

2023 XPR

XP

Towards Sustainable
Upstream Operations

Sustainability report

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Note:

In this report “the Company”, “XP” and “XP Group” are used for convenience where references are made to Expert Petroleum SPV S.à r.l. and its subsidiaries in general.

2023
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Management Overview

CEO STATEMENT

**David
MARTINON,**
Chief
Executive
Officer



XP's core expertise and value proposition are to invest in and enhance mature oil and gas fields to make them more sustainable for a longer time.

Our strategy is not just about increasing production and reserves, but also about:

- Reducing the environmental impact of the field's operations.
- Ensuring that our employees are provided with a safe and healthy work environment.
- Striving for operational excellence with the highest business ethics standards.

Today the biggest contribution we can have, as an Oil & Gas Operator, to reduce our environmental impact and mitigate Climate Change is in the reduction of methane emissions from our field's operations. This is why we took a significant step forward in 2022 by joining early on the Oil and Gas Methane Partnership (OGMP) 2.0.

As such, **in 2023, we issued our first Methane Emissions Report** for our 2022 activity based on OGMP level 2 guidelines, together with a comprehensive 4-year roadmap aimed at achieving the highest levels of accuracy and accountability under the OGMP framework and an aggressive reduction target of reaching 0.20% methane intensity in 2025.

This extensive work was honored by OGMP with a Gold Standard. In 2023 as part of this road map, we prepared our methane emissions report to the next level of details and accuracy (OGMP level 3 guidelines) which while increasing our inventory of emissions points have also helped us to fix more leaks during the year.

Another important contribution we can have in mitigating Climate Change is reducing the energy intensity of our operations. In 2023 we had a further improvement of 12% in Energy Intensity compared to 2022. **In the last 10 years we have reduced the Energy intensity of our operations by more than 85%.**

When it comes to reducing the local environmental impact of our field's operations, we are closely monitoring and investing in reducing:

- **Air pollution:** the main achievement in 2023 is that we have decreased gas combustion emissions (NMVOCs, NOX and CO) by 11% thanks to several investments in optimizing and upgrading oil treatment heaters installations.
- **Soil pollution: in the last 6 years** by reorganizing the operations to reduce the length of liquid transported in pipelines, replacing old and corroded pipes and installing real time spill alert systems, **we have reduced the volume of liquid spills by 88% and managed to have yet another year with no major spill.**
- **Freshwater withdrawn** is an important parameter and **in the last 5 years** thanks to our focused investments in equipment upgrade, oilfield facilities reorganization and infrastructure maintenance **we managed to reduce our freshwater withdrawal intensity by 85%.**
- **Waste:** XP has put a lot of effort in recent years to clean-up and disposed of legacy waste from old operations such as iron scraps due to sites modernization and old process equipment decommissioned and treatment and disposal of drilling mud, sludge and paraffin. This is a reason why we have had an increase in waste quantities in the last 3 years compared to the previous year.

We unfortunately failed in 2023 to provide all our employees with a safe and healthy work environment, as we had a tragic and undesired event that occurred in our operations in Ukraine which led to the tragic loss of one of our employees and the minor injury of his nearby coworker. A very comprehensive investigation followed the incident and led to the initial conclusion that a newly purchased pressure vessel locally designed and built had a manufacturer default.

All foreseeable measures have been taken to prevent the recurrence of such events. It is a hard lesson that we had to learn, but we made sure that learnings have been captured, communicated at company level, and implemented immediately.

Finally, once again in 2023, all our management and employees continue to comply with our highest business ethics standard with no violation of our Integrity and Respect policy.

XP has zero tolerance for any unethical business practices.

Moving forward, we are looking to expand our activity geographically to new countries in the coming years and expand our offering as well. For example, **based upon our extensive operational and environmental expertise, a new business line was conceived and launched in 2023: XP Upgreen.** This initiative represents a strategic response to the evolving

regulatory landscape and industry standards, aimed at assisting our partners within the Oil & Gas Upstream Industry in navigating and operationalizing the requisite activities for environmental compliance.

You will find more details about our Sustainability Performance and much more information in the report.



2023 Performance Highlights and Milestones

- 1 — 4th consecutive year of strong and **solid financial growth.**
- 2 — XP obtained the **Gold Standard** status from the oil and gas methane partnership (**OGMP**)
- 3 — The opening of a new office in **Astana** in the **Republic of Kazakhstan**
- 4 — **XP Upgreen** executed its **first consulting project** for a private gas company to identify new decarbonization projects on its gas fields.
- 5 — **Conducted our first leak detection and repair program** on all our operated fields in Romania and Ukraine
- 6 — **Continued our investment in Ukraine** to increase production, optimize operations and decrease methane emissions
- 7 — **4 of the top 5** onshore oil wells in Romania **have been drilled or enhanced by XP**
- 8 — **XP fields** under management in Romania and Ukraine **are ready for EU methane regulation.**
- 9 — In the last 10 years **we have reduce the Energy intensity of our operations by more than 85%.**
- 10 — In the last 5 years we managed to **reduce our freshwater withdrawal intensity by 85%.**



In 2023, I have been particularly proud and supportive of our Ukrainian team's commitment to ensure we deliver above expectations the necessary energy to the Lviv community.

Michel LOUBOUTIN,
Chief Operational Officer

RISK MANAGEMENT

**Lavinia
PREDESCU,**
Chief Financial
Officer



At XP we recognize risk management as value-creating activity and our approach helped us in consolidating XP's position and financial stability in a period of increased complexity of threats affecting businesses arising from Covid-19 pandemic to geopolitical developments and inflationary pressures. As we aim to increase the role of sustainability in our value proposition, preparation for reporting according to European Sustainability Reporting Standards will bring new challenges to further integrate sustainability considerations into our risk management and control system as well as into our operations.

XP's long-term sustainability is ensured by carefully managing the risks it is exposed to. This required meticulous and continuous risks identification, analysis and mitigation. The Board of Managers (BoM) is ultimately responsible for such risks oversight. It ensures that the organization has a management system in place to identify, analyze and mitigate risks and monitor regularly at board meetings the effectiveness of these processes.

Based on the analysis and the input from the various company functions (e.g. Health, Safety, Security and Environment, Finance, Legal, Human Resources, Operations) and other stakeholders, the BoM has identified a broad range of material risks that could affect XP sustainability: from Climate Change to Geopolitical risks, from Cybersecurity risks to Health and Safety risks and few others that we described below and explain how we manage and mitigate them specifically.

Regular Internal and external audits and self-assessments are conducted to review the strengths and weaknesses of our risk management and controls and corrective actions are taken when necessary.

To ensure alignment on the status of, and to make recommendations on key risk areas, the company's managers include items on the BoM meeting agenda to be reviewed to update our risk management strategy.

XP's Material Risks Identified and Mitigation Plans



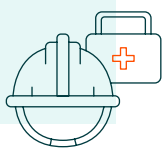
Climate Change risks

To align with a 1.5 °C scenario, the oil and gas industry's own Green House Gas (GHG) emissions (half of it coming from methane) need to decline by 60% by 2030. This requirement will impact dramatically the way we operate, and regulations are being drafted and adopted to ensure this objective is achieved.

This risk is being mitigated at XP by staying ahead of the climate-related regulatory requirements or customer-specific emission demands. **The company has initiated several focused activities;** measurement campaigns, maintenance actions and engineering changes introducing best-in-class

practices as recommended by OGMP and other international organizations, help us **to achieve a near zero methane emission performance in the next few years.**

The challenges of an Oil & Gas operator to resolve the demands of Climate Change were identified as a market opportunity to commercialize the knowledge and experience already present in our company. This new business line called XP Upgreen supports colleagues in the O&G Upstream market to comply with the outstanding reporting legislation and to bring the emission performances to a near zero level.



Health and safety risks

The oil and gas industry operations pose several health and safety hazards and risks. These include (but are not limited to): Working with or around dangerous machinery, falls from elevated platforms or equipment, working within confined spaces, where there is a higher risk of health hazards such as asphyxiation or exposure to toxic chemicals, explosions and fires, physical strain, chemical hazards, physical hazards, and biological hazards.

In addition to physical harm, these risks can cause legal and financial

damage, environmental damage, reputational damage and even business interruption.

Our main mitigation measure is **an operational excellence management system, which is an integrated framework set of principles, objectives and processes specifically designed for our operations** that will explain to everyone in the organization how to perform their tasks, assess and manage risks, set goals for improvement; and rigorously audit our performance against objectives and compliance requirements.



Environmental risks

Soil and water contamination from our operations that could affect people, animals and plants is a risk we assess on a continuous basis. Some of the mitigation measures implemented by XP are regular training of employees and audits to check compliance

with internal procedures, process safety measures, careful selection of contractors, regular inspection of assets or remote monitoring to ensure swift intervention in case of assets failure to limit contamination.



Geopolitical risks

As an international company working in an industry known to operate in frontier market, geopolitical risks are always on top of the agenda of our Board of Managers and are playing an important role while assessing business development opportunities, especially as the geopolitical situation these days has deteriorated dramatically, and the related risks have increased.

We are currently experiencing it firsthand with our Ukrainian subsidiary's operations **in the west of Ukraine**. At the date of this report, our subsidiary has sustained no damage to its key property, plant and equipment and **we have been able to continue our operating activities** in a substantially unaltered manner. We have managed to do so thanks to our resilient local Ukrainian team (99% of our Ukrainian subsidiary personnel is Ukrainian), our

solid and trustful relationship with our partner Naftogaz and the local community in Lviv and the support of XP Board of Managers to continue our investment and contractual commitment.

However, continuation of military activities may result in the prolongation or application of new administrative restrictions like the ones from the National Bank of Ukraine for any fund transfer outside the country for example. Further disruption to the Ukrainian subsidiary's supply chain as well as further troops mobilization is a risk that could affect our operations, but we have made sure that most of our operating personnel are registered for exemption due to their critical role in providing natural gas to the Lviv region which is used for industry and heating system.



Security risks

Managing security risks is an essential business activity within our industry. The range of security threats posed varies in scope and intensity and it goes from minor theft up to missile attacks like we are potentially exposed right now in Ukraine. XP's policy is to mitigate security threats to people,

assets, information, operations, and reputation by implementing robust threat and risk assessment processes and implementing swift response actions to minimize the impact from security-related incidents, should they occur.



Cybersecurity risks

At the heart of our operational model is a large digital transformation that includes field data acquisition, digitization, integration, real-time monitoring, automation and advanced analytics to enable faster and smarter decision making and increase operations efficiencies. Therefore,

we recognize the critical importance of cybersecurity in today's digital landscape. Our IT team have put in place state-of-the-art technologies and a robust and redundant IT infrastructure to ensure our operational model does not get affected by potential IT system failure or external cyber threats.



Ethical business practices risks

Non-compliance with our Integrity and Respect policy could cause financial losses and reputational damage which could translate into business continuity issues and difficulties in

business development. Mitigation measures include: zero tolerance policy, training, segregation of duties and control system in place and staying ahead of legislation changes.



Human resources risks

Replacing retiring specialists as well as attracting and retaining talents is a challenge in our industry which could put our operations and growth at risk but so far, we have managed to stay

attractive by providing a high-quality workplace, competitive compensation and benefits, continuous training and an ambitious career path for our high potential.

Oleksandr SHTEPULYAK,
Drilling,
Workover &
Intensification
Manager,
Ukraine



The comprehensive training at XP has not only sharpened my professional skills but has also equipped me with the strategic

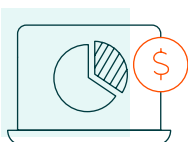
insights necessary to navigate complex challenges and contribute effectively to our company's success.



Regulatory risks

Emerging regulatory requirements may impact XP's ability to achieve its strategic objectives, alter its operating processes, or have a critical impact on its profitability. For example, the latest EU methane regulations or the

EU Sustainability Reporting Standards have some important impact on our organizations, operations but XP has proactively been preparing for it as demonstrated in this report.



Liquidity risk

To assess the liquidity risk, operating and financing cash inflows and outflows throughout XP Group are monitored and analyzed monthly to

establish the expected net change in liquidity. These analyses provided the basis for financing decisions and capital commitments.



Market price risk

Regarding the commodity market price risk, XP is partially exposed for a part of its deliveries remunerated based on tariff formula relying on commodity market price which therefore creates some potential volatility of cash flows. We mitigate this risk by being

exposed to both oil and gas which have different market price drivers and some of our operating cost such as electricity and material prices are usually inverse correlated to oil and gas market price which reduces the cash flow impact.



Foreign exchange risk

In terms of foreign exchange, XP is mainly exposed to foreign currency risk in part in terms of its revenues, its purchases and in related party payables due to the volatility of RON and UAH against USD and EUR.

However, this exposure is only partial.

XP is not exposed to interest rate risk as it no longer has interest bearing liabilities.



Counterparty risk

Counterparty credit risks are assessed based on creditworthiness and available rating information and

monitored on a regular basis with maximum permitted exposures in terms of credit limits allowed.



Tax risk

XP is exposed to tax risks that could result in double taxation, penalties and interest payments. The risk source could come from local tax laws and regulations and international and EU regulatory frameworks.

is contradictory. Conflicts in the interpretation of tax legislation often arise between local, oblast and state tax administrations and between the Ministry of Finance and other state bodies. These facts create much more serious tax risks in Ukraine than those typical of countries with more developed tax regulation systems.

The tax system in Romania is undergoing consolidation and harmonization with European legislation, and there can be different interpretations by the tax authorities in connection with tax laws that may give rise to additional taxes and penalties.

The tax year remains open for tax audits for the next 3 calendar years in Ukraine and for the next 5 years in Romania and Luxembourg.

The tax system in Ukraine is characterized by the presence of numerous taxes and frequently changing legislation that can be applied retrospectively, have different interpretations, and in some cases

To mitigate these risks, we have used consulting services from reputable audit firms (KPMG, PWC...) to ensure full compliance. We also went through various tax audits by the states which confirmed our compliance.



Inflation risk

Inflation is another risk factor that can materially affect XP's business. The conflict in Ukraine, supply chain disruptions, changes in macroeconomic conditions, steps taken by governments and central banks have led to higher inflation, which, in turn, lead to increased interest rates and adverse changes in the availability and cost of capital. These inflationary pressures could affect further our operating costs

(including wages) and other expenses, and we may not be able to fully compensate for increased costs by driving efficiency to reduce costs which could have an impact on our gross margins and profitability.

This risk is partially mitigated in our contracts as our tariffs are often adjusted with inflation and oil and gas commodity prices are usually high in a high inflation world.

CORPORATE SUSTAINABILITY GOVERNANCE

Sustainability topics are always the first topics on the BoM agenda at every meeting and are integrated into the operating processes of XP.

Directors, management and various functions at the level of the operating subsidiaries support the BoM in the discharge of its responsibilities.

By fully integrating sustainability into our business strategy and decision-making processes, we can pave the way for a sustainable future for our company, our employees, and the communities we serve.

Our commitment starts with our people. By fostering an authentic culture of sustainability, we empower our employees to make environmentally conscious decisions,

actively contribute to positive environmental initiatives, and embed sustainability more deeply and widely in all aspects of our culture to address complex challenges.



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General Information

BASIS FOR PREPARATION

We used the IPIECA Sustainability reporting guidance for the oil and gas industry to prepare this report while also starting to apply partially some of the requirements of the European Sustainability Reporting Standards (ESRS) to be prepared to be fully compliant with ESRS in the coming years when we will have to comply to it (2025).

EU Taxonomy — Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, which entered into force back in 2020 established an EU classification system for environmentally sustainable economic activities.

Following the EU Taxonomy criteria, we first performed an analysis of which of our current economic activities can be classified as eligible economic activities.

At the level of XP, the main activity is production enhancement services in the oil and gas field, turnover, capital and operational expenditures being linked to this.

We assessed that XP Group does not currently perform any eligible economic activity in the scope of the EU Taxonomy and consequently none of its total turnover, capital and operational expenditure was allocated to Taxonomy eligible activities.

Also, the Group does not perform any nuclear or fossil gas activities for electricity or heat generation as defined in the EU taxonomy and therefore the disclosure tables required as per Annex XII of the Disclosure Delegated Act 2021/2178 have been omitted in this report. XP will continue to monitor legislative developments and adapt our disclosures in case of potential changes in future activity and/or EU Taxonomy regulation.



IMPACT AND RISK

The relevance of the information included in this report was established based on a materiality process which we conducted in 2021 with our stakeholders, which we intend to renew in the coming years, and the

most relevant sustainability topics currently being raised in the Oil & Gas industry.

Based on the above, we consider our material topics to be reported on as:



Climate Change: Methane Emissions, Energy Use and Green House Gas Emissions



Pollution:
Air and Soil Pollution



Water Management



Waste Management



Occupational Health and Safety



Human resources
Management and
Community relations



Business Ethics

XP BUSINESS MODEL

Our Vision

Be the worldwide preferred partner of mature oil and gas resources owners to **maximize their asset's potential** and **reduce their environmental footprint**.



Our Mission

We are an upstream oil and gas operating company **dedicated to maximizing the potential of mature assets** through strategic management and innovative investments in fit-for-purpose technologies. Our focus is on enhancing production and reserves, improving field efficiency, and minimizing environmental impact to ensure long-term sustainability.

Committed to effectiveness, transparency, and reliability, we serve as trusted partners for asset holders, while upholding the highest standards of excellence for our employees, shareholders, and the communities within our operational areas.

What Do We Do and How Do We Bring Value to Our Partners?

Two main value propositions for Oil and Gas companies often integrated in one package

XP Uplift

Production
Enhancement

Production enhancement of O&G fields

XP invests and deploys a different operational model in mature oil and gas fields to increase production and unlock new sources of value and cost savings.

