NNPC LIMITED DUE DILIGENCE PROCESS AND PROCEDURES

NNPC Limited Due Diligence Framework

Overview

At NNPC Limited, integrity is fundamental to how we conduct business. As an **Extractive Industries Transparency Initiative (EITI) Supporting Company** since **18 August 2020**, NNPC Limited is committed to advancing transparency across the extractive sector while ensuring that its due diligence activities comply with applicable legal, regulatory and contractual obligations.

Our Due Diligence Framework enables us **to identify, assess, manage** and **monitor** risks before entering into, and throughout, our business relationships. This approach helps safeguard the Company's assets, reputation and commercial interests while supporting sustainable value creation and public confidence.

Why Due Diligence Matters

Our due diligence framework supports the Company's commitment to:

- **Integrity and ethical business conduct**
- **Transparency and accountability**
- **Anti-corruption and fraud prevention**
- **Anti-money laundering & counter-terrorism financing**
- **Protection of human rights & responsible business**
- **Compliance with Nigerian & international standards**
- **Sustainable commercial value creation**

Who We Conduct Due Diligence On

- Suppliers and vendors
- Contractors and consultants
- Customers and crude oil buyers
- Joint venture and strategic partners
- Investors and financiers
- Third-party intermediaries
- Employees and directors occupying designated positions

NNPC Limited's Eight-Step Due Diligence Process

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Risk-Based Due Diligence Approach

NNPC Limited applies a risk-based due diligence methodology. Every prospective relationship undergoes an initial risk assessment, with the depth of review proportionate to the nature, complexity and inherent risk of the transaction or engagement.

Due Diligence Measures

- ❑ Customer Due Diligence (CDD)
- ❑ Integrity Due Diligence (IDD)
- ❑ Enhanced Due Diligence (EDD)
- ❑ Beneficial Ownership Verification
- ❑ Politically Exposed Person (PEP) Screening
- ❑ Sanctions Screening
- ❑ Independent Verification
- ❑ Ongoing Monitoring

Our Risk Philosophy

Risks should be:

1. Identified
2. Assessed
3. Verified
4. Mitigated
5. Continuously Monitored

Continuous Monitoring

- ❖ Periodic reviews
- ❖ Compliance assessments
- ❖ Adverse media monitoring
- ❖ Regulatory developments
- ❖ Sanctions updates
- ❖ Ownership changes
- ❖ Emerging integrity risks

Our Commitment

Due diligence is central to how NNPC Limited protects its reputation, manages risk and builds trusted business relationships. By embedding integrity, transparency and accountability into our decision-making processes, we are strengthening governance, supporting Nigeria's energy transition and creating long-term value for our shareholders, partners and the communities we serve.

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Risk Categorization Criteria for Counterparty Due Diligence

Summary of triggers requiring enhanced due diligence, escalation and documented approval before engagement.

Criterion	LOW RISK Proceed with standard due diligence	MEDIUM RISK Proceed with enhanced monitoring	HIGH RISK Escalate; enhanced due diligence or decline
Ownership	Transparent, fully identified beneficial owners; publicly listed or reputable subsidiary; no PEPs or sanctioned persons	Private company, few holding layers; owners identified but not publicly disclosed; no PEPs as major owners	Shell companies/trusts in secrecy jurisdictions; nominee shareholders or bearer shares; PEP involvement as owner or principal
Jurisdiction	Stable, well-governed country; effective AML/CFT systems; EITI member; no sanctions or embargoes	Mid-range corruption index or governance concerns; not sanctioned, but region requires monitoring	FATF-listed or sanctioned country (UN/OFAC/EU); conflict zone; worst-ranked for corruption
Regulatory	All licenses/permits current; strict supervision; clean violation record	Minor past issues (fines, technical breaches); compliance program exists but below best practice	Bribery, fraud or sanctions history; no meaningful compliance infrastructure; culture of impunity
Financial	Audited statements to international standards; straightforward cash flows and funding sources	Adequate stability, but high leverage or thin margins; occasional complex transactions or intermediaries	Suspicious payment flows (offshore accounts, unrelated third parties, large cash); no reliable audited accounts; distress or opaque funding
Governance	Clear segregation of duties; no political interference; anti-corruption programs with top-level commitment	Partial adherence to best practice; concentrated power (family/state-influenced); non-independent internal audit	Documented corruption or scandals; control by few individuals; no independent directors; ineffective audits

PRIORITISE ESCALATION WHEN:

Registration, licensing, sanctions, scope, PEP or adverse-media issues indicate a material integrity, regulatory or reputational exposure.

- ✓ **Verify** registration, licenses, permits, good standing
- ✓ **Screen** sanctions, owners, directors, PEP connections
- ✓ **Assess** breach history, investigation status, remediation
- ✓ **Confirm** permitted scope, jurisdictions, intermediaries
- ✓ **Document** evidence, rationale, escalation and approval

Low Medium High

Decision rule: Any confirmed high-risk indicator should trigger Enhanced Due Diligence, documented escalation to GRC/Legal/Compliance, and Management approval before onboarding or continuation.

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