishment Committee at the highest level, through the CEO, and into management levels. To attract and retain the top talent within the industry, we will be paying median to upper quartile packages. We accept that this requires strong performance delivery and hence expect to set challenging performance targets.

Our Executive Director remuneration policy which, once approved, will apply for three years starting from 11 May 2018 is outlined below.

<table>
<thead>
<tr>
<th>Element, purpose and link to strategy</th>
<th>Operation</th>
<th>Opportunity</th>
<th>Performance metrics</th>
<th>Changes from previous Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group’s strategy. Set to reflect the role, the nature of operations and the contribution, skills and experience of the individual.</td>
<td>An Executive Director’s base salary is set on appointment and is aimed to provide a competitive base salary relative to an appropriate benchmark. When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Group; • the general performance of the Group; • salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking; and • the economic environment. It is reviewed annually (effective from 1 January each year) or when there is a change in position or responsibility. Any subsequent salary increases will take into account factors such as: • the performance of the individual; • pay and conditions throughout the Company; • inflation/cost of living in jurisdictions where Executive Directors reside; and • the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in the E&amp;P sector.</td>
<td>Over the policy period, base salaries for current Executive Directors will be set at a highly competitive level within the comparator group and will increase in line with the increase for the general workforce in the Company other than in exceptional circumstances or when there is a change in role or responsibility. Base salary increases will be capped at 10% p.a. New promotes or recruits to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role. In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved. The Company will set out in the section headed implementation of remuneration policy in the following financial year the salaries for that year for each of the Executive Directors (see page 115).</td>
<td>N/A</td>
</tr>
<tr>
<td>Benefits</td>
<td>Provides a level of benefits consistent with local market practice to support individuals in carrying out their roles.</td>
<td>Benefits provided to the Executive Directors are dependent on their working location. Benefits can be provided either in the form of a cash allowance or as the actual benefit itself. The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensures it is able to support the objective of attracting and retaining personnel.</td>
<td>The maximum opportunity for benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such benefits is dependent on market rates and other factors, there is no formal maximum monetary value.</td>
<td>N/A</td>
</tr>
<tr>
<td>Pensions</td>
<td>Provides a competitive level of retirement benefit.</td>
<td>Employer retirement funding is determined as a percentage of gross basic salary, up to a maximum limit of 17%. This may be provided either as a contribution into a personal pension fund or as a cash supplement.</td>
<td>A maximum pension contribution of 17% of salary. The Company will set out in the section headed implementation of remuneration policy in the following financial year the pension contributions for that year for each of the Executive Directors (see page 115).</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. Salaries are set compared to a peer group of international oil and gas companies.
2. All Executive Directors receive medical insurance, club membership and car allowance. The CFO also receives life assurance and critical illness cover. The CEO also receives an allowance in line with local Nigerian market practice – this allowance includes home security, rest and recreation, company accommodation, furniture and fittings, generator and diesel, utilities, petrol/diesel, child education support and a 13th month allowance. These allowances have been part of the remuneration policy pre and post IPO.
Directors’ remuneration report continued

Element, purpose and link to strategy | Operation | Opportunity | Performance metrics | Changes from previous Policy
--- | --- | --- | --- | ---
**Annual bonus**
Provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company’s strategy (by including performance conditions around both financial and quality targets) and the creation of value for shareholders. In particular, it supports the Company’s objectives allowing the setting of annual targets based on the Company’s strategic objectives at that time, meaning that performance conditions will change to mitigate short-term pressures and exploit short-term opportunities – all aligned to deliver the longer-term objective.

The Committee will determine the maximum annual participation in the annual bonus for each year, which will not exceed 200% of salary. 75% of any bonus earned will be paid in cash at the end of year one. The remaining 25% of any bonus earned will be deferred into shares (under the rules of the LTIP) and paid at the end of year three. The Committee may award dividend equivalents on awards to the extent that these vest. The Committee operates an annual bonus scorecard of performance metrics, incorporating the Company’s KPIs as well as individual performance targets. Details of the performance conditions and their level of satisfaction for the year being reported on will be set out in the Annual Report on Remuneration.

**Maximum bonus opportunity of 200% of salary.** Percentage of bonus maximum earned for levels of performance:  
- **Threshold – 30%**  
- **Target – 60%**  
- **Maximum – 100%**

The Company operates an annual bonus scorecard of performance metrics, incorporating the Company’s KPIs around financial, strategic and operational conditions as well as individual performance targets. The Committee is of the opinion that given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the bonus plan in advance would not be in shareholder interests. 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. Although there are no specific plan rules for the annual bonus, the Committee has decided to adopt malus and clawback provisions. The deferred bonus shares are awarded under the LTIP and so will be subject to the malus and clawback provisions contained within the LTIP rules.

**Long Term Incentive Plan**
Awards are designed to incentivise the Executive Directors to maximise total shareholder returns by successfully delivering the Company’s objectives and to share in the resulting increase in total shareholder value. If targets are reached, Executive Directors are well rewarded – however if we fail, management share the financial disappointment.

The use of relative TSR measures the success of the implementation of the Company’s strategy in delivering an above market level of return. The use of reserves growth ensures that vesting is further underpinned by the need to grow the key E&P long-term core assets (recoverable reserves) at an acceptable rate on a sustainable basis.

Awards are made annually to Executive Directors. The number of share awards to be granted under the LTIP will be calculated based on the higher of the average share price over Q1 in each year or £1. The awards will vest at the end of a three-year period subject to:
- the Executive Director’s continued employment at the date of vesting; and
- satisfaction of the performance conditions.

The Committee may award dividend equivalents on awards to the extent that these vest based on dividends paid between grant and vesting.

To the extent that awards vest:
- 60% of the awards will be exercisable on vesting three years after award;
- 20% of the awards will be exercisable four years after award; and
- 20% of the awards will be exercisable five years after award.

maximum value of 250% of salary p.a. based on the market value at the date of award set in accordance with the rules of the Plan. There is no requirement to make this level of award every year.

100% of the award will vest based on relative TSR performance as assessed against a bespoke comparator group of E&P companies. Further details of the 2018 comparator group are provided in the Annual Report on Remuneration on page 113. 25% of the award will vest for median performance. 100% of the award will vest for upper quartile performance. There will be straight-line vesting between these points. 50% of the award will also be subject to a reserves growth underpin, which will operate as follows:
- 100% of the award subject to the underpin will lapse if reserves fall by 10% or more over the performance period;
- None of the award subject to the underpin will lapse if reserves grow by 10% or more over the performance period; and
- There will be a straight-line reduction in vesting between these points.

The Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. Details of the performance conditions for awards made in the year will be set out in the Annual Report on Remuneration and for future awards in the statement of implementation of remuneration policy in the future financial year. The LTIP contains malus and clawback provisions.

Changes from previous Policy
None.
Non-Executive Director Fees

Provides a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience to advise and assist with establishing and monitoring the Group’s strategic objectives.

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors. Non-Executive Directors are paid a base fee and additional fees for chairmanship/membership of Committees/Senior Independent Directorship. Fees are reviewed annually based on equivalent roles in UK listed companies taking account of the Company’s location and sector. Non-Executive Directors do not participate in any variable remuneration arrangements.

