



AZULE
ENERGY
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SUSTAINABILITY
REPORT
2023

LETTER FROM THE CEO

Dear Stakeholders,
It is with great pride and responsibility that I present Azule Energy's first Sustainability Report. This milestone reflects not only our commitment to transparency and accountability but also our determination to lead Angola's energy transition towards a more sustainable future.

In this report, we share our journey, achievements, and aspirations over the past five months of 2022 and throughout 2023. As we reflect on our progress, one thing is clear: sustainability is not just an aspect of what we do - it is at the core of who we are.

Our Vision for a Sustainable Energy Future

Azule Energy is guided by an unwavering commitment to sustainability, innovation, and positive social impact. At the heart of our mission is the drive to reduce carbon emissions and achieve a Net Zero footprint for Scope 1 by 2030. To that end, we are investing in cutting-edge solutions and renewable energy projects, including the Caraculo Photovoltaic Power Plant, which marks a pivotal step in diversifying Angola's energy mix. Innovation drives our ambition for cleaner energy. The Agogo FPSO, currently under construction, integrates advanced carbon capture and storage technologies, symbolizing our efforts to lead in efficiency and environmental stewardship.

Empowering Communities, Building Futures

We firmly believe that sustainability goes beyond the environment - it extends to the communities where we operate. In Angola, we are deeply committed to social development. Through initiatives such as rural school construction, vocational training, and partnerships with universities, we are investing in the next generation of leaders and innovators. Moreover, our support for Angola's cardio-pulmonary hospital, including the training of cardiac surgeons, reflects our dedication to improving healthcare and enhancing the quality of life for local communities.

Partnerships and Progress

We believe collaboration is central to our approach. Thus, we are proud to have joined the Global Oil & Gas Decarbonization Charter, committing to reduce our emissions by 40% by 2030. Additionally, our memorandum of understanding to participate in the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) underscores our pledge to tackle methane emissions across the value chain.

We are also working closely with Sonangol to strengthen Angola's decarbonization efforts. This partnership will allow us to explore opportunities in forestry, renewable energy, and low-carbon blue hydrogen—paving the way for a greener economy.

Looking Ahead

As we navigate a transformative era for the energy sector, Azule Energy is steadfast in its commitment to delivering safe, reliable, and sustainable energy. This report is a testament to our determination to act responsibly today, while building a brighter, cleaner future for generations to come.

We are immensely grateful to our stakeholders - employees, partners, communities, and regulators - for your unwavering support. Your collaboration inspires us to push boundaries and turn challenges into opportunities. Together, we can reimagine Angola's energy landscape and create lasting value for all.

Sincerely,

Adriano Mongini
CEO, Azule Energy





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01

INTRODUCTION

Our Commitment to a Sustainable Future

EXECUTIVE SUMMARY

GOVERNANCE: Building a Foundation of Accountability

Strong governance underpins Azule Energy's approach to sustainability, ensuring alignment with global standards and embedding accountability at every level of the organization. The company has developed a robust framework to oversee its sustainability agenda, ensuring ethical leadership and transparent decision-making.

- **Governance Framework and Oversight:** A clear governance structure supports effective oversight of sustainability initiatives and risk management.
- **Sustainability Committees:** Specialized committees ensure that sustainability remains a core focus of strategic discussions.
- **Policies, Standards, and Procedures:** Comprehensive governance policies guide responsible operations, aligning with international benchmarks for accountability and transparency.

ENVIRONMENT: Protecting Our Shared Planet

Azule Energy recognizes the critical role of the energy sector in addressing climate change and minimizing environmental impact. The company's environmental strategy prioritizes emissions reduction, resource conservation, and waste management to protect the planet for future generations.

Navigating Climate Challenges with Purpose

- **Decarbonization Strategy:** A clear roadmap to reduce greenhouse gas emissions, aligned with global climate goals.
- **Collaborative Actions for Climate Change:** Partnerships with stakeholders to drive industry-wide progress on climate initiatives.

- **Energy Efficiency and Transition Efforts:** Focused measures to optimize energy use and accelerate the transition to cleaner energy sources.
- **Flaring Reduction:** Significant progress in reducing flaring activities as part of the company's emissions control strategy.
- **Reduction Air Emissions Impact:** Rigorous monitoring and reduction of air pollutants to improve environmental quality.

Protecting Natural Resources

- **Water Resources Management:** Implementation of water conservation initiatives to reduce consumption and enhance efficiency.
- **Biodiversity Conservation:** Safeguarding ecosystems through careful planning and operational management.
- **Spill Prevention and Response:** Strengthened spill prevention measures and rapid response protocols to minimize environmental risks.

Towards a Circular Economy

- **Materials and Waste Management:** Promoting reuse, recycling, and responsible disposal practices across operations.
- **Radioactive Waste Handling:** Compliance with best practices for handling and storing radioactive materials safely.
- **Decommissioning with Responsibility:** Ensuring that asset retirement activities prioritize environmental restoration and sustainability.

SOCIAL: Empowering Communities and People

Azule Energy's social initiatives are designed to empower its workforce, respect

human rights, and contribute to the well-being of local communities. The company emphasizes inclusion, safety, and economic development to foster resilience and shared prosperity.

Respecting Human Rights

- **Human Rights Management Practices:** Integration of due diligence processes to uphold human rights across operations and supply chains.

Our People, Our Strength

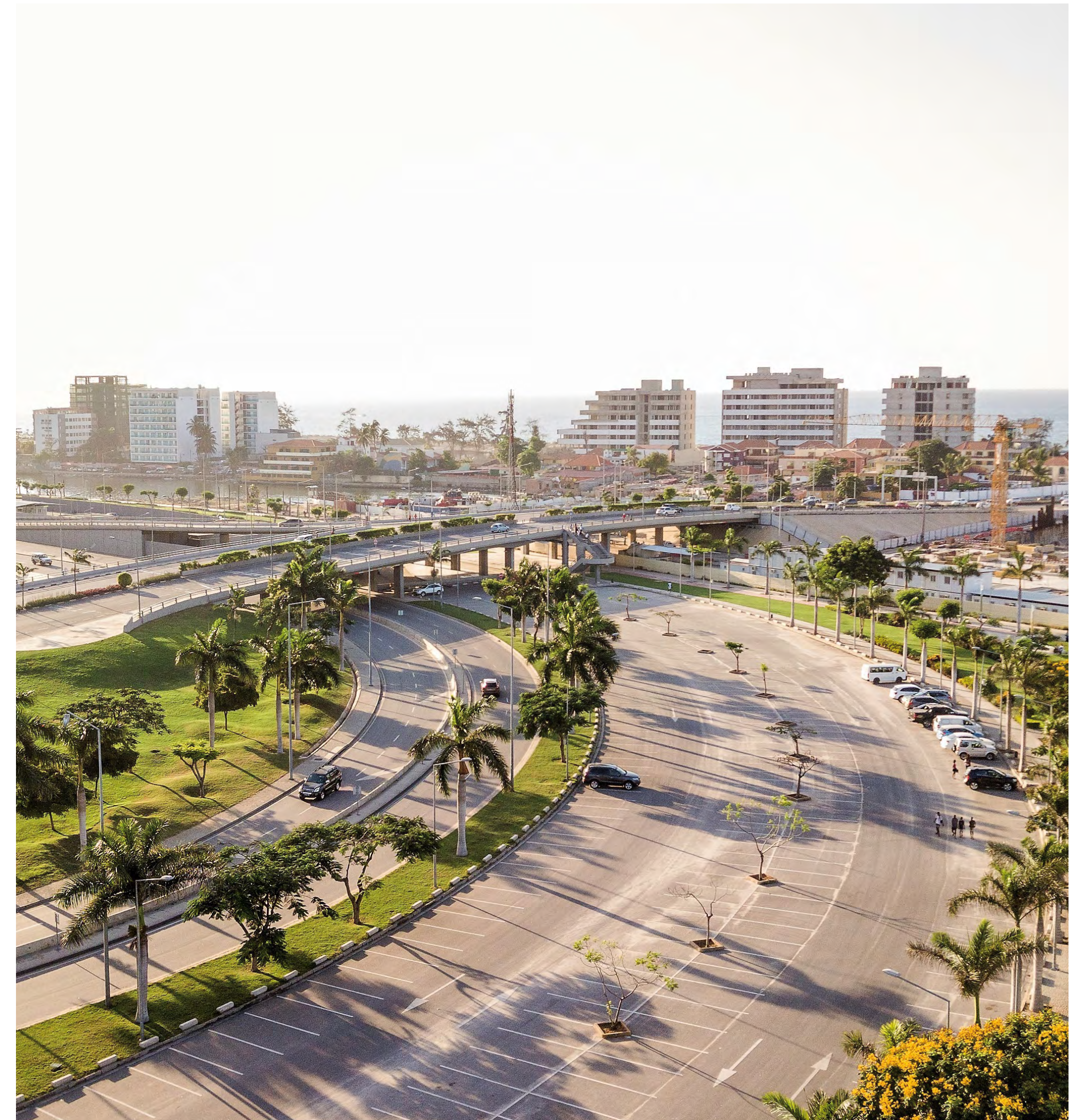
- **Labour Practices and Worker Accommodation:** Maintaining high labour standards and ensuring fair treatment for all employees.
- **Health, Safety, and Well-Being:** Comprehensive programs to promote safety, health, and security for the workforce.
- **Building a Local Workforce:** A workforce composition with 84.3% Angolan employees, reflecting Azule Energy's commitment to local empowerment.

Partnering with Communities

- **Community Engagement Initiatives:** Fostering dialogue and collaboration with local stakeholders to address community needs.
- **Grievance Mechanisms:** Transparent processes to address and resolve community concerns effectively.
- **Social Investments and Impact:** Investment in programs that support education, health-care, and community infrastructure.

Driving Local Growth

- **Local Content Development:** Building capacity among local suppliers and contractors to drive economic growth.
- **Procurement and Supplier Support:** Empowering local businesses through targeted procurement strategies and supplier development programs.



AZULE ENERGY

Powering Progress Responsibly

This report presents Azule Energy's comprehensive approach to sustainability, highlighting key actions and achievements from the latter half of 2022 through the full year of 2023. It serves as a detailed account of the company's sustainability performance and outlines areas for ongoing development and future growth.

Azule Energy is committed to integrating sustainability into its core business operations. The company recognizes its responsibility to contribute to a sustainable future and is dedicated to fostering positive change.

A central focus of Azule Energy's sustainability goals is to reduce carbon emissions. The company is investing in low-carbon solutions, advanced technologies, and renewable energy sources, with the aim of achieving net zero emissions from operated assets by or before 2050.

To measure and report on its sustainability performance, Azule Energy tracks emissions, implements energy efficiency improvements, assesses its social investment impact, and adheres to robust ethical business practices.

The company is also actively engaged with local communities, its workforce, environmental organizations, regulators, and industry forums to advance its sustainability goals. This includes participation in industry initiatives such as the Global Oil & Gas Decarbonization Charter and the Oil and Gas Methane Partnership 2.0.

Who We Are

On the 1st of March 2022, Eni International B.V. (EIBV) and bp Exploration Operating Company Limited (bpEOC) agreed to combine their upstream oil and gas, liquefied natural gas

(LNG), and renewable energy operations in Angola into a new joint venture. This joint venture was formed as a new company, Angola JV Limited, registered in the United Kingdom.

On the 1st of August 2022, the Angolan businesses, EIBV and BP EOC, were transferred to Angola JV Limited. All financial, operational, and other matters related to the joint venture took effect from this date. The company name was changed to Azule Energy Holdings Limited on 22 August 2022.

The Azule Energy Group Head Office is in London, while the operating branches of the group are based in Luanda. The company has a mission to deliver safe, responsible, and cost-efficient oil and gas production, as well as support Angola to further develop its energy sector and its energy transition agenda. Azule aims to provide energy for the Angolan people and support the country to navigate its energy transition, whilst creating value for its shareholders. The company seeks to create value for its shareholders by improving the country's energy access, generating employment, and stimulating economic growth.

Our Operations

Azule Energy is Angola's largest equity oil producer and a leading independent exploration and production (E&P) company in Africa. In 2023, the company produced 204,000 barrels of oil equivalent per day from its Angolan operations.

By the end of 2023, Azule held 20 licences across onshore and offshore Angola, enabling reliable and sustainable energy supply. The company operated 13 blocks, with three in production and the rest in exploration or development. Azule estimates its total net resources at two billion barrels of oil equivalent.

The Agogo Integrated West Hub is the company's largest project, developing the Agogo and Ndungu fields with estimated recoverable reserves of 500 million barrels. This includes the delivery of a new FPSO, the first in Angola for over seven years. The project is designed to be highly energy efficient and will integrate with existing infrastructure to reduce costs. Production is expected to start in mid-2026, reaching a peak of 240,000



barrels of oil equivalent per day. Additional drilling in Blocks 18 and 31 will help maintain production levels.

Our Vision for a Sustainable Future

Azule Energy's investment in the Caraculo Solar Plant (phase 1), a 25kW photovoltaic plant, represents a step towards diversifying its energy portfolio. Additionally, the under-construction Agogo FPSO, featuring pioneering carbon capture and storage technology, exemplifies the company's pursuit of more efficient energy solutions.

Azule is committed to leading Angola's energy transition, with gas as a key transition fuel. The company operates the country's first non-associated gas development project, the New Gas Consortium. Final investment was approved in July 2022, with main contracts signed the following month. The project involves two offshore platforms, an onshore gas processing plant, and a connection to the Angola LNG plant, targeting a production rate of 4 billion cubic metres of gas per year.

To complement its gas strategy, Azule plans to drill Angola's first gas exploration well in Block 1/14 in 2024. Success could leverage existing infrastructure and open up the gas value chain for the domestic market.

Azule is also investing in low-carbon energy through its joint venture with Sonangol, Solenova. The company completed the first phase of the Caraculo photovoltaic plant in May 2023, supplying 25 megawatts of solar power to southern Angola. A second phase of the same capacity is planned.



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02

GOVERNANCE

Building a Foundation of Accountability

EMBEDDING SUSTAINABILITY IN LEADERSHIP

At Azule Energy, robust governance forms the backbone of our strategic approach, ensuring accountability, transparency, and alignment with our sustainability goals, integrating governance practices throughout the organisation, we aim to foster informed decision-making and reinforce our commitment to ethical practices and long-term value creation. This dedication supports the company’s efforts to navigate complex environmental, social, and governance challenges while advancing our corporate mission and stakeholder engagement.

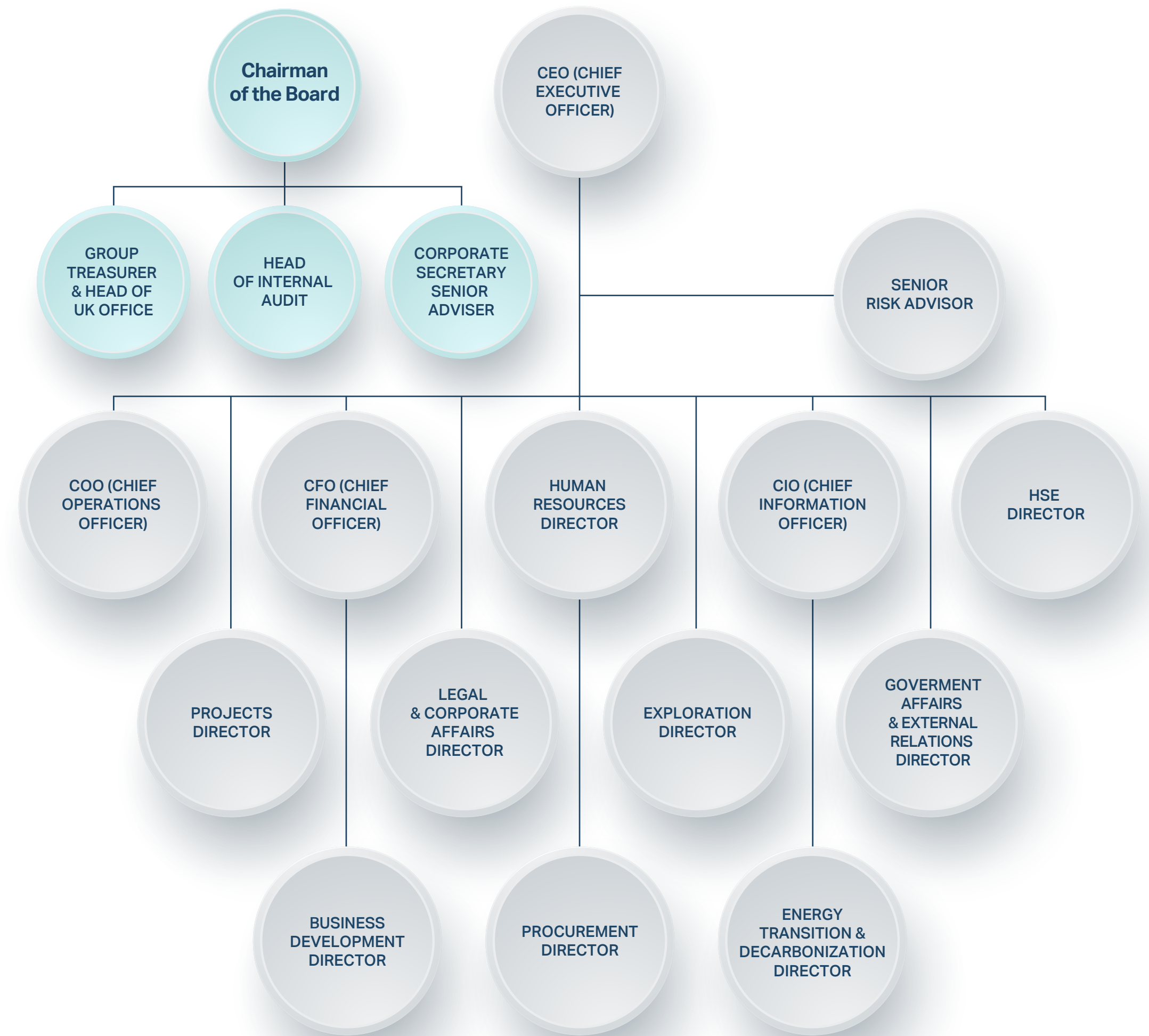
Governance Framework and Oversight

Azule has a clear governance structure that supports its sustainability efforts. This framework ensures sustainability is integrated into decision-making and operations across the organisation.