XP Upgreen

Operations
Decarbonization

Decarbonization of upstream O&G operations

XP Upgreen provides comprehensive strategies and solutions to reduce Oil and Gas operators' carbon footprint, while maintaining operational efficiency and compliance with environmental regulations.

Our hybrid operator and service business model for production enhancement represent a unique long-term partnership between asset owners and XP, where XP provides investment, expertise and data driven technology to increase production from existing fields, optimize costs, and ensure long-term sustainability.

XP Uplift

Production
Enhancement

In our business model

XP – Asset Owner responsibilities

Long-term (15 years+) operating and investment partnership under Joint Venture, Service contract or Operatorship or similar arrangements.

Joint Management Committee for strategic decision and budget approval.

XP responsibilities

- Taking over field personnel, operations and Opex to increase production, reserves and reduce the environmental footprint.
- Investing Capex into the fields production enhancement with a minimum amount of spend obligations over the contractual period with annual schedule.
- Delivering a pre-determined contractual Baseline Production monthly and guaranteed Incremental Production annually.

Asset Owner responsibilities

- Liaising with authorities to maintain contracts and licenses.
- Handle royalties, taxes, and license fees.
- Providing XP with the access to land and all fields' assets necessary to operate fields.

- Bringing surface existing infrastructure assets to industry conformity level or reimbursing contractor for doing so as per contract schedule.
- Commercializing hydrocarbon production from XP at delivery points.

XP Uplift value proposition brings:

A committed investment in innovative techniques and technologies to boost production and reserves including subsurface analysis, drilling, stimulations, artificial lift, flow assurance, process optimization, secondary and third recovery.

A unique and agile operating model deployed at all levels of the organization to streamline the processes, increase energy efficiency, and reduce opex.

A digital transformation including field data acquisition, digitization, integration and advanced analytics for faster and smarter decision making.

XP

Uplift

Production Enhancement



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At XP we always deliver on our promises! And this is what we have done in Romania since 2005, our specialized and experienced Romanian team has increased the production and reserves of our partners' mature onshore oil and gas fields while reducing their environmental footprint applying our unique operational model and using fit for purpose new technologies.

Florian GROSU,
Romania Country Manager

XP Upgreen provides comprehensive strategies and solutions to reduce Oil and Gas operators' carbon footprint, while maintaining operational efficiency and compliance with environmental regulations

XP Upgreen

Operations
Decarbonization

GHG emissions detection, measurement & monitoring services

By employing state-of-the-art equipment and methodologies, we provide comprehensive data on emissions levels, enabling clients to understand their environmental impact and identify areas for improvement. Our people have profound knowledge of EU Methane Regulation and OGMP technical guidance documents

Implementation of field proven Abatement solutions

Leveraging both proven and innovative technologies, as well as best practices, we deploy tailored solutions to address the specific needs and challenges of each client, reducing methane emissions at a manageable cost. To achieve this goal, we implement LDAR programs and venting abatement technologies, such as mobile well-test/clean-up skids and equipment automation, effectively reducing the amount of methane emitted.

GHG emissions reporting services

By guaranteeing adherence to advancing emissions regulations, we assist organizations in maintaining compliance and showcasing transparency, accountability, and dedication to environmental stewardship. This approach also mitigates the risk of facing penalties for non-compliance and safeguarding against reputational harm.

Advisory services

XP offers expertise, guidance, and support in developing and implementing effective strategies to mitigate methane emissions. Our in-depth knowledge of methane emission sources, technologies, and regulatory requirements, help our clients navigate complex environmental challenges.

Carbon Credit Monetization

Our carbon credit monetization services enable organizations to capitalize on their emissions reduction efforts. We can assist clients in navigating the complexities of the entire carbon credit trading chain ensuring maximum benefit from their sustainability initiatives.

Upgreen

Operations
Decarbonization



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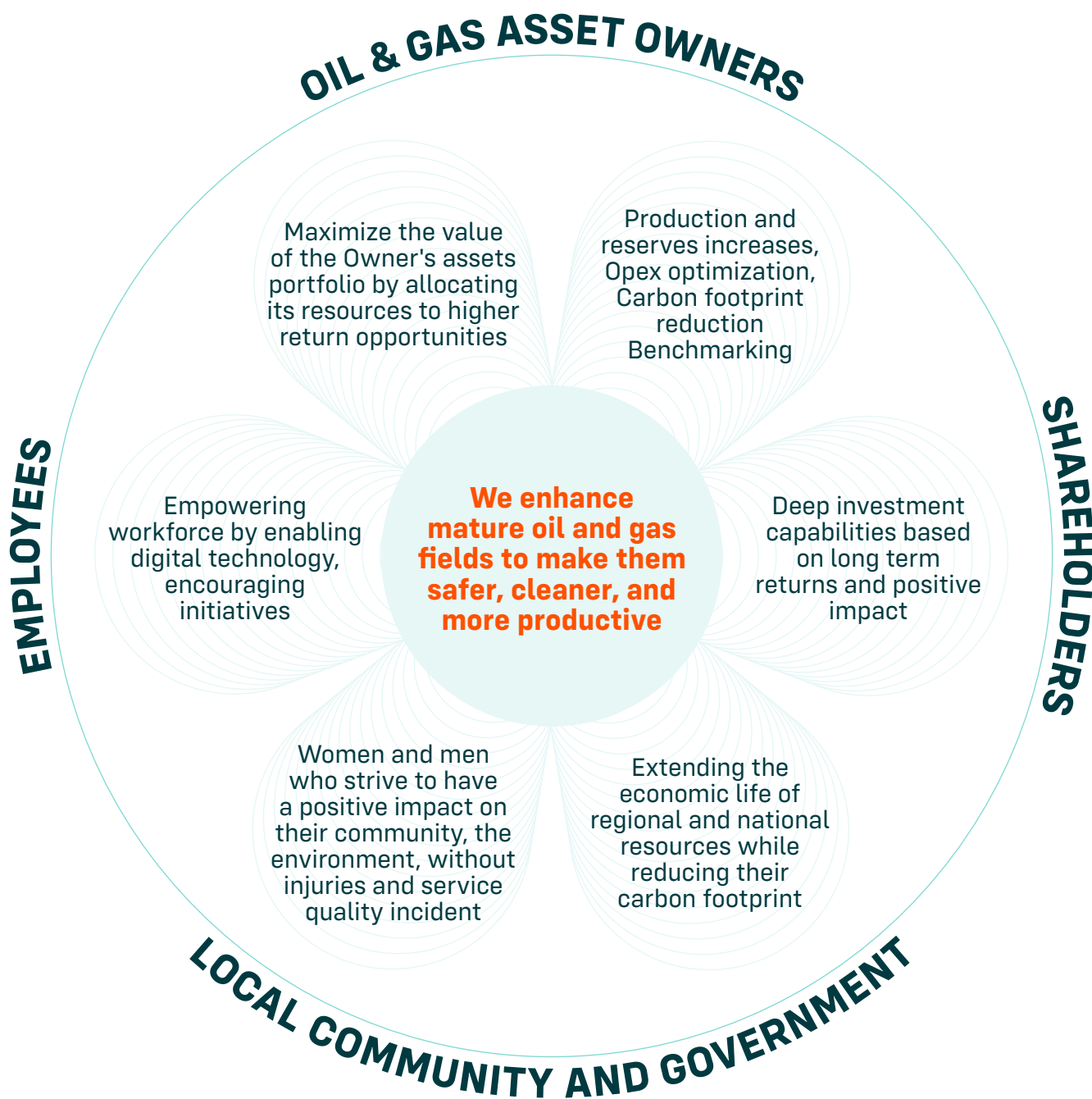
At XP Upgreen, we harness our collective knowledge, experience, and capabilities to deliver tailored solutions for decarbonizing Upstream operations in the Oil & Gas sector, empowering our clients to drive sustainable change.

Bart WAUTERICKX,
XP Upgreen Director

XP

Towards Sustainable
Upstream Operations

CREATING
VALUE FOR ALL
STAKEHOLDERS
IS A CORE ASPECT
OF OUR MISSION





I am extremely proud of our Ukrainian team who has shown in the last two years unparallel dedication and resilience. We have continued to work and invest in the latest technologies to increase Ukrainian domestic gas production and reserves while keeping our people safe and our assets secure.

Rikhard BILYY,
Ukraine Operations
& Production Manager



I am very proud to lead the new XP team in Kazakhstan, I am convinced that the Kazak oil and gas industry will benefit tremendously from XP experience and expertise in mature asset production enhancement and environmental footprint reduction. We are looking forward to having a strong impact to ensure a sustainable future to the industry in Kazakhstan”.

Askhat DUISALIYEV,
General Director, XP Kazakhstan



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Environmental Information

Environmental Performance is reviewed at every Board of Managers. Traditionally one of the primary hazards within Upstream Oil and Gas operations revolved around the potential for spills to happen. Therefore, the occurrence of a major spill was an important part of the incentive schemes of key managers and directors of the company. However, as the company is introducing more robust quantification techniques to express its methane intensity (ref OGMP Level 4/5), combined with formal public targets, these targets will become part of the management incentive formulas.

CLIMATE CHANGE

Strategy, Impact, Risk and Opportunities

Climate Change poses one of the most significant challenges of our time, with far-reaching implications for ecosystems, economies, and societies worldwide. As a primary contributor to greenhouse gas emissions, the oil and gas sector occupies a central position in the Climate Change discourse.

Acknowledging this reality, **XP is steadfast in our dedication to addressing the impacts of our operations while securing energy supply.**

In this chapter, we reflect on our journey towards sustainability, outlining the strategies, initiatives, and progress made in reducing our carbon footprint, enhancing energy efficiency, and promoting sustainable development. Through a lens of continuous improvement, we examine the intersection of our business objectives with our commitment to environmental responsibility, seeking to strike a balance between energy demand and environmental preservation.

At the heart of our sustainability efforts lies a commitment to transparency, integrity, and collaboration. XP recognizes that meaningful progress on Climate Change requires collective action and collaboration across stakeholders, from industry peers and regulatory bodies to local communities and environmental advocates. By fostering partnerships and engaging in open dialogue, we aim to leverage our collective expertise and resources to drive meaningful change.

As we navigate the complexities of the energy landscape, we remain steadfast in our pursuit of sustainable practices that uphold the principles of environmental stewardship, social responsibility, and economic viability. Through this Sustainability Report, we invite stakeholders to join us on our journey as we strive to be a catalyst for positive change in the fight against Climate Change.



OGMP 2.0 Partnership



AIMING FOR ZERO
Methane Emissions Initiative

The biggest contribution from an Oil & Gas Operator to mitigate Climate Change lies in the reduction of methane emissions.

Continuing our commitment to lead the industry in operations decarbonization, **XP took a significant step forward in 2022 by becoming the first Romanian company to join the Oil and Gas Methane Partnership (OGMP) 2.0.** This partnership, spearheaded by the United Nations Environment Program, represents a cornerstone in our efforts to enhance transparency and mitigate methane emissions within our operations.

In 2023, we proudly issued our first OGMP Level 2 Methane Report together with a comprehensive roadmap aimed at achieving the highest levels of accuracy and accountability under the OGMP framework, targeting Level 4/5 within the next three years. This roadmap underscores our unwavering commitment to continuous improvement and sets a clear trajectory for our sustainability initiatives.

In alignment with our broader objectives, we have also pledged to the wider community a methane intensity target¹ of 0.20% in the year 2025. This ambitious target reflects our proactive approach to reducing emissions and underscores our role as a responsible corporate citizen.

¹ Methane Intensity measured as tonnes CH₄ divided by TOE Production Volume

The tangible roadmap for emission reduction activities and the methane emission reduction target of 0.20% in 2025 was honored by OGMP as **Gold Standard**.

As we embark on this journey, we remain steadfast in our commitment to transparency, innovation, and collaboration. By actively participating

in initiatives such as OGMP 2.0, we aim to drive positive change within our industry and contribute to the global efforts to combat Climate Change.

**Ciprian
RUS,**
HSSE and
Operations
Decarbonization
Manager



XP is proud to be the first company in our industry in Romania to achieve the Gold Standard at the Oil and Gas Methane Partnership (OGMP). This milestone underscores our long-term

commitment to sustainability stewardship and our unique technical expertise to reduce the environmental footprint of upstream oil and gas operations while increasing efficiencies.

EU Methane Reduction Regulation for the Energy Industry



Aligned with the ambitious goals set forth by the EU Green Deal, a comprehensive package of policy initiatives aimed at achieving climate neutrality by 2050, the European Commission has crafted a regulation targeting significant methane reduction within the energy sector. Scheduled for implementation in the first half of 2024, this regulation carries immediate implications, placing a substantial responsibility on the shoulders of the Oil & Gas Industry.

As a committed member of OGMP and poised to achieve OGMP Level 4 by 2024 and Level 4/5 by 2025, **XP stands well-prepared to navigate the challenges posed by this forthcoming EU methane regulation.** Many of the measurement activities, calculation requirements, and reporting obligations outlined in the EU regulation closely align with the rigorous standards set forth by OGMP, further emphasizing XP's readiness to meet regulatory expectations.

XP embraces this EU regulation wholeheartedly, as it resonates deeply with our core values and overarching mission. In anticipation of these regulatory developments, we took proactive steps in 2023 to bolster our environmental organization and enhance our capabilities, ensuring that we are well-positioned to embrace and exceed regulatory requirements while upholding our commitment to sustainability.

New Business Line: XP Upgreen

The methane reduction initiatives stemming from Climate Mitigation actions present significant business opportunities within the Oil & Gas Sector. Over the next 5 to 10 years, fossil fuels are expected to remain a vital component of the energy mix, ensuring a stable and reliable energy

supply. However, the challenge for all Oil & Gas Operators lies in supplying energy while adhering to best-in-class practices regarding methane emissions and demonstrating a commitment to near-zero methane intensity in a credible and transparent manner.



Drawing upon XP's extensive operational and environmental expertise, a new business line was conceived and launched in 2023: **XP Upgreen.**

XP Upgreen

Operations
Decarbonization

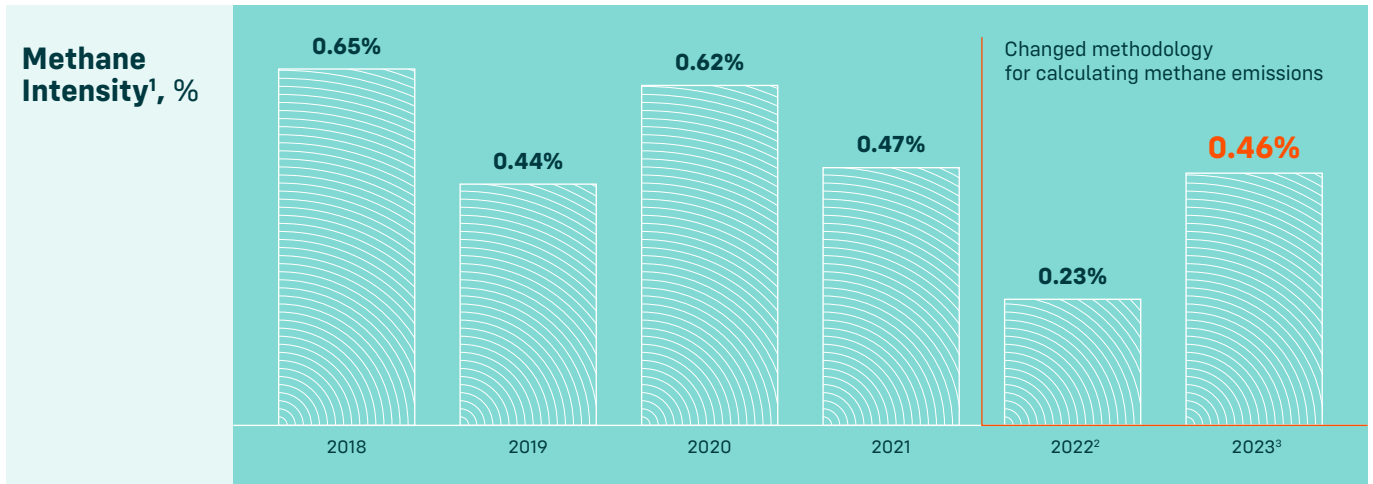
XP Upgreen represents a strategic response to the evolving regulatory landscape and industry standards, aimed at assisting customers within the Oil & Gas Upstream Industry in navigating and operationalizing the requisite activities for compliance.

The primary Value Proposition of XP Upgreen is to provide comprehensive

strategies and solutions to reduce Oil and Gas operators carbon footprint, while maintaining operational efficiency and compliance with environmental regulations. This entails conducting crucial field measurement campaigns and making well-informed investments or infrastructure upgrades to achieve near-zero methane emission performance.