In general the level of fee increase for the Non-Executive Directors will be set taking account of any change in responsibility and will take into account the general rise in salaries across the workforce. The Company will pay reasonable expenses incurred by the Chairman and Non-Executive Directors.

N/A

Shareholding requirement

To ensure that Executive Directors’ interests are aligned with those of shareholders over a longer time horizon the Committee operates formal shareholder guidelines to encourage long-term share ownership by the Executive Directors.

CEO: 200% of annual base salary
Other Executive Directors: 150% of annual base salary
Executive Directors will be given five years from the date of the policy implementation, or date of appointment if later, to satisfy the increased shareholding requirement.

N/A

Shareholding requirement increased from 150% of salary for the CEO and 100% of salary for other Executive Directors.

It is the Committee’s intention that commitments made in line with its current remuneration policy and policies prior to Admission will be honoured. Those areas that differ are being addressed to bring them into line with the proposed policy, where appropriate.

The Committee is satisfied that its approach to the Directors’ remuneration is designed to promote the long-term success of the Company.

Discretion

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of the Annual Bonus and LTIP (the LTIP being operated in general terms according to the rules). These include, but are not limited to, the following:

• the participants;
• the timing of an award;
• the size of an award;
• the determination of vesting and/or payout;
• discretion required when dealing with a change of control or restructuring of the Group;
• determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
• adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends); and
• the annual review of performance measures and weighting for the Annual Bonus and LTIP.

These discretions, which in certain circumstances can be operated in both an upward and downward manner, are consistent with market practice and are necessary for the proper and fair operation of the plans so that they achieve their original purpose. The Committee retains discretion to make adjustments to the amount of incentives payable (following approval of this policy) resulting from the application of the performance measures if it believes that the outcomes are not a fair and accurate reflection of corporate performance. It is the Committee’s policy that there should be no element of reward for failure and any upward discretion will only be applied in exceptional circumstances.

Differences in policy from the wider employee population

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same core structure as for the Executive Directors. The Executive Directors’ annual scorecard is devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress.

The Company continues to cascade the LTIP to management grades below Executive Directors, ensuring a consistent reward framework. The Group also operates variable pay plans on a discretionary basis, with pension provision offered to all Executives and employees.
Recruitment policy
The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the Executive Directors, as set out in the remuneration policy table on pages 101 to 103. The Committee is mindful that it wishes to avoid paying more than it considers necessary to attract candidates of the appropriate calibre and experience needed for the role from the market in which the Company competes. As a result, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

The Company’s detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:

<table>
<thead>
<tr>
<th>Remuneration element</th>
<th>Recruitment policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>Salary will be set in line with the policy for existing Executive Directors. New promotes and recruits to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role. In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved.</td>
</tr>
<tr>
<td>Benefits</td>
<td>The standard benefits package (depending on the local market) will apply.</td>
</tr>
<tr>
<td>Pension</td>
<td>The maximum employer contribution will be set in line with the Company’s policy for existing Executive Directors.</td>
</tr>
<tr>
<td>Annual bonus</td>
<td>Maximum annual participation will be set in line with the Company’s policy for existing Executive Directors and will not exceed 200% of salary.</td>
</tr>
<tr>
<td>LTIP</td>
<td>Maximum annual participation will be set in line with the Company’s policy for existing Executive Directors and will not exceed 250% of salary.</td>
</tr>
<tr>
<td>Maximum variable pay (incentive opportunity)</td>
<td>In the year of recruitment the maximum variable pay will be 450% of salary. For the avoidance of doubt this excludes the value of any “Buy Out” of incentives forfeited on cessation of previous employment.</td>
</tr>
<tr>
<td>Sign-on compensation</td>
<td>The Committee’s policy is not to provide sign-on compensation.</td>
</tr>
<tr>
<td>“Buy Out” of incentives forfeited on cessation of employment</td>
<td>The Committee’s policy is not to provide buy outs as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a Buy Out, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director’s previous employment will be calculated taking into account the following: • the proportion of the performance period completed on the date of the Executive Director’s cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value (“lapsed value”). The Committee may then award up to the same expected value as the lapsed value, where possible, under the Company’s incentive plans. To the extent that it was not possible or practical to provide the Buy Out within the terms of the Company’s existing incentive plans, a bespoke arrangement would be used.</td>
</tr>
<tr>
<td>Relocation</td>
<td>In instances where the new Executive Director is relocated from one work-base to another, the Company will provide ongoing compensation to reflect the cost of relocation for the executive in cases where they are expected to spend significant time away from their country of domicile. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences and/or any other benefits/allowances which are standard market practice in the host location.</td>
</tr>
</tbody>
</table>

The Company's policy is to align internal promotes to the Board with the remuneration policy from the date of promotion. However, new promotes to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role. In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved. In exceptional circumstances, where contractual benefits are forfeited on promotion, an equivalent cash payment can be made to compensate the value of contractual arrangements foregone. Any such payment will be made at the Remuneration Committee’s discretion on a fair and reasonable basis.

The Company’s policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.
## 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>None.</td>
</tr>
</tbody>
</table>

### Non-Executive Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of appointment/re-appointment</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>A.B.C. Orjiako</td>
<td>1 June 2017</td>
<td>Fixed term to 31 May 2020</td>
<td>12 months</td>
<td>12 months</td>
<td>None.</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>30 June 2014</td>
<td>Fixed term to 2018 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 Omoigui Okauru</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>
<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>2 June 2015</td>
<td>Fixed term to 2018 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.
The charts below illustrate the remuneration that would be paid to each of the Executive Directors, based on salaries at the start of financial year 2018, under three different performance scenarios: (i) Minimum; (ii) On-target; and (iii) Maximum. The elements of remuneration have been categorised into three components: (i) Fixed; (ii) Annual Variable; and (iii) Multiple Reporting Periods.

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
<th>Minimum</th>
<th>On-target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>Salary, benefits and pension</td>
<td>Included</td>
<td>Included</td>
<td>Included</td>
</tr>
<tr>
<td>Annual Variable</td>
<td>Annual bonus (including deferred shares)</td>
<td>No annual variable</td>
<td>60% of maximum bonus</td>
<td>100% of maximum bonus</td>
</tr>
<tr>
<td>Multiple Reporting Periods</td>
<td>Award under the Long Term Incentive Plan</td>
<td>No multiple year variable</td>
<td>62.5% of the maximum award</td>
<td>100% of the maximum award</td>
</tr>
</tbody>
</table>

1. On-target % pay-out is calculated as the mid-point between threshold vesting of 25% (for median performance) and the maximum vesting of 100% (for upper quartile performance).

The following table sets out the key aspects of policy used to populate the charts above.

<table>
<thead>
<tr>
<th>Role</th>
<th>2018 salary (US$’000)</th>
<th>Annual Bonus (% salary)</th>
<th>LTIP (% salary)</th>
<th>Pension (% salary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1,097</td>
<td>150%</td>
<td>250%</td>
<td>17%</td>
</tr>
<tr>
<td>CFO</td>
<td>631</td>
<td>100%</td>
<td>200%</td>
<td>15%</td>
</tr>
</tbody>
</table>

1. The Committee introduced a minimum share price of £1 that would be used to determine the number of shares awarded under the LTIP from 2016. For the purpose of this calculation the policy award of 250% of salary for CEO and 200% of salary for CFO was used. However, the actual 2018 LTIP award may be lower as a percentage of base salary if the Q1 2018 average share price is lower than £1.

