



Sonangol

SUSTAINABILITY REPORT

2023

EXECUTIVE SUMMARY



1. Chairman's letter and message from the Board

MESSAGE FROM THE CHAIRMAN



Dear colleagues, partners, and other interested parties,

We are delighted to present the second Sustainability Report of Sonangol E.P. and its Business Units (BUs)/subsidiaries. This document is an essential tool for a sustainable company of international standard, and reflects our ongoing commitment to the best business practices and highlights the significant progress made during the financial years 2021, 2022, and 2023.

In the current global context of decarbonisation and subsequent just energy transition, we are increasingly driven and challenged to be creative and responsible in the way we conduct our business. To support our mission of achieving energy self-sufficiency for Angola, we are dedicated to making our products and services more sustainable, accessible, and available to all – on a national, regional, and global scale.

Sustainable responses to environmental, social, and governance challenges are becoming essential in the business world. As a company that respects the importance of these three pillars of sustainability – which are aligned with the economic and financial profitability of Sonangol’s investments, assets, and operational efficiency – we have started the process of adopting and incorporating them throughout our value chain and in our relationships with our partners.

Because we recognise the urgent need to combat climate change and reduce greenhouse-gas emissions, we are strongly committed to diversifying our portfolio, with an incisive focus on cleaner, renewable, and sustainable energy sources.

In this report, we describe the efforts and achievements that have brought us closer to our sustainable objectives and targets, and identify areas where more work needs to be done in line with our current strategy:

“To consolidate the focus on the primary value chain of oil and natural gas in order to sustainably invest in renewable energies and so-called green fuels in order to leverage and participate in the diversification and balance of the national energy matrix, and boost economic growth.”

Our pioneering investments in renewable energies have become concrete facts with the realisation of various actions, among which the following is worth mentioning:

- Inauguration and start-up of the first phase of the Caraculo photovoltaic plant in the Namibe province, which has a production capacity of about 25 MW, and execution of technical assessments for the extension of the second phase of the additional 25 MW, in line with the local consumption profile;
- Inauguration of the Falcão 2 Gas Reception and Distribution Unit in the Zaire province, framed in the National Development Programme (PDN) 2023-2027, within the scope drawn up by the Angolan Executive. This forms part of the strategy of maximising the use of natural gas as a source of clean energy and raw material for the petrochemical industry. The on-shore infrastructure provides for the reception, transport, and distribution of 150 million cubic feet of natural gas from the Angola LNG plant to the Soyo Combined Cycle Plant, where up to 125 million cubic feet of gas will be processed a day for domestic use;
- Reinauguration of the Anduri refuelling station (CFV ANDURI) located in the municipality of Ícolo e Bengo in Luanda, which is equipped with a photovoltaic system that has the capacity to generate up to 7,018.40 kWh of energy, an initiative that will result in the reduction of 29.15 tCO₂e of greenhouse gases;



- Modernisation of the Cubal gas plant in Benguela (CFV CUBAL), which is now powered by photovoltaic energy and has the capacity to generate up to 110 kWh of energy a day. It is expected to reduce diesel consumption by 1,202 litres a month and reduce greenhouse-gas emissions by 6.54 tCO₂e;
- Carrying out the first campaign, in November 2023, for high-precision detection and qualification of methane and carbon dioxide emissions at the Block 3/05 facilities, using AUSEA (Airborne Ultralight Spectrometer for Environmental Applications) technology, in partnership with TotalEnergies; and
- Launch of the Social and Rural Gas Campaign, with a focus on environmental protection through reductions in the use of biomass, particularly firewood and coal. The initial phase showed significant results that fulfil the aims of sustainability and the preservation of fauna and flora.

In addition to the achievements of the period under review, work is underway on the implementation of a photovoltaic plant in Huila – Sonangol’s second investment of this nature – which has the capacity to generate about 80 MW of energy in phases.

We are also exploring possibilities for the generation of hybrid thermal and solar energy in the

provinces of Namibe, Huila, Benguela, Cuando Cubango, Lunda Norte, Cunene, Bengo, Moxico and Bié, providing clean and sustainable energy to areas that need it most. Our renewable energy projects are a testament to our commitment to sustainability and the energy transition.

Our efforts are supplemented by our focus on the process of offsetting our emissions. As such, the implementation of Sonangol’s Blue Carbon Project, a partnership with non-governmental organisation Otchiva, aims to create robust legislation related to Angola’s entry into the carbon market, among other objectives.

In this Sustainability Report, we would also like to emphasise the inclusion of two more Business Units/subsidiaries.

Our commitment to sustainability is not just a responsibility, but an opportunity to innovate and grow in a way that contributes positively to the well-being of the communities in which we operate and are part of. We believe that integrating sustainability into our business strategy is not just about strengthening our resilience, but also about creating long-term value for all our stakeholders.

Yours sincerely,

Gaspar Martins

Board President



MESSAGE FROM KÁTIA EPALANGA, A REPRESENTATIVE OF THE SUSTAINABILITY BOARD



Achieving our sustainability objectives is proving to be both a challenging and enriching experience, generating valuable lessons that will help the Company to grow and position itself better in the market among its partners.

Over the past year, Sonangol has made significant progress related to the investments made in renewable energies and energy transition with a view to reducing and offsetting our emissions. A significant milestone was completing the mapping of our emissions throughout the organisation, with 2022 as our base year.

In terms of the social component, Sonangol serves as a national benchmark for its competitive remuneration and benefits packages. We also prize social responsibility, having invested more than 47 million USD in social projects in 2023, such as supporting the construction of an emergency ward at David Bernardino Hospital.



Another notable point is that 31% of women at Sonangol hold management positions, which is similar to the percentage of women in the company. In addition, women and men are compensated equally.

Our women's network, Ukembo – which translates as 'the beauty and strength of women' in Quimbundo – aims to sensitise employees to issues that are important to women in the workplace. We seek to create a culture of support for women, promote a general culture of respect and inclusion, and increase representation in leadership. Throughout 2023, mentoring initiatives were organised for women, as well as leadership and female empowerment workshops and awareness campaigns on gender equality.

In terms of health, our Quality-of-Life Promotion Programme includes the Occupational Stress Prevention and Management Programme, also known as Wa Jiza, which translates as 'resilience' in Quimbundo. This programme helps employees deal with work or occupational stress. There is also an initiative related to chronic disease, with a focus on hypertension and diabetes mellitus, as well as the workplace gymnastics initiative, the digital component of which is being implemented through an exercise app that is used during office hours to promote a healthier work environment. In addition, Sonangol's Alcohol and Drug Abuse Prevention Programme assists employees with addiction-related issues.