Metrics and Targets

Methane Emissions

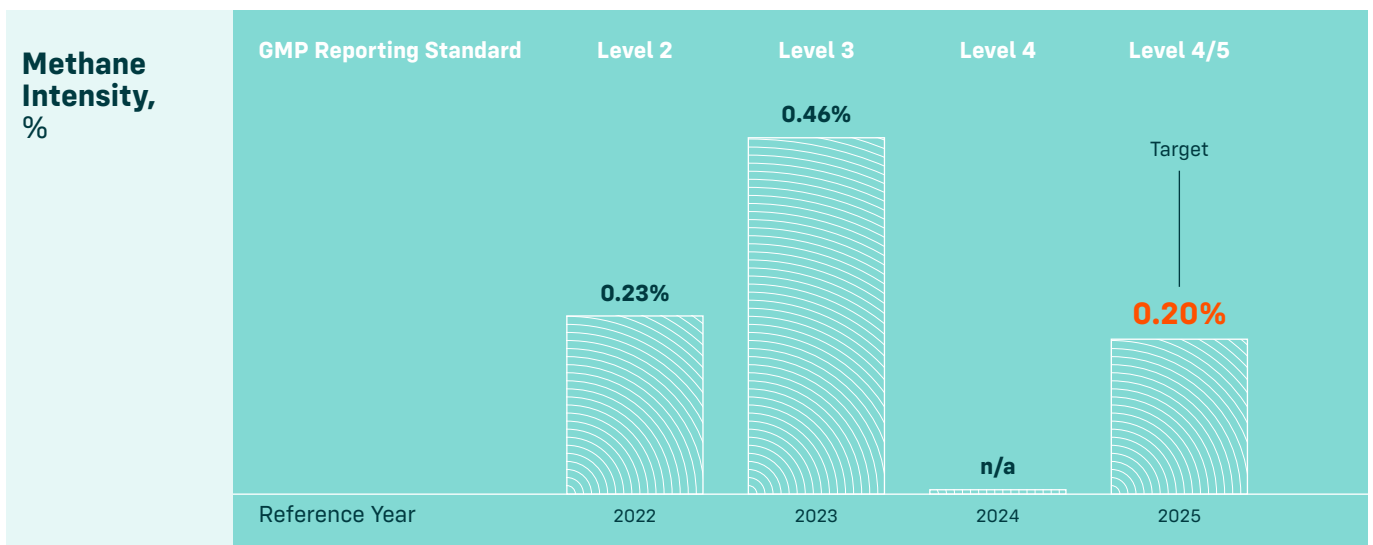


Aligned with XP's membership to OGMP, **the methodology to calculate methane emissions has changed very impactfully in 2022 and again in 2023.**

While the methodology defines an asset approach with generic emission factors (Level 2), in 2023 a more detailed emissions sources inventory with generic emission factors is applied (Level 3). In 2024, the emission factors will be determined based on actual measurements (Level 4) and hence will provide a more accurate representation of the methane emission situation.

The strong decrease in methane intensity in 2022 is mainly connected to the applied OGMP Level 2 methodology. Similar is the increase in 2023, now linked to OGMP Level 3 calculation methodology. Both changes do not reflect reality as both practices level 2 and 3 are based on generic emission factors.

The Methane Intensity target of 0.20% to be realized in 2025 is ambitious, however providing the number of investments and process changes being initiated, within reach.

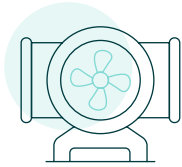


¹ Methane Intensity measured as MT CH₄ divided by TOE Production Volume

² Methane Emissions noted based on Level 2 OGMP methodology

³ Methane Emissions calculated based on OGMP Level 3 methodology

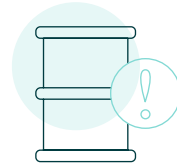
According to the 2023 OGMP Level 3 figures, (detailed Inventory and Generic Emission Factors), 2/3 of the emissions is generated by 3 emission categories:



38%
Venting
Other



15%
Incidents, Emergency
Stops, Malfunctions



13%
Tanks

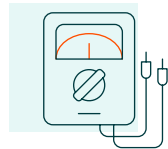




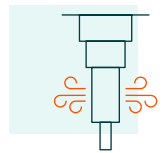
Following main actions have been initiated to bring methane down and get in line with our methane emission target:



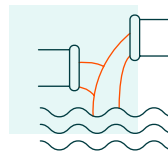
Annual LDAR campaigns for fugitive emissions followed by repair interventions and engineering changes



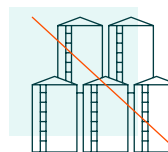
Individual equipment specific emission measurements (so called MRV measurements)



Assess and implement the correct technical and economic solution for Casing Head venting

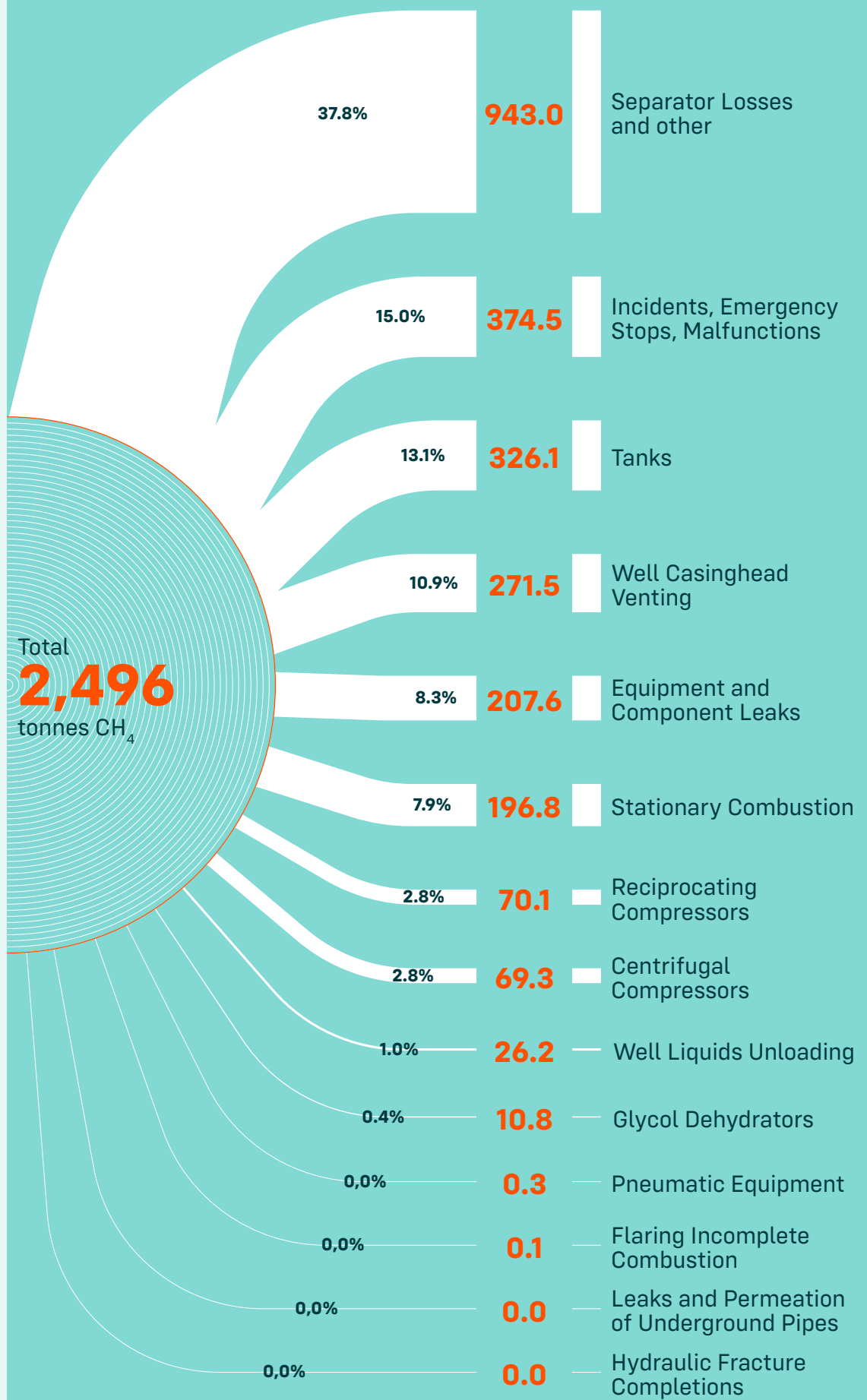


Implement automatic discharge equipment at separators to reduce methane emissions generated when manually discharging liquid



Tank farm modernization includes decommissioning of 5 oil tanks

**Methane
Emission
Categories
in 2023,
tonnes CH₄**



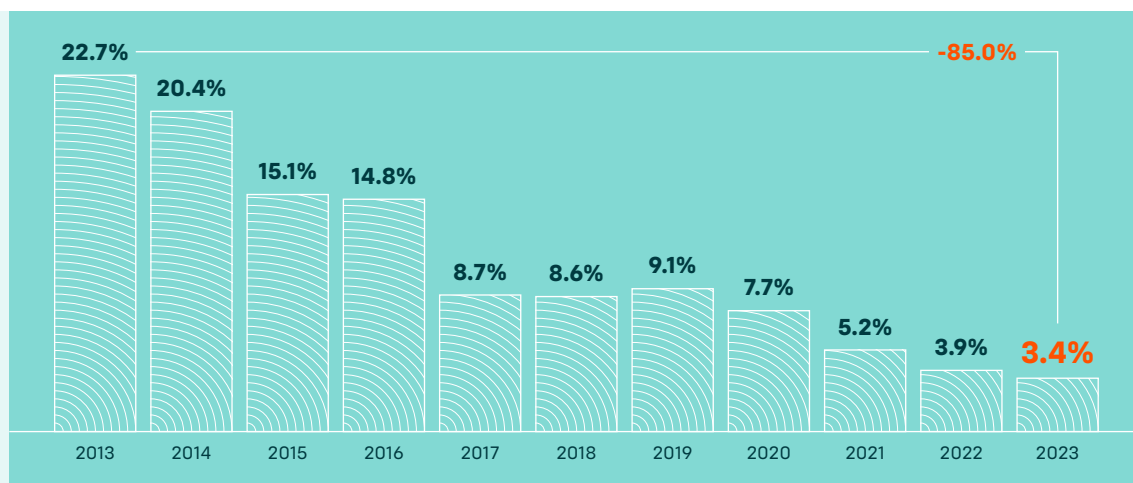
Operations
in Ukraine



Energy Use

Energy Intensity, %

2022 figure correction related to a reclassification of the Natural Gas used for the Gas to Power installation

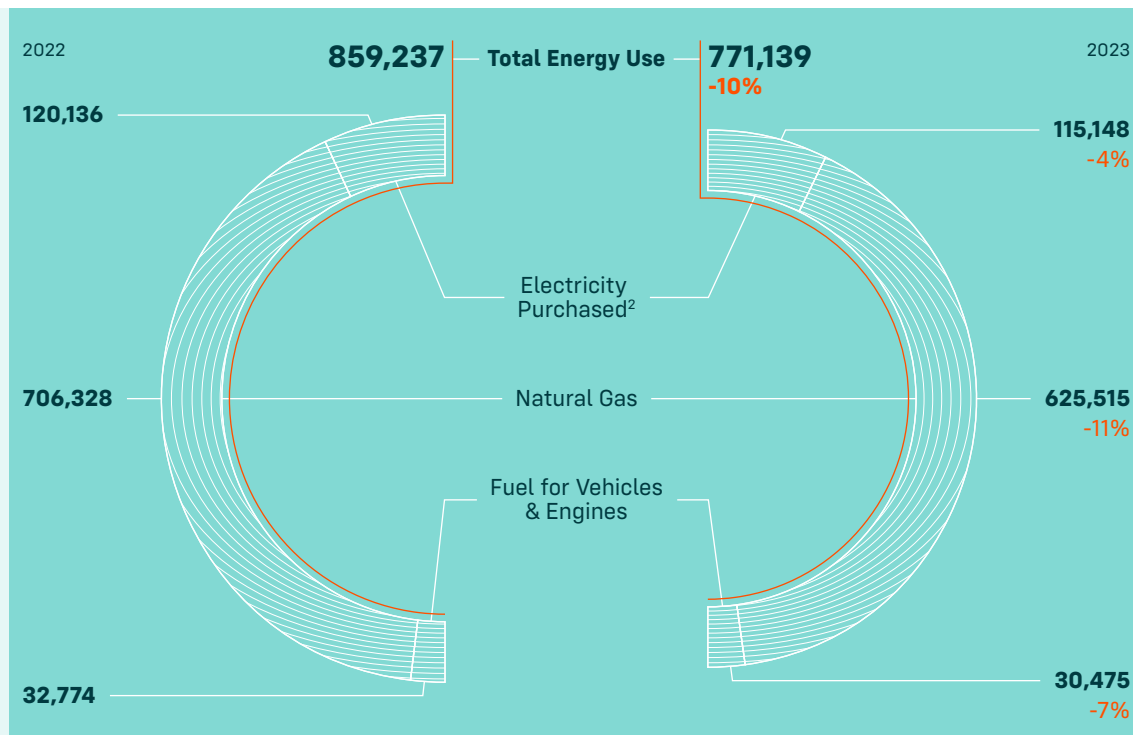


In 2023, we achieved a further 12% improvement in our Energy intensity compared to 2022 to reach our lower level of 3.4% Energy Intensity¹.

As explained by the chart below our absolute energy consumption in 2023 decreased by 10.3% compared to 2022 (while hydrocarbon production output increased by 2.4%).

Energy Origin, GJ

Energy use from all sources decreased by 10%



The decrease in gas consumption was realized thanks to an upgrade and

optimization project for the gas heater installations.

¹ The GJ Energy required for our Upstream Operations divided by the production volume in GJ of Oil & Gas

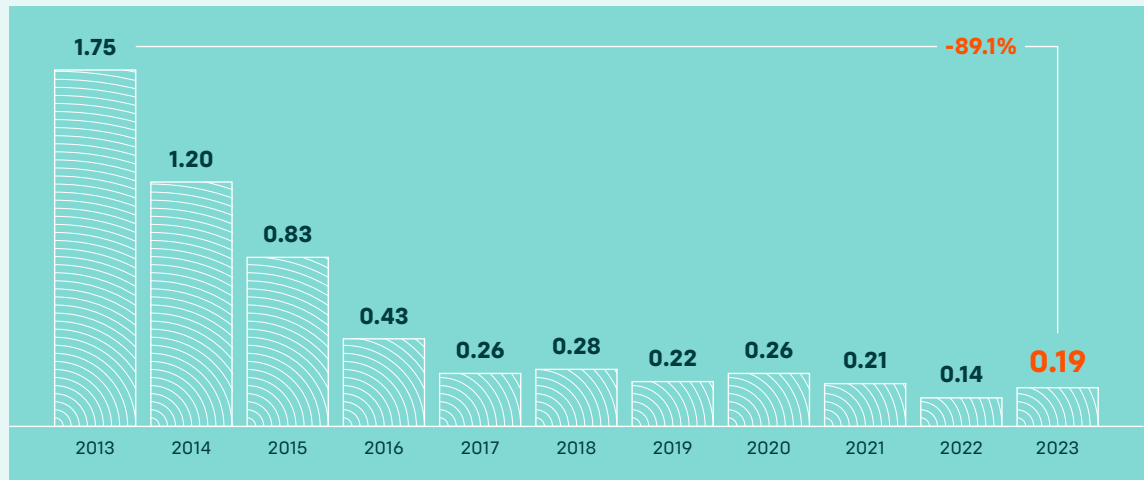
² The Electricity Purchased values as describe in Directive 2012/27/EU Annex IV

GHG Emissions

Scope 1 GHG Emissions

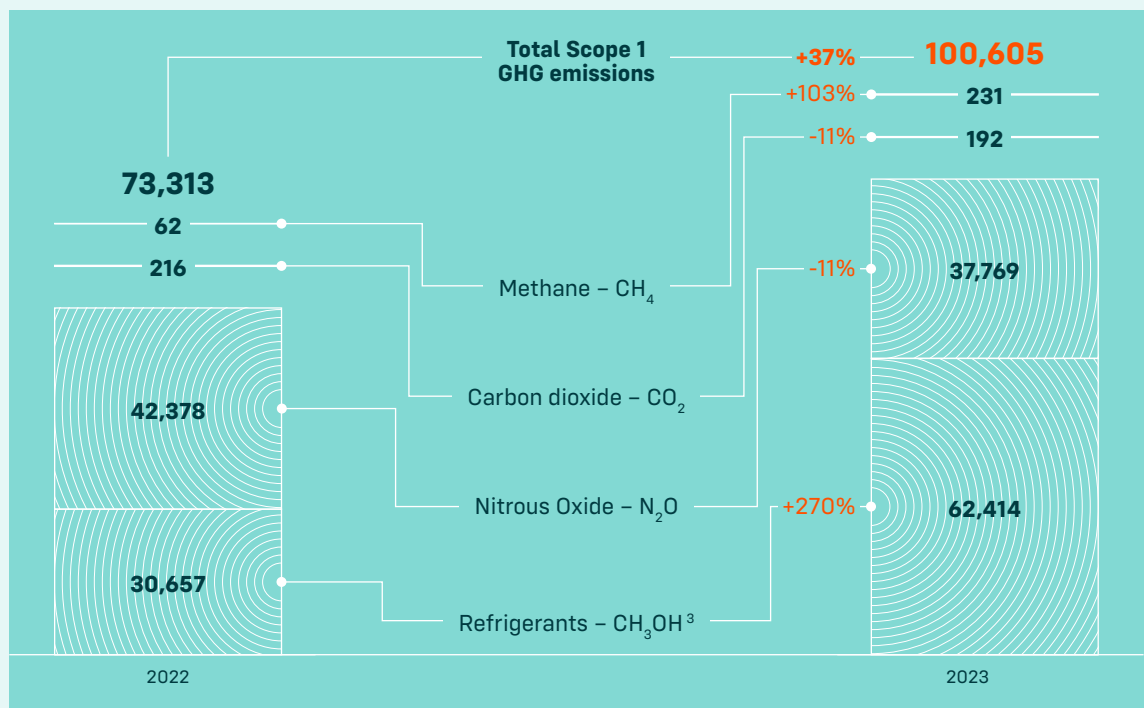
GHG Intensity¹

2022 figure correction related to a reclassification of the Natural Gas used for the Gas to Power installation.