Azule Energy operates a two-tier governance model:

- **The Board of Azule Energy:** Based in the United Kingdom and led by a Chair, the Board represents shareholder interests. It oversees a team including a Deputy Chair, Group Treasurer, Head of Internal Audit, and Senior Corporate Secretary Advisor.
- **The Executive Leadership Team:** Responsible for day-to-day operations, this team is led by Chief Executive Officer Adriano Mongini. Executive Directors oversee various

Azule Energy Structure



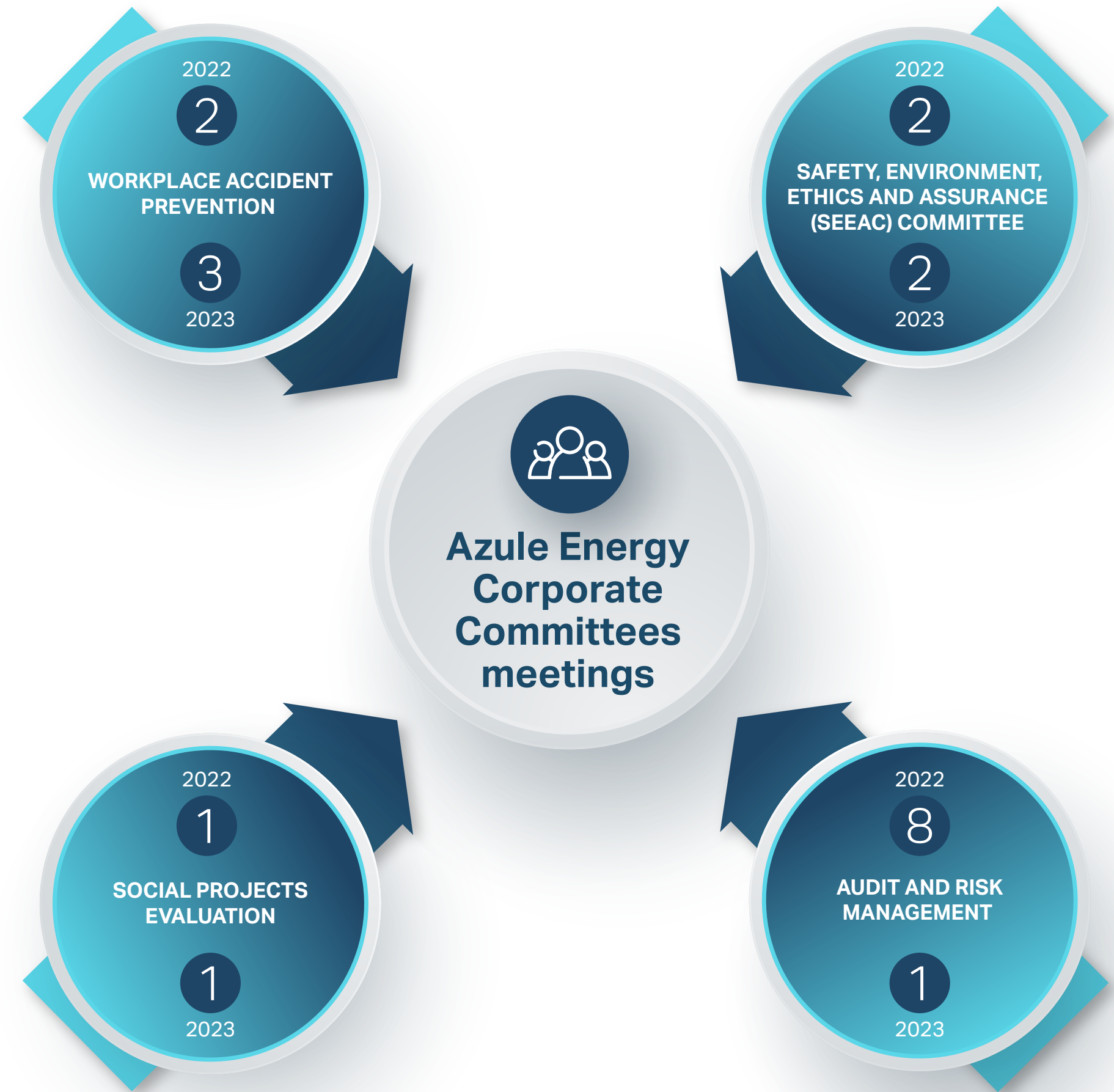
business functions. This team sets the strategic direction, aligning organisational purpose, strategy, and business models with the company's vision and mission.

While the company's sustainability strategy is under development, its existing Governance Structure, Decarbonisation Strategy, Health, Safety, and Environment Policy, Social Sustainability Procedure and other core documents provide a foundation for sustainability accountability.

Our Committee

Azule Energy has several management-level corporate committees that support the company in addressing climate change and other sustainability matters. These include:

- **Audit & Risk Management Committee:** This committee oversees audit processes and risk management practices, ensuring robust governance in its sustainability initiatives.
- **Social Projects Evaluation Committee:** Responsible for evaluating and approving social projects, this committee incorporates sustainability criteria into the assessment and approval process of social projects implemented or funded by Azule Energy.
- **Workplace Accident Prevention Committee:** Led by the Health Safety and Environment team, this government-mandated committee focuses on preventing workplace accidents and promoting safety, which is essential to the company sustainability commitments and operational practices.
- **The Safety, Environment, Ethics and Assurance Committee (SEEAC):** Oversees the effectiveness of Azule environmental, climate, safety, health and social programmes



Number of sessions in 2022 and 2023

and ensures that risks, including environmental or carbon-related hazards, are fully assessed and appropriately mitigated.

In 2023, these committees convened six times to provide strategic guidance on the company's overall operations and sustainability efforts. Discussions encompassed a wide range of topics, including progress reviews, risk assessments, and the development of initiatives to advance both business growth and sustainability objectives.

Policies, Standards, and Procedures

Azule has a range of policies, standards, and procedures designed to support its sustainability goals. These frameworks aim to set objectives, enhance accountability, increase transparency, improve efficiency, strengthen stakeholder relations, and mitigate risks.

These include, but are not limited to:

- **Azule Code of Conduct:** This code forms the basis of the company commitment to responsible business practices. It outlines clear expectations for all employees, emphasising honesty, accountability, and ethical conduct. The code's principles also guide Azule Energy interactions with external stakeholders.
- **Conflict of Interest:** This policy assists Azule Energy employees in identifying, reporting, and managing potential or actual conflicts of interest, ensuring transparency and ethical behaviour.



Azule Energy acknowledges the significant climate-related risks and opportunities facing its business. The company is enhancing its governance framework to prioritize sustainability.



- **Anti-Bribery and Corruption, Anti-Money Laundering, and Anti-Tax Evasion:** This policy ensures Azule's compliance with relevant anti-bribery, anti-money laundering, and tax evasion laws in all operating countries.
- **Human Rights and Modern Slavery:** This policy outlines the company commitment to upholding human rights and preventing modern slavery within its operations and supply chain.
- **Social Sustainability Standard:** This standard defines Azule Energy's specific social responsibility principles, considering the environmental, social, and economic impacts of its operations.
- **Management of Social Sustainability Initiatives Procedure:** This procedure outlines the process for developing, implementing, and monitoring social responsibility and community sustainability initiatives to ensure their effectiveness and measurability.
- **Health, Safety and Environment Policy:** This policy prioritises the health, safety, and well-being of employees, contractors, and the public, while minimising the environmental impact of the company's operations.
- **Azule System of Internal Control:** This system includes documentation, processes, management systems, organisational structures, culture, and behaviours to support internal controls.

Goals > for 2024/2025

01 Committee Engagement
Strengthen the role of the SEEAC Committee to assess and mitigate emerging environmental and carbon-related risks.

02 Governance Framework Development
Finalize and implement Azule's sustainability strategy, which is currently under development, to provide a more integrated approach to sustainability governance.

03 Benchmarking for Policy Enhancements
Conduct benchmarking exercises against industry best practices to identify gaps and opportunities for strengthening existing policies and procedures, ensuring alignment with evolving sustainability standards.

04 Sustainability Accountability
Strengthen reporting frameworks to align with global best practices and enhance transparency in sustainability disclosures.

Conduct a comprehensive materiality assessment to better understand stakeholder priorities and identify key focus areas for the sustainability strategy, ensuring relevance and alignment with business objectives.



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03

ENVIRONMENT

Protecting Our Shared Planet

NAVIGATING CLIMATE CHALLENGES WITH PURPOSE

As Angola's largest independent oil and gas producer, Azule Energy recognises the responsibility it has in managing climate-related risks and opportunities, and fully supports Angola's ambitious goals for GHG reduction outlined in the Angola Nationally Determined Contribution (NDC)¹.

This commitment extends beyond compliance with regulations. Azule Energy's Decarbonization Strategy outlines the company's path to reduce GHG emissions and achieve net zero, directly aligning its goals with Angola's national climate objectives.

Our Decarbonization Strategy

Azule Energy developed a decarbonisation strategy in 2023 aiming for net zero emissions by 2030, with a particular focus on Scope 1 emissions. To mitigate climate impact and enhance sustainability, the company is implementing various measures across its operations. The strategy is based on five key areas:

- **Carbon inventory management:** Comprehensive profiling of emissions across all operations.
- **Emissions reduction:** Measures to reduce and eliminate emissions from sources such as flaring, venting, and fugitive emissions.

¹ NDC outlines the country's commitments to reducing GHG emissions and adapting to climate change





- **Process optimisation:** Implementation of initiatives such as ISO 50001 certification to improve efficiency and environmental performance.
- **Natural climate solutions:** Conservation of forests and restoration of mangroves to offset emissions and protect ecosystems.
- **Energy transition:** Integration of initiatives such as photovoltaic plants and natural gas conversion.

Azule Energy aims to reduce absolute GHG emissions by 40% by 2030 compared to 2019 levels. A significant emphasis is placed on flaring reduction, targeting a 75% decrease from 2019 levels, and ultimately eliminating routine flaring by the end of 2024. Additionally, the company aims for near-zero absolute methane emissions by 2030. Plans to eliminate Scope 3 emissions are in place for 2050.

Recognising the contribution of transportation to its emissions footprint, the strategy includes reducing GHG emissions from transportation by promoting lower-emission alternatives. This involves supporting the transition to hybrid, electric vehicles. While specific transportation plans are under development, the company is also restructuring supply chain practices to incorporate emissions and energy Key Performance Indicators into contract evaluation criteria.

Collaborative Actions for Climate Change

Azule Energy is committed to ongoing improvement in all operational areas, including reducing greenhouse gas emissions. The company collaborates with other operators to share best practices and drive broader industry decarbonisation.

The Azule Energy Environmental Bridging Document sets clear expectations for its teams. This includes adopting an environmental and carbon policy and implementing processes for environmental performance planning and monitoring.

At COP28, Azule Energy signed the Oil and Gas Decarbonization Charter (OGDC). This commitment to achieve net zero emissions from operated assets by or before 2050 underlines the company's long-term vision for a low-carbon future.

Azule Energy has also adhered to the Oil and Gas Methane Partnership 2.0 ("OGMP 2.0"), the United Nations Environment Programme's (UNEP) flagship oil and gas reporting and mitigation programme.

The company is developing an Environmental and Carbon policy and a flaring management policy to be implemented in 2024. These policies will support emissions reduction and promote more sustainable production aligned with the Azule Decarbonisation Strategy.

Climate Strategy and Risk Management

Azule Energy is aware of the serious challenge of climate change and how it may affect its operations. The global energy landscape is changing quickly due to the impacts of climate change, as shown by the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

The company incorporates climate considerations into its decision-making processes, including through the oversight of its Board and executive leadership via the Safety, Environment, Ethics and Assurance (SEEAC) sub-committees.

The International Energy Agency (IEA) World Energy Outlook 2023 analyses the difficulties and opportunities of this transition, highlighting the growing role of clean energy





technologies. Azule Energy responds to these trends and is working to reduce climate risks, emissions, and seize the opportunities of the low-carbon economy.

Azule Energy will implement measures to reduce carbon emissions and improve overall environmental performance. These measures will align with the company's Health, Safety, and Environment Policy and the Environmental and Carbon Policy, and will adhere to relevant environmental regulations. The company will also actively participate in industry initiatives promoting sustainable practices.

Azule Energy employs an integrated risk management system to identify and address climate-related challenges alongside other business risks.

Azule Energy's initial assessment suggests that the company is resilient to the immediate physical impacts of climate change. However, it recognises the potential challenges associated with the global shift towards a low-carbon economy.

The company is currently taking steps to address these challenges. This involves:

- **Building Resilience:** Azule Energy is developing plans to enhance its resilience to a low-carbon future.
- **Low-Carbon Opportunities:** The company is exploring opportunities in low-carbon services and products.
- **Continuous Monitoring:** Azule Energy will maintain close monitoring of climate-related risks and adapt its mitigation strategies accordingly.

Emissions Reduction Initiatives

Azule is committed to reducing greenhouse gas (GHG) emissions across its entire value chain.

Azule Energy has commissioned the construction of the Agogo floating production, storage, and offloading vessel (FPSO), featuring the world's first post-combustion carbon capture unit installed on an FPSO. The FPSO, currently under construction in Shanghai by Yinson Production, also incorporates electrification, automation, and digitalization technologies, a combined-cycle power system, a seawater turbine generator, a hydrocarbon cargo tank blanketing scheme, and an integrated closed flare system.

These technologies are designed to reduce the FPSO's fuel consumption, GHG emissions, and operational costs. The combined-cycle power system uses both gas and steam turbines to produce electricity, achieving higher efficiency and lower emissions than conventional power plants. The seawater turbine generator harnesses the kinetic energy of the seawater flow to generate electricity, reducing the dependence on fossil fuels. The hydrocarbon cargo tank blanketing scheme replaces the air in the tank headspace with an inert gas, preventing oxidation and reducing the risk of fire or explosion. The integrated closed flare system captures and recycles the gas that would otherwise be flared enhancing gas recovery.

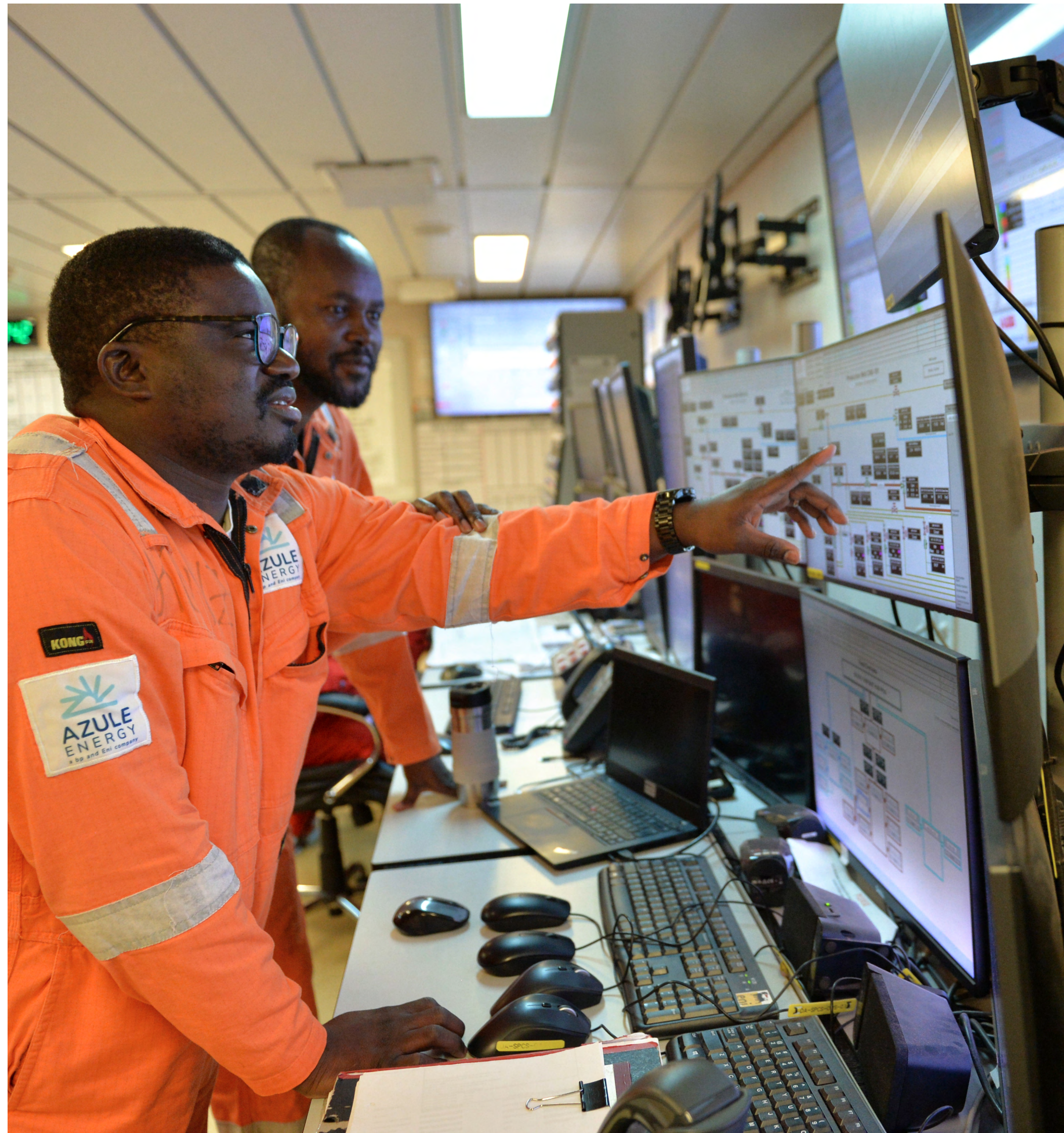
Emissions

Azule Energy is committed to transparent reporting of greenhouse gas (GHG) emissions. The company currently tracks and reports Scope 1 emissions using the operational approach, aligned with the GHG Protocol. This includes emissions from fuel combustion, flaring, and fugitive sources.