We improve our engagement with communities by carrying out sustainable projects in the health, environment, education, economic development, and sports sectors. These programmes involve providing basic infrastructure for schools, health centres, agricultural and fishermen's cooperatives, markets, and community laundries in an effort to minimise the difficulties faced by communities. This work has seen us install solar panels and water boreholes, among others, in the most deprived areas.

The implementation of Sonangol's Blue Carbon Project continues, with good results for all employees and society in general. Last year, about 129,993 mangrove seeds were planted in the provinces of Luanda and Cabinda, totalling 312,722 seeds planted by Sonangol employees since the project's implementation. Additionally, a climate station was installed in the Tapo community, an implementation area, which will enable the conservation status and suitability of mangrove ecosystems, and the quality of the water, air, and soil to be monitored.

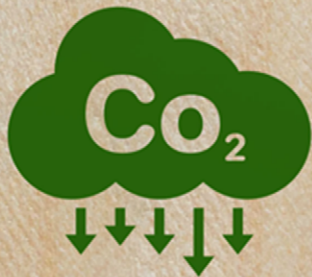
We believe this report showcases our efforts and unwavering commitment to sustainability, which aligns with the Company's mission and strategic vision.

Kátia Epalanga

Executive Administrator



SUSTAINABILITY AT SONANGOL



2. Our Sustainability Report

This second Sustainability Report provides an updated summary of Sonangol E.P.'s activities and strategies towards building a more sustainable future for the Company, for Angola, and for Africa and the world beyond. It builds on our previous report, detailing activities from 2023 (unless otherwise noted), and includes operations within Sonangol's Exploration and Production Business Unit (UNEP), which formed the basis of our 2022 Sustainability Report. The report now also encompasses the Trading and Shipping Business Unit (UNTS), and clearly identifies information relevant to Sonangol E.P. as a corporate entity, highlighting its role in shaping the policies and strategies of these Business Units (BUs) and Subsidiaries.

In our effort to provide a more thorough disclosure of the value Sonangol creates across its value chain, we have begun integrating Sonangol Refining and Petrochemical, S.A. (SRP). This pro-

Our goal is to establish comprehensive reporting processes and integrate additional core units, targeting a robust reporting system by 2027.

SONANGOL: OUR STORY

Founded in 1987, Sonangol was established as a state-owned company to manage activities related to oil, hydrocarbons, and their derivatives, as well as petrochemical and related industries. Today, Sonangol is Angola's largest national public company, serving as a cornerstone of the national economy and playing a vital role in promoting development.

With around 7,500 employees across the Group, Sonangol actively contributes to the Nationally Determined Contributions (NDCs) and has significant social impact and environmental conservation projects.

As of 1 May 2019, after the reorganisation of the Angolan oil sector through the Oil Activities Law (LAP), Sonangol no longer holds exclusive mining

rights. The title of National Concessionaire, along with the exclusive rights Sonangol previously held – related to liquid and gaseous hydrocarbons – were transferred to the National Oil, Gas and Biofuels Agency, which now oversees hydrocarbon exploration plans and programmes.

In 2018, Sonangol launched the Privatisation Programme ('PROPRIV') to enhance efficiency and transparency across its value chain. This programme allows for the sale of up to 30% of Sonangol's share capital and includes a new organisational structure aimed at strategic goals in trading and shipping, renewable energy investments, crude oil production, and optimisation of infrastructure and operations. This shift is part of a broader strategy preparing Sonangol for privatisation and an initial public offering.

cess includes assessing SRP's baseline, incorporating staff input into the materiality assessment, and collaborating on calculating its carbon footprint. We established a GHG baseline for 2023 and remain committed to expanding and enhancing our GHG assessment in the future.

Amidst global energy and climate challenges, this report represents a significant milestone in our ongoing journey, showcasing our progress and the efforts needed to ensure Sonangol continues to contribute to Angola's sustainable development. It goes beyond financial metrics to include non-financial performance, governance, key strategies – including climate change – material topics, risks, opportunities, and stakeholder value creation. The non-financial data covers our owned and operated businesses, adhering to industry best practices, and excludes equity interest fields/projects where we do not have operational control.



3. Environmental, Social and Governance (ESG) reporting 2023 highlights

ENVIRONMENT AND CLIMATE CHANGE - HIGHLIGHTS



- Initiated investments, together with partners, in large-scale renewable energy and transition fuel projects.
- Adoption of SANGEA™ software to improve the management and reporting of GHG emissions and atmospheric pollutants.
- Reporting of GHG emissions for two more BUs/Subsidiaries (SRP and UNTS) and Corporate, and initial reporting of value chain emissions (Scope 3) for investments related to non-operated blocks.
- Development of a transition and decarbonisation strategy and roadmap, including actionable targets.
- Membership of two international initiatives (Aiming for Zero Methane Emissions Initiative and the Oil and Gas Decarbonisation Charter).
- Introduction of two projects to improve the treatment of discharged water at UNEP – the Produced Water Treatment System (COB P1) and the Sewage Treatment Unit (COB P1 and PALP2)
- Over 300,000 mangroves planted through the Sonangol Blue Carbon project.

SOCIAL – HIGHLIGHTS



- 47 million USD spent on Sonangol’s social responsibility projects.
- 16 million USD in national and international scholarships.
- Around 10,000 health services offered to Sonangol employees and immediate families at Clínica Girassol Subsidiary.
- 513 training sessions provided to 5,102 Sonangol employees.

GOVERNANCE – HIGHLIGHTS



- 27% of Board of Directors are women (3 of 11).
- 15% of Sonangol’s workforce voluntarily joined trade unions.
- 16 employees from seven different areas form part of ESG Working Group.
- Finalisation of process to define an initial ESG model to operate from 2024.