Total Scope 1 GHG emissions, tonnes CO₂eq²

HFCs, PFCs, SF₆, NF₃ emissions in 2022 and 2023 accounted for 0 tonnes CO₂eq



The total GHG emissions are heavily impacted with the changes of the Methane figures (linked to OGMP methodologies and not real emissions). In 2024, field measurements and quantification are taking place and XP will report methane emission to OGMP according to level 4. This level 4 reporting will be based on actual

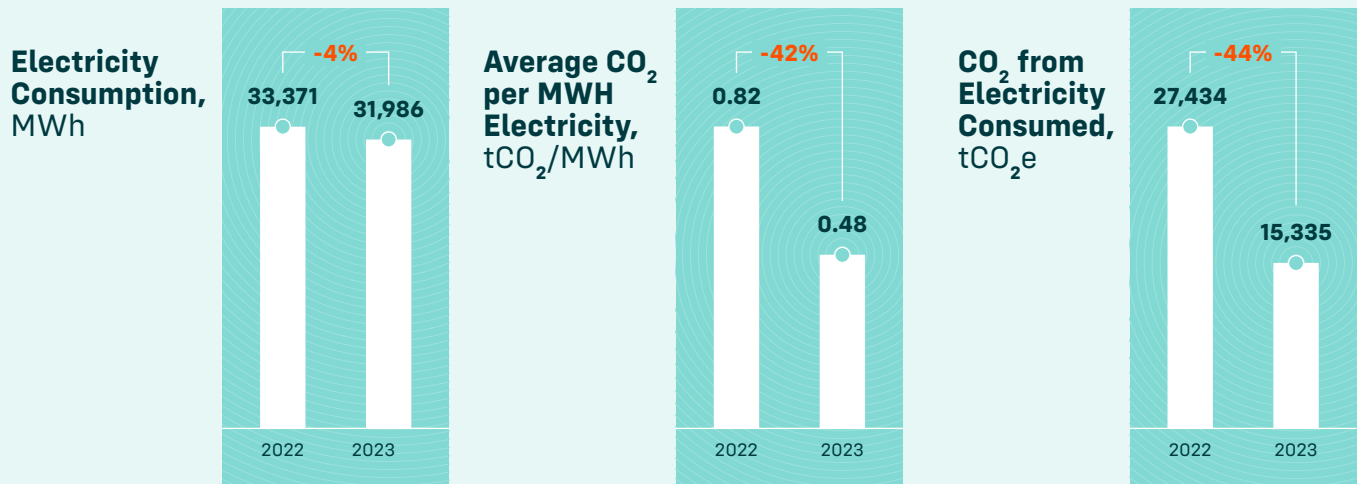
emission performance and provide a more accurate picture of the reality of methane emissions.

An important decrease in CO₂ emissions related to the improved Energy Intensity which comes from the upgrading and optimizing of the heater installations.

¹ GHG Intensity Scope 1 is the amount of tonnes CO₂eq divided by the total of energy produced in TOE (tCO₂eq/toe)

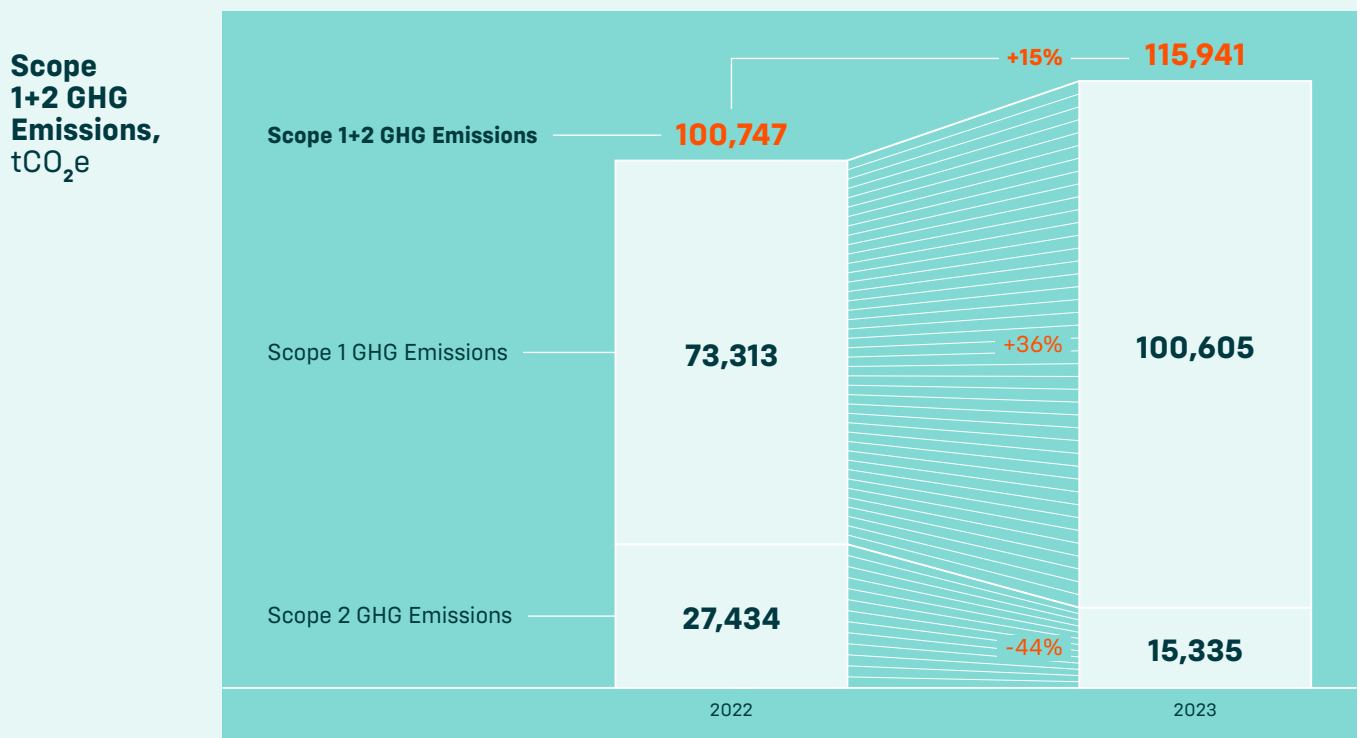
² CO₂eq counted with GWP-100 factors from IPCC AR4 (25 for Methane)

³ Methanol

Scope 2 GHG Emissions

Although hydrocarbon production volumes increased slightly, the total electricity production decreased (lower electricity intensity). Furthermore, the nature of the composition of the electricity purchased from

the electricity suppliers evolved drastically away from fossil fuel with more solar in the mix so the average CO₂ content of every MWh electricity used dropped by 42%.

Scope 1+2 GHG Emissions

POLLUTION

Air Pollution

At XP, we are continuing to implement projects for reducing fuel consumption and methane emissions to provide a cleaner air environment for our people and our communities.

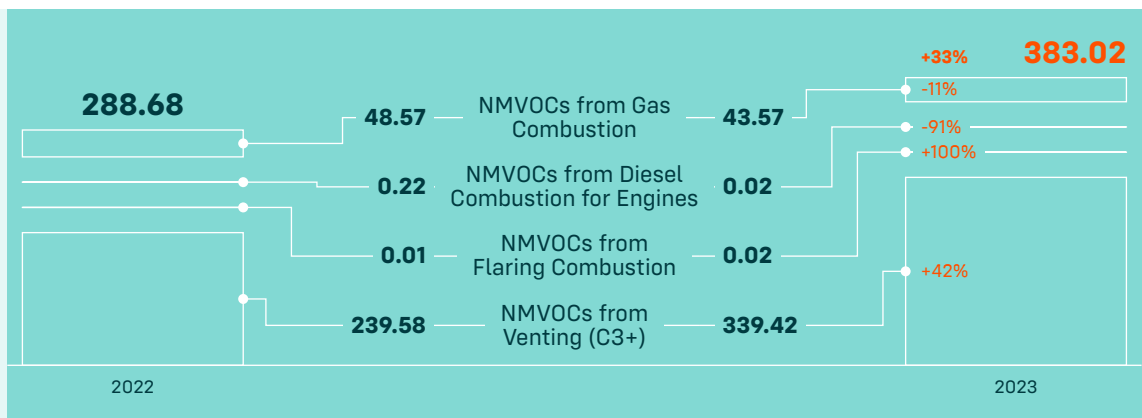
On the below analysis, we can notice the comparison between the last 2 years and the decreasing trend of improving air pollution generated by

our operations. Expect for NMVOCs from Venting (C3+) which increased by 30% as the total CH₄ emissions increased based on OGMP⁴ L3 report data (higher granularity data). The NMVOCs (excl Methane and ethane) increase reflects such new methodology in accounting for the emissions but does not reflect a real increase.



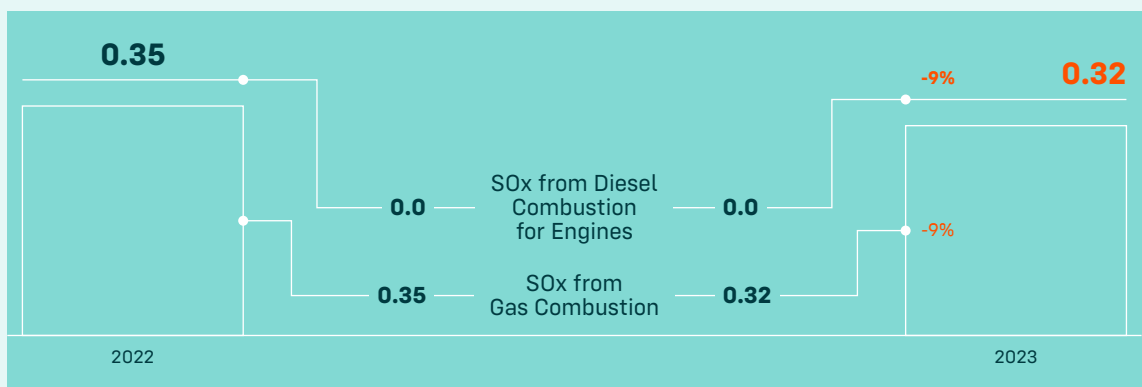
NMVOCs (excl Methane and ethane), tonne

NM VOC from
Vehicles omitted

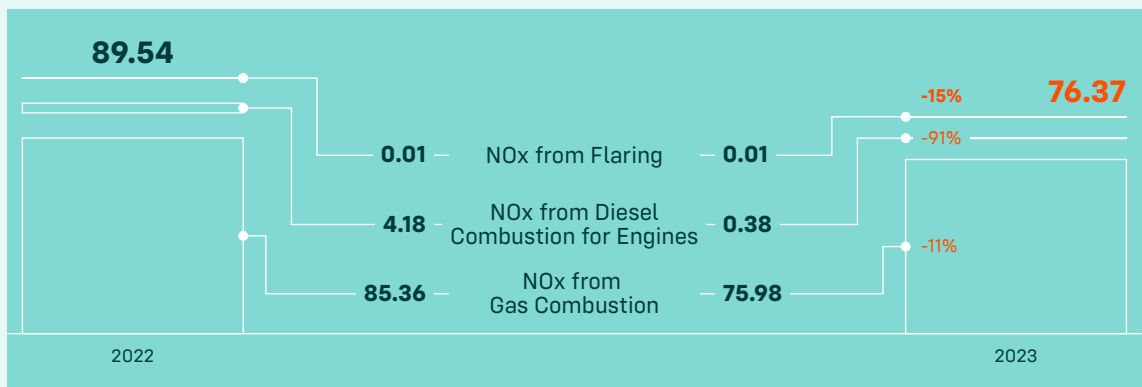


SOx (SO₂ and SO₃) convert into SO₂, tonne

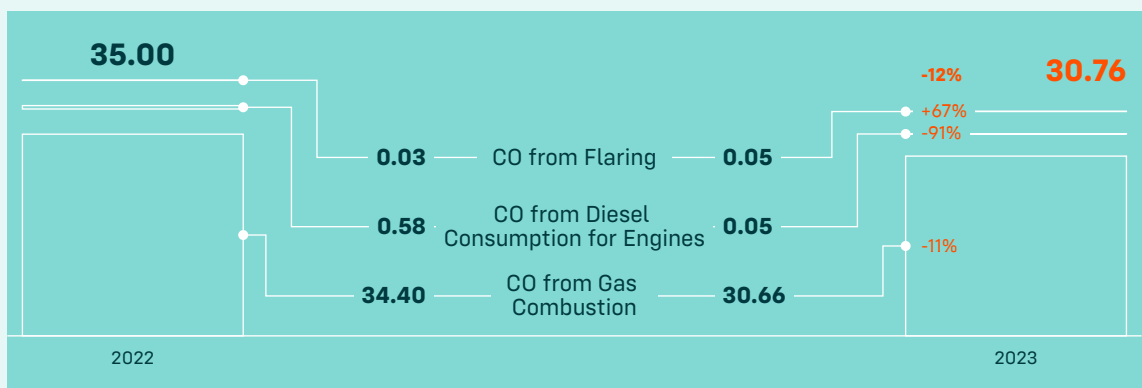
SOx from
Flaring in 2022
omitted, in
2023 accounted
for 0 tonnes



NOx (NO and NO₂, excl N₂O) convert into NO₂, tonne



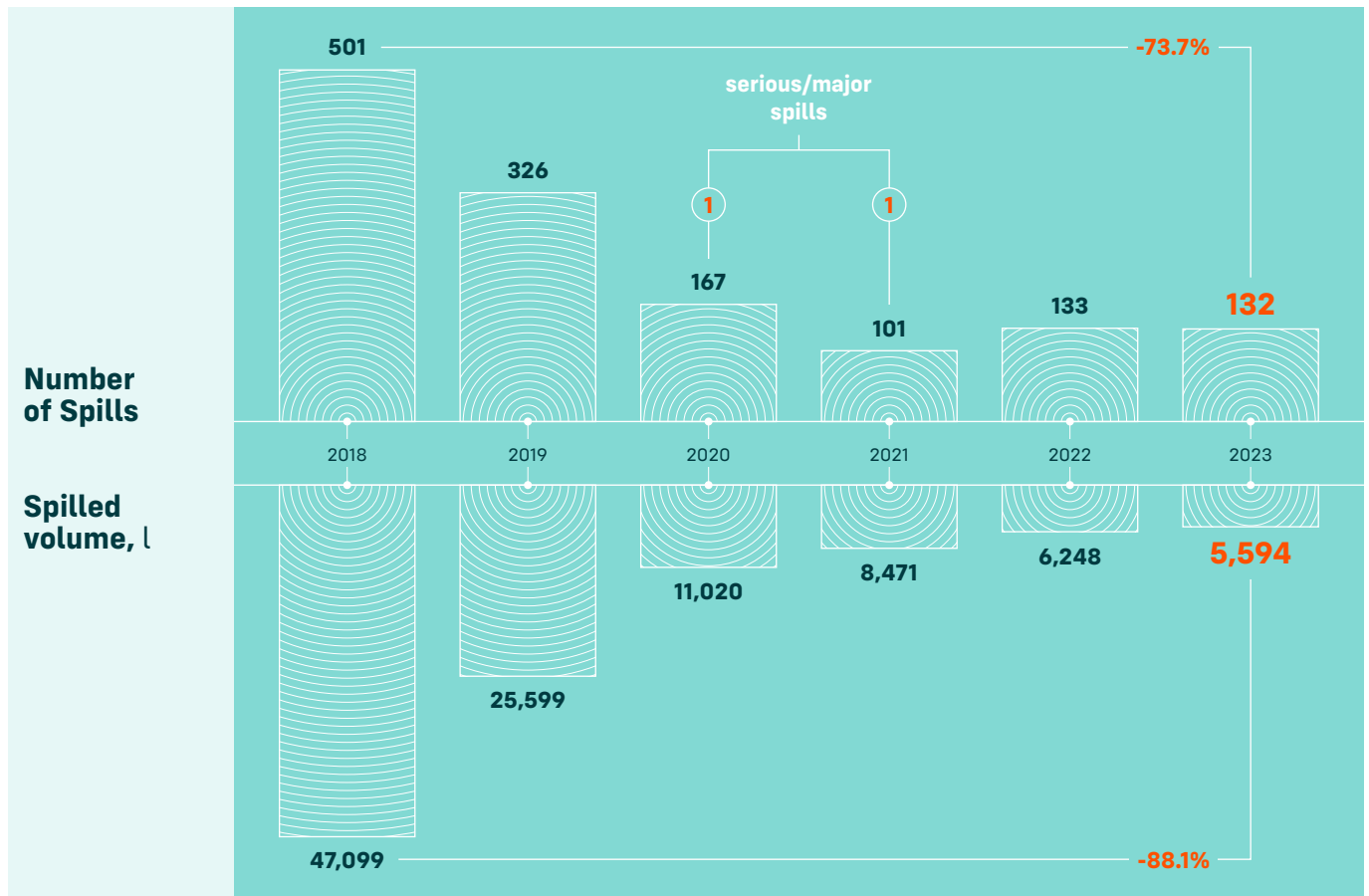
CO, tonne



Gas Combustion emissions (NMVOCs, NOx and CO) decreased by 11%, due to

several projects of optimizing heaters installations.

Soil Pollution



Even though the number of spills in 2023 was like the one in 2022, we obtain an 11% reduction in spilled volumes. No serious spill in our

operations has been recorded in the previous year, although the number of minor incidents increased due to the piping corrosion system.

Actions and resources related to soil pollution

ETo mitigate the leaks from old piping networks a series of reconnections with better pipes have been made for long distances.