In accordance with the regulations, share price growth has not been included. In addition, dividend equivalents have not been added to deferred share bonus and LTIP share awards.

**Payment for loss of office policy**

When determining any loss of office payment for a departing individual the Committee will always seek to minimise the cost to the Company whilst seeking to reflect the circumstances in place at the time. The Committee retains overriding discretion to make loss of office payments appropriate to the circumstances and applying the overriding principle that there should be no element of reward for failure.

Under Nigerian law, any payment for loss of office to Directors must be approved by shareholders at the AGM. The table on the following page sets out, for each element of total remuneration, the Company’s policy on payment for loss of office in respect of the Executive Directors and any discretion available to the Committee. In any year where a Director has received payment for loss of office the Company will ask shareholders to vote on that payment on a retrospective basis.
## Remuneration Treatment on cessation of employment

<table>
<thead>
<tr>
<th>Remuneration element</th>
<th>Treatment on cessation of employment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salary</strong></td>
<td>In the event of termination by the Company, there will be no compensation for loss of office due to misconduct or normal resignation. In other circumstances, Executive Directors may be entitled to receive compensation for loss of office which will be a maximum of 12 months salary. Salary will be paid over the notice period. The Company has discretion to make a lump sum payment on termination of the salary payable during the notice period. In all cases the Company will seek to mitigate any payments due.</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Benefits will normally be provided over the notice period. The Company has discretion to make a lump sum payment on termination equal to the value of the benefits payable during the notice period. In all cases the Company will seek to mitigate any payments due.</td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td>Company pension contributions will normally be provided over the notice period. The Company has discretion to make a lump sum payment on termination equal to the value of the Company pension contributions, or equivalents, during the notice period. In all cases the Company will seek to mitigate any payments due.</td>
</tr>
<tr>
<td><strong>Annual Bonus (cash)</strong></td>
<td>Good leaver reason Performance conditions will be measured at the normal measurement date. The bonus will normally be pro-rated for the period worked during the financial year and paid entirely in cash. Other reason No bonus payable for year of cessation.</td>
</tr>
<tr>
<td><strong>Annual Bonus (deferred shares)</strong></td>
<td>Good leaver reason All subsisting deferred share awards will vest in full on the normal vesting dates. Other reason Lapse of any unvested deferred share awards. Discretion The Committee has the following elements of discretion: • to determine that an executive is a good leaver; • whether to pro-rate the maximum number of shares to the time from the date of award to the date of cessation. The Committee’s policy is generally to not pro-rate to time. The Committee will determine whether to pro-rate based on the circumstances of the Executive Director’s departure; and • whether to deliver awards at the time of cessation or at the normal vesting date. The Committee’s policy is to deliver awards at the normal vesting date.</td>
</tr>
<tr>
<td><strong>LTIP</strong></td>
<td>Good leaver reason Pro-rated to time and performance in respect of each subsisting LTIP award with awards vesting on the normal vesting dates. Other reason Lapse of any unvested LTIP awards. Discretion The Committee has the following elements of discretion: • to determine that an executive is a good leaver; • to measure performance (or any other condition) over the original performance period or at the date of cessation; • whether to pro-rate the maximum number of shares to the time from the date of award to the date of cessation (rounded up to the nearest month). The Committee’s policy is generally to pro-rate to time; and • whether to deliver awards at the time of cessation or at the normal vesting date. The Committee’s policy is to deliver awards at the normal vesting date.</td>
</tr>
<tr>
<td><strong>Other contractual obligations</strong></td>
<td>Compensation for forfeited remuneration: • On termination, any “buy out” awards would normally lapse. Other benefits e.g. relocation allowances, international mobility benefits and expenses: • Will depend on what has been agreed on appointment; the Committee would not expect any or all of these elements of pay to form part of any termination arrangement. • The Committee has discretion to make payments in respect of these elements of remuneration, provided the termination is not as a result of poor performance.</td>
</tr>
</tbody>
</table>

### A good leaver reason is defined as cessation in the following circumstances:
- death;
- ill-health;
- redundancy;
- injury or disability;
- retirement with the consent of the Company;
- employing company ceasing to be a Group company;
- transfer of employment to a company which is not a Group company; and
- at the discretion of the Committee (as described above).

Cessation of employment in circumstances other than for ‘good leaver’ reasons is classified as cessation for ‘other reasons’ as set out in the table above.
**Change of control**

The Committee’s policy on the vesting of incentives on a change of control is summarised below:

<table>
<thead>
<tr>
<th>Name of incentive plan</th>
<th>Change of control</th>
<th>Discretion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Bonus (cash)</strong></td>
<td>Performance conditions will be measured at the date of the change of control. The bonus will normally be pro-rated to the date of the change of control.</td>
<td>The Committee retains discretion to continue the operation to the end of the bonus year. The Committee will only waive pro-rating in exceptional circumstances where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions must be satisfied.</td>
</tr>
<tr>
<td><strong>Annual Bonus (deferred shares)</strong></td>
<td>Subsisting deferred share awards will vest on a change of control.</td>
<td>The Committee retains the discretion to pro-rate to time.</td>
</tr>
<tr>
<td><strong>LTIP</strong></td>
<td>The number of shares subject to subsisting LTIP awards on a change of control will be pro-rated to time and performance.</td>
<td>Discretion; the Committee has discretion: • to determine whether to pro-rate the award to time. The Committee will only waive pro-rating in exceptional circumstances where it views the change of control as an event which has provided a material enhanced value to shareholders which will be fully explained to shareholders. In all cases the performance conditions must be satisfied; and • to determine to pay cash in lieu of shares.</td>
</tr>
</tbody>
</table>

**Malus and Clawback**

Malus provisions apply to the Annual bonus and LTIP. Malus is the reduction of a payout or the number of shares under an award (including to zero) as a result of the occurrence of one or more circumstances as set out below.

Clawback is the recovery of cash payments made or vested share awards as a result of the occurrence of one or more circumstances as set out below. Clawback may apply to all or part of a participant’s payment under the LTIP or annual bonus and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses.

The malus and clawback trigger events are set out below:

- material misstatement in the published results of the Group;
- discovery of an error in assessing any applicable performance condition;
- fraud or gross misconduct on the part of the Award Holder; or
- the Board determining, as a result of an appropriate review of accountability, that the Award Holder has caused wholly or in part a material loss for the Group as a result of: –reckless, negligent or wilful actions; or –inappropriate values or behaviour.

The following table sets out the periods during which malus and clawback may be effected by the Committee.

<table>
<thead>
<tr>
<th>Malus</th>
<th>At any time prior to the payment / vesting date of deferred shares.</th>
<th>At any time prior to the vesting date.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clawback</strong></td>
<td>The second anniversary of the earlier of i) the two years from the date of payment of cash bonus or vesting of the deferred share element or ii) cessation of employment.</td>
<td>Five years from the date of grant.</td>
</tr>
</tbody>
</table>
Statement of conditions elsewhere in the Company

The Committee, along with setting the remuneration packages of the Executive Directors, also has purview over the reward arrangements of the Senior Management Team, which consists of 30 additional employees.