MAIN ESG AND CLIMATE COMMITMENTS



- Reinforced the target to ‘reduce the volume of our absolute emissions by at least 10% by 2027 and 15% by 2030, against a 2022 baseline.’
- Aiming to reach Net-Zero CO₂e Emissions (Scope 1 and 2) for operations under our control and, as applicable, engage with joint operating partners towards Net-Zero CO₂e Emissions (Scope 1 and 2) by or before 2050 (As a signatory of the Oil and Gas Decarbonisation Charter (OGDC)).
- Aiming for Near-Zero Upstream Methane Emissions by 2030 and Zero Routine Flaring by 2030 (as part of the Oil and Gas Climate Initiative under the OGDC).
- Board decision to allocate at least 2.5% of the investment portfolio annually to renewable energies by 2025 and 10% by 2030.
- Progressing the implementation of a photovoltaic plant in Huila Province with an 80MW capacity, making it Sonangol’s second investment in this type of renewable energy project.
- Completion of the second phase of the Caraculo photovoltaic plant to provide additional 25MW capacity.
- Continue to onboard SRP and other core Subsidiaries/BUs over the coming years and achieve a comprehensive and robust reporting system by 2027.
- Establish a permanent channel of communication and dialogue with communities through a stakeholder engagement process.
- Finalise the development and publication of new Sustainability policy.
- Complete the implementation of SIGO! in all Business units by 2027.
- Finalise actions to ensure availability of the hotline to the external community in 2024 as part of the whistleblowing mechanism implemented by Sonangol.

Decarbonisation Targets

03

Net zero GHG emission target

Aiming for Near-zero Upstream Methane Emissions by 2023 and zero Routine Flaring by 2030.

01

Angolan NDC-aligned target

Reduction of absolute scope 1 and 2 emissions by 10% 2027 and by 2020, relative to 2022.



02

Net zero GHG emission target

As a signatory to the Oil and Gas Decarbonization Charter (OGDC).

Aiming to reach net-zero CO₂e emissions (Scope 1 and 2) for operations under our control and, as applicable, engage with joint operating partners towards net-zero CO₂e (Scope 1 and 2) by or before 2050.



A CHALLENGE FOR THE OIL AND GAS SECTOR: CLIMATE CHANGE

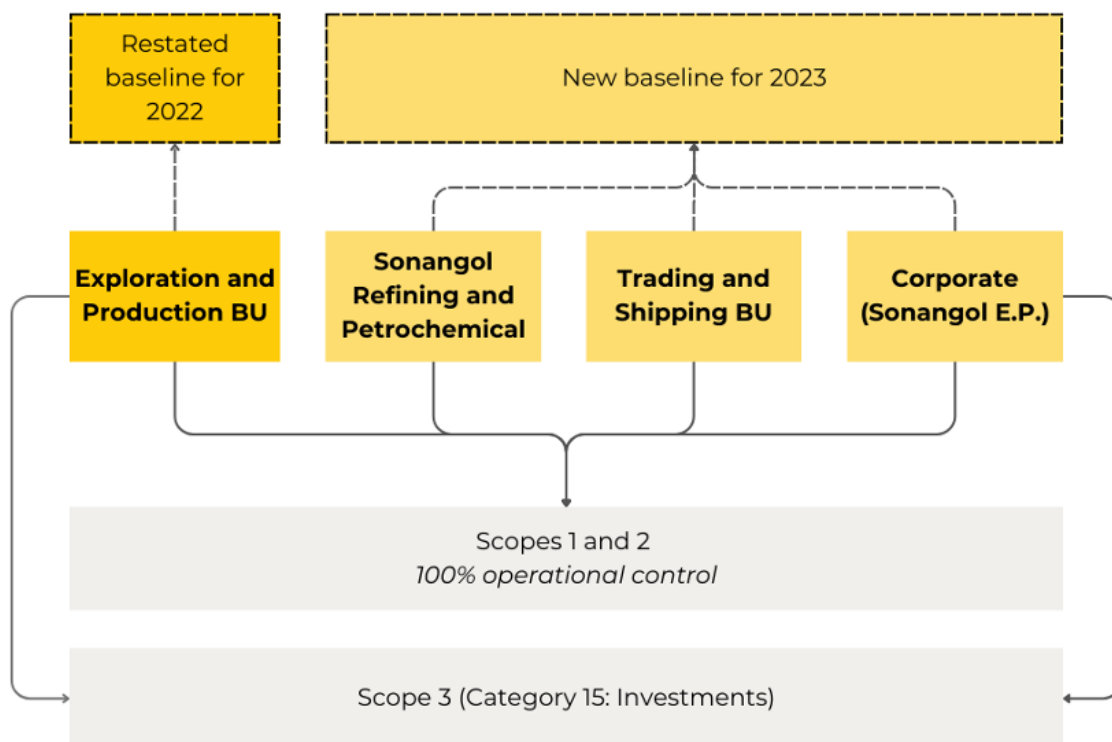
Sonangol E.P. views its climate change journey as iterative, emphasising transparency, accountability, and continuous improvement. The Company’s commitment to a just transition, revenue diversification, and emissions reduction positions it as a leader in sustainability and environmental stewardship; a leader Group focused on climate disclosure, decarbonisation, and aligning with Angola’s NDC targets.

In 2023 the Company continued to invest in and refine its applications of the GHG emissions accounting software system SANGEA™ – a standard in the industry – and **set an absolute reduction target for our Direct (Scope 1) and Indirect (Scope 2) CO₂e emissions of 10% by 2027 and 15% by 2030, relative to a 2022 baseline, along with achieving net-zero emissions by 2050.** Sonangol’s approach aligns with global climate goals and emphasises collaboration with the Angolan government, external partners, and technology suppliers to support the transition.

The 2023 Sustainability Report highlights UNEP’s GHG performance in its second year of reporting and sets an initial baseline for the GHG performance of our Refining (SRP) and Trading and Shipping (UNTS) activities for 2022 and 2023, alongside detailed corporate-level information on Sonangol E.P. for the same time frame. Our carbon footprint includes Scope 1 and 2 GHG emissions from UNEP, SRP, UNTS, and Sonangol E.P.

Sonangol E.P. continues to broaden our sustainability disclosures across our entire value chain. This second year of reporting, particularly for climate change, is a significant milestone, incorporating new business units and subsidiaries and initial reporting of Scope 3 emissions. The baseline years (see ‘Our GHG emissions baseline’ figure) emphasise onboarding these entities and enhancing data quality through a dedicated improvement plan.

Our GHG emissions baseline



This year, we have calculated our GHG emissions for Direct (Scope 1) and Indirect (Scope 2) emissions for UNEP and two additional BUs/Subsidiaries (SRP and UNTS) and Sonangol corporate, reported according to an operational control boundary – following the GHG Protocol’s Corporate Accounting



Standard. The table below presents a consolidated view of our emissions across the activities included in the boundary of this report and provides insights into Sonangol GHG intensity.