Due to facilities modernizations a series of corroded piping networks were removed, and spills volumes have been continuously reduced.

In addition, all the leaks on the main

pipelines are quickly identified using a real-time monitoring system that reduces considerably the time for a swift intervention. The system also helps to predict where the next leaks may come from and support the maintenance team to be proactive.

In 2023 we achieved our target of zero major or serious environmental incidents.

WATER RESOURCES

The main purpose of freshwater monitoring and its data management is to enable evidence for a better understanding of where in the process the water is being used and to implement methods of freshwater reduction.

Freshwater is used for domestic purposes, processing equipment cooling systems, and preparing fluids

used for well operations.

In 2023 our total freshwater withdrawal intensity has been reduced by 30% compared to 2022.

The continues reduction of freshwater withdrawn has been possible due to equipment modernizations, oilfield facilities reorganization and repairing infrastructure.

Methods of water reduction implemented in 2023:

3 old reciprocating compressors replaced by 2 new screw compressors technology

New discharging piping replacement for water wells

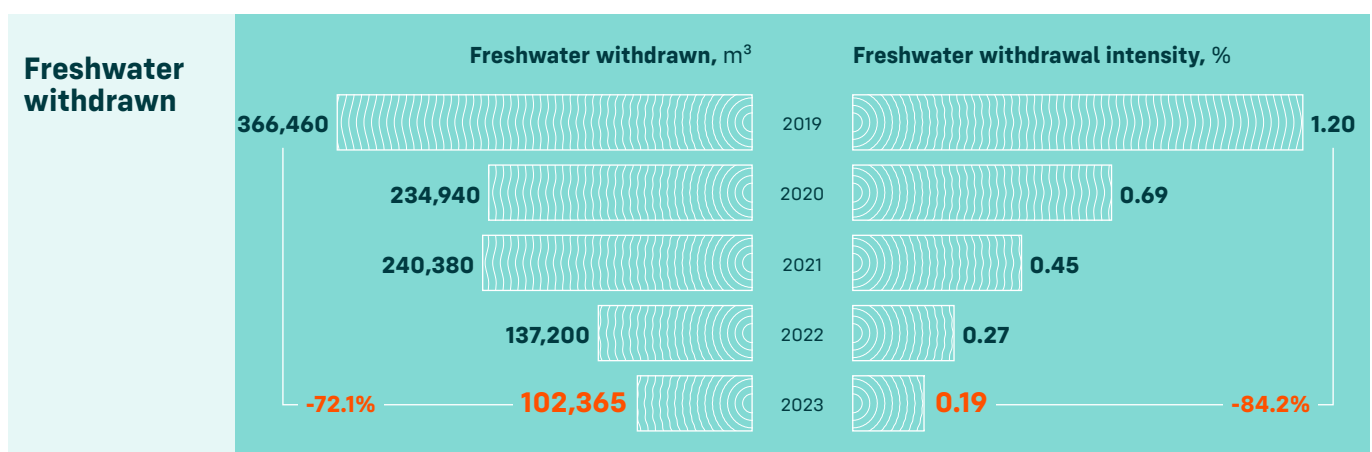
Cooling system improved for old piston compressors

Water leaks were eliminated from water tanks

Steam consumption optimizing

Daily reporting of water consumption in all the facilities

In 2023 we achieved again our target of being below 0.3% of water intensity.



BIODIVERSITY AND ECOSYSTEMS

XP is operating in Natura 2000 in Romania, designated as a special protection site for birds (SPA) with the following conservation targets: 2 mammal species, 32 bird species, 1 reptile species, 2 amphibian species, 2 fish species and 3 invertebrate species.

Being aware of it we investigate in detail the impact of oil and gas production processes on the components of the environment in protected areas, changes in the biodiversity of fauna and flora collecting, testing and monitoring the water from surface water wells.

Our biological research reports have demonstrated that the extractive activity, with continuous monitoring, activity which is expected to continue in the future, does not represent a potentially major, negative impact on the conservation status of habitat types of community interest.

The extraction activity does not produce pollution, noise, chemical, disturbance, waste or other kinds of pollution, thus does not cause any impact on the surrounding environment, does not change the parameters of landscape evolution and dynamics, does not significantly affect the long-term viability of the habitat type.



WASTE MANAGEMENT

Our operations generate non-hazardous and hazardous waste, recyclable or non-recyclable.

The main solid wastes from 2023 were iron scraps due to sites modernization and old process equipment decommissioned.

As per the graph below, total solid waste disposed in 2023 was reduced by 5%, due to a better maintenance program and selective collection of waste for reuse.

The main other waste is hazardous solid waste like drilling mud, sludge and paraffin which were collected and removed according to the oilfield

process. Even if the quantity of total hazardous solid waste disposed had increase with 5% due to abandoned oil wells operations, the intensity continues to decrease as it is reported with total production volumes.

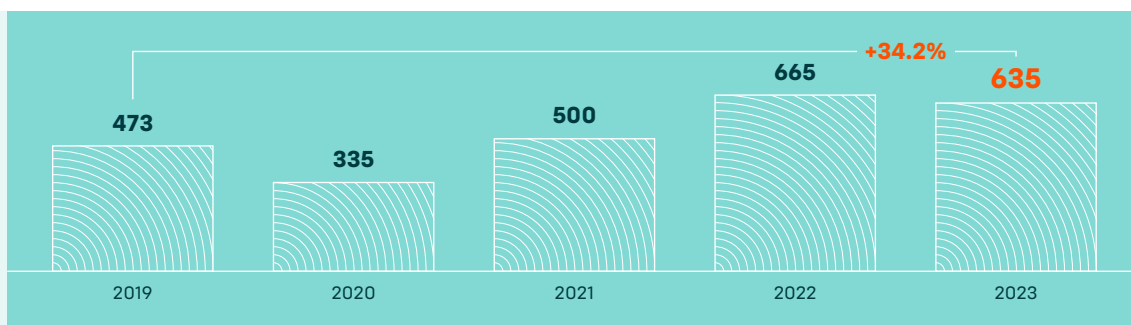
The total hazardous liquid wasted disposed decreased significantly by 30% compared to 2022 due to surface facilities optimization (footprint reduction) implemented in the previous years. As a result, the numbers of tanks generating sludge has been reduced.



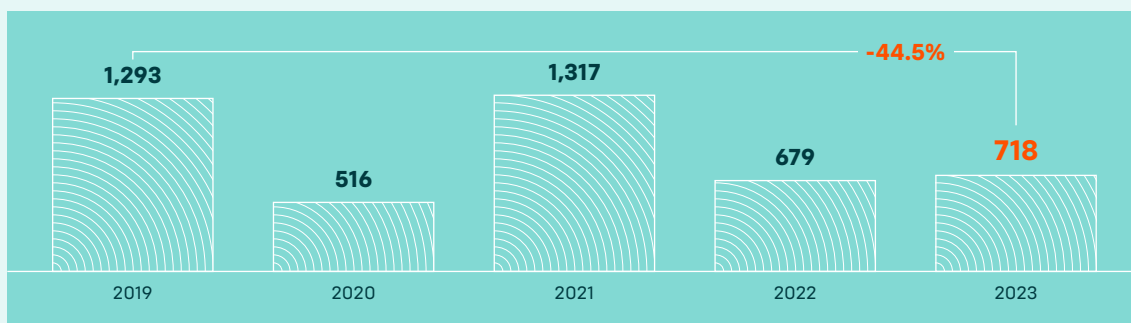
In 2023 there is a **77% decrease of waste recycled compared** with 2022 due to strong efforts to eliminate scrapped tubing from abandoned wells.

Waste management

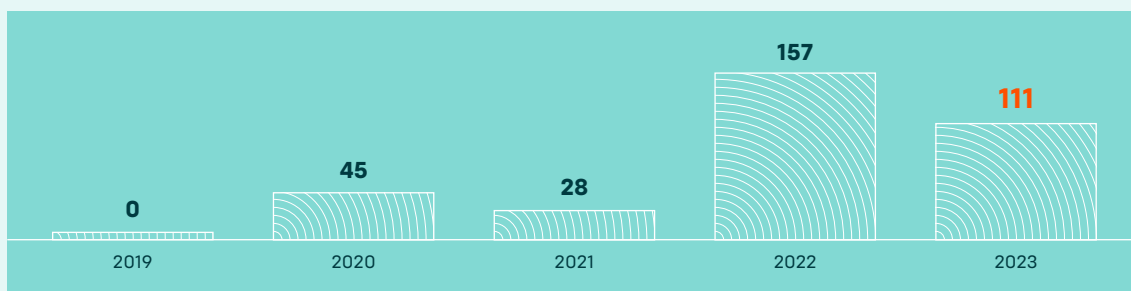
Total solid waste disposed, tonnes



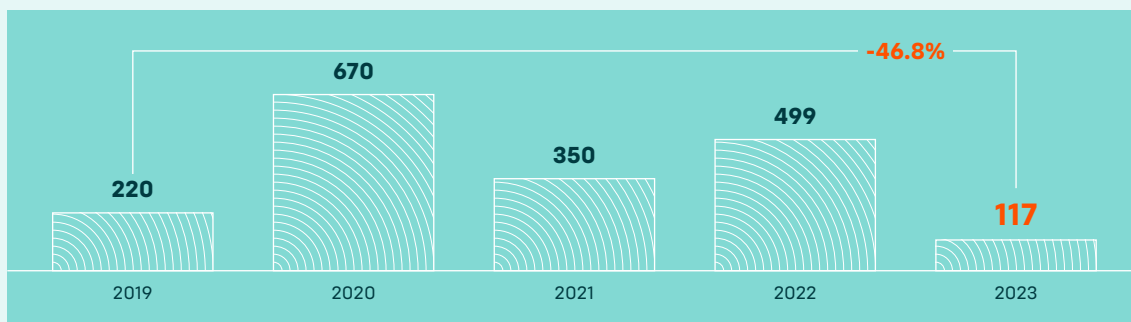
Total hazardous solid waste disposed, tonnes



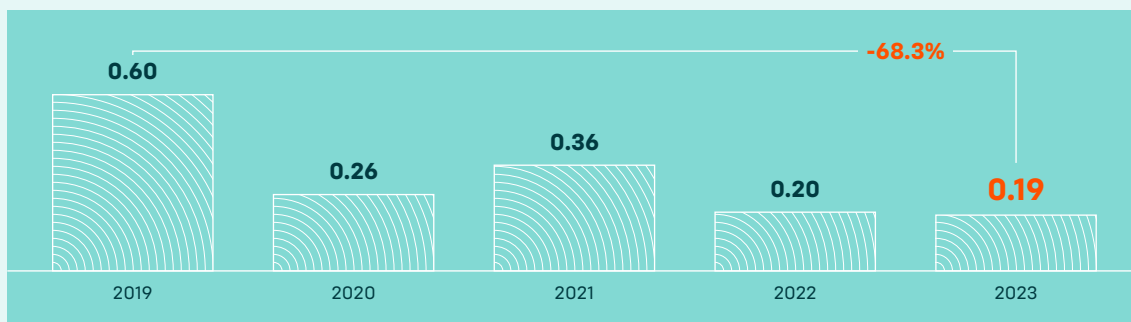
Total hazardous liquid waste disposed, m³



Total Waste Recycled, tonnes



Hazardous solid waste Intensity, kg/boe





2023 XP



Social Information

XP HUMAN RESOURCES

At the heart of XP's value proposition is the deployment of a new, unique and agile operating model which mainly relies on **empowering the field workforce** and middle

the management, **encouraging initiatives, enhancing the operating environment by enabling digital technology and promoting an operational excellence culture.**

For this to be successful, XP strives to:

1

Provide a fair and attractive workplace for our workforce.

2

Ensure a safe and healthy working environment.

3

Continuously train our personnel in operational excellence, new technology and leadership.

4

Keep an open and constructive social dialog with our employees, their representatives and the local community.

5

Support the local community.

A Fair and Attractive Workplace

In 2023, **XP workforce reached its highest number** as the company continues its growth.

99% of our employment contracts ("ILA" – individual labor agreements) are concluded for an undetermined period, both employee and the company sharing the benefit of long-term employment relationships. We acknowledge job security represents

one major concern for some of our employees, especially in mono-industrial areas, therefore we look carefully at workforce and contingency planning and make all efforts to cope with such responsibility.



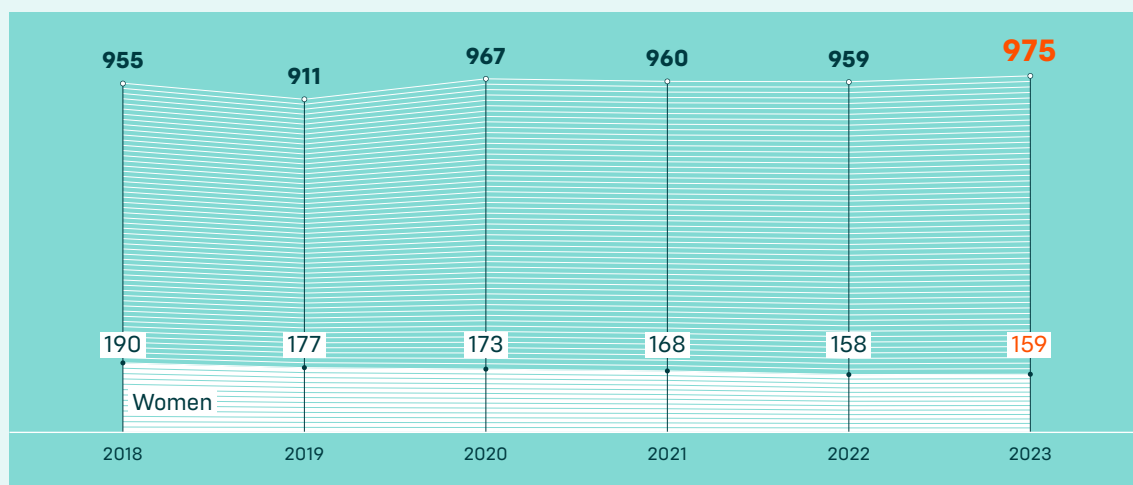
It's based on an effective and open communication that we, in XP, create the ground for the trust which is the foundation in the relationships with our employees, the Trade Unions and all our stakeholders in the communities where we operate. When there is trust, it becomes easy to rely on each other, to take initiatives while possessing a sense of belonging and safety.

Daniela BRICEAG,
HR Manager

Number of employees – XP all legal entities

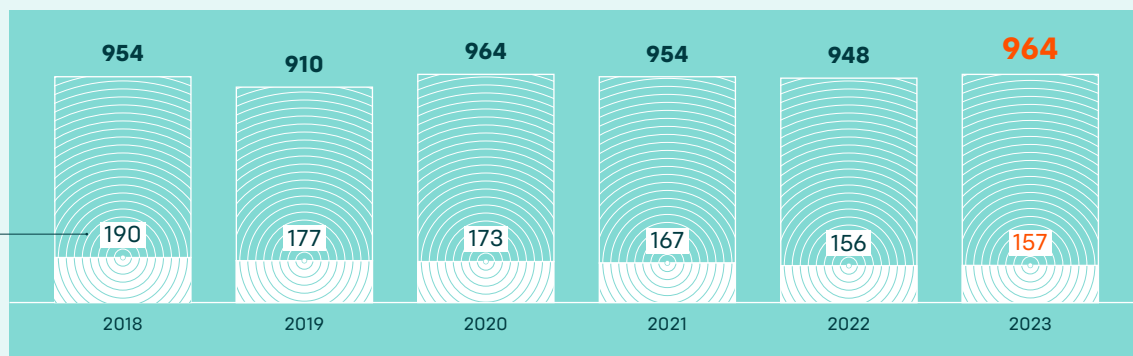
Total number of employees

16.3%
of employees in
2023 are women



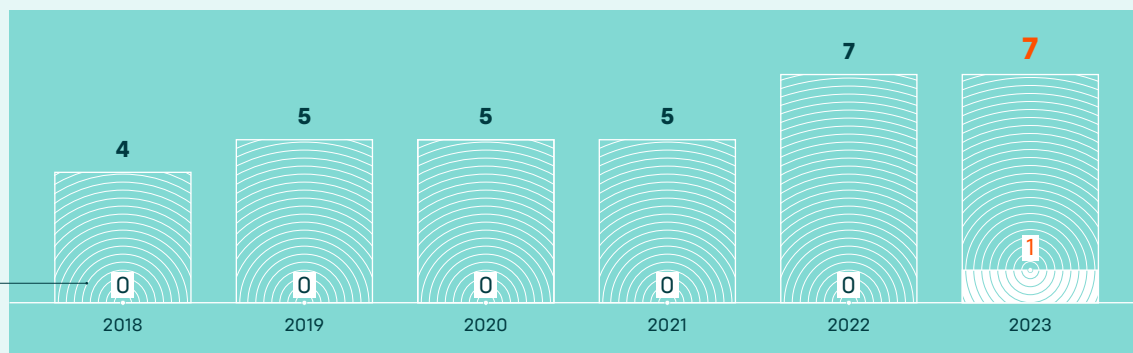
With ILA, undetermined period, full time

Out of which women



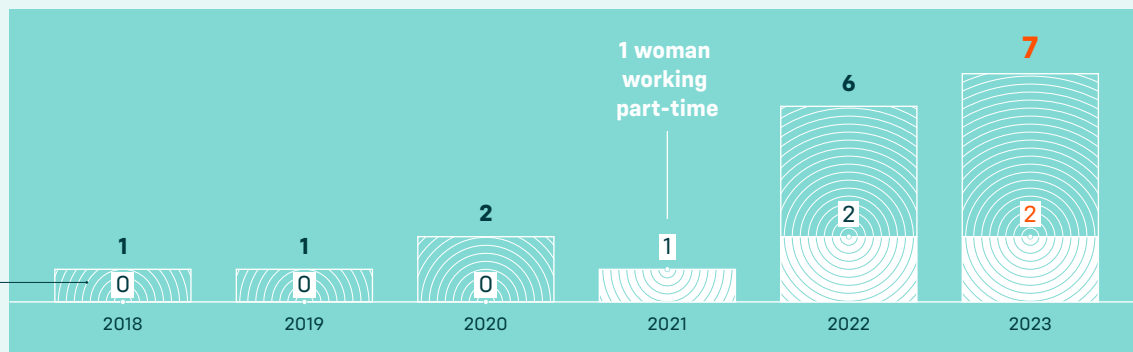
With ILA, undetermined period, part-time

Out of which women



With ILA, determined period

Out of which women



2023 represents the highest number of recruitments we had to do in recent years without taking over new field operations (in 2020 the peak in recruitment was due to the new Ukrainian contract).