Scope 1 Emissions

From January to December 2023, the company's Scope 1 emissions were 2.6 million tonnes of CO₂ equivalent (Mt CO₂eq), comprised of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). These emissions represent the total for all operated assets.





The primary source of the company's Scope 1 emissions is the use of fossil fuels for power generation and field operations. Azule Energy has set targets for both absolute emissions and emission intensity for each asset, with daily tracking. Notably, the company has established a goal of reducing absolute GHG emissions by 40% compared to 2019 levels.

The Caraculo Photovoltaic Plant, a 25 MW PV plant that began operations in March 2023, marks Azule's entry into renewable energy in Angola. Based on an estimated generation of 25 MWh and considering the International Finance Corporation's (IFC) grid emission factor of 0.465 tCO₂eq/MWh for Angola, the plant is estimated to prevent the emission of approximately 11.625 tCO₂eq/h.

Expanding Scope and Methane Emissions

A comprehensive review of environmental metrics and targets, including methane indicators, is currently underway. This assessment is expected to be finalized by the end of 2025. The findings will inform the expansion of our emissions reporting to encompass Scope 2 and 3 emissions, providing a more holistic view of the company's environmental impact.

The company recognises the significance of methane emissions and is committed to ongoing monitoring and reporting in this area. This includes the development of specific methane metrics.

In October 2023, the company joined the Oil and Gas Methane Partnership 2.0 (OGMP 2.0), a United Nations Environment Programme (UNEP) initiative. OGMP 2.0 provides a framework for accurate data collection and effective mitigation strategies to achieve near-zero absolute methane emissions from the oil and gas sector by 2030.

As a member of OGMP 2.0, the company is implementing the programme's framework, including regular fugitive emission surveys to identify and quantify methane leaks. This enables targeted mitigation actions.

Energy Efficiency and Transition Efforts

Azule Energy recognises the importance of efficient energy use as part of its commitment to sustainability and environmental stewardship. By prioritising energy management and adopting best practices, the company aims to reduce its environmental footprint and support a responsible energy transition.

During the reporting period, the company's four FPSOs consumed a total of 5,727 terajoules (Tj) of energy. This energy was derived from gas generated on-site.

The company is committed to enhancing energy efficiency and minimising environmental impact. To this end, Azule Energy is developing an energy management system aligned with the ISO 50001 standard. This framework will support:

- **Establishment of an energy policy.**
- **Conducting energy audits.**
- **Setting performance objectives and targets.**
- **Implementing actions to achieve these targets.**
- **Monitoring and evaluating progress.**

Flaring Reduction

Azule Energy complies with Article 73 of the Angolan Petroleum Law, 2004, which restricts the flaring of natural gas. As part of its decarbonization strategy, the company monitors flaring activities to measure progress toward environmental objectives and identify areas for improvement.



Flared Gas

A total of 17.9 Bcf of hydrocarbon gas was flared from Azule Energy operations during the reporting period. Assets with high flaring levels have been identified and measures to reduce this are being implemented.

Azule adheres to Angolan regulations and annually requests the Angolan oil and gas concessionaire to specify the expected volume of gas to be flared to maintain safe operations.

This includes planned maintenance and potential compressor system instability. This information supports focused reduction efforts to ensure regulatory compliance and minimise environmental impact.

Flaring Reduction Targets

Azule Energy aims to reduce flaring by 75% by 2030 compared to the 2019 baseline (combined value of both shareholders prior to the joint venture). The company is working towards zero routine flaring across all operations through:

- **Improved Gas Plant Availability:** Investing in preventative maintenance and operational best practices to enhance gas processing facility uptime and reduce flaring caused by unplanned events.
- **Maximisation of Gas Export Infrastructure:** Utilising existing pipelines and the Angola LNG plant to increase gas capture and utilisation, thereby minimising the need for flaring.
- **Development of Policy and Procedures:** Establishing policies and procedures that prioritise the capture and utilisation of associated gas. This includes clear guidelines for operational practices, investment decisions, and technology adoption to minimise flaring and ensure regulatory compliance.

Reducing Air Emissions Impact

Azule Energy is aware of the of a responsible air quality management. Thus, the company intends to achieve this by adhering to industry best practices and following all relevant regulations. Our environmental practices focus on minimizing routine air emissions and preventing accidental releases. We proactively identify, assess, and control potential emission sources across our processes and operations, encompassing both stationary and mobile equipment.

Air Emissions Management

Azule Energy complies with industry best practices and national regulations governing air quality. The company focus is on minimising routine emissions and preventing accidental releases by managing potential emission sources in both stationary and mobile equipment.

Air emissions in Angola are primarily regulated under Presidential Decree No. 117/20, which outlines the General Regulation for Environmental Impact Assessment and the Environmental Licensing Procedure.

In the absence of specific national air quality regulations or emission limits from relevant environmental agencies, Azule Energy adopts industry best practices and aligns with the principles of the revised 2021 Nationally Determined Contribution (NDC) strategy for greenhouse gas reduction. The company internal procedures follow environmental guidelines such as the Greenhouse Gas Emissions guidelines.

The remote location of Azule Energy offshore facilities presents challenges in real-time monitoring of certain air pollutants, including volatile organic compounds (VOCs), sulphur oxides (SOx), and nitrogen oxides (NOx).



Emissions by category

Category	Type	Amount (KtCO ₂ eq)
Direct other greenhouse gases	N ₂ O and NMVOC	1.9
Direct other non-greenhouse gases	SO ₂ and NO _x	3.2

- **Emission Sources:** The company recognises that exploration and production activities generate air emissions. Comprehensive environmental impact assessments are conducted to understand the company emissions profile.
- **Mitigation Strategies:** While focusing on mitigation measures, Azule Energy is exploring cost-effective solutions for continuous monitoring of VOCs, SO_x, and NO_x emissions.
- **Air Quality Assessment:** Based on current assessments, air quality monitoring is not identified as a significant risk for Azule’s offshore operations. However, the company is committed to ongoing improvement and may expand monitoring capabilities in the future.

Nevertheless, we remain committed to tracking and managing emissions where feasible. In 2023, our emissions data indicates that other direct greenhouse gases, including Nitrous Oxide (N₂O) and Non-Methane Volatile Organic Compounds (NMVOC), totalled 1.9 KtCO₂eq. Additionally, our sulphur oxides (SO_x) and nitrogen oxides (NO_x) emissions, categorized under direct other non-greenhouse gases, collectively amounted to 3.2 KtCO₂eq.

Understanding that exploration and production (E&P) activities generate emissions and pollutants to the air, Azule Energy is committed to environmental responsibility. Our approach prioritizes first establishing a comprehensive baseline and implementing monitoring measures for pollutants such as VOCs, SO_x, and NO_x. By gathering data on our emissions, we can better assess their impact and identify the most effective mitigation strategies.

While our current efforts are focused on managing emissions from our offshore operations, we are also actively exploring cost-effective and technically feasible solutions to enhance our monitoring capabilities.

PROTECTING NATURAL RESOURCES

Azule is committed to operating in an environmentally responsible manner throughout its lifecycle, from exploration and production to decommissioning. We recognize the importance of protecting the environment, in line with the Operational and HSE Policy of “completing tasks without damaging the environment” and minimizing, as much as possible, our impact on the communities we operate. Here we outline Azule’s environmental management strategy, focusing on six key areas: water, biodiversity, air emission, spills, materials management, and decommissioning.

Protecting Water Resources

At Azule, we understand that water is a critical resource throughout the oil and gas lifecycle. From exploration to production activities, playing a vital role, particularly freshwater. Hence, recognizing its importance, we prioritize a sustainable water management strategy, focusing (whenever possible) on minimizing freshwater withdrawal through seawater desalination and ensuring efficient use across all our rigs and FPSO’s (Floating Production, Storage, and Offloading Units) operations.

We understand the value of this resource and hold a commitment to its responsible management. Although none of our operations are located near water-stressed or water-scarce areas, we are committed to conserving, protecting, and reducing our impact throughout the whole water life cycle — from withdrawal to use and eventual reuse or discharge.

At Azule, we employ a comprehensive environmental approach that encompasses policies and plans to effectively manage and monitor all facets of water utilization, management, and discharge throughout our operations and activities. We also ensure that Azule adheres to stringent local environmental regulations and industry best practices for offshore operations, prioritizing the elimination or mitigation of environmental impacts from our activities and effluents.

This year (2023) marks our first public report on the use of freshwater, thus, establishing a baseline that will serve as reference towards continuous improvement in our water management practices and processes.

Freshwater

All Azule projects and operations are in offshore deepwater areas, which are not considered water-stressed or water-scarce regions. To minimize our environmental impact, drilling rigs and FPSOs utilize a sustainable water management strategy. Seawater is captured and treated through an onboard desalination process to provide the necessary freshwater for operations. As a result, no freshwater is withdrawn from external sources.

This approach has been consistently implemented, ensuring zero freshwater consumption across all our offshore assets. In the reporting period, a total of 123 328 006 m³ was consumed as fresh water in 2 FPSO’s operating in one of our Block, and all this amount derived from seawater treatment, meaning that no freshwater was withdrawn at all, reducing our impact.

- **Freshwater Consumption:** In 2023, the FPSOs operated by Azule Energy consumed a total of 123,328,006 cubic metres (m³) of freshwater.
- **Desalination:** Freshwater used by these FPSOs was produced through seawater desalination, eliminating the need to source freshwater from local supplies.

Discharges to Water

Discharges of produced water are a critical source of contamination to the marine environment resulting from offshore oil and gas operations. Produced water discharge is usually accompanied by oil particles, added chemicals, heavy metals and radioactive materials and the tendency is for contamination to increase as fields mature. Thus, we developed



Water Usage Data – Baseline

Year	Freshwater Withdrawal (m ³)	Sea Water Usage (m ³)	Total Water Consumption (m ³)
2023	0	123,328,006	123,328,006

a sustainable water management strategy and are committed to building transparent results around the management of produced water focusing primarily on the prevention and elimination of any pollutant associated with the discharge of produced water to sea. Our Operational Discharge Management Plans have been developed to govern discharges across all our offshore operating blocks, with the aim of ensuring minimum quality standards and compliance with local environmental regulations.

Azule Energy complies with Angolan regulations and industry best practices for managing water discharges. Annual discharge management plans, are in place to ensure adherence to environmental quality standards set by Angolan authorities, including the Ministry of Environment and the Ministry of Mineral Resources, Petroleum and Gas. These plans cover all offshore operating blocks.

Additionally, all projects with the potential to cause environmental impacts are subjected to a comprehensive Environmental Impact Assessment (EIA) process before the start of activities. The EIA is then submitted to the relevant authorities for approval, along with detailed Environmental Management Plans (EMPs), particularly the Operational Discharge Management Plan.

During the reporting period, we discharged a total of 407 222 396 (m³) of produced water into surface water, which is equivalent to 29% of the total produced water from company’s production units. The company, at all of its facilities, has adopted appropriate measures to reduce the risk of environmental contamination, this includes implementing procedures and processes to treat produced water until it reaches a level as low as reasonably practicable. Over the next few years, it is intended to gradually increase the percentage of reinjection of produced water at the sites, until it reaches 100% reinjection of this effluent is achieved. This will drastically reduce the amount of produced water that is discharged into the sea, so as not to damage the marine environment.

As can be seen in Figure 1, the PW discharged into the sea have maintained a steady line, with a reduction in some months due to planned outages in the Produced Water System. The annual average of dispersed oil discharge in produced water ranged from

The total volume of water discharged during the specified period is detailed below:

Discharge Type	Volume (m ³)	Location
Produced Water Discharged	405,956.272	GtP, PSVM, Olombendo, Ngoma
Other Effluents e.g., Sewage	1,266.124	Ngoma, Olombendo

Produced Water Discharged	Percentage of Produced Water Discharged	Target for Produced
407 222 396 (m³)	29%	100%

Azule Total PW vs PWRI vs OIW

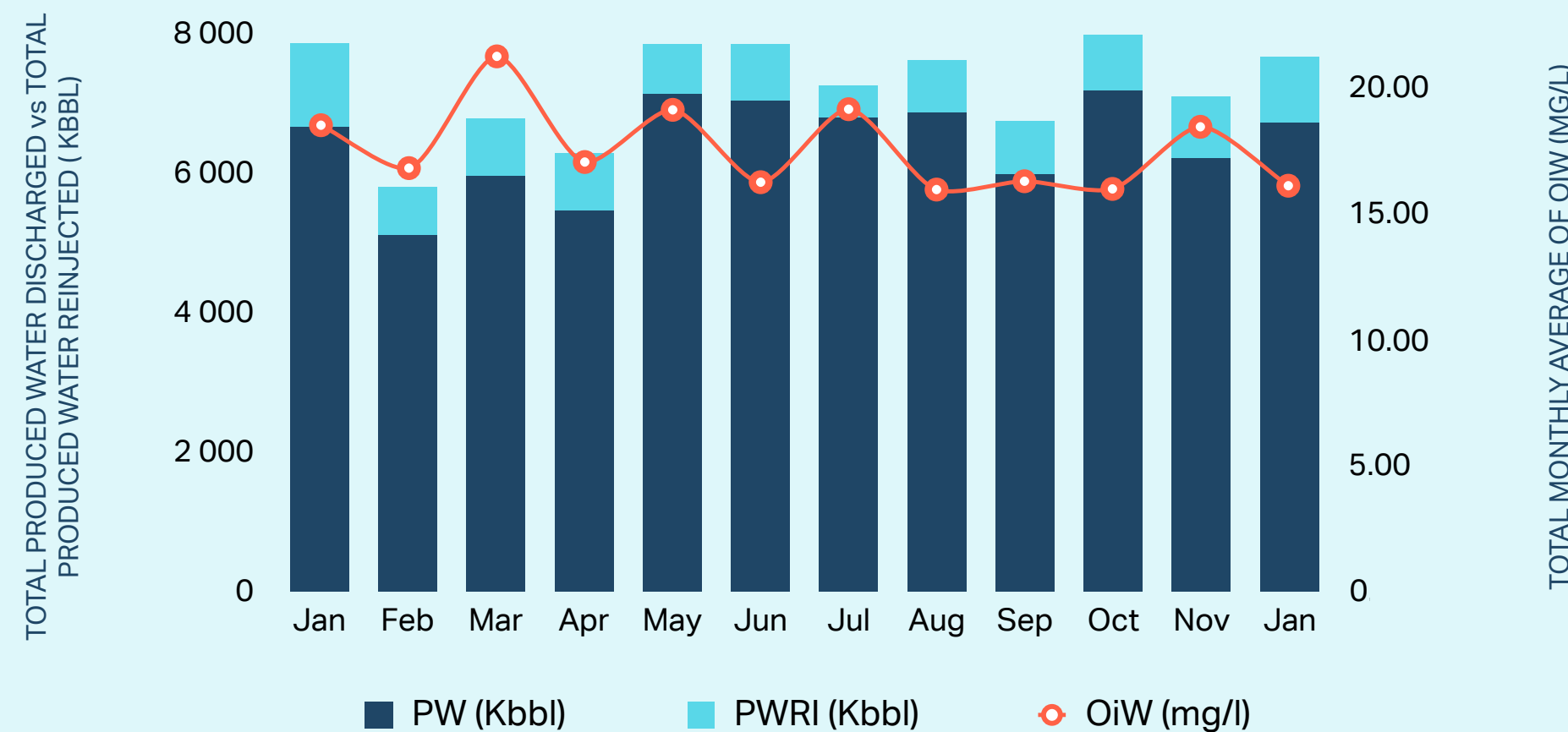


Figure 1 Total of Produced Water Discharged vs Rejected and Dispersed oil discharges 2023.

15.37 mg/l to 19.41mg/l, well below the current regulatory limit of 30mg/l for produced water discharge into the sea. Although OiW is within specification, the objective here is to make reinjection work at the Azule sites to greatly reduce the potential for exceeding the concentration of oil in the water.

The company has experienced non-compliance with discharge limits due to operational issues with the produced water treatment system. These daily exceedances have occurred in 2023 and range from 50.3mg/l - 196.2 mg/l. The company intervened and reported promptly and addressed these exceedances. Some of the measures taken included replacing the liners of the marine hydrocyclone, installing a produced water hydrocyclone on the topside for more efficient removal of oil particles, as well as installing an oil in water analyser to provide an alarm indication when oil content in the water exceeds the required specification of 45mg/l of the daily average concentration established by local regulation.

Conserving Biodiversity in Our Operations

Azule Energy recognizes the importance of biodiversity and is committed to minimizing its impact on ecosystems. Biodiversity acts as a natural defence against climate change, mitigating its effects and promoting overall ecosystem health. Our commitment to protect these vital systems are aligned with global initiatives like the Paris Agreement and the UN Sustainable Development Goals, contributing to broader environmental sustainability efforts. We are committed to minimizing our impact on ecosystems and actively participating in their conservation. Hence, we are developing comprehensive environmental policies, including biodiversity-specific guidelines, to support this commitment and inform our operations.