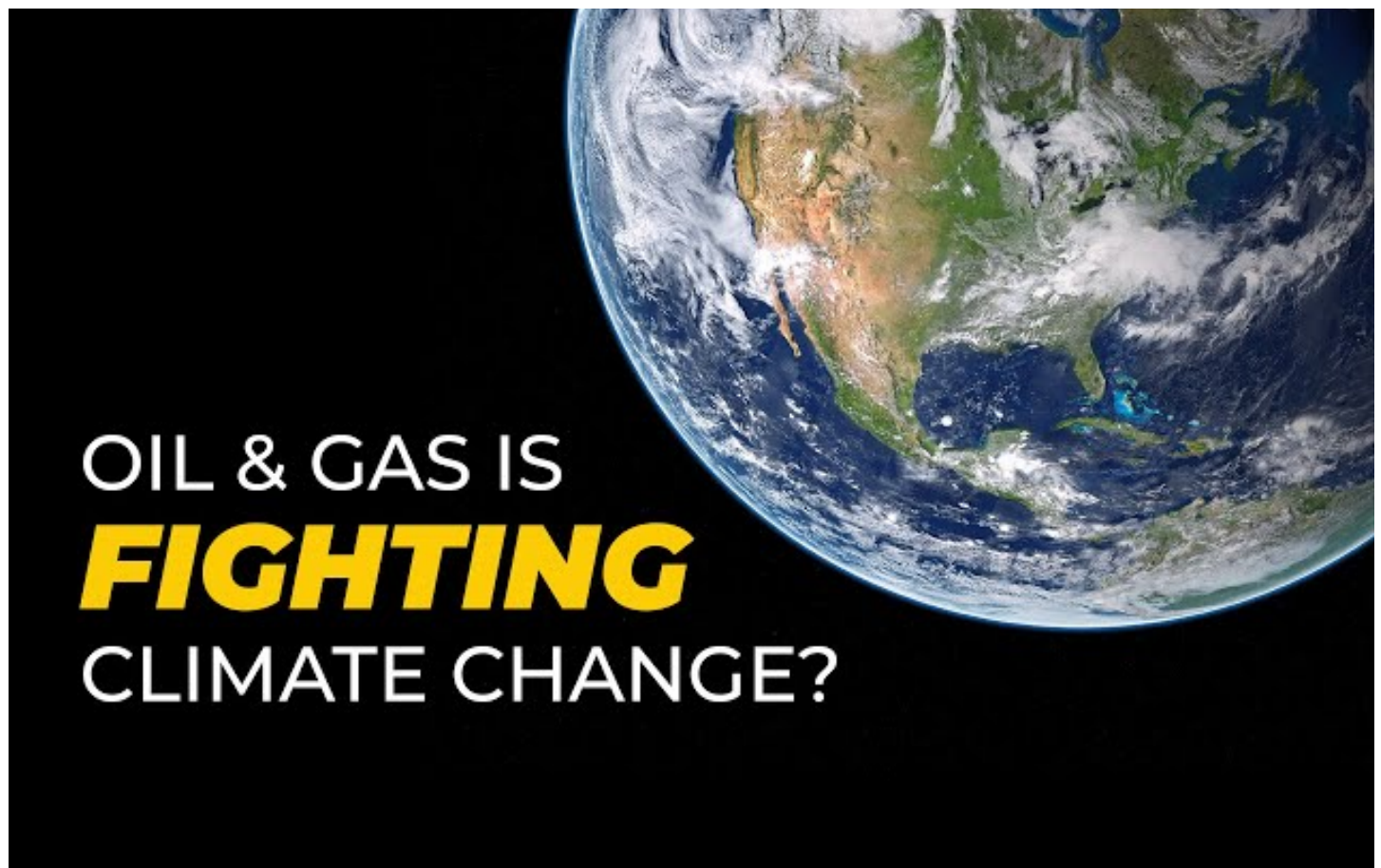
Sonangol Direct (Scope 1) and Indirect (Scope 2) GHG emissions

GHG EMISSIONS	UNIT	2022	2023
Total GHG emissions (Scope 1 & 2)	tCO₂e	1,751,366	2,470,382
Sonangol E.P.	tCO ₂ e	1,216	461
UNEP (upstream)	tCO ₂ e	991,842**	1,895,342***
SRP (midstream)	tCO ₂ e	157,639***	162,066***
UNTS (downstream)	tCO ₂ e	600,668	412,513
Total direct GHG emissions (Scope 1)	tCO₂e	1,747,837	2,458,744
Sonangol E.P.	tCO ₂ e	1,193	435
UNEP (upstream)	tCO ₂ e	991,144**	1,894,332***
SRP (midstream)	tCO ₂ e	154,936	152,389
UNTS (downstream)	tCO ₂ e	600,563	411,588
Total indirect GHG emissions (Scope 2)	tCO₂e	3,230	11,638
Sonangol E.P.	tCO ₂ e	23	26
UNEP (upstream)	tCO ₂ e	400** ***	1,009***
SRP (midstream)	tCO ₂ e	2,703***	9,678***
UNTS (downstream)	tCO ₂ e	104	925
GHG intensity (Total Scope 1 & 2)*	tCO₂e / '000 BOE****	24***	34***
GHG intensity (Total Scope 1 & 2)*	tCO₂e / EBITDA	356	674

* Emissions intensity values will change going forward as the scope of the total carbon footprint is extended to include additional Subsidiaries/BUs.