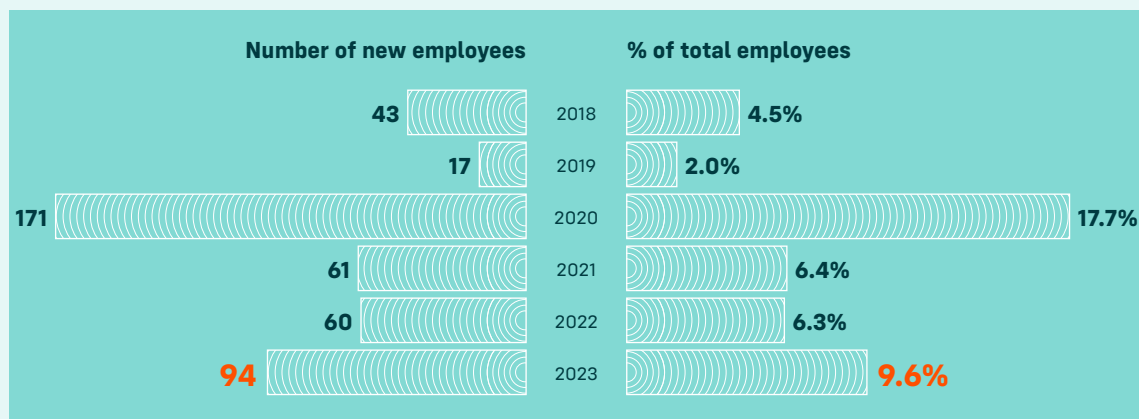
The main reasons behind this peak of recruitment in 2023 were retirement as well as business development efforts such as Kazakhstan and XP Upgreen.

An effort has been made in 2023 to recruit young candidates (less than 30 years old), with a record of 23% of our recruits being less than 30 years old which demonstrates our capacity to still attract young talents in our industry.

During the recruitment process we strive to include female candidates even though it is a challenge in our industry.

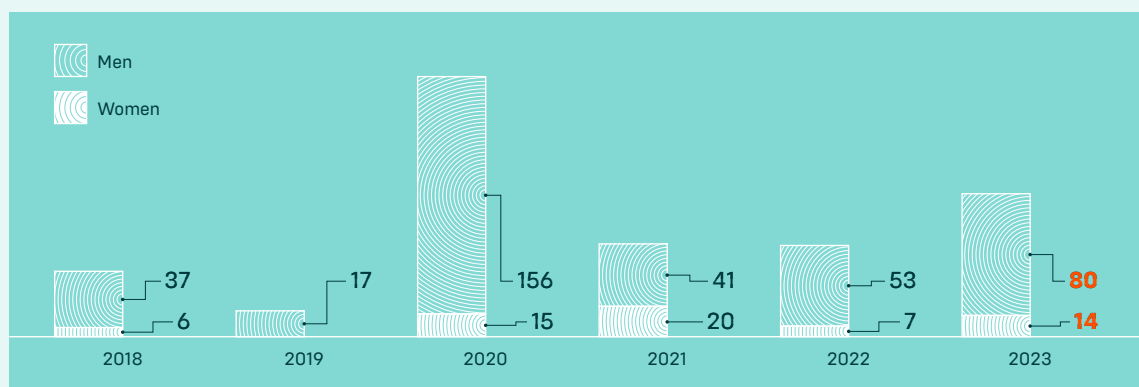
New employees – XP all legal entities

New employees



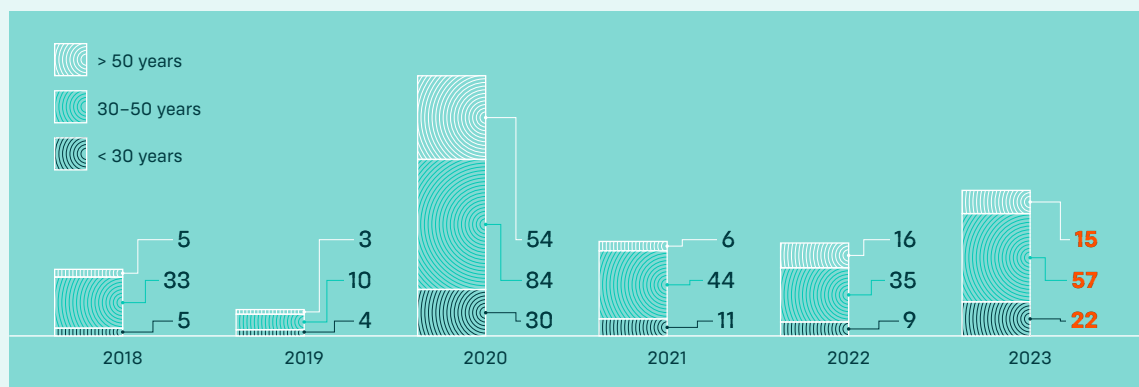
New employees by sex

15% of new employees in 2023 are women



New employees by age

23% of new employees in 2023 are aged under 30 years



We are committed to offering attractive compensation, benefits and careers, applying all legal and Collective Bargaining Agreement (CLA) provisions. We also want to ensure that all our employees are rewarded properly both for individual and organizational performance.

The company ensures its employees have the proper framework for professional development in line with their own development needs whilst fulfilling business needs.

Various fixed work schedules tailored to business needs run in parallel with flexible work schedules where it is possible to respond and balance between specific needs of employees and business constraints. Work from home for certain groups as per legal requirements offers more flexibility to our staff members.

We offer equal pay at all career stages setting standardized entry level salaries revised upon market conditions.

XP fosters the creation of diverse teams, allowing complementarities to contribute to value creation, increasing employee engagement and job satisfaction. XP has zero tolerance for any discrimination on age, race, religion, skin color, gender, disability, or family status.

Finally, XP respects and supports human rights as outlined in the Universal Declaration of Human Rights and internationally recognized treaties. We are fully compliant with national labor rights, decent wages, working hours and employee's representation.



Open and Constructive Social Dialog

XP respects and encourages its employees to form associations and engage in lawful activities to express their requests and grievances.

Employee representation either in a unionized format or in other different forms is part of XP people strategic orientation. Trade Unions and/or employee representatives are afforded information and consultation rights as legally foreseen in the context of the open social dialogue. A constructive working relationship with employee representation as well as each employee should the case be, is an overall priority and is seen as being in the best interest of XP and our staff.

In Romania, for example, XP's employees are represented by a Trade Union having four branches which proved to be a good constructive social partner actively involved in the negotiations of the CLA. XP's CLA in Romania provides a comprehensive compensation and benefits structure applicable both for full-time and part-time employees.



XP constantly observes, implements, and promotes all changes included in the local labor legislation.

One important instrument to ensure an efficient compliance and potential opportunities for learning & improvement in relation with all social aspects of our company is the grievance mechanism based on the registration of all complaints, thus ensuring prevention and integrating all social aspects in the decision-making process.

For employees the complaints procedure lodged them in writing, registered and answered within 30 days as set out in the rules of procedure. The answer is formulated by the HR department after consulting the managers responsible for the department concerned in the letter. If necessary, an internal group is formed to elucidate all the circumstances and provide an answer that benefits both the employee and

the company. Various other channels such as informal discussions with management representatives, open dialogue with HR representatives, are offered for employees to bring their work-related concerns to the attention of XP Management.

For communities' complaints the same route for registration as the one for employees whilst the analysis and answer is formulated in consultation by the departments involved. XP's commitment to obtaining all necessary local permits and authorizations prior to operating and/or performing specific operations. Such preventive approach, part of the grievance mechanism involves systematic approach in sending, receiving, analyzing and answering properly to all requirements in close connection with local communities.



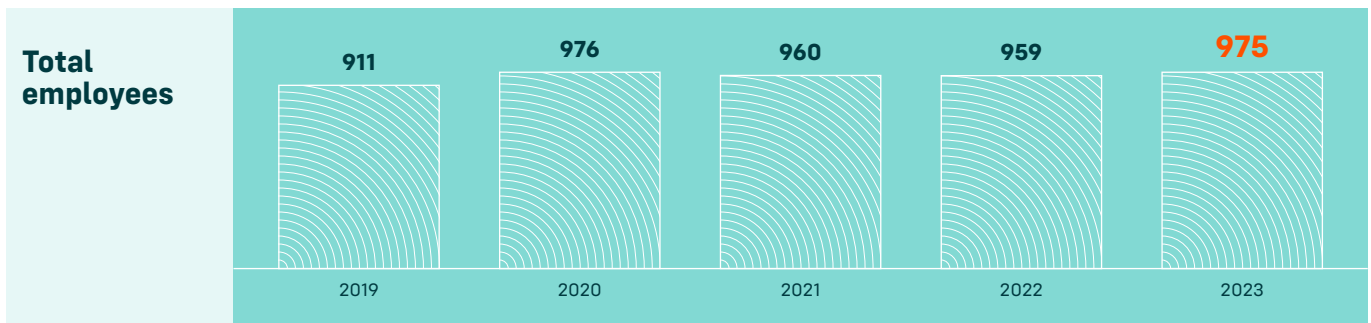
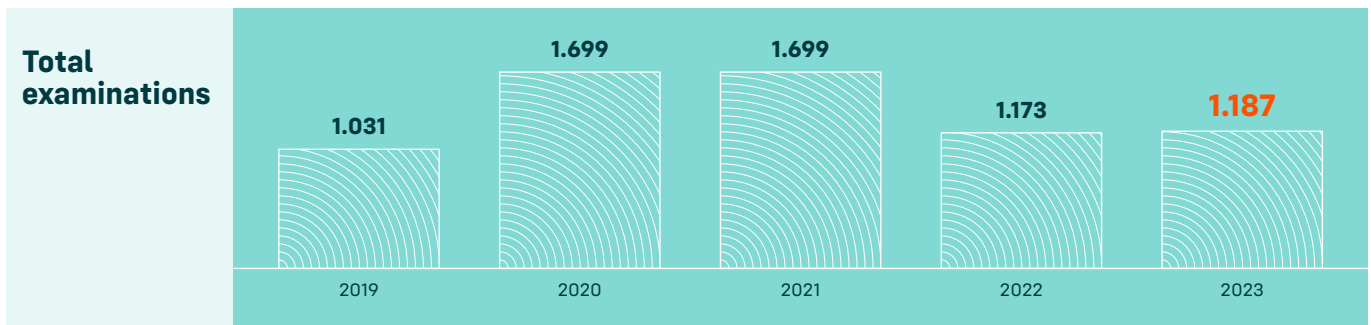
Ensuring a Safe and Healthy Working Environment

Health

The supervision of XP's workers' health condition is ensured by professional third-party occupational medicine doctors. Medical examinations are performed based on the identification sheets of occupational risk factors

prepared by specialists in the field of Occupational Health and Safety.

In 2023 the Health Risk Assessment for all active workplaces in Romania was updated.



Also, because of our commitment to improve our employees' health condition and safety we continue regular laboratory tests for blood glucose, blood pressure and alcohol tests at worksites.

We work to have an appropriate emergency response capability in place to limit the consequences of incidents, and we continue the first aid training for our employees.

In 2023, the following health campaigns and training were conducted:

- Obesity – metabolic disease
- Diabetes Prevention
- First aid practical training
- Importance of anti-flu vaccination
- Free medical eye test campaign
- Vaccinations campaign for the prevention of influenza disease
- 16 emergency Drills with medical evacuation.

Safety

Our commitment to safety across all our operations is based on our Operational Excellence Management System (OEMS). The objectives of our OEMS are to have principles and process in place for us to manage our

operations in a consistent manner, responsibly and safely, eliminating or reducing risks, complying with legal and other applicable external requirements, and to continuously improve our performance.

The scope of our OEMS is to cover the following area:

- Quality of our services and operations
- Occupational and community health
- Personal and process safety
- Local and global environmental impact
- Security of people, assets, information and reputation
- Social responsibility to employees, the local community and other stakeholders
- Management of suppliers and contractors.

This is aligned with our ISO certification as our entities are ISO certified for our:



Energy Management System
(ISO 50001:2018)



Occupational Health and Safety
Management System (ISO 45001:2018)



Quality Management System
(ISO 9001:2015)



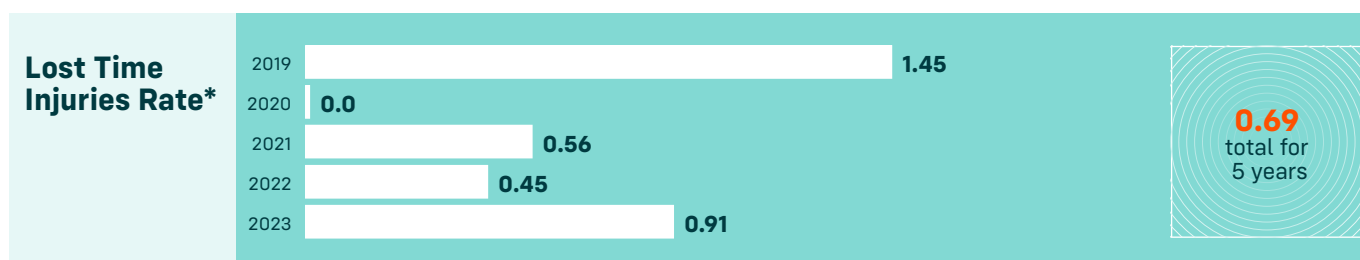
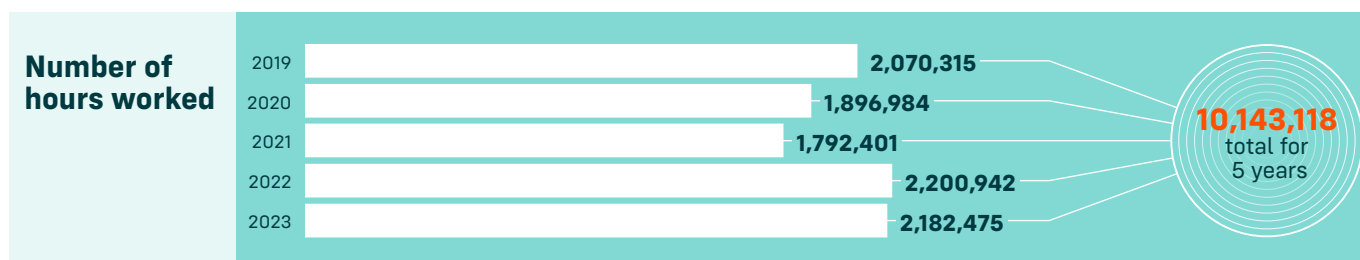
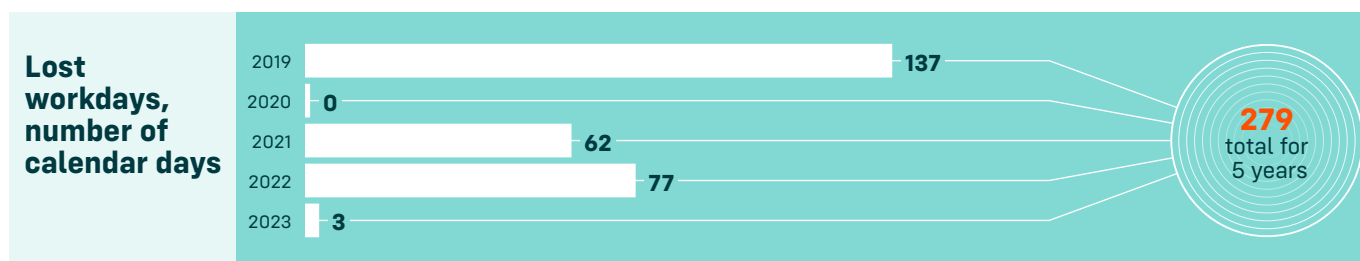
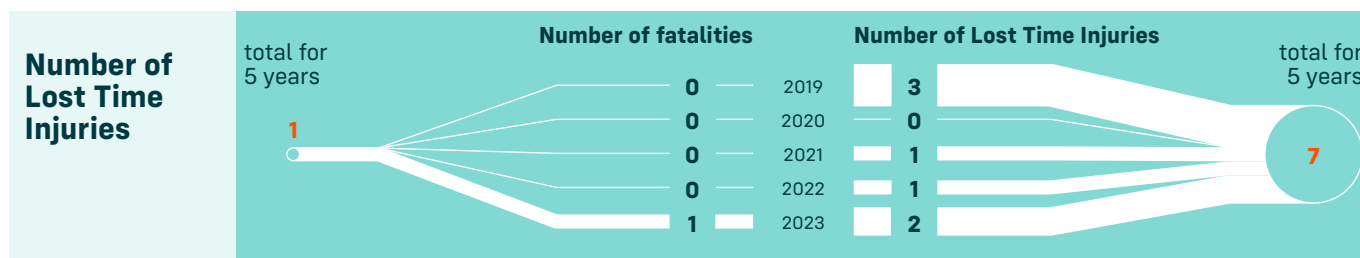
Environmental Management System
(ISO 14001:2015)

In 2023 our operations were based on nearly 2.2 million man-hours, but the Lost Time Injuries Rate (LTIR, (No. of LTI * 1,000,000) / manhours worked) unfortunately increased from 0.45 in 2022 to 0.92 in 2023 as we had a tragic and undesired event that occurred in our operations in Ukraine which led to the tragic loss of one of our employees and the minor injury of his nearby coworker.