Azule Energy prioritizes minimizing potential adverse impacts on biodiversity that could result from its operations, beginning at the earliest stages of each project.

This approach includes proactively identifying sensitive areas, such as protected zones and regions with high ecological significance, associated with all operational areas.

Through the application of an environmental control hierarchy, we continuously aim to reduce our environmental footprint by avoiding and/or minimizing overall environmental disturbance. Additionally, whenever possible, we actively seek opportunities to conserve natural habitats within and surrounding our operations through the implementation of specific biodiversity initiatives.

These actions are guided by our HSE Policy, Environmental and Carbon Policy, Environmental and Social Health Impact Assessments (ESHIA), and environmental monitoring plans, including ODMP (Operational Discharge Management Plan), waste management, chemical management, species protection plans (SPP), Oil Spill Contingency Plan (OSCP), and Emergency Response (ER) tactical plans such as oiled wildlife and spill waste management. These efforts are further supported by environmental baseline surveys and reports, ensuring that our commitment to environmental stewardship is integrated into every aspect of our operations.

Biodiversity Approach

While our projects are not located directly within protected areas, we recognize the importance of biodiversity conservation and strive to minimize our impact across all operations. This is particularly relevant for our onshore activities in biodiversity-rich areas such as the Cabinda Centro block and the New Gas Consortium (NGC) project.

Azule Energy implements an Environmental Impact Assessment (EIA) process to address potential impacts on biodiversity in these areas. The EIA process allows for early identification of the potential effects associated with planned activities, enabling us to take ap-





appropriate management measures. Safeguarding biodiversity and mitigating related risks are integral to our environmental responsibility.

Azule Energy's Environmental and Carbon Policy reflects our commitment to biodiversity and ecosystem services (BES) preservation, driven by top management and aligned with local legislation and international standards, including IPIECA and IOGP guidelines. Our approach emphasizes the application of the mitigation hierarchy, prioritizing avoidance, and minimization of impacts as preventive measures. Only when these are not possible do we consider other steps, ensuring a sequential and carefully managed approach.

To minimise its environmental footprint through the following:

- **Environmental Impact Assessments (EIA):** Comprehensive EIAs are conducted for all projects with potential environmental impacts, including those that may affect biodiversity. These assessments inform project design and mitigation measures.
- **Focus on Protected Areas:** The company prioritises minimising impacts on biodiversity in protected areas and regions with high biodiversity value, such as the Cabinda Centro block and the New Gas Consortium (NGC) project.
- **Habitat Restoration:** Azule Energy contributes to biodiversity conservation efforts, including the sponsorship of the Mundo Azul mangrove reforestation project in Angola. This project safeguards a 5,963-hectare area across the provinces of Luanda, Bengo, and Zaire.

In 2023, Azule Energy invested a total of USD 638,478.1 in environmental initiatives focused on marine ecosystem preservation. Our support encompassed a marine turtle conservation program and a mangrove conservation project spanning over 2,700 hectares.

Azule Energy operates in areas with species listed as threatened by the International Union for Conservation of Nature (IUCN) and national conservation lists. The company Health, Safety and Environment Policy outlines principles for minimizing impact on these species. Specific objectives and targets for mitigating impacts will be established by 2025 with a dedicated Biodiversity Plan currently under development. A plan that will allow us set specific goals, principles, and action plans to minimize impacts and promote biodiversity across our operations.

Case Study: Onshore Project with High BES Values

In a recent 2D exploration project in an area with high biodiversity and ecosystem services (BES) values, Azule Energy demonstrated its commitment to biodiversity management by:

1. Conducting the EIA process in collaboration with an environmental consultant to identify potential impacts, define the base-line, and propose mitigation measures for the project's areas of influence.
2. Developing a specific action plan based on project sensitivities, with clear goals and timelines.
3. Continuously monitoring and following up on the implementation of the action plan throughout the project's progress.

Identification and Management of Sensitive Areas

To manage biodiversity in sensitive areas, Azule Energy follows a structured process:

1. **Scoping Stage:** Potential sensitivities within project areas are initially identified during the scoping stage by a multidisciplinary team, using desktop data.





2. EIA and Baseline Definition: Sensitivity identification is refined during the EIA process through primary data collection and baseline characterization. This leads to a detailed risk assessment and the proposal of mitigation measures using the Environmental Mitigation Hierarchy (avoidance, minimization, and other steps as necessary).

3. Biodiversity Action Plans: Biodiversity Action Plans are defined with clear roles, responsibilities, and timelines to ensure effective management of biodiversity impacts.

4. Monitoring and Self-Verification: Continuous follow-up and self-verification processes, including periodic reporting, are in place to ensure the proper implementation of biodiversity actions.

Protected Areas and Priority Areas for Conservation of Biodiversity

We operate in some facilities located in areas that harbour species threatened by the International Union for Conservation of Nature (IUCN) and national conservation lists. Our commitment to minimizing our impact on biodiversity will be reflected in our Biodiversity Plan which is scheduled to be completed by the end 2025.

Proactively addressing potential impacts on biodiversity, we have implemented a comprehensive policy. This policy sets specific objectives and targets for mitigating harm to existing species, informed by consultations with relevant stakeholders.

Over the past year, we have implemented various actions to achieve our biodiversity goals, including:

- **Habitat Restoration:** Azule Energy contributes to biodiversity conservation efforts, including the sponsorship of the Mundo Azul mangrove reforestation project in Angola. This project safeguards a 5,963 - hectare area across the provinces of Luanda, Bengo, and Zaire.

Spill Prevention and Emergency Response

Azule Energy is dedicated to minimizing the risk of spills and their potential impact on surrounding communities and the environment.

Oil spills from petroleum operations in Angola are subject to stringent regulations outlined in Law No. 10/04 (Petroleum Activities Law), as amended by Law No. 5/19, and further detailed in Presidential Decree No. 5/2018.

To minimise the risk and impact of oil spills, Azule Energy has established a spill prevention and response policy. This policy guides the company Incident Management Team in effectively managing any potential incidents. An annual training and exercise program, approved by the Ministry of Mineral Resources, Petroleum and Gas, ensures the company preparedness.

- **Spill Prevention:** The company conducts pre-spill mapping surveys to identify sensitive areas and implement preventive measures.
- **Spill Response:** Azule maintains spill response equipment, including shoreline response tools, offshore containment and recovery systems, and dispersant application systems.
- **Spill Reporting:** Between 2022 and 2023, Azule Energy experienced one oil spill and one chemical spill, neither of which resulted in measurable environmental harm. All spills exceeding one barrel are reported to the relevant authorities.

Although oil spills are the most common type of spill that can occur within our current operations, chemical, small diesel and synthetic based fluid spills are also some examples of potential environmental incidents that can occur during offloading, fuelling and fluid handling activities in FPSOs, rigs operations, and the supply base. However, considering the impact our operations can have on the environment, Azule has developed a comprehensive internal spill prevention and response policy that outlines our strategic goal of reducing spill volumes at our sites.

Our oil spill prevention and response provide tactical and strategic guidance to Azule's Incident Management Team (IMT) regarding response management, capabilities, and resources in the unlikely event of an oil spill.

Oil spill plans establish the role of the IMT and identifies Spill Response Operating Team. The document is basically in place to deal with spills at our operational sites and, for larger events, will ultimately be determined by the IMT, which is free to consult international resources in West Africa to assist in the very rare event of a major incident.

In addition, as part of the IMT preparation program, Azule Energy has implemented an annual training and exercise program, which is generally presented to and approved by the authority (MIREMPET). Azule's specific response strategy is presented below, particularly, the number and type of exercises and training for the year.

Training:

- IMT Role Specific - Environmental Unit Leader.
- OSR Awareness for offshore and onshore response.
- OSR Awareness for Vessel Crew and OIM.

Exercise:

- Oil Spill Response (Tabletop & Full-Scale Exercise).
- Oil Spill Response Notification Exercise.
- Offshore Oil Spill Response - Exercise Deployment (Containment & Recovery), with Vessel.
- Aerial Surveillance Practical Exercise.

Plans and procedures:

- Review Oil Spill Contingency Plans from the blocks.
- Review Spill prevention plan Plans from the installations.
- Review Emergency response Plans from the installations.

Azule energy has the Oil Spill Equipment to response the spill from Azule operations and to support others oil & gas company in Angola following the MOU (Memorandum of Understanding) with these companies.

Azule Energy oil spill Response equipment:

- Oil Spill Response - Shoreline Response Equipment.
- Oil spill Response - Containment & Recovery for Offshore.
- Oil spill Response - Dispersant application system.

Spills to the Environment

In Angola, oil spills are regulated by a decree that focuses on environmental protection during oil and gas activities. This decree outlines the licensing requirement to pre-submit an Oil Spill Contingency Plan. Azule Energy maintains a strict stance against spills and incident reporting. We report all spills exceeding one barrel to the Ministry of Mineral Resources, Petroleum and Gas (MIREMPET) and the Block concessionaire – National Agency of Petroleum, Gas and Biofuels (ANPG), along with a detailed report outlining the actions taken and future mitigation plans to prevent reoccurrence.

Between 2022 and 2023, we had one oil spill in the FPSO and one chemical in a drilling rig, neither of which had a measurable environmental impact. In addition, we report all minor spills that occur in our sites in the Quarterly Operational Discharge Report.

During the reporting period, Azule experienced one chemical spill exceeding one barrel that reached the environment. No other significant spills occurred within the company during this time.



To minimize environmental impact, during spill response efforts, Azule Energy conducts pre-spill mapping surveys of the surrounding coastline. This allows us to identify any key or vulnerable species in the area and implement necessary protection measures in case of a spill.

TOWARDS A CIRCULAR ECONOMY

Materials and Waste Management

Azule Energy is committed to reducing our environmental impact and promoting a circular economy throughout our operations. To achieve this, we are enhancing our waste management practices with a focus on recycling, reuse, and resource efficiency. The management of materials and waste in Angola is governed by several laws and regulations, including Presidential Decree No. 190/12. This decree outlines rules for the production, disposal, treatment, collection, storage, and transportation of various waste types. Additional legislation such as the Environment Framework Law and the Management of Radioactive Waste Regulations also guide waste management practices.

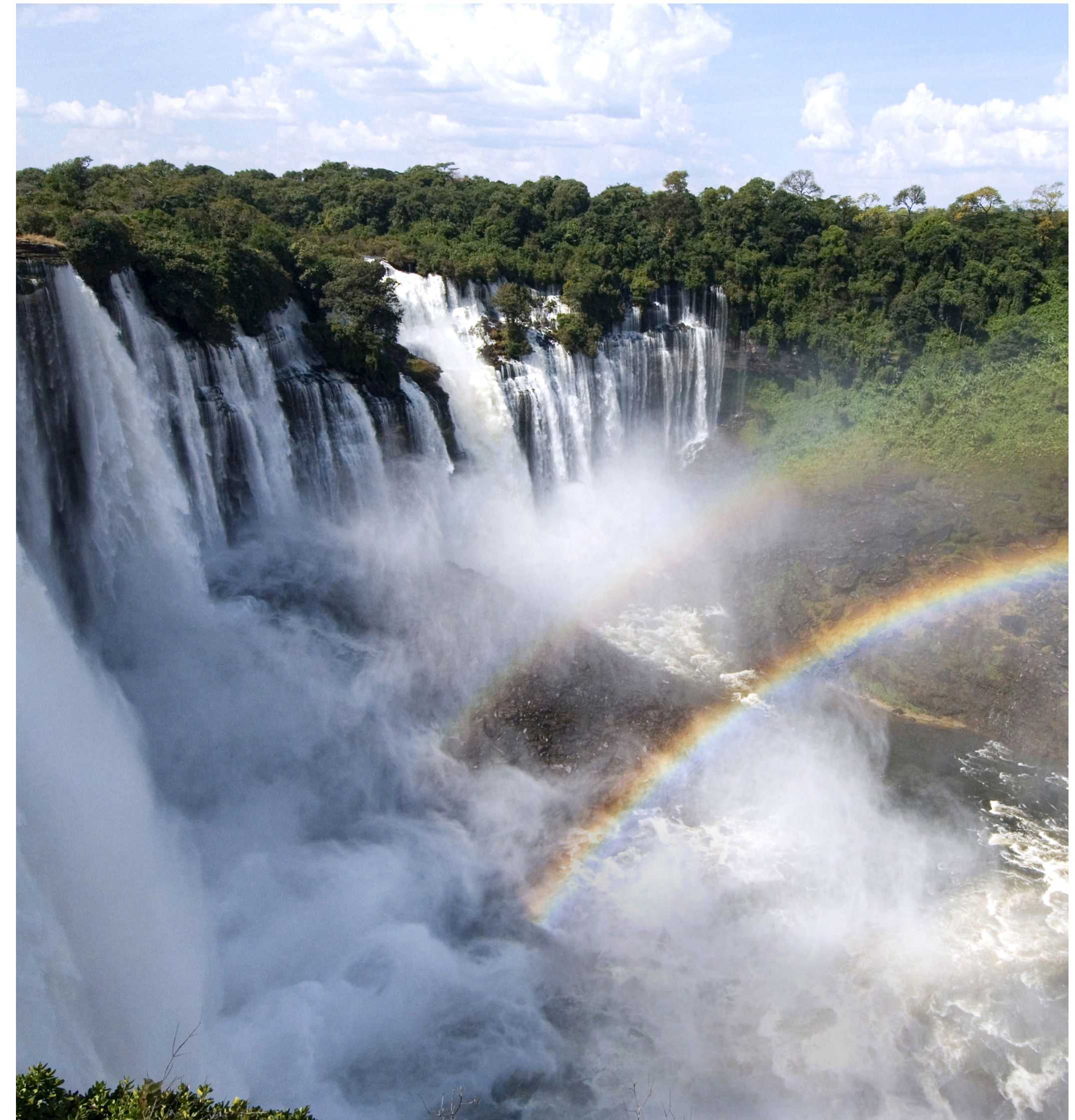
Additionally, Angola is a signatory to international agreements, such as the Basel and Stockholm Conventions, which further shape national waste management policies.

Thus, we are committed to reducing our environmental impact and promoting a circular economy throughout our operations. To achieve this, we are enhancing our waste management practices with a focus on recycling, reuse, and resource efficiency.

Through a comprehensive, risk-based approach, we are working to minimize waste generation, extend the lifecycle of materials, and promote resource recovery. This includes reducing the use of plastic materials at our sites and collaborating with waste management contractors to improve recycling and reuse rates. We aim to align our efforts with the principles of continuous improvement, ensuring regulatory compliance, and minimizing risks to both our workforce and the environment.

Waste Generation and Management

Azule Energy generated a total of 18,237.70 tonnes of waste in the reporting period. Of this amount, 12,435.70 tonnes were disposed of, while 1,891.89 tonnes were treated



through incineration. Recycling, reuse, and recovery efforts accounted for 3,909.58 tonnes of waste. The company’s waste stream primarily comprises hazardous materials, with drill cuttings and bottom sludge constituting the majority. Ongoing efforts focus on reducing waste generation, maximizing recycling rates, and exploring alternative waste management solutions to minimize environmental impact.

Azule Energy generated a total of 15,902 tonnes of hazardous waste during the reporting period. This waste is predominantly composed of drill cuttings and bottom sludge, accounting for 80% of the total. The remaining 20% consists of other hazardous materials including slop water, waste oil, dirty rags, chemical waste, fuel, and medical waste.

Efforts to reduce waste generation and increase recycling and recovery continued in 2023. Despite efforts to divert waste from landfill, 12,435.7 tonnes were disposed of in this manner in 2023. Azule Energy is actively seeking ways to reduce landfill reliance and improve recycling and recovery rates.

The high % of hazardous waste is distributed into 80% of Drill Cutting/Bottom Sludge and 20% is Slop water, waste oil Dirty rags with oil, chemical waste fuel, and medical waste.

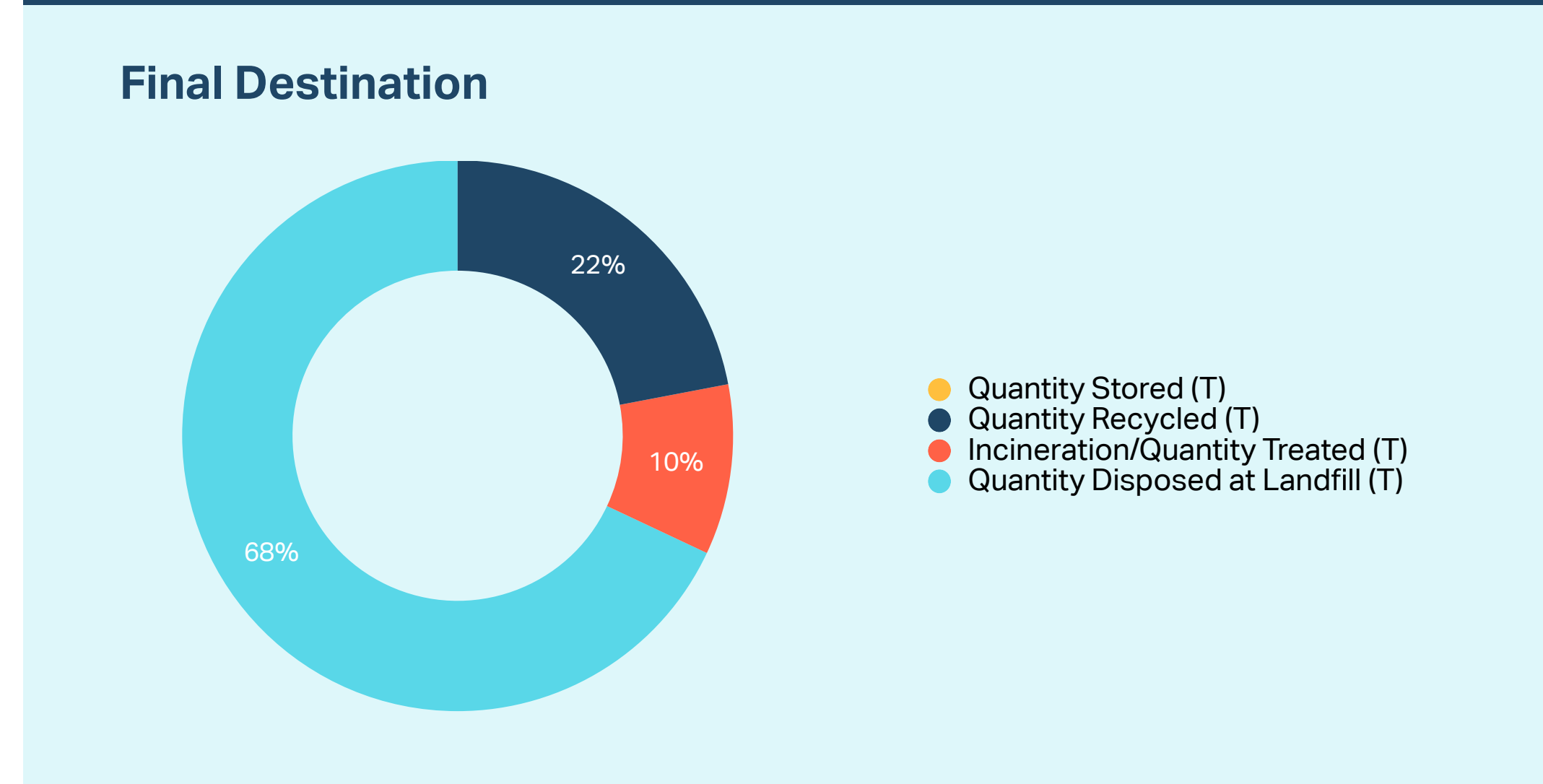
Waste Destination and Treatment

Following the waste hierarchy principles, Azule prioritizes responsible treatment and disposal methods for the waste we generate. We are committed to minimizing landfill use and maximizing resource recovery whenever possible.