When considering the salary movements on a year-on-year basis for the Senior Management Team, the Committee will take account of salary increases across the general employee base. Executive Director annual bonus targets are also devolved down into the management line with an increasing emphasis on the quality and technical component elements needed to sustain corporate progress. In addition, the Company continues to cascade the LTIP to management grades below Executive Directors, ensuring a consistent reward framework, as shown below.

<table>
<thead>
<tr>
<th>Number of participants</th>
<th>Element of pay</th>
<th>Executive Directors, senior management, other key employees</th>
<th>LTIP</th>
<th>250%</th>
<th>200%</th>
<th>50-150%</th>
<th>25-35%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senior management (grades 1-4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees</td>
<td>Annual bonus – Deferred shares</td>
<td>37.5%</td>
<td>25%</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td></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>
<td></td>
<td></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>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees</td>
<td>Benefits</td>
<td>All employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All employees</td>
<td>Salary</td>
<td>All employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consideration of shareholder views

The Committee takes the views of shareholders seriously and these views are taken into account in shaping remuneration policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its remuneration policy. Given the changes proposed in this report are insignificant and are designed to ensure the Policy is more fully aligned with UK corporate governance best practice, the Committee determined that such an engagement process was not appropriate in this instance.

At the 2015 AGM we received 86% shareholder support for our remuneration policy and practice through the acceptance of our 2014 Annual Report and Accounts. At the 2017 AGM we received strong support of 100% for our 2016 Remuneration Report.
**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 2017 financial year, on a receivable basis in accordance with the policy as approved by shareholders. Comparative figures for the 2016 financial year have also been provided.

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>Period</th>
<th>Salary¹ (US$'000)</th>
<th>Taxable benefits² (US$'000)</th>
<th>Bonus³ (US$'000)</th>
<th>LTIP⁴ (US$'000)</th>
<th>Pension⁵ (US$'000)</th>
<th>Other⁶ (US$'000)</th>
<th>Total (US$'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru (CEO)</td>
<td>2017</td>
<td>1,097</td>
<td>470</td>
<td>813</td>
<td>1,587</td>
<td>187</td>
<td>0</td>
<td>4,153</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>1,097</td>
<td>569</td>
<td>582</td>
<td>708</td>
<td>187</td>
<td>0</td>
<td>3,143</td>
</tr>
<tr>
<td>Roger Brown (CFO)</td>
<td>2017</td>
<td>631</td>
<td>76</td>
<td>312</td>
<td>965</td>
<td>95</td>
<td>0</td>
<td>2,078</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>663</td>
<td>78</td>
<td>233</td>
<td>404</td>
<td>99</td>
<td>197</td>
<td>1,674</td>
</tr>
<tr>
<td>Stuart Connal (COO)</td>
<td>2017</td>
<td>152</td>
<td>21</td>
<td>75</td>
<td>643</td>
<td>34</td>
<td>0</td>
<td>926</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>663</td>
<td>223</td>
<td>233</td>
<td>404</td>
<td>146</td>
<td>0</td>
<td>1,668</td>
</tr>
</tbody>
</table>

**Notes:**
1. Salaries for Executive Directors are set in GBP – 2016 and 2017 salaries were £643,750 for the CEO and £489,250 for the CFO and COO. For the CEO, the July 2014 USD:GBP exchange rate has been used to calculate 2016 and 2017 remuneration. For the CFO and COO the average 2017 USD:GBP exchange rate of 1.29 has been used where applicable.
2. The taxable benefits for each Executive Director comprise those which are quantifiable.
4. The value of the 2015 LTIP awards vesting in April 2018 is shown in 2017 as the performance period ended on 31 December 2017. The estimated value of these awards uses a 2017 Q4 average share price; the actual value will be updated in the 2018 Directors' Remuneration Report when the awards vest on 21 April 2018 and will include dividend equivalents. The Value of the 2014 LTIP awards vested in April 2017 is shown in 2016 and has been restated based on the actual share price on 9 April 2017 ($1.00) 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 22% for the COO.
6. The CFO’s 2016 figures also include a fixed cash payment relating to the value of share awards foregone from his previous employer, a payment of US$197,118 was made on 7 September 2016.
7. For the CEO and COO (who are 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 2017 only 50% of income tax was paid by the Company. It is intended that in 2018 25% will be paid. This is not included in the salary, taxable benefits, bonus or pension figures above.
8. Stuart Connal (COO) retired on 30 March 2017 and therefore received a pro-rated remuneration package for the proportion of the year he was in office. Further details of his 2017 package can be found in the Payments for loss of office section on page 113.

**Non-Executive Directors**

The table below sets out the single total figure of remuneration and breakdown for each Non-Executive Director for 2017, on a receivable basis in accordance with the policy as approved by shareholders.

<table>
<thead>
<tr>
<th>Name</th>
<th>2017 Fees¹ (US$'000)</th>
<th>2016 Fees¹ (US$'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>423</td>
<td>444</td>
<td>Senior Independent Director, Remuneration Committee Chairman, Finance and Nomination and Establishment Committee member</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>133</td>
<td>140</td>
<td>Audit Committee member</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>184</td>
<td>194</td>
<td>Risk Management and HSSE, CSR and Audit Committee member</td>
</tr>
<tr>
<td>Basil Omiyi</td>
<td>223</td>
<td>234</td>
<td>Risk Management and HSSE Committee Chairman, Remuneration and Nomination and Establishment Committee member</td>
</tr>
<tr>
<td>Ifueko Omoigui Okauru</td>
<td>217</td>
<td>228</td>
<td>Finance, Audit, CSR and Risk Management and HSSE Committee member</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>210</td>
<td>221</td>
<td>Finance Committee Chairman and Remuneration Committee member</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>197</td>
<td>207</td>
<td>CSR Committee Chairman and Finance Committee member</td>
</tr>
<tr>
<td>Damian Dodo</td>
<td>184</td>
<td>194</td>
<td>Remuneration and Nomination and Establishment Committee member</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 2017, many of the NED fees expressed in USD have decreased from 2016, reflecting the 5% decrease in the average USD:GBP exchange rate for 2017 compared to 2016.
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 2017 only 50% 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>2017 Annual Fee(^1) (US$’000)</th>
<th>2016 Annual Fee(^1) (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>960</td>
<td>960</td>
</tr>
<tr>
<td>Board</td>
<td>133</td>
<td>140</td>
</tr>
<tr>
<td>Senior Independent Director</td>
<td>193</td>
<td>203</td>
</tr>
<tr>
<td>Committee Chairmanship</td>
<td>39</td>
<td>41</td>
</tr>
<tr>
<td>Finance Committee Chairmanship(^1)</td>
<td>52</td>
<td>54</td>
</tr>
<tr>
<td>Committee membership</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>Finance Committee membership(^1)</td>
<td>32</td>
<td>34</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 2017, many of the NED fees expressed in USD have decreased from 2016, reflecting the 5% decrease in the average USD:GBP exchange rate for 2017 compared to 2016.
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 2017 financial year, the bonus awards payable to Executive Directors were agreed by the Committee having reviewed the Company’s results. Details of the achievement of the measures used to determine bonuses in respect of the 2017 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, with 95% of the maximum opportunity depending on the KPIs set out below. The remaining 5% of the bonus opportunity is measured against individual objectives. Individual performance goals are set annually for each Executive Director 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, corporate governance, 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.