** Value restated due to improved accuracy resulting from use of the SANGEA™ software system.

*** Value calculated outside of the SANGEA™ system.



SUMMARY OF TRENDS IN OUR CARBON FOOTPRINT

This report also includes analysis and disclosure of the main changes identified across the different Subsidiaries/BUs and Corporate when comparing emissions for 2022 and 2023 - summarised in the table below:

<p>UNEP emissions have increased by 91%, from 991,544 tCO₂e in 2022 to 1,895,342 tCO₂e in 2023</p>	<p>Production is the largest contributor to UNEP emissions, particularly from Direct (Scope 1) emissions at Block 3/05.</p> <p>Gas flaring saw the most significant increase in emissions (from 827,558 tCO₂e in 2022 to 1,580,000 tCO₂e in 2023) as a result of multiple factors (i.e. low performance of water injection system, improvements in precision of the measurements, increased production of low-pressure gas that can't be used, reactivation of production in Block 3/05A and cleaning of the production lines, leading to greater oil and gas production and, consequently, an increase in the volume of gas produced in the wells.</p> <p>Stationary combustion emissions and mobile combustion emissions also increased by 110% and 14% respectively, due to occasional unavailability of the gas turbines in a specific productive sector, increased MGO consumption in Block 4/05 due to gas turbine failures, and greater precision in 2023 in the measurement of emissions from operational support vessels.</p> <p>Emissions from equipment leaks and storage tanks remained constant overall in both years (despite a slight increase in the latter).</p> <p>Indirect emissions for UNEP also saw a significant increase of 152%, particularly driven by the UNEP office buildings at Torres Atlântico (where emissions increased from 316 tCO₂e in 2022 to 916 tCO₂e in 2023, caused by higher occupancy of the office building compared to 2022 and an increase in combustion of generators due to recorded combustion of generators due to recorded power outages.</p>
<p>SRP emissions have increased by 3%, from 157,639 tCO₂e in 2022 to 162,066 tCO₂e in 2023.</p>	<p>The largest contributor to SRP Scope 1 emissions was stationary combustion, followed by emissions from mobile combustion.</p> <p>Indirect (Scope 2) emissions for SRP increased by 261% (See below reasons for the increase).</p> <p>GHG emissions intensity (Scope 1 and 2) for SRP were calculated as total emissions (tCO₂e) per barrel of oil produced by the refinery. These increased from 2022 to 2023, from 0.01 tCO₂e/ BOE to 0.02 tCO₂e/ BOE respectively.</p> <p>The GHG intensity doubled from 0.01 in 2022 to 0.02 in 2023 because, although production was higher in 2022 compared to 2023, there was a change in the configuration of the Luanda Refinery to increase gasoline production, which now constitutes 10% of the total production mix. This change will contribute to attend the local demand for gasoline, reducing the dependency of the country on exports. Consequently, new operational units with higher treatment capacities were installed, leading to increased emissions associated with these changes.</p>



<p>Sonangol E.P. emissions have decreased by 62%, from 1,216 tCO₂e in 2022 to 461 tCO₂e in 2023.</p>	<p>Direct (Scope 1) emissions decreased from 1,193 tCO₂e in 2022 to 435 tCO₂e in 2023. Sonangol E.P. emissions derive from the buildings under Sonangol E.P.'s operational control – five in 2023 and four in 2022 – and corporate cars (only accounted for in 2023).</p> <p>The largest contributor to emissions was stationary combustion, which decreased by 67% in 2023 – this is from generators to power buildings. GHG emissions from mobile combustion in 2022 were not accounted for, as the data-collection system suffered a malfunction and all the data was not kept.</p> <p>Indirect (Scope 2) emissions, which correspond to the purchased electricity for the buildings, slightly increased, from 23 tCO₂e in 2022 to 26 tCO₂e in 2023.</p> <p>The decrease in overall emissions from 2022 to 2023 is largely attributable to changes in management and usage patterns. In 2022, Sonangol E.P. managed the Lenine building's utilities, including electricity and water consumption, but there were other users as well, contributing to the higher emissions that year. Additionally, a small contingent of Chevron personnel was present during this time, further explaining the higher emissions in 2022 compared to 2023.</p> <p>These changes had no material impact on Sonangol's overall emissions.</p>
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Beyond Scopes 1 and 2, Sonangol has also been considering emissions associated with our value chain. We have been working closely with partners to report emissions associated with the non-operated blocks at UNEP and Corporate, and have disclosed a selected category of Scope 3 emissions (Category 15: Investments), using the partner's approved methodologies and data (see table 'Sonangol Scope 3 emissions from Category 15: Investments').

Sonangol Scope 3 emissions from Category 15: Investments

GHG EMISSIONS	UNIT	2023
Total GHG emissions associated with Sonangol non-operated blocks*	tCO ₂ e	3,146,302

* This considers 10 non-operated blocks where UNEP has financial participation (FS/FST Associações; Cabinda Sul; Block 14; Block 14K & A-IMI; Block 15; Block 15/06; Block 17; Block 18; Block 31; Block 32), and two non-operated blocks where Sonangol E.P. has shares (Block 0 and FS/FST Associações). The data used to compile these emissions was provided by the operating entities for these blocks, and Sonangol is not responsible for its accuracy or reliability. In the years ahead, Sonangol will work with our partners to improve the accuracy of these figures, and set baselines and targets accordingly.

Achieving Sonangol's climate and sustainability ambitions depends on the commitments and roadmap outlined in the report, a sound baseline, and Company-wide alignment with international reporting standards and frameworks. The report adheres to the Global Reporting Initiative 2021 standards and the **International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures** (please refer to the TCFD/IFRS S2 index in the full report) for reporting on climate change governance, strategy, risk management, targets and metrics, among other key topics.



To maintain alignment with global best practices, the report considers various frameworks, including the United Nations Sustainable Development Goals, the Carbon Disclosure Project Climate Change questionnaire, and the work of associations such as the International Association of Oil & Gas Producers and the International Petroleum Industry Environmental Conservation Association. Sonangol is a member of several relevant organisations, including Oil Spill Response Limited, the International Association of Oil and Gas Producers, and the World Bank's Zero Routine Flaring by 2030 initiative.

Sonangol plays a crucial role in boosting the Angolan economy, and the Company remains cognisant that it exists and operates within a Global South context. Consequently, we aim to decarbonise at a fair and equitable pace, enabling the Company to seize transition opportunities while strengthening resilience to the physical impacts

of climate change. In 2023, increased crude oil production at operated assets led to higher emissions compared to 2022. Sonangol acknowledges this and is actively developing a plan to address this challenge.

Incorporating Sonangol's transition into the notion of a "just transition" and the framework of Common But Differentiated Responsibilities is not only desirable but essential. The Company's corporate vision and response is captured in Sonangol's Energy Transition Strategy (ETS), which is focused on achieving a just transition and decarbonisation within Angola's energy sector. Key ETS objectives include reducing greenhouse gas emissions, increasing renewable energy production, and diversifying revenue streams organised in different strategic pillars. Our decarbonisation and transition ambitions and actions are described in further detail in the full report under the chapter '*Sonangol's climate change journey*'.