In 2023, we made significant progress in reducing waste generation and increasing our recycling and recovery efforts. A total of 12,435.7 tonnes of waste were sent to landfills as a final disposal method. While this represents the largest portion of our waste, we are continuously exploring ways to reduce our reliance on landfills and increase recycling and recovery rates.

Category	Quantity (Tonnes)
Total Waste Generated	18,237.70
Disposed	12,435.70
Incinerated/Treated	1,891.89
Recycled/Reused/Recovered	3,909.58

Waste Category	Percentage of hazardous waste	Tonnes
Drill Cuttings/Bottom Sludge	80	12721.6
Other Hazardous Waste	20	3180.4
Total Hazardous Waste	100	15902





Waste Strategy

In addition, Azule has been working on a waste recycling strategy which is focused on enhancing and advancing waste management recycling and identifies strategic objectives. The strategy includes the following objectives:

- Improve the markets for recycling commodities.
- Increase collection and improve materials management.
- Reduce contamination from the sources.
- Enhance policies and programs to support circular economy.
- Standardize measurement and increase data collection.

Radioactive Waste Handling

Naturally occurring radioactive material (NORM) can accumulate in oil and gas production equipment. To mitigate radiation risks, Azule Energy adheres to international best practices for the safe management and storage of NORM waste, including sludge, scale, and scrapings.

Azule Energy is committed to the safe and responsible management of radioactive waste. In 2023, 153 tonnes of radioactive waste were generated at its Ngoma, Greater Plutonium, and PSVM facilities.

This waste is currently stored in a temporary on-site storage facility licensed by the government and controlled by Azule Energy. The facility complies with all safety regulations. The company is actively exploring long-term disposal options in collaboration with relevant authorities.

Focus on Safe and Secure Storage:

The temporary storage facility is designed and operated in accordance with strict safety regulations. This ensures the waste is securely contained and poses no threat to the

environment or human health. Azule is committed to the responsible management of radioactive waste throughout its lifecycle and is actively exploring long-term disposal options in collaboration with relevant authorities.

Additionally, during oil and gas production, naturally occurring radioactive material (NORM) can accumulate in various equipment and locations. Wellheads, separation vessels, pumps, and other processing units can become contaminated with NORM, leading to the formation of NORM-containing waste like sludge, scale, and scrapings.

This potential build-up of NORM poses a radiation hazard to workers, the public, and the environment if proper controls are not implemented. Thus, to ensure proper management and storage of NORM waste, we follow the international best practices.

Decommissioning with Responsibility

The majority of Azule's existing upstream oil and gas assets are expected to start being decommissioned in the next 9 to 10 years, which means that we have at least one year before the termination of the concession to submit the final decommissioning plan to the Ministry of Mineral Resources, Petroleum and Gas (MIREMPET). The plan must include the decommissioning of the wells, installations, and equipment (pipelines spools, umbilicals, and other structures) for the proper rehabilitation of the site and future continuation of oil operations.

The decommissioning and abandonment of disused offshore installations are governed by Presidential Decree 91/18, of 10 April 2018, that establishes the rules and procedures for the abandonment of wells and the decommissioning of oil and gas activities in Angola and Azule's decommissioning procedures which cover the planning aspects. Azule is a committed member of the IOGP and is responsible for ensuring safe management during decommissioning operations and, in response to PD 91/18, submits a provisional plan for all its assets every three years.





Azule mainly follows the recommendations set out in Presidential Decree 91/18 in addition to its procedures and annexes for the Management of Decommissioning Obligation Cost Estimates and Expenditures, however, a thorough assessment process is carried out to understand all aspects of the project. This includes criteria related to the safety of all personnel involved in the decommissioning activities, the environmental impact of decommissioning and disposal, the technical feasibility of the project, and the cost-effectiveness of the project.

As outlined in the Petroleum Activities Law and Presidential Decree 91/18 for the abandonment and facility decommissioning, a detailed decommissioning plan must be submitted to the Minister of Mineral Resources, Petroleum and Gas at least one year before a concession ends or an area is abandoned. This plan outlines proposals for:

- Decommissioning wells.
- Decommissioning facilities and equipment.
- Landscape rehabilitation.
- Continued petroleum operations, if applicable.

Azule Energy prioritizes responsible operations and environmental stewardship throughout its project lifecycle, including decommissioning phase. This phase involves planning, preparation, and execution to ensure:

- Safe removal of hazards.
- Effective recycling of materials.
- Restoration of the environment.
- Remediation of any potential issues.

Environmental impact assessments (EIAs) are conducted throughout the project lifecycle, from exploration to decommissioning. This helps identify and manage potential environmental impacts.



Highlights >

of 2023



01

Decarbonisation Strategy

Developed a decarbonisation strategy targeting net zero emissions by 2030, with a focus on reducing Scope 1 emissions.

02

Partnership and Collaboration

Joined the Oil and Gas Methane Partnership 2.0 (OGMP 2.0), an initiative led by the United Nations Environment Programme (UNEP), in October 2023.

03

Water Management

Developed a sustainable water management strategy, focusing on preventing and eliminating pollutants associated with the discharge of produced water into the sea. Created Operational Discharge Management Plans to ensure minimum quality standards and compliance with local environmental regulations across all offshore operating blocks.

04

Marine Ecosystem Conservation

Invested USD 638,478.1 in environmental initiatives, including:

- A marine turtle conservation program.
- A mangrove conservation project covering over 2,700 hectares.

05

Spill Prevention and Response

Developed an internal spill prevention and response policy to strategically reduce spill volumes across operational sites.

Goals for 2024/2025

- 01 Flaring Reduction**
Achieve a 75% reduction in flaring from 2019 levels by the end of 2024 and eliminate routine flaring entirely.
- 02 Transportation Emissions**
Reduce greenhouse gas emissions from transportation by promoting lower-emission alternatives.
- 03 Policy Development and Implementation**
Finalize and implement an Environmental and Carbon Policy and a Flaring Management Policy in 2024.
- 04 Methane Emissions Monitoring**
Implement the OGMP 2.0 framework, including regular fugitive emission surveys to identify and quantify methane leaks.

Conduct a comprehensive review of methane-related metrics and targets, with results to be finalised by the end of 2025.

- 05 Energy Management**
Develop an energy management system aligned with the ISO 50001 standard, enhancing energy efficiency across operations.
- 06 Operational Improvements**
Implement measures to reduce overall carbon emissions and improve environmental performance across all operational areas.
- 07 Environmental Metrics and Targets**
Undertake a review of environmental metrics and targets, including methane indicators, to ensure alignment with decarbonisation goals.
- 08 Produced Water Management**
Gradually increase the reinjection of produced water until achieving 100% reinjection at operational sites.
- 09 Environmental Policy Development**
Develop and implement comprehensive environmental policies, including biodiversity-specific guidelines, to strengthen sustainable operational practices.
- 10 Biodiversity Strategy**
Finalize a dedicated Biodiversity Plan by 2025, with specific objectives and targets for mitigating impacts on ecosystems.
- 11 Waste Management Enhancements**
Improve waste management practices, focusing on recycling, reuse, and resource efficiency, to minimize environmental impact.



04

SOCIAL
Empowering Communities and People



RESPECTING HUMAN RIGHTS

Azule Energy places significant importance on its employees. The company maintains high labour standards and cultivates a respectful, inclusive, and supportive workplace culture. Efforts are focused on building a diverse workforce, engaging employees, and providing continuous development opportunities. These initiatives aim to improve employees' quality of life, support their professional growth, and contribute positively to the communities in which the company operates.

Human Rights Management Practices

Our commitment to human rights is fundamental to our values and operations. We aim to integrate respect for human rights into all aspects of our business, ensuring that our practices promote fairness, dignity, and ethical conduct. By fostering a culture of awareness and accountability, we strive to create an environment where human rights are prioritized and protected. This dedication extends beyond compliance to actively engaging with stakeholders and continuously improving our approach to human rights management.

Human Rights Due Diligence

Our company's human rights due diligence approach is centered on identifying, assessing, addressing, and monitoring potential or actual human rights impacts throughout our operations and supply chain. We prioritize transparency by regularly commu-

nicating our due diligence processes, findings, and actions to stakeholders through sustainability and human rights reports.

To address concerns, we have established accessible grievance mechanisms, including Safe-to-Talk channels, which allow stakeholders to raise issues confidentially and seek remedy. These channels are designed to be effective and responsive, ensuring that grievances are properly addressed at the local level in a timely and fair manner.

Suppliers and Human Rights

At Azule, we recognize that human rights are fundamental to the success and integrity of our operations. We are committed to ensuring that all stakeholders in our supply chain, from suppliers to contractors, adhere to the highest standards of human rights and ethical conduct. This commitment is embedded in our procurement processes and vendor management activities, which aim to identify, prevent, and mitigate any human rights risks throughout the value chain.

Counterparty Due Diligence for Procurement Activities

Azule's approach to promoting respect for human rights begins with a comprehensive due diligence process, as outlined in our [Counterparty Due Diligence for Procurement Activities Standard (AZUL-PROC-CPV-STD-0002)]. This approach is critical to identifying and addressing human rights impacts in our supply chain. We ensure that our suppliers meet the ethical, social, and environmental criteria necessary to safeguard the well-being of workers and communities, and to align with our commitment to responsible business practices.

Vendor Qualification and Risk Assessment

As part of our Vendor Management Activities, Azule has established the [Vendor Management Activities Standard (AZUL-PROC-CPV-STD-0003)], which sets clear requirements for vendor qualification. Human rights risks are a key consideration in this assessment. Suppliers are required to complete tailored questionnaires at the qualification stage to ensure that they have appropriate safeguards in place to protect employees and adhere to local and international human rights standards.



The human rights risk score for each vendor is determined by evaluating two key factors:

- **Commodity Code Risk:** The level of human rights risk associated with the commodity or service being provided.
- **Country Risk:** The human rights risk associated with the vendor's country of incorporation.

Considering both the nature of the work and the operating environment, we gain a clearer understanding of potential risks and take proactive steps to address them.

Contractual Commitments to Human Rights

In addition to our screening process, Azule integrates human rights requirements into our contracts with vendors. Specific clauses are included to ensure that suppliers comply with human rights standards, with a focus on safeguarding workers' rights, fair treatment, and equality. These contractual commitments also include provisions for regular monitoring and feedback to assess compliance and identify areas for improvement.

Ongoing Monitoring and Auditing

Azule conducts regular reviews of active contractors, with heightened attention to those with high-risk human rights scores. For high-risk vendors, we conduct in-depth audits in accordance with the SA8000:2014 Standard on Social Accountability. These audits evaluate vendors' adherence to human rights practices and assess the effectiveness of their mitigation measures.

As part of our broader commitment to Environmental, Social, and Governance (ESG) principles, Azule actively encourages our suppliers to register on Open ES, a digital platform designed to help vendors assess their ESG maturity. This platform allows suppliers of all sizes to self-evaluate their commitment to human rights and other ESG standards, providing clear metrics for evaluating performance on issues such as:

- Health and safety
- Worker rights, including decent work standards for all employees, regardless of gender, age, or ability
- Equal pay for equal work

Through this initiative, Azule seeks to support its value chain partners in aligning their business models with international ESG standards and fostering a culture of respect for human rights across industries.

Security and Human Rights

Azule is signatory of the Voluntary Principles on Security and Human Rights, which provide a framework for companies to assess whether human rights issues are likely to occur because of security activities within local operations, and to allow appropriate precautionary steps to be taken.

OUR PEOPLE, OUR STRENGTH

Labour Practices and Worker Accommodation

Labour Practices

Azule Energy is committed to upholding internationally recognised human rights, adhering to the Universal Declaration of Human Rights and the core labour standards outlined in Angolan Labour Law and International Labour Organization regulations.

We are actively exploring opportunities to join the United Nations Global Compact (UNGC) and align our operations with its ten principles on human rights, labour, environment, and anti-corruption.

The company ensures fair and ethical treatment for all employees by providing clean and safe living conditions that meet essential needs. This includes adequate food and accommodation that complies with safety regulations.

Labour practices and workers accommodation

Azule Energy follows a structured recruitment process that includes needs identification, sourcing, assessment, competency-based interviews, offers, and onboarding. This process is guided by the Azule Recruitment Policy and Manpower Procedure, ensuring that recruitment activities are consistent and meet our standards. These policies also communicate expectations to suppliers of contract labour.

To monitor and address on-site working conditions and worker accommodation, leadership regularly visits sites, conducts town halls, and holds employee sessions. These efforts are supported by the Azule Manpower Procedure, which provides guidelines for

maintaining acceptable conditions. On-site managers, including OIMs and Section Leads, oversee the quality of accommodations and working conditions. Employees are encouraged to report any concerns through established channels.

Azule Energy offers a 24/7 Employee Assistance Program (EAP) that provides support to employees and their families, including access to mental health resources. We also promote work-life balance and stress management through various initiatives. Workplace health programs are prioritized, with awareness campaigns addressing key health challenges. Additionally, we provide welfare facilities such as maternity and lactation rooms to support new mothers returning to work after maternity leave.

Our engagement with contractor management is based on the Azule Manpower Procedures and contract specifications, ensuring that recruitment, employment, and living conditions are aligned with company standards and comply with national and international regulations. The Azule Manpower Scorecard is used to regularly review and audit contractor practices, maintaining consistent working and living conditions for all workers.

Health, Safety, and Well-Being

Azule Energy prioritises the health, safety, and security of its workforce and is committed to minimising environmental impact. The company vision is to create a workplace where all tasks can be completed without injury or environmental harm through a proactive approach to safety, risk management, and employee involvement.

In addition to government regulations and industry standards, Azule Energy Health, Safety, and Environment Policy provides the framework for ensuring a safe, healthy, and secure operating environment. The company believes that employee engagement is crucial to

achieving excellence in health, safety, and security, and it fosters a culture of participation and collaboration.

To achieve its objectives, Azule Energy implements the following key actions:

- **Industry Best Practice:** Adherence to industry-standard health, safety, and security management systems to comply with legal requirements, its Code of Conduct, and best practices.
- **Risk Management:** Proactive identification and management of operational risks through appropriate mitigation measures.
- **Transparency and Communication:** Maintaining transparency in health, safety, and security performance through regular reporting and open communication channels.
- **Incident Reporting and Investigation:** Encouraging open reporting of incidents, conducting thorough investigations, and sharing lessons learned to prevent recurrence.

At Azule Energy, our workforce's health, safety, and security and minimizing our environmental impact are core values. We believe every task can be completed safely and sustainably through:

- **Proactive safety culture:** We foster a culture of risk management, open communication, and continuous improvement in everything we do.
- **Employee involvement:** We believe our workforce is vital to achieving HSSE excellence.

Our Commitment:

- **Standardized systems:** We implement industry-standard HSSE and operating management systems to ensure compliance with legal regulations, our Code of Conduct, and best practices.

- **Rigorous risk management:** We actively manage operational risks and take steps to mitigate them.
- **Performance transparency:** We report on our HSSE performance, encourage feedback, and address concerns promptly.
- **Culture of care:** We foster a supportive environment where incidents are reported openly, investigated thoroughly, and lessons learned are shared internally and externally.

We strive for world-class HSSE performance by building a culture where everyone – employees and contractors – prioritizes safety and cares for one another. This ensures we remain trusted and valued by our stakeholders.

Everyone at Azule Energy plays a role in achieving our HSSE commitments. This means:

- **Stop work for safety:** If a task seems unsafe or could cause environmental damage, you are empowered to stop work and notify your supervisor or leadership.
- **Quality through safety:** We prioritize quality achieved through proper planning and safe execution. Our ultimate goal is safe and successful results.

Workforce protection

Safety is one of our values and our number one priority. Our stated aim is to have no accidents, no harm to people and no damage to the environment.