The significant improvement in the Company’s 2017 cash position and operational performance during the second half of the year, and in particular the final quarter, resulted in an improved reward compared to 2016, although the annual bonuses for Executive Directors were still slightly below target.

Overall, the annual bonus reward level for Executive Directors was slightly below target as set out in the corporate scorecard below:

<table>
<thead>
<tr>
<th>Performance measure</th>
<th>Specific</th>
<th>Performance achieved against targets</th>
<th>Resulting level of award for element (% of maximum opportunity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production and operational efficiency</td>
<td>Oil production volume</td>
<td>✔</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Gas sales</td>
<td>✔</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>Alternative crude export</td>
<td>✔</td>
<td>0%</td>
</tr>
<tr>
<td>Financial</td>
<td>Cash balance</td>
<td>✔</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Profit after tax</td>
<td>✔</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>NPDC receipts</td>
<td>✔</td>
<td>99%</td>
</tr>
<tr>
<td></td>
<td>Capital restructuring</td>
<td>✔</td>
<td>95%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>LTIF rate</td>
<td>✔</td>
<td>55%</td>
</tr>
<tr>
<td>Strategy</td>
<td>Strategic objectives (set for each Director individually)</td>
<td>✔</td>
<td>25%</td>
</tr>
</tbody>
</table>
### Annual Bonus pay-out

The table below sets out the annual bonus earned for the year:

<table>
<thead>
<tr>
<th>Performance measures</th>
<th>Achieved (% of max)</th>
<th>Bonus earned (US$’000)</th>
<th>Achieved (% of max)</th>
<th>Bonus earned (US$’000)</th>
<th>Achieved (% of max)</th>
<th>Bonus earned (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate measures</td>
<td>46.9% out of 95%</td>
<td>772</td>
<td>47.0% out of 95%</td>
<td>296</td>
<td>49.4% out of 100%</td>
<td>75</td>
</tr>
<tr>
<td>Individual performance</td>
<td>2.5% out of 5%</td>
<td>41</td>
<td>2.5% out of 5%</td>
<td>16</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>49.4% out of 100%</td>
<td>813</td>
<td>49.5% out of 100%</td>
<td>312</td>
<td>49.4% out of 100%</td>
<td>75</td>
</tr>
</tbody>
</table>

1. Stuart Connal (COO) retired on 30 March 2017 and in line with our Remuneration Policy he received a pro-rated annual bonus payment for 2017 of 11.9% of salary.

In line with Policy, 25% of the CEO’s and CFO’s bonus will be deferred into shares and will be released at the end of year 3 subject to continued employment. Additionally, in line with our payment for loss of office policy, the COO’s bonus has been paid fully in cash.

### Long-term incentives vesting in 2018

The 2015 LTIP awards were made to the CEO, COO and CFO on 21 April 2015 (conditional on approval by the Nigerian Stock Exchange, which was subsequently received). The awards vest on 21 April 2018; however the performance period for these awards ended on 31 December 2017. The performance conditions for these awards are set out in the Remuneration Policy table on page 102. 100% of the awards vested after testing the relative TSR and reserves growth performance conditions as set out below:

- **TSR performance vs comparator group**
  - Seplat TSR growth
  - Median TSR growth (25% vesting)
  - Upper quartile TSR growth (100% vesting)
  - Vesting under TSR condition
- **2P Reserves growth underpin**
  - Seplat reserves growth between FY14 and FY17
  - Reserves growth required to fully satisfy underpin
  - Reduction in vesting based on the underpin
  - Final vesting level

The following table presents the number of 2015 LTIP awards that will vest in April 2018 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 2015 LTIP awards granted</th>
<th>Number of 2015 LTIP awards vesting in April 2018</th>
<th>Value of vested awards¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1,120,500</td>
<td>1,120,500</td>
<td>US$ 1,586,628</td>
</tr>
<tr>
<td>CFO</td>
<td>681,264</td>
<td>681,264</td>
<td>US$ 964,670</td>
</tr>
<tr>
<td>COO²</td>
<td>681,264</td>
<td>454,176</td>
<td>US$ 643,113</td>
</tr>
</tbody>
</table>

1. Based on Q4 2017 average share price and excludes dividend equivalents.
2. 2015 LTIP awards vesting have been prorated to the date of retirement (30 March 2017) with rounding up to the nearest month in line with the LTIP rules and our payment for loss of office policy.

### Long-term incentives awarded in 2017

The table below sets out the details of the long-term incentive awards made in the 2017 financial year where vesting will be determined (conditional on approval by the Nigerian Stock Exchange) 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>1,803</td>
<td>25%</td>
<td>100%</td>
<td>100% Relative TSR and reserves growth underpin – see policy table on page 102 for further details.</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>Annual</td>
<td>1,096</td>
<td>25%</td>
<td>100%</td>
<td>100% Relative TSR and reserves growth underpin – see policy table on page 102 for further details.</td>
</tr>
</tbody>
</table>

Notes:
- The share price used to calculate the face value of awards was that at the date of award, being 20 April 2017 (conditional on approval by the Nigerian Stock Exchange) of US$ 1.12, noting that the number of awards was calculated by reference to a share price of £1 given the average share price in Q1 2017 was below £1.
- Stuart Connal did not receive any 2017 LTIP awards due to his retirement.
The comparator group used for assessing relative TSR consists of the following companies:

- Africa Oil
- Amerisur Resources
- Cairn Energy
- Cobalt Int. Energy
- Enquest
- Erin Energy (formerly Camac Energy)
- Exillon Energy
- Faroe Petroleum
- Genel Energy
- Gulf Keystone Petroleum
- Kosmos Energy
- Nostrum Oil & Gas
- Oando Plc
- Ophir Energy
- Premier Oil
- San Leon Energy
- Soco International
- Sound Energy
- Tullow Oil

**Payments to past Directors**
There were no payments in the financial year.

**Payments for loss of office**
When Stuart Connal stepped down from his role as Chief Operating Officer on 30 March 2017, he did not receive termination payments from the Company on his cessation of employment. However, in line with Seplat’s policy for loss of office and the rules of the LTIP, the Committee determined he was a good leaver. As a result he is entitled to the following:

<table>
<thead>
<tr>
<th>Element</th>
<th>Detail</th>
<th>Treatment applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>FY17 base salary</td>
<td>Paid to the date of retirement (30 March 2017), therefore no additional payment for loss of office.</td>
</tr>
<tr>
<td>Pension &amp; Benefits</td>
<td>FY17 pension &amp; benefits</td>
<td>Paid to the date of retirement (30 March 2017), therefore no additional payment for loss of office.</td>
</tr>
<tr>
<td>Annual bonus</td>
<td>FY14 deferred bonus shares</td>
<td>Deferred shares were not pro-rated to time in line with the default treatment under the remuneration policy. Shares vested on 21 April 2017.</td>
</tr>
<tr>
<td></td>
<td>FY15 and FY16 deferred bonus shares</td>
<td>Deferred shares were not pro-rated to time in line with the default treatment under the remuneration policy. Shares will vest on the normal vesting dates.</td>
</tr>
<tr>
<td></td>
<td>FY17 annual bonus</td>
<td>Annual bonus was awarded pro-rata to the date of retirement (30 March 2017), with the outcome aligned to the corporate scorecard. In line with policy, FY17 annual bonus will be fully paid in cash.</td>
</tr>
<tr>
<td>LTIP</td>
<td>2014 LTIP award</td>
<td>2014 LTIP vested in April 2017, in line with the Plan rules the time pro-ration was applied with rounding up to the nearest month. Shares will become exercisable on the normal exercise dates.</td>
</tr>
<tr>
<td></td>
<td>2015 and 2016 LTIP awards</td>
<td>2015 and 2016 LTIP awards will be prorated to the date of retirement (30 March 2017) with rounding up to the nearest month in line with policy. Performance will be assessed and shares will become exercisable on the normal exercise dates.</td>
</tr>
<tr>
<td></td>
<td>2017 LTIP award</td>
<td>2017 LTIP was not awarded.</td>
</tr>
</tbody>
</table>

**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 2017.

<table>
<thead>
<tr>
<th>Director</th>
<th>Shares required to be held % of salary</th>
<th>Beneficially owned</th>
<th>Shareholding requirement met (only required to be met in April 2019)</th>
<th>Interests subject to performance conditions</th>
<th>Interests not subject to performance conditions</th>
<th>Total interests held as at 31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>200%</td>
<td>74,548,740</td>
<td>Yes</td>
<td>4,351,411</td>
<td>294,912</td>
<td>79,193,063</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>150%</td>
<td>807,942</td>
<td>Yes</td>
<td>2,645,658</td>
<td>114,858</td>
<td>3,568,458</td>
</tr>
<tr>
<td>Stuart Connal</td>
<td>n/a</td>
<td>0</td>
<td>n/a</td>
<td>810,193</td>
<td>116,031</td>
<td>926,224</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 2015 LTIP awards which vest in April 2018.
3. Stuart Connal retired on 30 March 2017 and in line with our Remuneration Policy, the number of LTIP shares held by him was pro-rated to the date of retirement.
Details of the Non-Executive Directors’ interests in shares are set out below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Shares held as at 31/12/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>47,251,325</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>105,238</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>95,238</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>4,901,611</td>
</tr>
<tr>
<td>Basil Omiyi</td>
<td>495,238</td>
</tr>
<tr>
<td>Ifueko Omoigui Okauru</td>
<td>95,238</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>597,238</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 2017 and the publication of the Full Year 2017 Financial Results on 28 February 2018.

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 2017.

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

![Graph showing Total Shareholder Return (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 2017 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>CEO (Austin Avuru)</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total single figure (US$’000)1</td>
<td>4,153</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>49%</td>
<td>35%</td>
<td>46%</td>
<td>53%</td>
</tr>
<tr>
<td>LTIP vesting level achieved (% of maximum opportunity)</td>
<td>100%</td>
<td>97%</td>
<td>N/A2</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 (%) (US$)</th>
<th>Average employee pay in comparator group2 (%) (Naira)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>Taxable benefits</td>
<td>-15%</td>
<td>0%</td>
</tr>
<tr>
<td>Annual bonus</td>
<td>40%</td>
<td>35%</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>2017 ($)</th>
<th>2016 ($)</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall spend on pay2</td>
<td>56.9</td>
<td>40.8</td>
<td>39%</td>
</tr>
<tr>
<td>Distributions to shareholders (dividends)</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1. Calculated by converting 2016 and 2017 figures (from Naira) at the relevant year’s average NGN: USD exchange rate.

Implementation of remuneration policy in financial year 2018

The Committee proposes to implement the policy for the 2018 financial year as set out below.

Salary

There will be no salary increase for Executive Directors in the financial year ending 31 December 2018.

<table>
<thead>
<tr>
<th>Name</th>
<th>Salary 2018 (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>1,097</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>631</td>
</tr>
</tbody>
</table>

1. Actual amount paid in 2018 will depend on the USD:GBP exchange rate in the year.

Benefits and Pension

There are no proposed changes for the financial year ending 31 December 2018.

The value of pension contribution/salary supplement for the financial year is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Pension/Salary supplement 2018 (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin Avuru</td>
<td>187</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>95</td>
</tr>
</tbody>
</table>

1. Actual amount paid in 2018 will depend on the USD:GBP exchange rate in the year.
Annual Bonus

<table>
<thead>
<tr>
<th>Maximum bonus opportunity as a percentage of salary:</th>
<th>Performance metrics used, weightings and time period applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO – 150%</td>
<td>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.</td>
</tr>
<tr>
<td>CFO – 100%</td>
<td></td>
</tr>
<tr>
<td>75% of any bonus earned will be paid in cash at the end of year one.</td>
<td></td>
</tr>
<tr>
<td>The remaining 25% of any bonus earned will be deferred into shares and paid at the end of year three.</td>
<td></td>
</tr>
<tr>
<td>Annual bonus will be subject to clawback and malus.</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Maximum value of 250% of salary p.a. based on the market value at the date of award set in accordance with the rules of the LTIP.</th>
<th>Performance metrics used, weightings and time period applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>The intended awards for the Executive Directors as a percentage of salary are:</td>
<td></td>
</tr>
<tr>
<td>CEO – 250%</td>
<td></td>
</tr>
<tr>
<td>CFO –200%</td>
<td></td>
</tr>
<tr>
<td>In line with previous years, the number of share awards to be granted under the LTIP will be calculated based on the higher of the average share price over Q1 2018 or £1. This may result in a reduction in the number of shares awarded in 2018. The actual number of awards granted will be confirmed in our 2018 remuneration report. The LTIP vests after three years, subject to performance conditions, but holding periods will be applied such that awards can only be exercised as follows:</td>
<td></td>
</tr>
<tr>
<td>60% after year 3</td>
<td></td>
</tr>
<tr>
<td>20% after year 4</td>
<td></td>
</tr>
<tr>
<td>20% after year 5</td>
<td></td>
</tr>
<tr>
<td>The performance metrics will be the same as those employed for previous awards. 100% of the award will vest based on relative TSR performance as assessed against a bespoke comparator group of listed E&amp;P companies. 25% of the award will vest for median performance. 100% of the award will vest for upper quartile performance. There will be straight-line vesting between these points. 50% of the award will also be subject to a reserves growth underpin, which will operate as follows:</td>
<td></td>
</tr>
<tr>
<td>• 50% of the award will lapse if FY20 reserves fall by 10% or more from FY17 reserves;</td>
<td></td>
</tr>
<tr>
<td>• None of the award will lapse if FY20 reserves grow by 10% or more from FY17 reserves; and</td>
<td></td>
</tr>
<tr>
<td>• There will be a straight-line reduction in vesting between these points.</td>
<td></td>
</tr>
</tbody>
</table>

Non-Executive Director fees

All NED fees have remained unchanged in comparison to the year 2018. The table below shows the total fees to be paid for NED roles in respect of the financial year 2018:

<table>
<thead>
<tr>
<th>Position</th>
<th>Fees (US$’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>960</td>
</tr>
<tr>
<td>Board</td>
<td>133</td>
</tr>
<tr>
<td>Senior Independent Director</td>
<td>193</td>
</tr>
<tr>
<td>Committee Chairmanship</td>
<td>39</td>
</tr>
<tr>
<td>Finance Committee Chairmanship¹</td>
<td>52</td>
</tr>
<tr>
<td>Committee membership</td>
<td>26</td>
</tr>
<tr>
<td>Finance Committee membership¹</td>
<td>32</td>
</tr>
</tbody>
</table>

¹. Only applicable to those Directors who have additional responsibilities.