OUR JOURNEY: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA

Sonangol is committed to incorporating sustainability considerations throughout the Company in practical ways. Our ESG Working Group has played a key role in developing this report and overseeing the roadmap for the implementation of Sonangol's strategic objectives for continued integration of ESG, climate, and sustainability topics into all aspects of our business, relationships, and operations.

The Working Group, which was established in 2022 and consists of 16 members from various departments (including Legal, Human Resources, HSQE, and Communications), leads the production of this report and supports the associated materiality assessment. This includes managing

stakeholder engagement, collecting and analysing data, coordinating with Subsidiaries/BUs, and identifying material topics. The Group is also supporting the preparation of the GHG emissions inventory – using the SANGEA tool – to define emission scopes, set GHG reduction targets, and develop measures. The priority sustainability topics were presented to 432 internal stakeholders, including operational staff, middle and top management from Corporate, UNEP, UNTS and SRP, as well as the Board of Directors; and 91 external stakeholders, including investors, business partners and national entities. In the future, the Group intends to continue extending the materiality exercise to encompass all Subsidiaries/UNs.

3.1 Environment

MANAGING OUR WATER

Water consumption, management, and discharge within Sonangol Group and UNEP are governed by the Code of Conduct and Ethics, national legislation, and environmental regulations. Environmental impact assessments were required throughout the reporting period, and none of UNEP's operations were located in or near water-stressed areas. There were no significant water-related impacts from suppliers during this time.

However, despite stringent controls, Sonangol reported five incidents of non-compliance with discharge limits for oil concentration in water, all within UNEP, particularly in production block 3/05 where there is a new treatment system being installed to replace the existing outdated one. These incidents have led to immediate mitigation measures and ongoing monitoring. UNTS



adheres to external water management guidelines and is enhancing its monitoring of relevant environmental KPIs.

In offshore operations, Sonangol is actively managing and analysing the volume of extracted ocean water to improve risk and impact management. UNEP follows internal, national, and international maritime regulations for water discharge and treatment. Annual operational discharge management plans cover all offshore blocks and comply with regulations and quality standards set by the Ministry of Environment and the Ministry of Mineral Resources, Petroleum and Gas (MIREMPET). During the reporting period, 4.8 million cubic metres of production water underwent treatment and drainage before being discharged into the ocean.

Water management is a key focus in employee training and awareness programmes. The Group maintains a record of zero significant impacts on water catchment areas caused by its operations, and does not work with suppliers that have significant water-related impacts.

During the reporting period, UNEP operations reported water consumption values of 49,847.45m³, 19,177.97 from offices, and water discharges were 6,502,555 m³. For UNTS, water consumption values across the international and national fleets was 45,867.2 m³, and water discharge was 620,153 m³. Sonangol E.P. corporate offices recorded 23,196 m³ of water consumption in the same period.

MANAGING OUR WASTE

As a step towards creating a circular economy, Sonangol manages the generation, treatment and disposal of waste across our buildings, facilities, and operations. Offshore facilities and processes comply with the International Maritime Organisation's (IMO's) regulations on waste management and disposal, as well as water discharge and consumption.

Internally, UNEP follows all procedures described in its Plan for Waste Management – as submitted to the National Waste Agency – to reduce harmful impacts on the environment and its employees; this covers both non-hazardous and hazardous waste generated. Hazardous waste is managed according to the requirements of the International Maritime Dangerous Goods Code and the IMO, while Naturally Occurring Radioactive Material (NORM) is managed according to international best practices and a third-party company is employed to treat, store, and dispose of this waste.

In UNTS, waste is managed individually by each vessel in accordance with MARPOL specific guidance. The BU aims to minimise the generation of waste, and regularly reviews its practices with ship suppliers to determine the optimum packaging for the products consumed onboard.

For the reporting period, UNEP reported a total of 666.61 tons of waste, Sonangol E.P. corporate offices reported 56.1 tons, and UNTS reported 3,187.86¹ tons.

ENVIRONMENTAL CARE: HANDLING OIL SPILLS

Sonangol is proactive in addressing oil spills and reporting incidents, notifying MIREMPET of any spillage exceeding one barrel and providing a detailed report on response actions and future prevention measures, in line with internal and national governance requirements. To handle offshore oil spills, Sonangol emphasises staff readiness through both theoretical and practical simulation drills, conducted by the Offshore Installation Manager (OIM). These exercises evaluate staff skills and the effectiveness of the emergency response system. During the reporting period there were two incidents of oil spills at UNEP, with the total amount of oil spilled being below one barrel.

¹ Only includes values from the international fleet, as the national fleet currently reports in m³ (165.93m³). Work is being undertaken to align these units of measurement.

In UNTS operations, all Sonangol vessels are equipped with an approved Shipboard Oil Pollution Emergency Plan (SOPEP), outlining the procedures and actions for the crew in case of an oil spill. For spills occurring within the vessel (unrelated to cargo handling), oil-water mixtures are collected in a designated tank, decanted, and then processed according to regulatory limits. Residual waste that exceeds these limits is either taken to a port facility with appropriate reception capabilities or managed by a specialised third-party waste disposal company. During the reporting period, there were no recorded oil spill incidents, either exceeding or below one barrel, in the Cabotagem fleet or the international fleet (LNG and Suezmax).

ENSURING CLEAN AIR

While GHG emissions are Sonangol's primary concern, the company also prioritises the impact of its operations on overall air quality. This concern reflects stakeholder priorities, public awareness of air quality issues, our commitment to national sustainable development, and environmental protection. Despite the lack of national air quality legislation, Sonangol adheres to international standards and the 2021 NDC strategy to reduce GHG emissions.

The company monitors pollutant emissions, including nitrogen oxides (NOx), sulphur oxides (SOx), ozone-depleting substances (ODS), and

other significant emissions, in line with international standards, and is working to improve the measurement of air pollutants through the use of SANGEA™.

Indirect GHG emissions are calculated by UNEP using the methodology outlined in its internal procedure 'Methodology for estimating and reporting GHG emissions'. It's important to note that the E&P Forum's September 1994 (IOGP) emission factors are used to calculate emissions for atmospheric components and volatile organic compounds (VOCs).