Safety, health and security engagement

At Azule Energy, workforce participation in safety, health, and security (SHS) begins on the first day of employment. It is a contractual obligation for all employees to undergo

Health, Safety, Security, and Environment (HSSE) inductions. This commitment to SHS is reinforced through continuous training throughout their tenure.

Our comprehensive HSE training plan is tailored to our workforce's specific roles and responsibilities. Managed by the HR Training Department in collaboration with the HSE Department, this plan is reviewed annually to ensure it remains current and effective. Training initiatives are also extended to non-operated joint ventures, business partners, suppliers, security forces, public emergency response groups, consumers, and local communities.

Azule identifies and addresses Health, Safety, and Environment (HSE) criticalities for each area of concern. This process involves outlining specific mitigation measures that encompass the following aspects:

- **Personnel:** Minimum HSE requirements shall include, but not be limited to, the provision of specific Personal Protective Equipment (PPE), establishment of competency levels, and mandatory training to be delivered prior to the commencement of activities.
- **Working Procedures:** Depending on the context analysis, the development and compliance of specific procedures may be necessary. These procedures ensure compliance with the identified context, including emergency management protocols and site-specific guidelines. Examples include procedures for welding in confined spaces or environments with a potential risk of explosion.
- **Tools and Machinery:** Clear requirements will be established for tools and machinery, considering climatic conditions (e.g., arctic, high dryness/humidity, marine) and/or the

surrounding conditions at the site (e.g., presence of corrosive substances, explosive atmospheres).

Workforce Health

At Azule, health and safety are paramount. We are firmly committed to upholding the highest standards in protecting our employees, customers, the communities we interact with, and the environment. We employ a comprehensive risk-based approach to identify potential hazards that could lead to adverse consequences. This approach allows us to proactively address potential issues that could cause harm or hinder the successful execution of our processes.

The risk management process entails a series of meticulous steps:

1. **Risk Identification:** Recognizing potential hazards present in our work environment.
2. **Risk Analysis:** Evaluating the severity and likelihood of identified hazards.
3. **Risk Evaluation:** Prioritizing risks based on their severity and likelihood.
4. **Risk Mitigation:** Implementing strategies to eliminate or minimize identified risks.

To ensure the well-being of our workforce, Azule Energy has a dedicated team of medical professionals who:

- Conduct regular health and safety assessments, including ergonomic evaluations, to identify hazards and promote a healthy workplace.
- Provide on-site medical services such as first aid, emergency response, and routine health checks.
- Develop and implement emergency response plans, including evacuation procedures and medical emergency protocols. Ensure office staff receive first aid training.
- Deliver health education programs focusing on preventive care, mental health, and well-being, through workshops and seminars.



- Monitor the health of employees exposed to hazardous conditions, track health data, and address potential health issues.
- Adhere to local and international health and safety regulations and report incidents or health concerns.

We remain committed to continuous improvement in health and safety practices. By proactively identifying and addressing hazards, we can foster a safe and healthy environment for all stakeholders.

Occupational Injury and Illness Incidents

In 2023, Azule recorded a Total Recordable Injury Frequency (TRIF) of 0.62 and a Lost Workday Case Frequency (LWDCF) of 0.08. We experienced zero fatalities and injuries during the past year. This outcome stems from our ongoing efforts to prioritize workplace safety and create a healthy environment for our employees. While we acknowledge that this is a positive achievement, we remain committed to continuous improvement and maintaining a vigilant focus on safety throughout our operations.

Incident Statistics for 2023:

Total Recordable Injury Frequency (TRIF):	0.62
Lost Workday Case Frequency (LWDCF) / Lost Time Injury Frequency (LTIF):	0.08
Number of Fatalities (excluding illness fatalities):	0
Fatal Incident Rate (FIR):	0

Significant Incidents:

In 2023, the majority of recordable incidents (5 out of 8) occurred in Block Cabinda Centro, during exploration activities. Approximately 1,000 individuals involved were new to the industry, unfamiliar with the work environment, equipment, and activities, and faced language barriers impacting performance.

- **27 March 2023, Block Cabinda Centro:** An air compressor towing bar dropped on an employee's left foot, resulting in a Restricted Work Duty Case (RWDC).
- **15 April 2023, Block Cabinda Centro:** An employee suffered laceration from a chain-saw, classified as a RWDC.
- **7 May 2023, Block 31 PSVM:** An employee fractured his left fifth digit finger during emergency generator maintenance, resulting in a Lost Work Day Case (LWDC).

In 2023, to enhance our safety performance, the company implemented campaigns focusing on situational awareness, risk identification, and hand safety. Our collaborative initiatives addressed the following topics:

- Hand safety campaigns;
- Campaigns addressing dropped objects;
- Lifting meetings with main contractors;
- HSE Contractors' Forum with all main contractors.

Transport Safety

At Azule Energy, transport safety is a key component of our operational risk management. Currently, our approach is guided by legacy BP requirements, which encompass a range of established safety parameters and controls. While we work towards finalizing our Azule Energy Transport Policy, we are committed to maintaining stringent safety standards across all transport activities, especially through service provider engagement and technology implementation.

Risk Management Approach

Our transport risk management framework focuses on proactive measures to mitigate risks. These include driver safety meetings with service providers, encouraging comprehensive discussions around transportation safety. We also require all drivers to complete Defensive Driving and Fatigue Management certifications every three years. Annual training updates for service providers' drivers are actively encouraged to keep safety knowledge current.

To enhance oversight, we have implemented In-Vehicle Monitoring Systems (IVMS) across our fleet. IVMS monitors driver behaviour in real time, flagging instances of speeding, sudden braking, and high-risk area activity. This technology helps us ensure safe driving practices and identify areas for improvement.

Performance

We are pleased to report that in the current reporting period, there have been zero fatalities related to work-related transport incidents involving employees or contractors.

Community and External Engagement

Azule Energy also engages with external stakeholders, including service providers and local communities, to promote transport safety awareness. By participating in driver safety meetings and encouraging service providers to adopt similar safety standards, we aim to foster a broader culture of safety across the industry. As we advance our transport policy, we plan to introduce additional safety barriers and requirements for service providers, further enhancing safety on the road.

Process Safety

Azule Energy ensures the safe management of its operations by focusing on strict process safety practices, aimed at preventing major incidents and protecting personnel, assets, and the environment.

We also concentrate on process safety, which involves applying good design principles (inherently safe design) along with robust engineering, operating and maintenance practices to maintain the safety of our operations. In our risk assessment process, we identify and develop mitigation plans for process and major accident risks.

In 2023, we reported zero Tier 1 process safety events across all business activities, reflecting the effectiveness of our risk management approach.

Our process safety risk management includes testing and verifying process safety barriers to assess their current health and resilience. When barriers are found to be weak or impaired, we implement improvement plans, while temporary mitigations are introduced to manage any associated risks. We also monitor Tier 3 process safety KPIs to evaluate performance and develop necessary mitigation or intervention plans.

Azule Energy utilizes tools such as the Azule Energy HSE scorecard and Synergy Incident Dashboards to closely track performance and risks. These tools help us maintain oversight and ensure real-time data is available for decision-making.

In 2023, we also introduced the Process Safety Tier 3 performance indicators (KPIs) and launched the IOGP Process Safety Fundamentals, reinforcing our commitment to continuous improvement and operational resilience.

Security

Azule Energy employs a comprehensive and structured approach to managing security risks across all operations, including existing projects, those under development, and new business locations. Our security management framework is grounded in robust Security Policies, Procedures, and Standards, emphasizing the importance of frequent and rigorous threat and risk assessments. This process includes the identification and mitigation of potential security threats through layered protective measures.

Our security professionals provide systems and processes that seek to protect our people, physical and digital assets, finance and investment, proprietary information, intellectual property, and reputation from harm.

Security Risk Management

Security Threat and Risk Assessments are conducted regularly and form the basis of our security strategy. This involves continuous monitoring, strict access control procedures (including visitor management), the deployment of physical barriers, and the readiness of security forces for immediate response.

We adopt a “protect-in-depth” model, characterized by multiple concentric layers of security:

- **Outer Layer:** This encompasses the perimeter of the facility, designed to control the flow of people and vehicles through designated access points. Security measures here include physical barriers like fencing, surveillance systems, alarms, and security personnel. Natural features such as water bodies, trees, and hills are also integrated into this protective layer to further delay unauthorized access.
- **Middle Layer:** This layer focuses on internal buildings and assets within the facility. It incorporates additional access control measures, surveillance systems, alarms, and reinforced fencing to further limit access.
- **Inner Layer:** Multiple inner layers may exist, each with further controls designed to delay or obstruct potential adversaries. These measures range from enhanced locks to more sophisticated security mechanisms.

In addition to physical security, Azule Energy also emphasizes cybersecurity resilience, ensuring that systems and processes are in place to prevent, detect, and respond to cyber threats effectively. This includes continuous risk assessment and mitigation strategies, focusing on safeguarding both our digital infrastructure and operational assets.

Our workforce receives regular training on threat response procedures, while awareness initiatives ensure that both employees and the surrounding community are informed of relevant security risks, enhancing overall readiness and resilience.

Building a Local Workforce

Angolan laws and regulations prioritise the employment and training of Angolan workers. These regulations aim to enhance local employment, improve skills, and ensure fair treatment for all workers.

Azule prioritises hiring Angolan nationals, with over 84.3% of its workforce being Angolan by the end of 2023. The company aims to increase Angolanization across all levels through robust succession planning. Hence, in October 2023, Azule signed a programme contract with Angola’s Ministry of Mineral Resources, Oil and Gas outlining commitments to local workforce development and promotion.

Our Angolanisation goals align with government expectations regarding the recruitment, integration, and training of Angolan nationals. These expectations are reflected in various legal requirements, including mandatory local advertising for positions and visa restrictions aimed at controlling the entry and stay of non-Angolan workers in the country. A training decree further outlines rules and procedures for the recruitment, integration, training, and development of Angolan personnel.

Workforce Diversity and Inclusion

Azule Energy prioritises respect for human rights throughout the employee lifecycle. In line with the company’s Code of Conduct, the workplace is intended to be free from discrimination and values diversity in all aspects of employment. This includes equal op-

opportunities in recruitment, management, and advancement, regardless of race, national origin, religion, age, gender, or other legally protected characteristics.

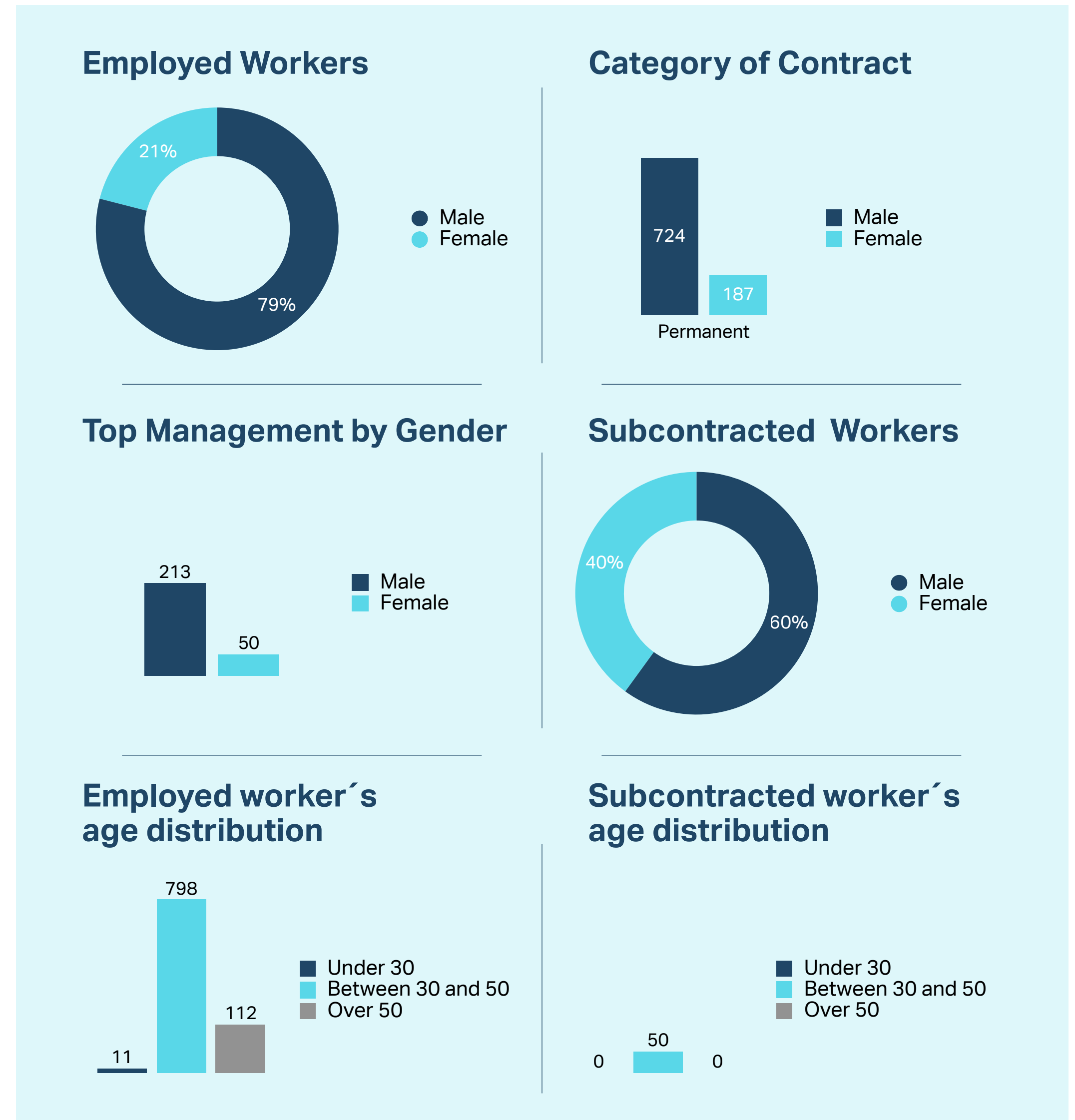
Our workforce is predominantly male, constituting 79% of employees, while women represent 21%. All our employees hold permanent contracts in full compliance with Angolan labour law and the principles of the International Labour Organization (ILO).

The company acknowledges the need for a more balanced workforce and is implementing measures to achieve this. In addition to specific human resources policies, initiatives include the establishment of an in-house Women’s Network. This network is expected to contribute to a more balanced workforce by helping the company identify and address various challenges faced by women in the workplace. Some of the key activities of the network include mentorship programmes, networking and career development.

The company also participates actively in Muhatu, the Angolan oil industry women’s network. This government led network is dedicated to promoting career opportunities and developing female leadership in the oil and gas sector of Angola. It aims to increase the presence of women in decision-making roles and provide a supportive community for female professionals in the energy industry.

The gender distribution among our subcontracted workers is 60% male and 40% female. The company’s workforce turnover rate is approximately 1%. Azule Energy is committed to enhancing employee engagement and retention by creating a stimulating work environment with ample opportunities.

The majority of the workers are aged between 30 and 50 (798). A smaller proportion are under 30 (11) and over 50 (112).



PARTNERING WITH COMMUNITIES

Community Engagement Initiatives

Azule Energy is committed to fostering positive relationships with local communities through active engagement and responsible practices. We aim to support local development and address community needs by maintaining clear, ongoing communication and building trust.

Local Community Impacts and Engagement

For communities potentially impacted by our activities, Azule prioritizes identifying potential adverse human rights impacts. We then take proactive steps to avoid, minimize, or mitigate these risks. To achieve this, we provide comprehensive guidance to our businesses and projects on effective stakeholder engagement. This guidance includes best practices for receiving and responding to community concerns, ensuring open communication throughout the process.

Addressing Community Concerns: Grievance Mechanisms

As outlined in our Code of Conduct, Azule's grievance mechanisms ensure comprehensive recording and reporting of all grievances received, including those related to human rights. We also track the actions taken to address each grievance.

Social Investments and Impact

The company supports various initiatives aimed at enhancing community well-being, safety, and environmental protection.