². Fees shown are those receivable in GBP, converted at the average exchange rate for 2017 of 1.29. This is with the exception of the Chairman, whose fees are converted at the July 2014 USD:GBP exchange rate. Actual fees paid in 2018 will depend on the USD:GBP exchange rate in the year.
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 Executive 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 1 June 2017, the Company received a vote of 100% in favour of its 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 2017.

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 are 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 as 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.

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 south eastern 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 four wholly owned subsidiaries, namely, Seplat Petroleum Development Company UK Limited (‘Seplat UK’), which was incorporated on 21 August 2014; Seplat East Onshore Limited (‘Seplat East’), which was incorporated on 12 December 2014; Seplat East Swamp Company Limited (‘Seplat Swamp’), which was incorporated on 12 December 2014; and Seplat Gas Company Limited (‘Seplat Gas’), which was incorporated on 12 December 2014, are referred to as the Group.
Subsidiary | Country of incorporation and place of business | Shareholding % | Principal activities
--- | --- | --- | ---
Newton Energy Limited | Nigeria | 100% | Oil & gas exploration and production
Seplat Petroleum Development UK | United Kingdom | 100% | Oil & gas exploration and production
Seplat East Onshore Limited | Nigeria | 100% | Oil & gas exploration and production
Seplat East Swamp Company Limited | Nigeria | 100% | Oil & gas exploration and production
Seplat Gas Company | Nigeria | 100% | Oil & gas exploration and production
ANOH Gas Processing Company Limited | Nigeria | 100% | Gas processing

Operating results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>138,281</td>
<td>63,384</td>
<td>452,179</td>
<td>254,217</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>34,376</td>
<td>(44,949)</td>
<td>112,414</td>
<td>(157,883)</td>
</tr>
<tr>
<td>Profit/(loss) before taxation</td>
<td>13,454</td>
<td>(47,419)</td>
<td>43,997</td>
<td>(172,766)</td>
</tr>
<tr>
<td>Profit/(loss) after taxation</td>
<td>81,111</td>
<td>(45,384)</td>
<td>265,230</td>
<td>(166,094)</td>
</tr>
</tbody>
</table>

Proposed dividend
No dividend was proposed during the year (2016: nil). During a period in which Seplat is focusing on preservation of liquidity and selective capital allocation and in order to ensure the Group maintains a necessary level of financial flexibility, the Board believes that the Group and its shareholders are better served at this point in time by selectively deploying available capital (on a discretionary basis) into the portfolio of production opportunities and preserving a liquidity buffer.

Unclaimed dividend
The total amount outstanding as at 31 December 2017 is US$236,052.89 and ₦86,957,768.04. 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 14 to the financial statements. In the opinion of the Directors, the market value of the Group’s property, plant and equipment is not less than the value shown in the financial statements.

Board changes
The Group announced in March that Stuart Connal retired from his role as COO and Executive Director effective 31 March 2017. The Board, management and all staff would like to thank Mr Connal for his significant contribution to Seplat in the last few years. Stuart’s vast expertise remains available to the Group through his continued involvement on a consultancy basis in support of the large scale ANOH gas and condensate project.

The Board has appointed an Executive Director since the last Annual General Meeting. Effiong Okon was appointed Operations Director effective 23 February 2018. The appointment will be presented to shareholders for approval 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 the Company’s Articles of Association and the Companies and Allied Matters Act (‘CAMA’) LFN 2004.
Directors' interest in shares

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>31 Dec 16</th>
<th>31 Dec 17</th>
<th>28 Feb 18</th>
<th>No. of ordinary shares in issue</th>
<th>As a percentage of ordinary shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.B.C. Orjiako</td>
<td>77,962,880</td>
<td>47,251,325</td>
<td>8.39%</td>
<td>47,251,325</td>
<td>8.03%</td>
</tr>
<tr>
<td>Austin Avuru</td>
<td>74,064,823</td>
<td>74,546,740</td>
<td>13.23%</td>
<td>74,546,740</td>
<td>12.67%</td>
</tr>
<tr>
<td>Roger Brown</td>
<td>535,715</td>
<td>807,942</td>
<td>0.14%</td>
<td>807,942</td>
<td>0.14%</td>
</tr>
<tr>
<td>Effiong Okon</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.00%</td>
</tr>
<tr>
<td>Stuart Connal</td>
<td>627,289</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Michel Hochard</td>
<td>95,238</td>
<td>95,238</td>
<td>0.02%</td>
<td>95,238</td>
<td>0.02%</td>
</tr>
<tr>
<td>Macaulay Agbada Ofurhie</td>
<td>4,901,611</td>
<td>4,901,611</td>
<td>0.87%</td>
<td>4,901,611</td>
<td>0.83%</td>
</tr>
<tr>
<td>Michael Alexander</td>
<td>95,238</td>
<td>105,238</td>
<td>0.02%</td>
<td>105,238</td>
<td>0.02%</td>
</tr>
<tr>
<td>Charles Okeahalam</td>
<td>597,238</td>
<td>597,238</td>
<td>0.11%</td>
<td>597,238</td>
<td>0.10%</td>
</tr>
<tr>
<td>Basil Omiyi</td>
<td>495,238</td>
<td>495,238</td>
<td>0.09%</td>
<td>495,238</td>
<td>0.08%</td>
</tr>
<tr>
<td>Ifueko Omoigui Okauru</td>
<td>95,238</td>
<td>95,238</td>
<td>0.02%</td>
<td>95,238</td>
<td>0.02%</td>
</tr>
<tr>
<td>Lord Mark Malloch-Brown</td>
<td>31,746</td>
<td>31,746</td>
<td>0.01%</td>
<td>31,746</td>
<td>0.01%</td>
</tr>
<tr>
<td>Damian Dodo</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Total 159,532,054 128,927,554 22.88% 128,927,554 21.91%

1. 16,151,325 ordinary shares are held directly by A.B.C. Orjiako and Shebah Petroleum Development Company Limited; 18,500,000 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; and 12,600,000 ordinary shares are held directly by A.B.C. Orjiako’s siblings.

2. 27,217,010 ordinary shares are held by Professional Support Limited and 1,920,000 ordinary shares are held by Abtrust Integrated Services Limited, each of which is an entity controlled by Austin Avuru. 44,160,000 ordinary shares are held by Platform Petroleum Limited, which is an entity in which Austin Avuru has a 23% equity interest and 1,249,730 ordinary shares are held by Austin Avuru.

3. At 1 February 2018, the issued share capital increased by 25,000,000 shares in furtherance of the Company’s Long Term Incentive Plan. Seplat’s share capital now consists of 588,444,561 ordinary shares of ₦0.50k each, all with voting rights.