BIODIVERSITY AND ECOSYSTEMS PROTECTION

As a company whose operations and business are intricately connected with the environment, Sonangol recognises the importance and value of biodiversity in its areas of operation. To manage potential impacts and risks associated with biodiversity loss, the Company has integrated biodiversity protection and risk mitigation into its environmental agenda, in alignment with international legislation and industry best practices. Sonangol actively participates in national legislative development and ensures its practices are current and accurate.

In the Exploration and Production BU, mainly offshore, environmental monitoring of local species and water quality is conducted, to comply with legal obligations. A 2023 biodiversity monitoring campaign in blocks 3-05 and 4-05 showed no significant impacts on water or biodiversity. Operations follow applicable regulations, environmental licenses, and performance is regularly communicated to authorities. Key measures include managing operational discharges and oil spills to safeguard marine ecosystems.

Onshore activities in Block KON 11, located within the Quiçama National Park, comply with environmental conditions, including air emissions monitoring, soil protection, water quality monitoring, and waste management. Biodiversity protections limit interventions on forest, soil, and water resources, in accordance with approved plans and best practices.

In the Trading and Shipping BU, Sonangol vessels comply with international guidelines to avoid biodiversity impacts, with ballast water management plans and treatment systems to prevent invasive species. Exemptions apply to the Cabotagem fleet operating along the Angolan coast.

Sonangol identifies and protects sensitive areas, adhering to national guidance and minimising marine life disturbance. The Company maps and reviews risk from operations, focusing on discharge incidents, to align with national legislation and international best practices, ensuring environmental and ecosystem protection.



OUR IMPACT PROJECTS

To contribute to sustainable development through socio-environmental impact, Sonangol funds the Blue Carbon project, which was launched in 2021 in partnership with the NGO Otchiva to plant 190,000 mangroves throughout Luanda. To date this has planted over 490,000 mangroves. Sonangol also contributes to the plastic awareness-raising Garrafinha campaign which distributed over 13,000 leaflets and cloth bags, community-based clean-ups which collected over 59 tons of waste, and a Company-wide no-printing day.



3.2 Social

OUR PEOPLE AND THEIR RIGHTS AND BENEFITS

The rights of Sonangol’s approximate 7,500 workforce are respected and protected in line with the Angolan Constitution, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Angolan National Strategy for Human Rights, and the human rights norms ratified by the Angolan State, including at African Union, United Nations and International Labour Organisation-level. These norms have shaped the internal overarching framework, Sonangol’s Code of Conduct and Ethics. This document includes considerations of fair labour practices and attractive benefits, and ensures development and well-being initiatives and packages are allocated to employees. Sonangol’s minimum wage is substantially higher, relative to Angola’s minimum wage, which guarantees that all personnel, including those in part-time and contractual roles, receive compensation above the national minimum wage across both the industrial sector and other sectors where Sonangol is active.



EMPOWERMENT IN THE WORKPLACE: GENDER



Gender equality is a core principle in Sonangol’s Code of Conduct and Ethics, which ensures preferential retirement for mothers, maternity remuneration and care, and equal pay. There is no wage disparity based on gender, and our Human Resources Department prioritises gender equity in recruitment. Diversity and inclusion are evident at the top levels, with women representing 32% of Sonangol’s managers and 27% of the Board of Directors. As of 31 December 2023, UNEP employed 228 women (29% of its workforce), and UNTS employed 82 women (25% of its workforce). Although men have traditionally made up the majority of Sonangol’s workforce, the average percentage of women in 2023 was 32%, surpassing the 2020 oil and gas sector average of 22% and showing an upward trend since 2022.

To build on this progress, Board member Kátia Epalanga is leading the UKEMBO Association, a women’s association for female employees within the BUs/Subsidiaries. This association aims to enhance the understanding of women’s rights and develop financial support and mentoring programmes to empower women within the company.

PROTECTING OUR PEOPLE: OCCUPATIONAL HEALTH AND SAFETY, AND HEALTHCARE

Sonangol adheres to stringent Quality, Health, Safety and Environment (QHSE) Policy obligations, utilising a health and safety system based on the International Standards Organisation (ISO) 45001 standard. From 2021 to 2023, both UNEP and UNTS reported no fatalities or other high-consequence work-related injuries, maintaining a record free of lost-time incidents. However, UNEP did report minor first-aid cases and near-miss incidents, typical in outdoor physical work environments.

Thanks to robust safety procedures and proactive employee behaviour, no work-related illnesses were recorded during the reporting period. Despite this, efforts to reduce near-miss incidents at UNTS continue, focusing on improving safety measures, applying the Permit to Work system and comprehensive employee training.

Employee healthcare, managed by Girassol Clinic, extends services to family, children, and retirees, including additional support for vulnerable retirees. In 2023, the clinic provided over 9,900 healthcare services monthly to those connected to Sonangol, representing an investment of 188 million USD. More than 1,500 employees were also reached by actions to foster awareness around mental health issues.



DEVELOPING CONFIDENCE: TRAINING

Safety awareness is a crucial part of Sonangol’s induction and orientation process. New and returning employees, or those returning after a six-month hiatus, must undergo induction training led by the QHSE team, which includes emergency response training. These sessions provide a comprehensive introduction to the Company, its guidelines, policies, area-specific training, and incident-reporting procedures. Regular emergency drills are conducted for both offshore and onshore employees.

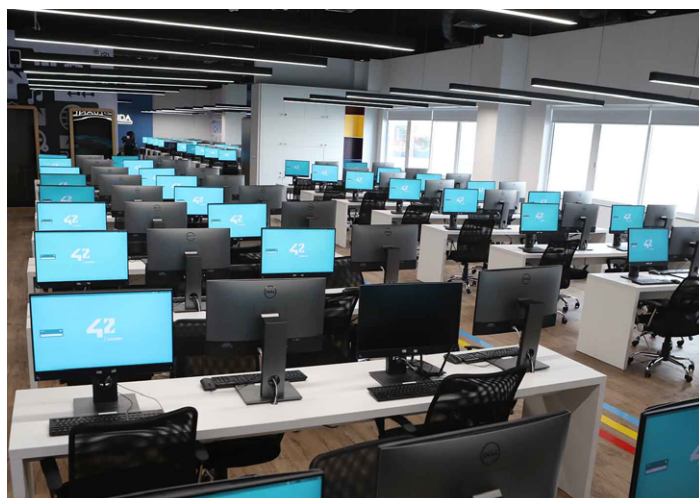
At UNTS, weekly fire and ship abandonment drills are complemented by periodic drills for other hazards. Sonangol ensures that employees are well-trained and empowered by offering annual refresher training for instructors, and regu-

lar health and safety training sessions by CPAT (Internal Accident Prevention Commission) and QHSE teams. These sessions, held at Sonangol facilities or online, cover personal and workplace safety, risk identification, use and maintenance of personal protective equipment, and incident reporting.