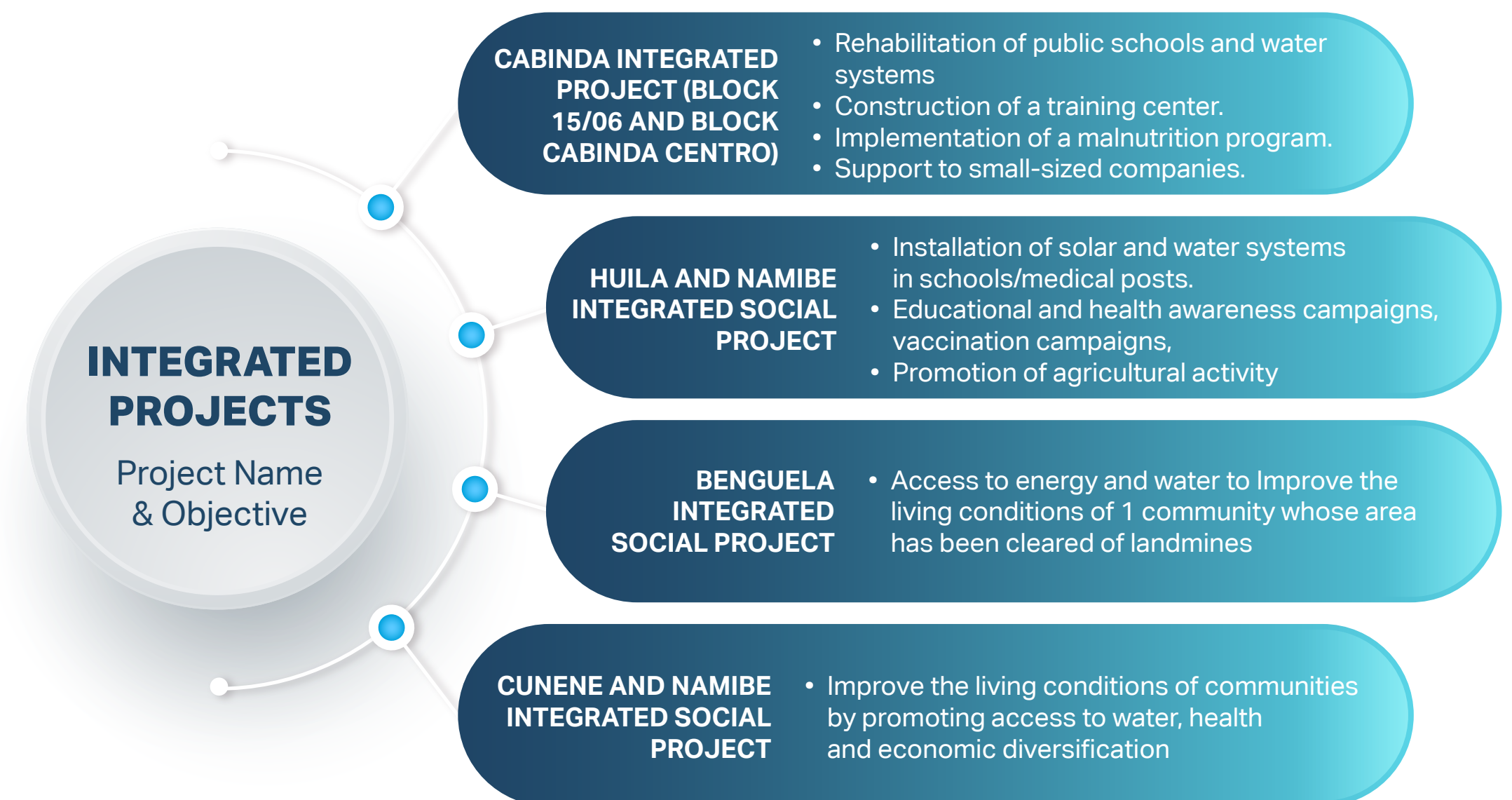
Aligned with its Social Sustainability Procedure, Azule is committed to fostering sustainable development within Angolan communities. This involves considering the company's impact, fulfilling commitments, addressing local needs, engaging with stakeholders, and aligning with national development plans and UN Sustainable Development Goals.

In 2023, around fourteen million US dollars were invested in social projects, funded through concession contracts and also company discretionary resources.

Azule's social projects primarily focus on improving access to water, promoting health, advancing education, diversifying the economy, increasing energy access, reducing poverty and safeguarding the environment.

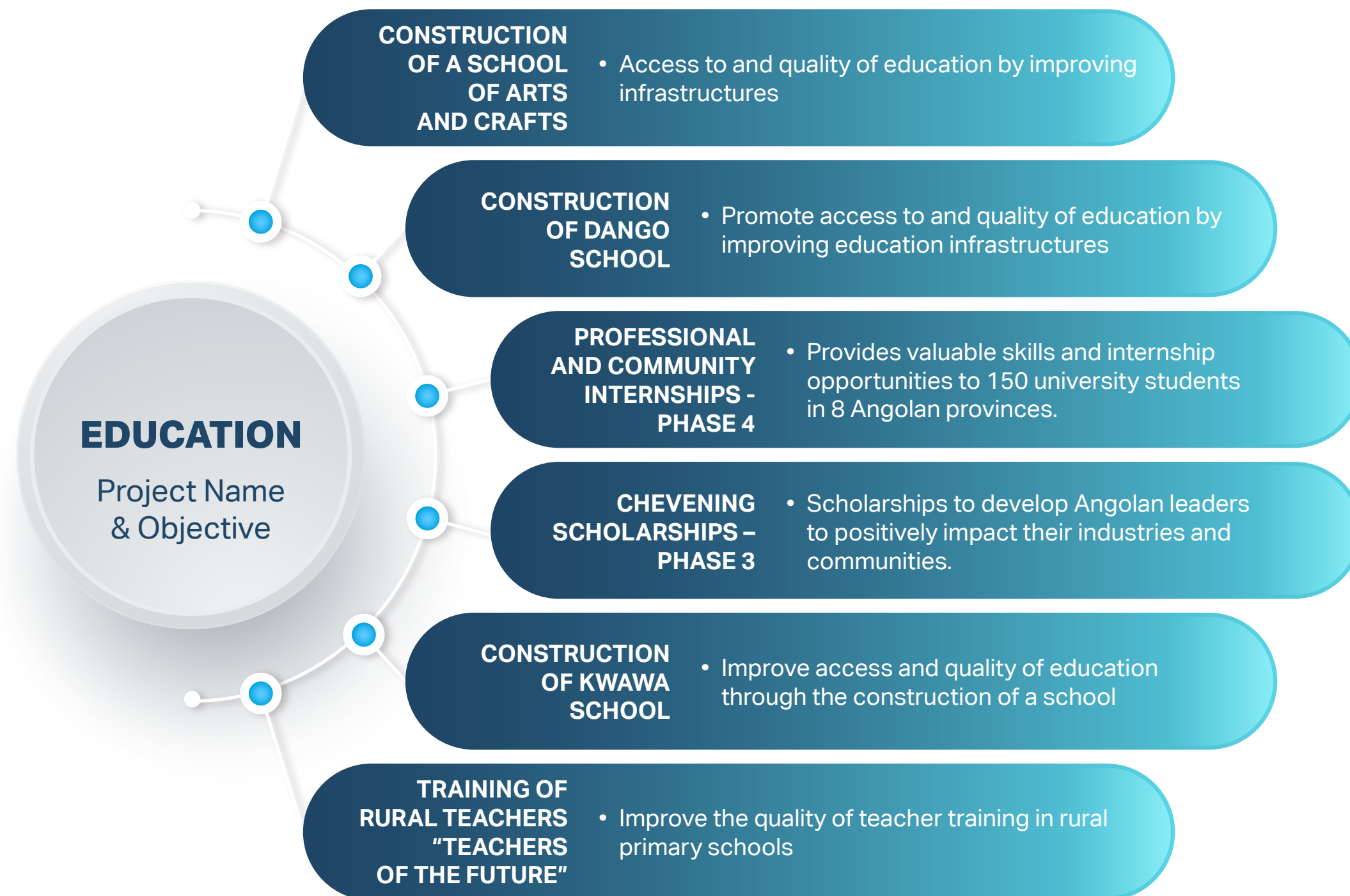
Integrated Projects

Several integrated social projects addressing multiple areas are funded in Cabinda, Benguela, Huíla, Namibe, and Cunene provinces.



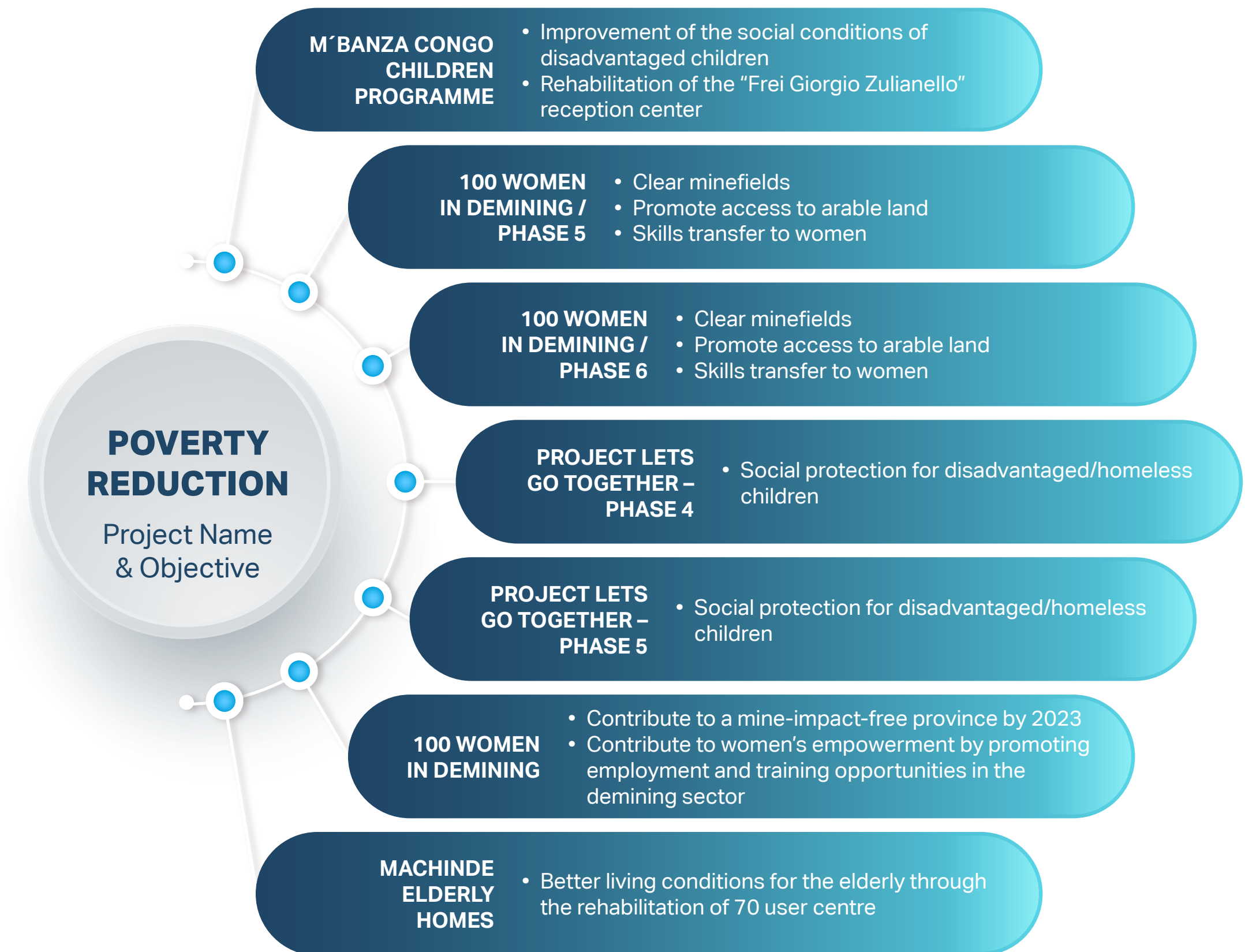
Education

Education initiatives include constructing and refurbishing schools, providing internships for graduates, enhancing teacher capabilities, and offering scholarships.



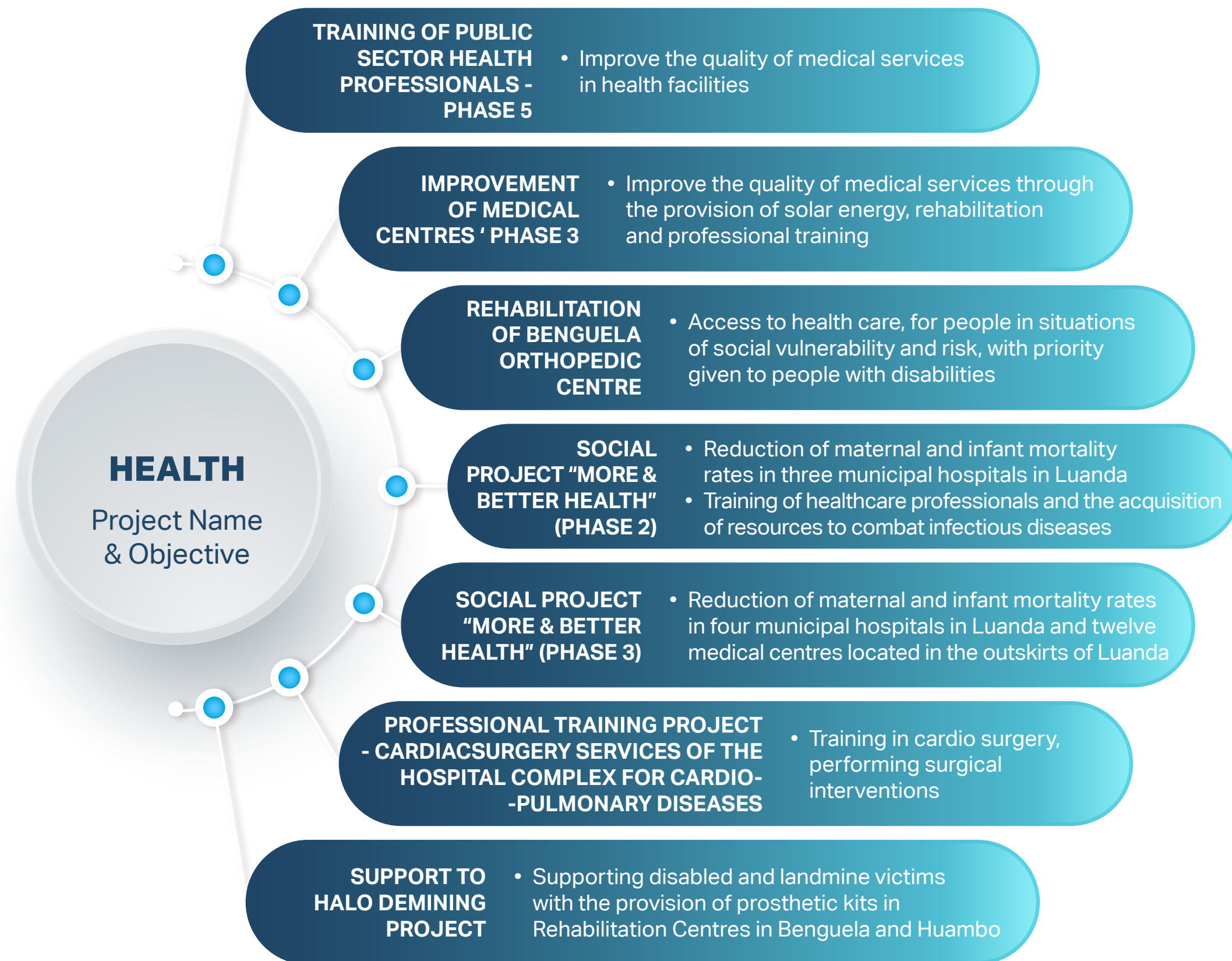
Poverty Reduction

Various programmes target poverty reduction through improved water systems, support to orphanages, farmer empowerment, support for small businesses, and collaboration with The Halo Trust for demining efforts, which contribute to land availability for agriculture and women’s empowerment.



Health

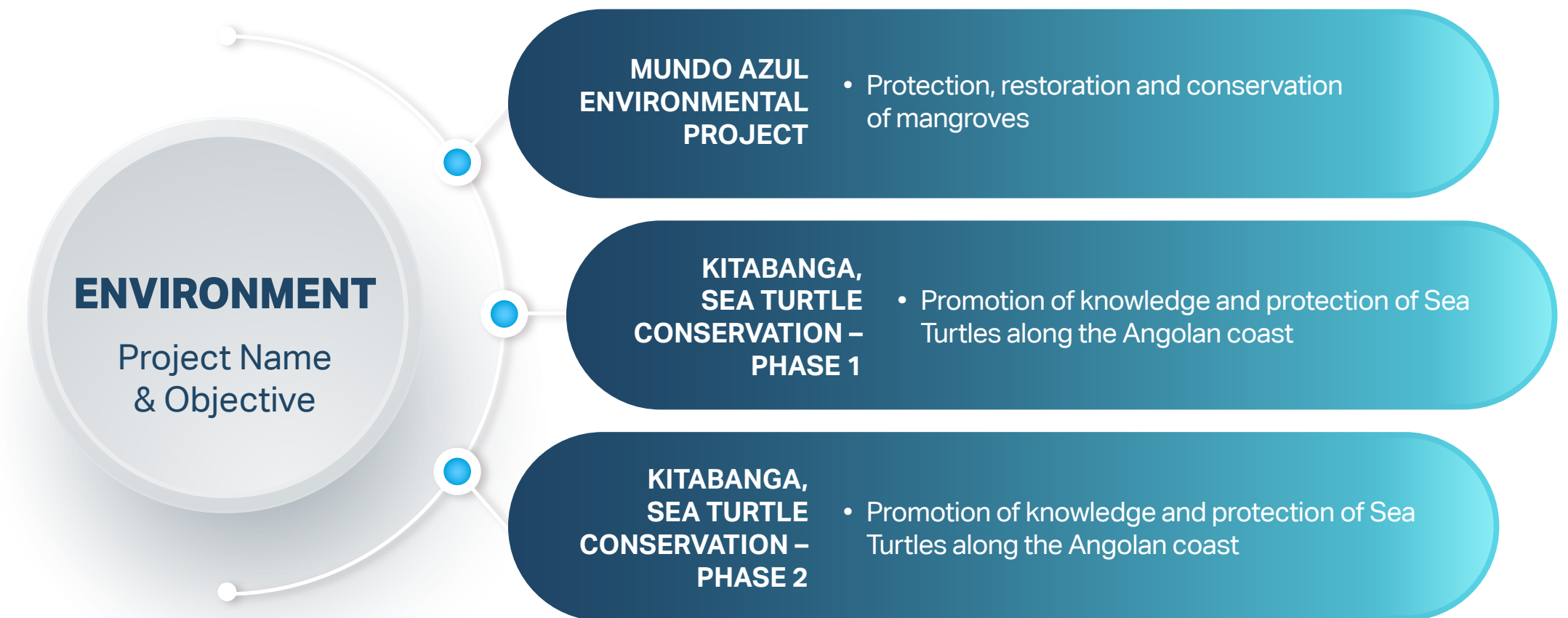
Health programmes focus on improving health outcomes through professional training, community awareness, addressing malnutrition, and rehabilitating healthcare facilities. In 2023, fourteen healthcare institutions were refurbished.