Directors’ interest in contracts

The Chairman and the Chief Executive Officer have disclosable indirect interests in contracts with which the Company was involved as at 31 December 2017 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 2017 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</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS PLC – MAIN</td>
<td>413,825,196</td>
<td>73.45</td>
</tr>
<tr>
<td>Platform Petroleum Limited</td>
<td>44,160,000</td>
<td>7.84</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 2017 was 51.49%.

 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 2017 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>1,548</td>
<td>84.64</td>
<td>1,317,791</td>
<td>0.23</td>
</tr>
<tr>
<td>10,001-50,000</td>
<td>148</td>
<td>8.09</td>
<td>3,841,344</td>
<td>0.68</td>
</tr>
<tr>
<td>50,001-100,000</td>
<td>40</td>
<td>2.19</td>
<td>2,838,987</td>
<td>0.50</td>
</tr>
<tr>
<td>100,001-500,000</td>
<td>60</td>
<td>3.28</td>
<td>13,606,409</td>
<td>2.41</td>
</tr>
<tr>
<td>500,001-1,000,000</td>
<td>12</td>
<td>0.66</td>
<td>8,602,910</td>
<td>1.53</td>
</tr>
<tr>
<td>1,000,001-5,000,000</td>
<td>15</td>
<td>0.82</td>
<td>33,912,939</td>
<td>6.02</td>
</tr>
<tr>
<td>5,000,001-10,000,000</td>
<td>3</td>
<td>0.16</td>
<td>19,763,750</td>
<td>3.51</td>
</tr>
<tr>
<td>10,000,001-50,000,000</td>
<td>2</td>
<td>0.11</td>
<td>65,735,235</td>
<td>11.67</td>
</tr>
<tr>
<td>100,000,001-500,000,000</td>
<td>1</td>
<td>0.05</td>
<td>413,825,196</td>
<td>73.45</td>
</tr>
<tr>
<td>Total</td>
<td>1,829</td>
<td>100.00</td>
<td>563,444,561</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Share capital history

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised increase</th>
<th>Cumulative</th>
<th>Issued increase</th>
<th>Cumulative</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-09</td>
<td></td>
<td>100,000,000</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>200,000,000</td>
<td>200,000,000</td>
<td>stock split from ₦1.00 to 50k</td>
</tr>
<tr>
<td>Jul-13</td>
<td>200,000,000</td>
<td>400,000,000</td>
<td>400,000,000</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>153,310,313</td>
<td>553,310,313</td>
<td>cash</td>
</tr>
<tr>
<td>Dec-14</td>
<td></td>
<td>1,000,000,000</td>
<td></td>
<td>553,310,313</td>
<td>No change</td>
</tr>
<tr>
<td>Dec-15</td>
<td>1,000,000,000</td>
<td>10,134,248</td>
<td>563,444,561</td>
<td>staff share scheme</td>
<td></td>
</tr>
<tr>
<td>Dec-16</td>
<td>1,000,000,000</td>
<td></td>
<td>563,444,561</td>
<td>No change</td>
<td></td>
</tr>
<tr>
<td>Dec-17</td>
<td>1,000,000,000</td>
<td></td>
<td>563,444,561</td>
<td>No change</td>
<td></td>
</tr>
</tbody>
</table>

At 1 February 2018, the issued share capital increased by 25,000,000 shares in furtherance of the Company’s Long Term Incentive Plan. Seplat’s share capital now consists of 588,444,561 ordinary shares of ₦0.50k each, all with voting rights.
Donations
The following donations were made by the Group during the year (2016: ₦37,333,000, US$163,482).

<table>
<thead>
<tr>
<th>Name of beneficiary</th>
<th>₦’000</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa Center Association</td>
<td>67,568</td>
<td>220,949</td>
</tr>
<tr>
<td>African Business &amp; Social Responsibility Forum</td>
<td>826</td>
<td>2,701</td>
</tr>
<tr>
<td>Chartered Institute of Procurement and Supply</td>
<td>522</td>
<td>1,707</td>
</tr>
<tr>
<td>Children International School</td>
<td>225</td>
<td>736</td>
</tr>
<tr>
<td>Daniel Ogechi Akujobi Memorial Foundation</td>
<td>461</td>
<td>1,475</td>
</tr>
<tr>
<td>Energy Correspondents of Nigeria</td>
<td>450</td>
<td>1,473</td>
</tr>
<tr>
<td>International Institute of Petroleum Energy Law and Policy</td>
<td>1,354</td>
<td>4,426</td>
</tr>
<tr>
<td>Medical Women’s Association</td>
<td>922</td>
<td>3,016</td>
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<td>Nigerian Association of Petroleum Explorationists</td>
<td>3,780</td>
<td>12,360</td>
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<td>Nigerian Bar Association (Lagos branch)</td>
<td>158</td>
<td>516</td>
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<tr>
<td>Nigerian Gas Association</td>
<td>450</td>
<td>1,472</td>
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<tr>
<td>Nigerian Orthopaedic Association</td>
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<td>1,472</td>
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<tr>
<td>Nigerian Union of Journalists</td>
<td>90</td>
<td>294</td>
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<tr>
<td>Nigeria &amp; Entrepreneurship, Summit &amp; Honors ('NESH')</td>
<td>445</td>
<td>1,456</td>
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<tr>
<td>Oil and Gas Council</td>
<td>1,050</td>
<td>3,435</td>
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<td>Oil Council – Clarion Events Limited</td>
<td>1,658</td>
<td>5,423</td>
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<td>Okparavero Memorial Hospital</td>
<td>6,706</td>
<td>21,929</td>
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<td>Olufunke Olayo</td>
<td>225</td>
<td>736</td>
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<td>Owerri Sports Club</td>
<td>901</td>
<td>2,946</td>
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<td>Petroleum Technology Association</td>
<td>2,703</td>
<td>8,838</td>
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<td>Raitas Communications</td>
<td>936</td>
<td>3,060</td>
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<td>SOJA Magazine</td>
<td>68</td>
<td>221</td>
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<td>Solomon Umaifo</td>
<td>450</td>
<td>1,471</td>
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<td>Sustainability in the Extractive Industries (‘SITEI’) Conference</td>
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<td>1,471</td>
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<td>The Nigerian Stock Exchange</td>
<td>675</td>
<td>2,208</td>
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<td>University of Benin Medical Students’ Association</td>
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<tr>
<td>University of Nigeria Teaching Hospital Neurogic Association</td>
<td>901</td>
<td>2,946</td>
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<td>Others</td>
<td>10,857</td>
<td>35,504</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>105,361</strong></td>
<td><strong>344,535</strong></td>
</tr>
</tbody>
</table>

Employment and employees

Employees’ 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.

Health, safety and welfare of employees
The Company continues to enforce strict health and safety rules and practices at the work 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 firefighting equipment are 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.

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 auditors’ remuneration.

By Order of the Board

Dr. Mirian Kene Kachikwu
FRC/2015/NBA/0000010739
Company Secretary,
Seplat Petroleum Development Company Plc
25a Lugard Avenue
Ikoyi
Lagos
Nigeria
28 February 2018
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, which are 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/0000003161
28 February 2018

Austin Avuru
Chief Executive Officer
FRC/2014/IODN/0000003100
28 February 2018