Sonangol also provides additional training to improve health and safety conditions, enhance behaviour, and facilitate knowledge sharing. The continuous QHSE training process is tailored to the needs of each work area and employee, including safety procedures for handling chemical products and radioactive materials when necessary. Across Sonangol, 513 training sessions were provided to over 5,000 employees in 2023.



BEYOND CORPORATE: COMMUNITY ENGAGEMENT



In 2023, we invested over 47 million USD in social projects, with 58% for sports and 28% for education and culture, reinforcing our commitment to Angola’s sustainable development. Community engagement shapes our Annual Action Plan, with requests from various stakeholders evaluated by the Department of Communication, Branding and Social Responsibility (DCBSR) and approved by the Board. Our budget supports initiatives across health, environment, education, culture, sport, and economic development.

Key beneficiaries include the Petro Atlético de Luanda club, which promotes youth development and community sports through projects like Petro Kamba and Petro Solidário. The School 42 project, launched in June 2023, offers programming and digital courses and supports economic diversification and digitisation in Angola. 16 million USD was also invested into 662 varied national and international scholarships.



3.3 Governance

As a state-owned company, Sonangol’s growth is closely tied to Angola’s development and sustainable development targets, reflecting its responsibilities and ensuring legal compliance. The Governance structure consists of a Board of Directors, an Advisory Board, a Supervisory Board, and four Committees (Governance, Audit, Risk, Remuneration and Compensation), which manage oversight of core areas.

ENSURING ETHICS AND COMPLIANCE

The approach to ethics and compliance within Sonangol Group is managed through the Code of Conduct and Ethics, which oversees employee and human rights matters, diversity and inclusion, conflicts of interest, communication, anti-corruption, and the grievance mechanism. The Code’s mandate extends to all contracted suppliers, partners, and associates of Sonangol Group. External relationships are conditional on the outcome of a due diligence process and alignment with the Code. Internally, the Code is enforced by the Board and relevant Committees, and supplemented by a comprehensive employee training and awareness-raising programme.

The Code prohibits child labour, human trafficking, and forced labour, and emphasises respect for the identities and cultures of neighbouring communities. It ensures open communication with affected communities and monitors human rights issues through the Employee Support Programme (PAC15). During the reporting period, no human rights violations were reported. Our operations do not impact culturally significant areas or indigenous communities. The Code aligns with the Angolan National Strategy for Human Rights and complies with all ratified human rights norms.

Employees are viewed as the cornerstone of good governance. They are encouraged and trained to report any grievances, actual or potential conflicts of interest, and instances of corruption.

The Code of Conduct is supplemented by several internal policies which oversee safety and risk management, compliance, best practices and alignment with international standards and expectations. These include the Integrated Policy for Quality, Health, Safety and Environment, and Remuneration Policies. It is the standards of the former, in addition to the Code of Conduct and the Suppliers Manual, to which external business partners are held accountable for social, environmental and governance issues through specific assessments.



CONTINUOUS IMPROVEMENT

To encourage feasible improvement and risk management, UNEP has adopted the interactive Plan-Do-Check-Act (PDCA) framework within the Inspection and Corrosion Management (ICM) approach, with inputs from the Corrosion Management Framework (CMF) integral. This occurs in parallel to the Risk Based Inspection (RBI) approach, and maintenance of an inspection plan and reports. Internal adoption of the Managing Technologies and Information Systems targets IT



and digital risk management, as well as overseeing various ongoing digital projects, such as advanced firewall protection and data loss prevention solutions.

Regarding global affairs, Sonangol maintains ongoing investments in research and development, such as the Centre for Research and Development and investments in green hydrogen.

RISK MANAGEMENT AND CLIMATE CHANGE RISK MANAGEMENT



Sonangol implements its Integrated Risk Management System (SIGR) model in alignment with corporate values and international best practices. SIGR provides a cross-category and agile approach to assessing risks and opportunities, aiming to enhance internal business management systems. It supports the promotion of effective risk management, strengthens the Risk Management function, and facilitates internal reviews, all overseen by the Risk Committee. Risk Management Reporting is conducted at various Company-wide levels, based on the reporter’s role in the Company. Based on the findings from our first Sustainability Report, Sonangol applied the definition of ESG and climate-related risks within its SIGR model.

Sonangol recognises the potential risks and opportunities associated with climate change and its decarbonisation journey, especially given its significant role in Angola. The Company identifies risks related to the physical impacts of climate change through damage to assets and infrastructure; climate change; changes in policy, legislation, consumer preferences and market demands; and growth opportunities around increased demand for low- or zero-carbon products. To improve risk management, Sonangol will continue to work towards decreasing its direct emissions; invest in alternative technologies; improve the integrity of its data; and work with partners to improve Scope 3 emissions reporting.

FINANCIAL PERFORMANCE AND IMPACTS

The financial information in this report aligns with the Financial Report and adheres to the accounting principles and policies outlined in our internal Accounting Policies Manual. It complies with national accounting standards and certain provisions of the International Financial Reporting Standards.

In 2023, Sonangol EP generated direct economic value of approximate 11.5 billion USD, a 7% decrease from 2022, mainly due to the depreciation of the Angolan Kwanza and lower crude oil prices. UNEP generated 4.4 billion USD, a 4% decrease, while UNTS generated 326 million USD, a 33% increase that benefited from its international operations. Of the gross value generated by Sonangol, 83% (about 9.6 billion USD) was distributed, including 47 million USD for social responsibility projects.

UNEP distributed 2.5 billion USD, and UNTS distributed 209 million USD. The economic value retained amounted to 1.9 billion USD for Sonangol, with UNEP retaining 1.8 billion USD and UNTS retaining 58 million USD.

In 2023, Sonangol allocated 47 million USD to social responsibility initiatives, supporting education, culture, health, and sports projects, and 16 million USD for scholarships. The Sonangol Blue Carbon project, funded with an annual 240,000 USD investment over five years, focuses on offsetting carbon emissions and restoring mangroves. Additionally, 20 million USD was allocated for training and capabilities enhancements to support QHSE and Compliance performance.





Sonangol

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