A partnership with the Hospital for Cardio-Pulmonary Diseases Dom Alexandre do Nascimento in Luanda, that resulted in 1,658 cardiac interventions, 123 cardiac surgeries, training for 327 healthcare professionals, and development of 17 specialists in hospital management.

Environment

Environmental initiatives contribute to marine life protection, such as the marine turtle conservation programme. A mangrove conservation project covering over 2,700 hectares is also supported.



DRIVING LOCAL GROWTH

Local Content Development

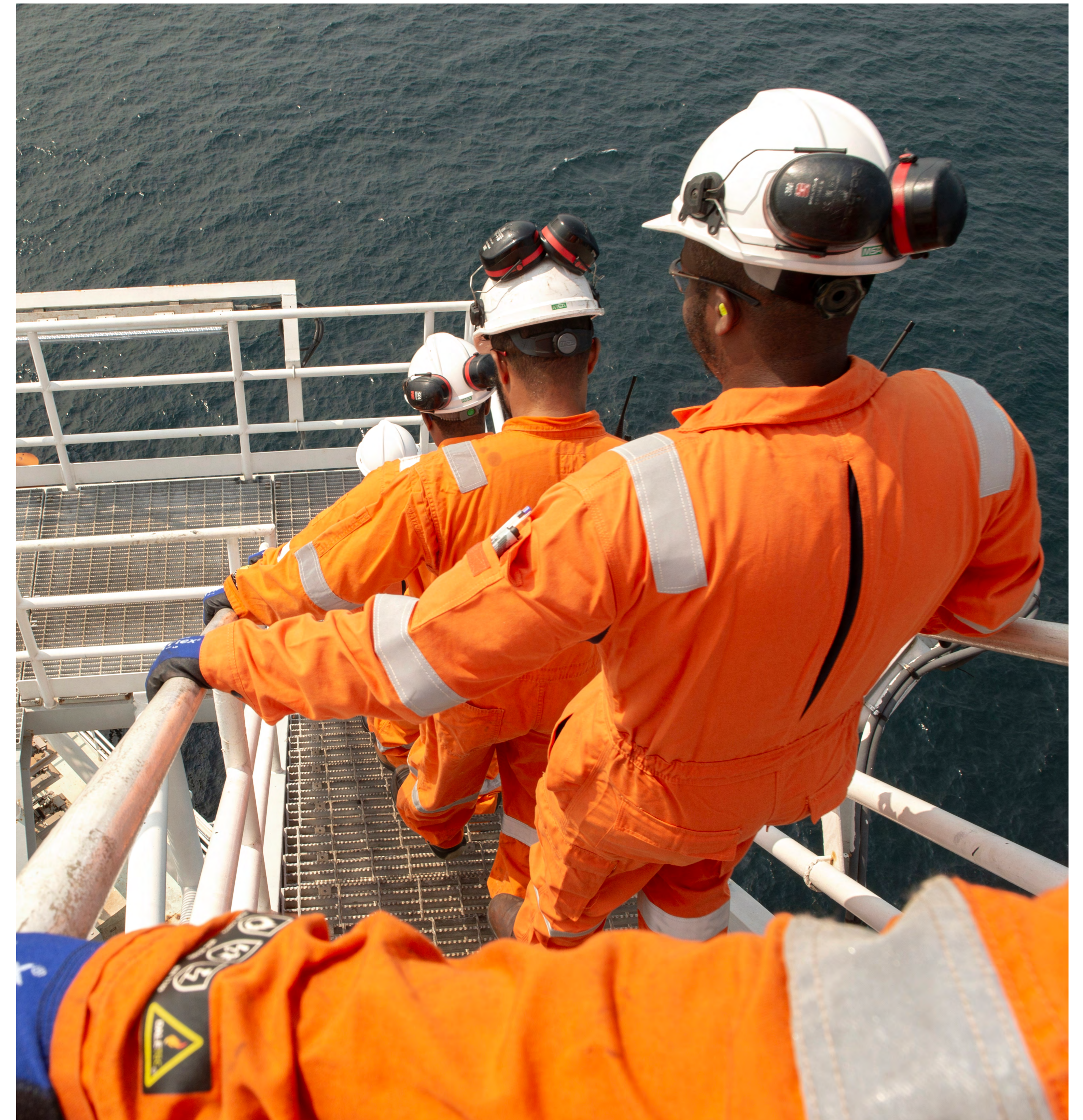
In Angola, the oil and gas sector is subject to regulations promoting local suppliers. A Presidential Decree outlines a legal framework to enhance local content by encouraging the use of Angolan goods and services and prioritising Angolan employment.

Azule complies with this and other relevant legislation promoting local contracting and workforce development. This includes both quantitative and qualitative targets as defined by regulations.

Procurement and Supplier Support

Azule Energy aims to maximise local content in our operations. In 2023, the company engaged with 335 suppliers, of which 149 (40.5%) were local.

Azule prioritises procuring goods and services from Angolan suppliers in line with local content requirements and regulations. The company has established a system to regularly report on its local content initiatives in collaboration with relevant authorities.





Highlights of 2023

01

Safety Campaigns

Implemented targeted safety campaigns focusing on situational awareness, risk identification, and hand safety, enhancing workplace safety performance.

02

Fleet Monitoring

Deployed In-Vehicle Monitoring Systems (IVMS) across the fleet, providing real-time monitoring of driver behavior, including speeding, sudden braking, and activity in high-risk areas.

03

Process Safety

Achieved zero Tier 1 process safety events across all business activities, highlighting the success of the company's robust risk management framework.

Introduced Process Safety Tier 3 performance indicators (KPIs) and launched the IOGP Process Safety Fundamentals, underscoring a commitment to continuous improvement and operational resilience.

04

Grievance Mechanisms

Established accessible grievance mechanisms, including the Safe-to-Talk channels, allowing stakeholders to raise issues confidentially and seek remedies.

05

Vendor Management

Introduced the Vendor Management Activities Standard (AZUL-PROC-CPV-STD-0003), defining clear requirements for vendor qualification.

Conducted in-depth audits for high-risk vendors, following the SA8000:2014 Standard on Social Accountability, to assess adherence to human rights practices and mitigation measures.

06

Supplier Engagement

Encouraged suppliers to register on Open ES, a digital platform enabling vendors to self-evaluate their ESG maturity, including human rights and sustainability commitments.

07

Investment in Social Projects

Invested approximately USD 14 million in social projects funded through concession contracts and discretionary resources.





Goals

for 2024/2025

01

Transport Policy Development

Finalize and implement the Azule Energy Transport Policy to maintain and enhance safety standards in transport activities.

Introduce additional safety barriers and requirements for service providers to strengthen road safety practices.

02

United Nations Global Compact (UNGC)

Actively exploring membership in the United Nations Global Compact (UNGC) to align operations with its Ten Principles on human rights, labour, environment, and anti-corruption.



05

LOOKING AHEAD
Embracing the Challenges of Tomorrow

STRATEGIC GOALS FOR 2024 AND BEYOND

Driving Bold Change for a Sustainable Tomorrow

Azule Energy aims to build on its achievements with a strategic roadmap for 2024 and beyond. With a focus on innovation, resilience, and collaboration, the company is implementing transformative changes across its operations to contribute to the global energy transition.

Climate Leadership and Energy Innovation

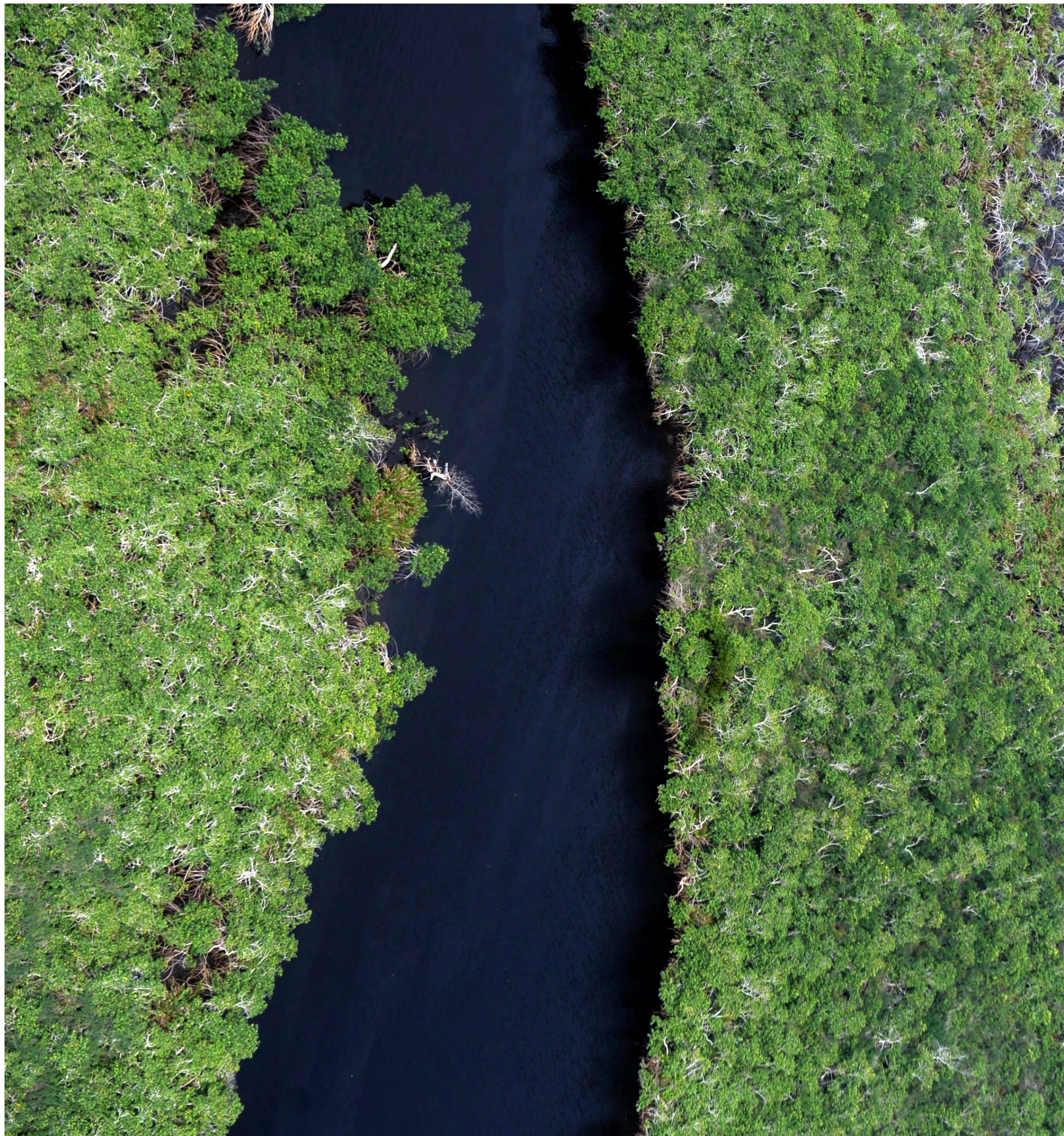
- **The Agogo FPSO (Floating Production Storage and Offloading):** This project represents an important step in Azule Energy's commitment to innovation and sustainability.

Equipped with carbon capture and storage (CCS) technology, this offshore unit aims to reduce CO₂ emissions by capturing them at the source and securely storing them.

Set to commence production in 2026, the Agogo FPSO will develop the Agogo and Ndungu fields, with an expected peak production capacity of 240,000 barrels of oil equivalent per day.

- **Achieving Net Zero:** By 2030, Azule Energy aims to become a net-zero company. The next phase includes implementing cutting-edge carbon capture solutions and expanding renewable energy investments, including offshore wind exploration and scaling up solar power capacity.
- **Flaring Elimination:** The company is on track to eliminate routine flaring by 2024, bolstered by modern gas capture infrastructure that will reduce greenhouse gas emissions.





Championing Environmental Sustainability

- **Waste Management:** Azule aims to achieve zero operational waste by 2030, focusing on material reuse, recycling, and the deployment of advanced waste treatment systems.
- **Biodiversity Gains:** With a new Biodiversity Enhancement Plan launching in 2024, the company will scale efforts to restore ecosystems, protect endangered species, and minimise operational footprints in sensitive areas.

Empowering Communities and Strengthening Partnerships

- **Enhancing Social Investments:** Strategic investments in education, healthcare, and local infra-structure will continue, aiming to directly benefit over 500,000 Angolans by 2025.
- **Growing Local Content:** Supplier development programmes and technical training initiatives will be expanded to increase local economic participation, with a target of 75% increase in local procurement by 2026.

Leading with Integrity and Collaboration

- **Strengthening ESG Governance:** The company will enhance its governance framework by integrating real-time ESG performance tracking and aligning with leading global frameworks, such as the UN Sustainable Development Goals and TCFD recommendations.
- **Stakeholder Partnerships:** Through collaboration with governments, NGOs, and industry peers, Azule will amplify its impact, ensuring its operations drive inclusive growth and environmental sustainability.





06

TRANSPARENCY STATEMENT
Belief in Open and Honest Communication

TRANSPARENCY AND REPORTING PROCESS STATEMENT

This Sustainability Report provides a comprehensive overview of Azule Energy's environmental, social, and governance (ESG) performance for the reporting period of August 2022 to December 2023.

The report was developed to ensure transparency, accuracy, and relevance to stakeholders, reflecting Azule Energy's commitment to responsible business practices and sustainable development.

H-IMPACT's Role

As Azule Energy's sustainability consulting partner, H-IMPACT supported the development of its inaugural report. The engagement focused on ensuring the integrity of the reported information by utilising advanced tools and professional expertise to compile and validate key metrics. Although H-IMPACT is not a certified audit provider, the report development followed a collaborative approach to data validation and peer quality review.

Data Collection and Validation

- Data for the report was collected using ESG Maturity, a SaaS platform designed for multidimensional ESG assessments. This tool integrates artificial intelligence to provide comprehensive analytical insights, enabling users to collect data, monitor activities, align with international benchmarks, and identify sustainability trends.



- Where the platform's capabilities were limited, H-IMPACT conducted stakeholder engagement sessions with subject matter experts selected by Azule Energy to capture additional qualitative and quantitative information. These inputs enriched the report narrative and helped contextualise the performance metrics.

Analysis of Significant Issues

Although no formal materiality assessment was conducted, H-IMPACT collaborated with Azule Energy's team and its subject matter experts to perform an analysis of significant issues. This process identified topics most relevant to Azule Energy's sustainability efforts by prioritizing areas deemed important by both internal and external stakeholders. The analysis focused on the company's key sustainability challenges and opportunities, ensuring alignment with operational priorities and stakeholder expectations.

Reporting Framework Reference

The development of the report followed the IPIECA Guidelines, which served as a reference for structuring and reporting Azule Energy's activities in alignment with industry best practices. While the IPIECA framework was not fully adopted, its principles informed the identification of industry-specific topics and the overall organisation and development of the report.

This report does not claim alignment with other reporting frameworks, but it was prepared with a commitment to the principles of transparency, relevance, and comparability consistent with established sustainability practices.

Data Gathering Tools

H-IMPACT utilised advanced tools to support data collection and promote consistency across metrics, including:

- **ESG Maturity SaaS Platform:** For data aggregation, benchmarking, and monitoring sustainability positioning in compliance with applicable frameworks.

Limitations

This report has not been subject to an independent limited data assurance, as H-IMPACT is not a certified assurance provider. Some metrics rely on estimates or approximations where direct measurement was not feasible. Such cases are clearly disclosed, and all efforts have been made to ensure the trustworthiness of the presented information.

Commitment to Transparency

We relied on the data provided by Azule Energy, which we believe was collected following sector-specific best practices. Azule Energy remains committed to improving its reporting processes and exploring opportunities for external validation in future reporting cycles. This report reflects a fair and comprehensive overview of Azule Energy's sustainability performance, prepared with professional diligence and ethical integrity.



METRICS

The following table provides a detailed overview of the key metrics included in Azule Energy's sustainability report for the reporting period of 2023. Each metric highlights essential performance indicators, including environmental, social, and operational data.

Metric	Reported Value	Calculation Methodology
Scope 1 Emissions	2.6 Mt CO2eq (CO2, CH4, N2O)	Metered data vs emission factors based on UKOOA and API compendium 2021. Some cases Engineering calculations
Energy Consumption	5,727 Tj (from gas generated on-site)	Metered data
Hydrocarbon Gas Flaring	17.9 Bcf	Metered data
Freshwater Consumption	123,328,006 m ³	Flow meters
Produced Water Discharged	407,222,396 m ³ (29% of total produced water) Produced Water: 405,956.272 m ³ Produced Water: 405,956.272 m ³	Flow meters

Other Effluents Discharged	Other Effluents (e.g., sewage): 1,266.124 m ³	Volumes based on estimation &/or flow meters
Oil in Produced Water	15.37 mg/l to 19.41 mg/l (annual average)	Lab results + OIW analyser
Other GHG Emissions (N2O & NMVOC)	1.9 KtCO2eq	Estimations based on metered data vs emission factor
Non-GHG Emissions (SOx & NOx)	3.2 KtCO2eq	Estimations based on metered data vs emission factor
Total Waste Generated	18,237.70 tonnes	Scale
Waste Disposal	12,435.70 tonnes (disposed) 1,891.89 tonnes (incinerated/treated) 3,909.58 tonnes (recycled/reused/recovered)	Scale
Hazardous Waste	Total: 15,902 tonnes Drill Cuttings/Bottom Sludge: 12,721.6 tonnes (80%) Other Hazardous Waste: 3,180.4 tonnes (20%)	Scale
Radioactive Waste	153 tonnes (Ngoma, Greater Plutonium, PSVM facilities)	Scale
Incident Statistics	TRIF: 0.62 LWDCF/LTIF: 0.08 Fatalities: 0 FIR: 0	Based on safety statistic reporting, aligned on IOGP standards.



**AZULE
ENERGY**

a bp and Eni company