A very comprehensive investigation followed the incident and led to the initial conclusion that a newly purchased pressure vessel locally designed and built had a manufacturer default. All foreseeable measures have

been taken to prevent the recurrence of such events. It is a hard lesson that we had to learn, but we made sure that learnings have been captured, communicated at company level, and implemented immediately. A lot of effort is made for raising awareness and safety culture through the employees, enforcing the information using tools like lesson learned safety alerts or best practices used in the industry.

No safety incidents have been reported in the other assets and no fines or penalties have been received from the authorities for occupational health and safety.

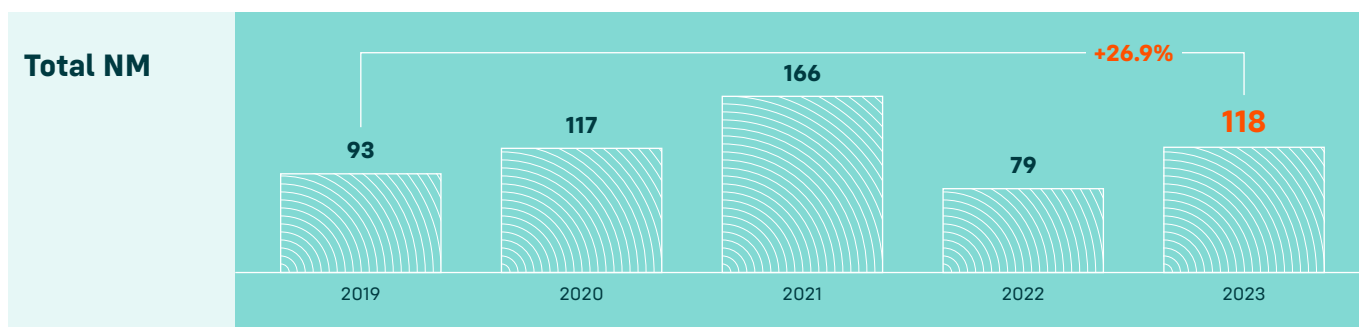


Assessment and Improvement is a key element of our Operational Excellence Management System, as such we have implemented and monitored two processes:

1) The near miss reporting:

All the undesired, unplanned events reported that, under slightly different conditions could've resulted in physical injury or property loss. These incidents provide early warning that something needs attention.

Therefore, it is considered valuable information as it helps in mitigating risks, preventing accidents, raising awareness about the hazards employees face, and ensuring a safer working environment for them.

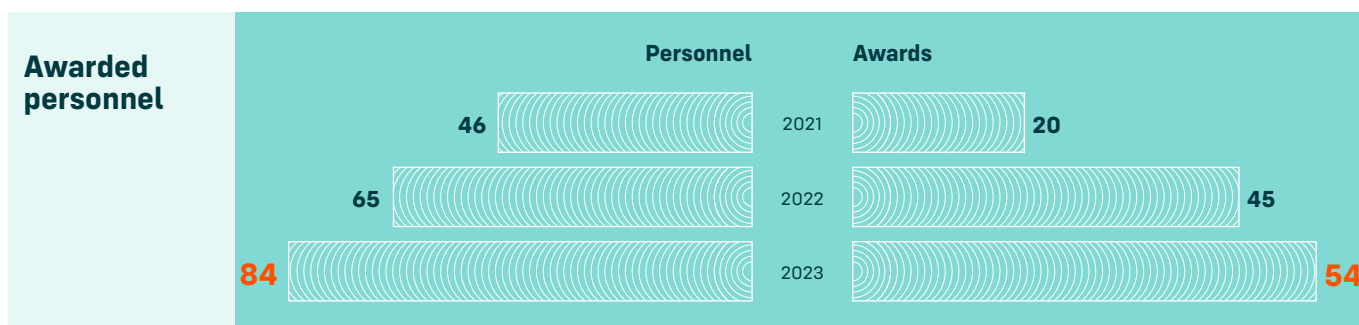


2) The HSSE improvement initiatives Awards:

Safe behaviors or HSSE improvement initiatives, are identified by line managers / supervisors / leaders / department managers who observe an outstanding contribution to safety, beyond their regular duties, during their regular presence in the field or during an HSSE Walk visits. They draw up very well justified reports and hand them over to HR leader

for centralization and subsequent transmission to the Evaluation Team.

Monthly the members of the Evaluation Team evaluate these reports, mark them appropriately and send a report to the HR leader for centralization and for the proposals that will be rewarded.



Organization and Competence is another key element of our Operational Excellence Management System, as such we have implemented in Romania a specifically designed Computer Based Training system for our field workforce to ensure higher efficiency in the training process.

In Romania, from targeted personnel 90% went through the process and went through the following training modules:

Process Safety:

- Management of Change;
- Process Safety Information;
- Water Hammering and cavitation; Corrosion risks awareness;
- Introduction to risk Assessment methodologies;
- Pigs and Pigging;
- Toolbox Talk.

Our Safety campaign's theme in 2023 included:

- Life Savings Rule, Safety Culture, Safety Leadership;
- Contractors Management;
- Incident Reporting;
- Implementing Management of Change;
- Supervisor Leadership & Awareness.

All campaigns contained interactive training material and were delivered to the field employees through several training workshops. Training campaign sessions (theoretical and at-work coaching session) were designed to create and lead effective engagement,

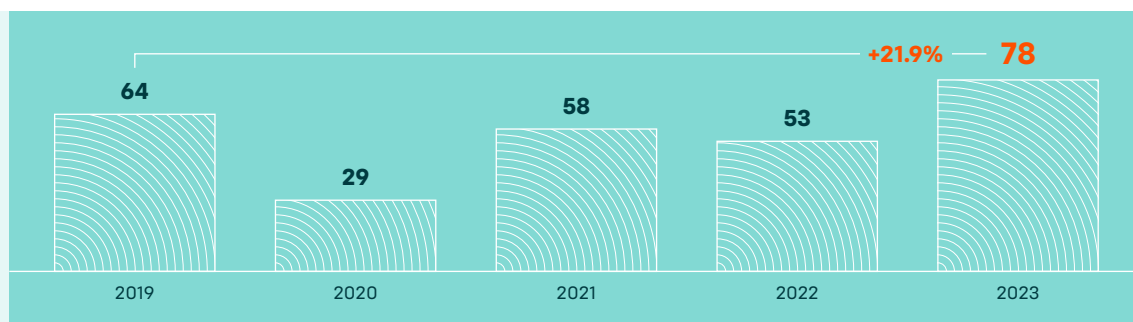
enhance leadership visibility within our own and contractor's staff. The goal being to drive an immediate, effective and sustainable change in personnel mindset and behavior towards safety leadership.

Security

In all our facilities the security services are provided by a 3rd party selected after a comprehensive contractor qualification and selection process. We are implementing measures adopted during 2023 after large investment, measures to upgrade and extend our

CCTV coverage. During 2023 the contractor made a self-assessment of their personnel and change part of the staff. We hope to see an impact in 2024 as in 2023 we had a significant increase in our number of security incident.

Total of security incident



Cristian
ITU,
Business
Services
Manager



At XP we value data as a currency so controlling and handling it with care is one of our top priorities. We build our systems on the principle of redundancy and resilience and we continuously tried to stay ahead of a high dynamic IT environment.

Most of the incidents are minor thefts – targeting the metal equipment components or quantities of oil from our transportation pipelines; Because of the Covid19 Isolation measures we could see the decrease of security incidents during 2020, then the number started to increase again. In 2023 we could see 47.2% increase because of inflation, the increase of the metal and fuels prices which started in 2022 and continue during 2023, that made attractive for thieves our isolated wells and facilities.

The thefts are quickly identified thanks to our online pipeline monitoring system which alerts our employees whenever a decrease in pressure occurs along the pipeline. From a legal compliance point of view, all our security plans have been approved by the local authorities with whom we collaborate intensively.

Given the difficult circumstances that are ongoing in Ukraine, our team has made a priority out of providing shelters for our workforce during air raids. XP has assessed the needs for each of our facilities and outsourced the design of the shelters to be constructed. At the same time, regular

training is performed to simulate air raids and emergency evacuation. These informative trainings have been aligned with Ukrainian authorities and other Upstream Oil&Gas companies that operate in the vicinity of our facilities.



Cyber Security and data privacy

At the heart of our operational model is a large **digital transformation** that includes field data acquisition, digitization, integration, real-time monitoring, automation and advanced analytics to enable faster and smarter decision making and increase operations efficiencies. Therefore, we recognize the critical importance of cybersecurity in today's digital landscape. Our IT team have put in place state-of-the-art technologies and a robust and redundant IT infrastructure to ensure our operational model does not get

affected by potential IT system failure or external cyber threats.

We are committed to proactively protecting our data assets, respecting privacy in accordance with the General Data Protection Regulation (GDPR) and fostering a culture of heightened security awareness among our users. By adopting robust technical measures, implementing appropriate controls, and promoting a culture of security, we aim to protect our data assets and safeguard privacy in the face of evolving cybersecurity threats.

Operation and Security Frameworks

We adhere to industry-leading security frameworks and good practices to ensure the confidentiality,

integrity, and availability of our data. These frameworks include but are not limited to:

COBIT:

Effective governance over information and technology is critical to business success, bridging the crucial gap between technical issues, business risks and control requirements.

ITIL:

We select and tailor practices for managing IT services and improving IT support and service levels.

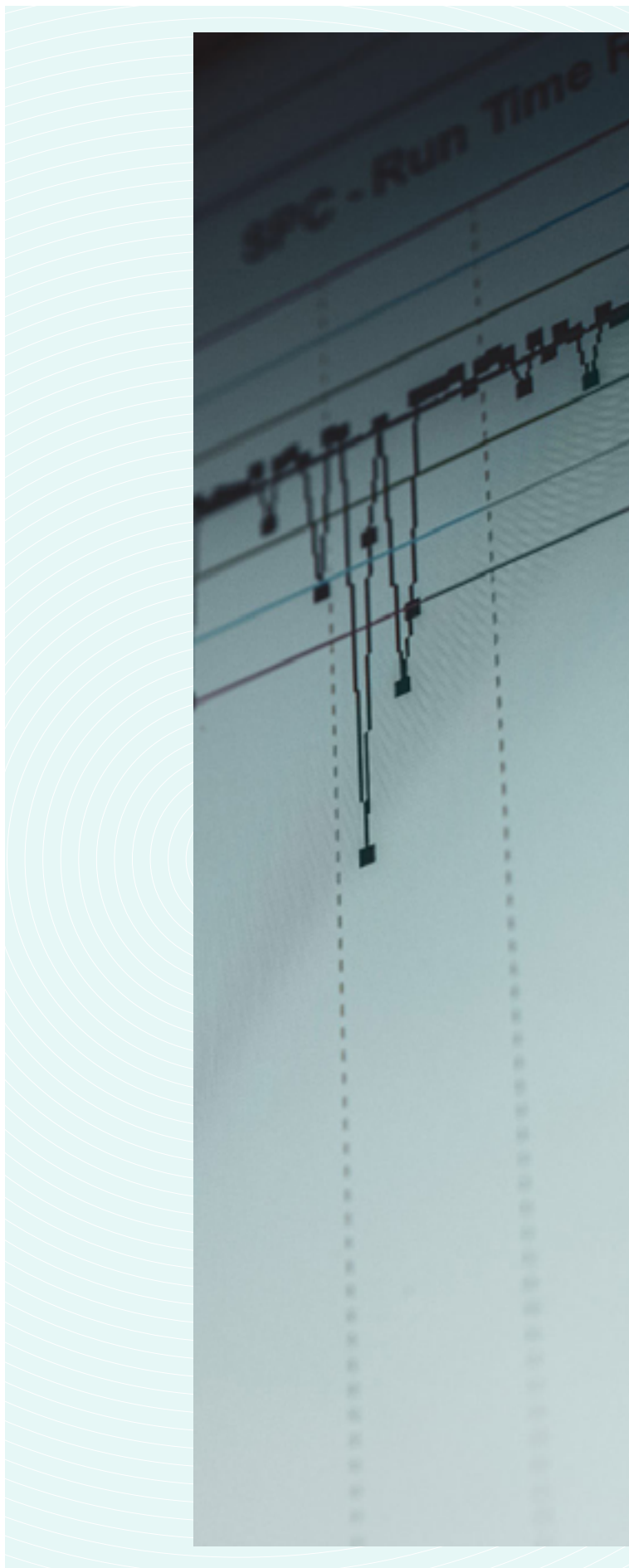
NIST Cybersecurity Framework:

We align our cybersecurity practices with the guidelines provided by the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This framework helps us assess and improve our cybersecurity posture by identifying, protecting, detecting, responding to, and recovering from potential threats.

Data Protection and GDPR Compliance

We prioritize the protection of personal data entrusted to us by our stakeholders. As part of our commitment to GDPR compliance, we implement appropriate technical and organizational measures to safeguard personal data against

unauthorized access, disclosure, alteration, or destruction. We also ensure that our data processing activities are conducted in a transparent manner, with explicit consent obtained where required.



Proactive Data Security Measures

To ensure the security of our data infrastructure and systems, we employ a range of proactive measures, including:

Encryption:

We utilize encryption techniques to protect data at rest and in transit, mitigating the risk of unauthorized interception or access.

Access Controls:

We enforce strict access controls to limit data access to authorized personnel only. This includes robust user authentication mechanisms and role-based access controls (RBAC).

Monitoring and Incident Response:

We employ continuous monitoring and detection mechanisms to identify potential security incidents promptly. Our incident response plan allows for swift and effective mitigation and recovery in the event of a breach.

Meeting the cybersecurity challenge

For us, cybersecurity is not only a defensive measure, but also an enabler of innovation and growth. By having a strong cybersecurity foundation, we leverage new technologies, platforms, and opportunities to enhance our services, and processes. Having strong cybersecurity capability and a culture of responsibility is an important component of our business strategy. **Our core objectives related to cybersecurity are:**

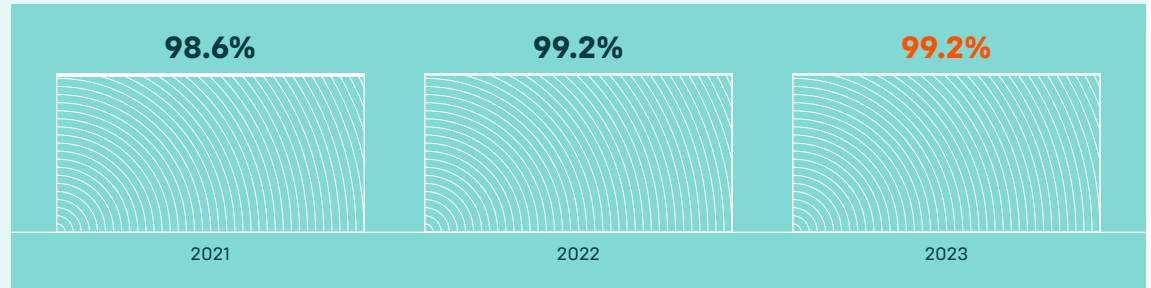
Improve the security and availability of data and information systems

Effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities

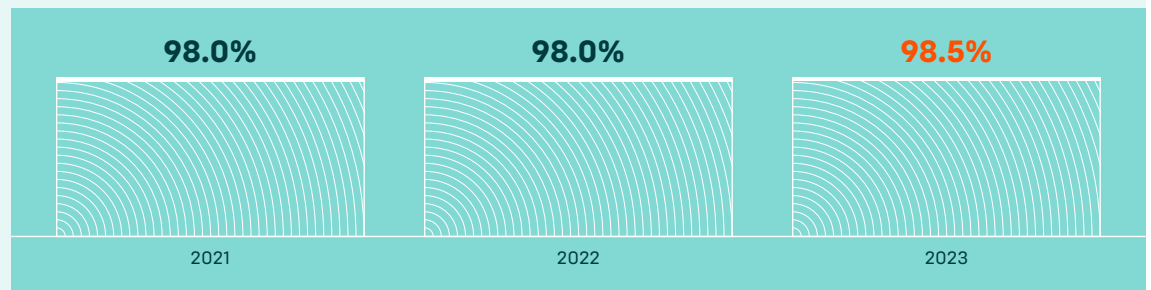
How did we meet these objectives:

KPIs

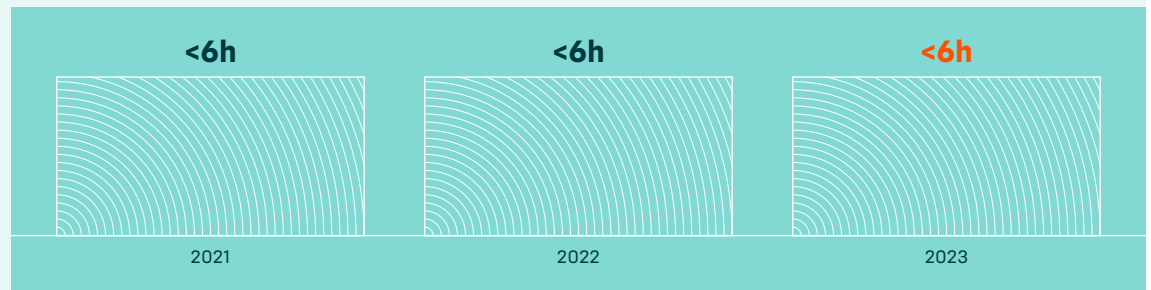
Business Critical Systems availability



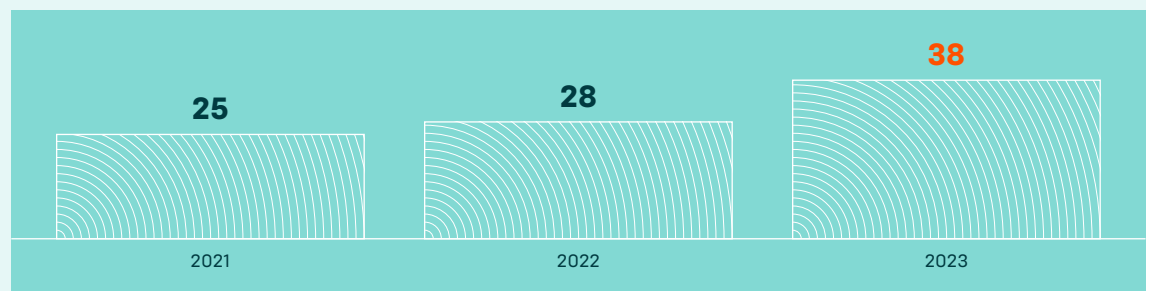
Servers uptime



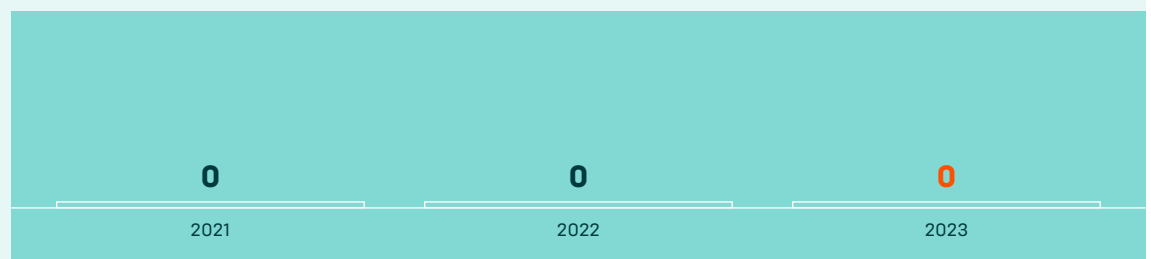
Mean time to recover



Number of cybersecurity incidents detected and resolved



Number of cyber attacks that significantly affected our operations



Training Our Personnel

Creating and providing a learn-unlearn and relearn culture where our people can continuously acquire new skills, improve existing competencies, and acknowledge all compliance aspects is one of the key priorities in our people strategy.

Training is structured on several areas: functional and technical training courses focusing on maintaining, improving, and developing skills that help employees to understand, remain and apply safety at work whilst observing all rules and procedures in place.

Training is planned and delivered annually in line with our workforce requirements as well as in accordance with the business needs to maintain company licenses and certifications as required by the applicable laws in force, based on a thorough needs analysis. Employees identify their learning needs supported by their line managers during the professional performance reviews taking place one/twice a year depending on employee's

position, thus allowing them to tailor development-oriented action plans linked to career paths, competencies, and professional goals.

Safety is one of the key elements of our business strategy therefore, All XP employees undergo an introductory HSSE training to reinforce core values, and additional training is provided based on job positions, ensuring competencies for safe and responsible duties. Specialty job functions receive specific training like Well Control, Electrical Safety, Mechanical Lifting, etc. Safety training culture is reinforced by providing to contractors and subcontractors while working on our sites the same program which all our employees take part into.

Leadership training courses and personal soft skills are provided to support managers and employees in efficiently and professionally understanding our culture, processes, and inspiring and leading their teams and increasing their impact at work.



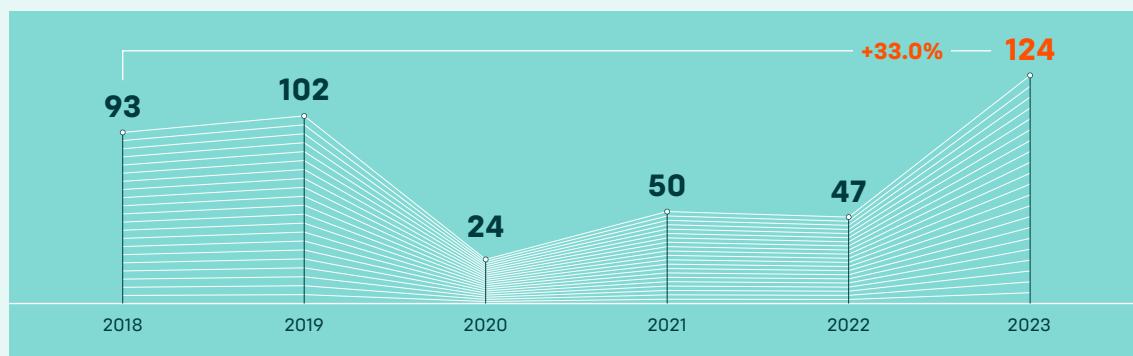
Mandatory training on various compliance aspects is also part of the annual training plan and might be

added during the year depending on the legal framework.

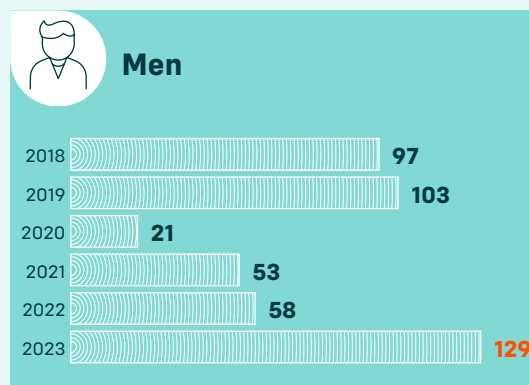
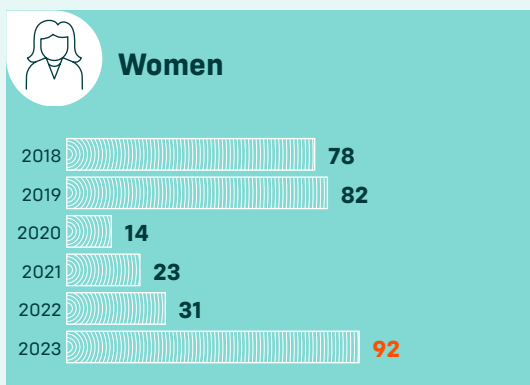
In 2023, we are pleased to have had a record year in term of average training hours per employee, a **160%** increase compared to 2022.

Average training hours – XP all entities

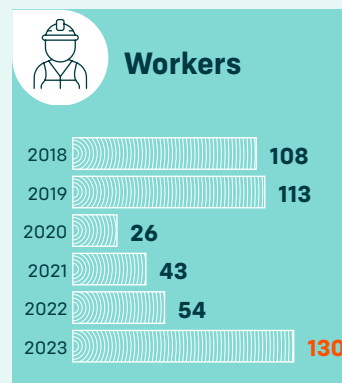
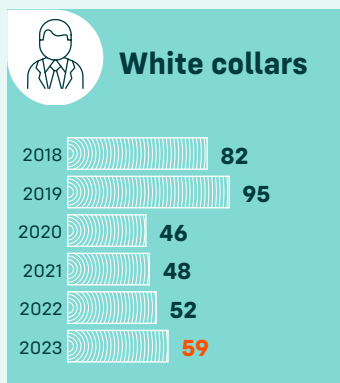
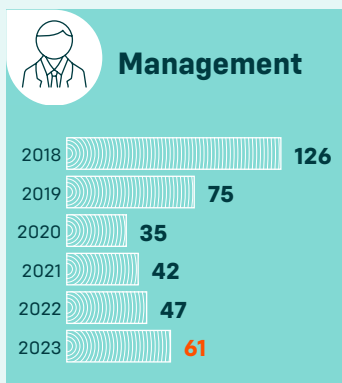
Average training hours per employee



Average training hours by sex



Average training hours by position



Certain training and certification items have a validity higher than one year, hence the variation in training hours from one year to another.

All learning activities are linked to learning and development objectives and agreed with line-managers. There are several learning opportunities: on-the-job tasks, from others through coaching or mentoring, also from courses.

We implemented computer-based

training and encouraged the use of additional online resources for training. We also encourage and support employees to pursue further education to enhance various skills.

Both HR representatives and employee have opportunities to attend various events/conferences in the oil & gas industry related to learning opportunities, thus, XP get continuous updates on common best practices and ensure relevant benchmarking for training and development.



Supporting the Local Community

XP is committed to proactively creating partnership-based relationships with the communities we are operating and supporting individual initiatives aiming to have a positive impact wherever we operate. Adding value to the local communities is an essential component for our operations now and for the future.

In 2023 investments in community relations and development respond specifically to identified community needs, thus XP contributed as sponsorship partner to support Ticleni local county in organizing "Ticleni Days" a traditional celebration for promoting local traditions, costumes, and few elements of the local folklore. Competitions of all kinds, shows and events were organized to illustrate and celebrate the city's history.

XP Group is proud to support Asociația pentru Valori în Educație - AVE România (AVE), an organization pivotal in transforming the Romanian educational system. Our HR Director, Daniela Briceag, has exemplified this commitment through years of volunteer work.

This year, Daniela had the honor of serving on the jury for AVE's prestigious

awards, recognizing the dedication of school leaders in Romania. She evaluated the Entrepreneurship category and recommended candidates for Innovation and Equal Chances, two of whom have won and will be honored at the annual event on October 9, 2023. At XP Group, we believe in taking action to create lasting impact, and we proudly support the future leaders.

[details here](#) ↓



As part of XP strategy, the company supports in developing new strategy of Ivano-Frankivsk National Technical University of Oil and Gas in Ukraine including financial support and ideas/ knowledge sharing. The start was given in 2023 in a technical session together

with McKinsey and during the forum main exchange of ideas focused on Energy industry future in Ukraine and Europe, role of University in O&G industry and energy transition etc. This strategy aims to create new energy university to lead Ukraine and Europe energy transition.



[details here](#) ↓



[details here](#) ↓



In Ukraine, despite the war status, XP continued supporting future developments and signed an agreement for cooperation with Ivano-Frankivsk University for improving provision of educational services and the quality of scientific research, the Ivano-Frankivsk National University of Oil and Gas concluded a bilateral cooperation

agreement with Expert Petroleum Ukraine LLC. Thus, experts and professionals from XP Ukraine will provide training for "Oil and Gas Engineering and Technologies" section and will work contribute along with students and professors to the scientific and industrial activity.

[details here](#) ↓



XP in Ukraine was a Golden sponsor of the International Scientific Forum of Oil and Gas Energy and Energy Transition (12-14 October) and took very active part in

the event – delivered a presentation, moderate and participate round tables discussions etc.

Both in Romania and Ukraine, XP offered internship opportunities and offered support for finalizing master's degree and Ph D's oil & gas students

& professionals thus showing its strong commitment in both basic and continuous education strengthening the bond between.

XP employees are encouraged to personally play an active part in building community initiatives, including through volunteering.

We offer them the opportunity to actively engage in encouraging responsible and sustainable behavior inside the local communities and facilitate employee involvement with various NGOs. For example, many of the employees were involved in charitable activities performed in cooperations with their children's schools either by gathering funds for those in need or organizing Christmas/Easter presents for other children and/or people in need.

As we embrace innovation, entrepreneurship, and equal chances for all we've got involved through our HR representatives in bringing transformative change within the Romanian educational system, volunteering for numerous actions mainly with Association for Value in Education.



In 2023 XP has been part of the jury selecting the nominees for the prestigious awards to be presented at the annual Gala. The accolades, such as The School Principal of the Year, The Prize for Entrepreneurship, The Prize for Innovation, and The Prize for Equal Chances, are a recognition of the tremendous dedication and passion shown by school leaders in Romania. The Academy and its extension aim to bolster the change across Romanian communities, emphasizing our shared belief in creating lasting impact. And it the values we are actively supporting in XP. We had the privilege of having two of the endorsed candidates as winners.

Because two of our facilities lays under Seveso III Directive 2012/18/EU, the control of major-accident hazards involving dangerous substances, which could affect neighboring communities, we take preventive measures and precautionary notifications, to avoid major accidents involving dangerous substances and to limit the consequences of such accidents for people and the environment. **Our emergency plans include local authorities with whom we collaborate intensively in emergency drills requiring both neighboring voluntary and national fire brigades.**



2023 XP



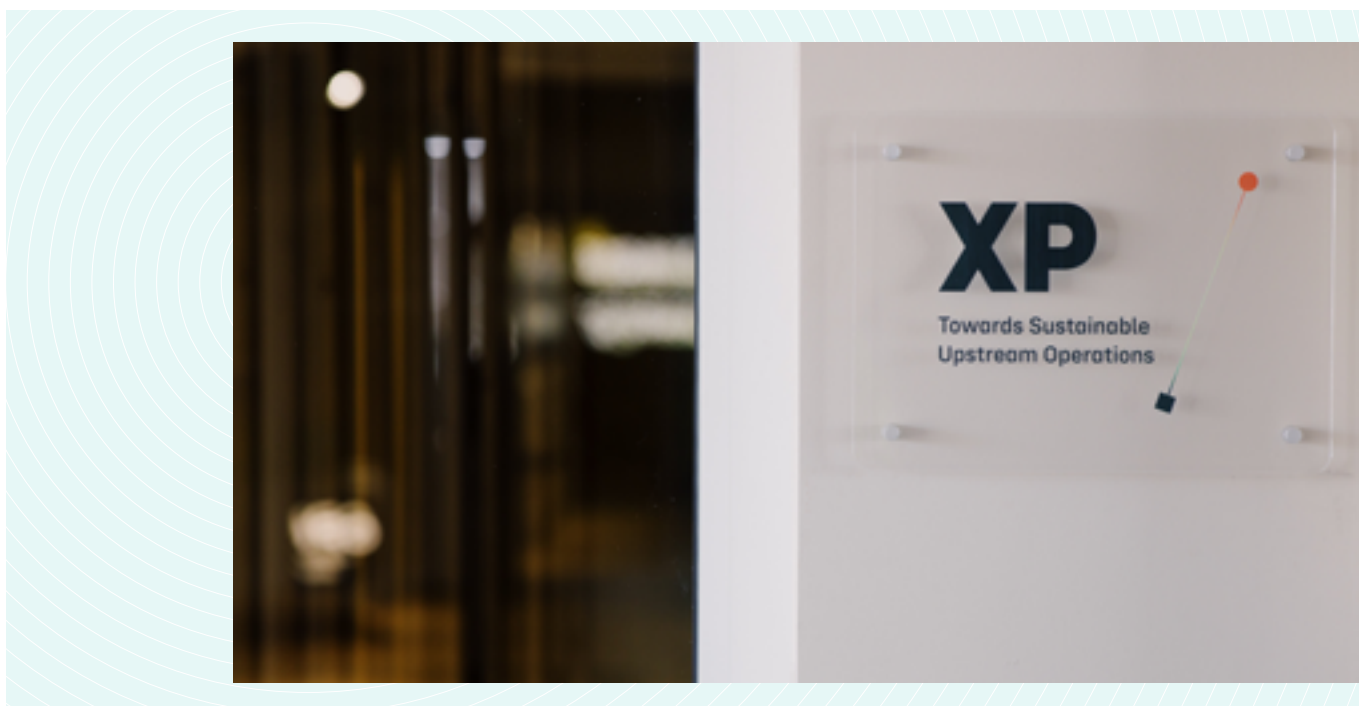
Business Conduct

BUSINESS PRACTICES

XP has zero tolerance for any unethical business practices such as bribery and corruption.

It's imperative that we act in accordance with the highest ethical standards on an international level, wherever we operate, and enforce these standards throughout our supply chain and human resources policies and our main values Integrity and Respect. Compliance with ethical standards is non-negotiable and supersedes any business interest. Absolute commitment to this objective is embedded at all levels, from top management to every employee, also extended to all our business partners who are also expected to share the same understanding and commitment to ethical standards.

We have a whistleblower mechanism in place, allowing employees to submit complaints without fear of repercussions. If an employee observes or becomes aware of potential or actual misconduct or violation of internal rules or statutory regulations, whether committed by other employees or by a business partner, that employee is encouraged to speak up and report the incident. A member of our senior management team oversees the governance systems and ensures confidentiality throughout the investigation process. Employees who report violations receive written confirmation and are kept informed of the investigation's progress.



OPERATION EXCELLENCE

Operational Excellence is XP's core capability to enhance the operations in mature oil and gas assets safely, reliably, sustainably and cost effectively.

Therefore, all of us at XP strive each day to:

Demonstrate commitment and leadership at all organization levels and at all the time to conduct our business in a safe, secure, injury-free, environmentally responsible, and sustainable manner.

Minimize our impact on the environment through pollution prevention, reduction of emissions and efficient use of energy and natural resources.

Comply with all laws and regulations applicable to our facilities and business activities

Actively engage in stakeholder dialog to welcome the input of our employees and contractors, regulatory agencies, our communities, our customers, and other interested stakeholders.

Identify hazards and threats to prevent, control or reduce risks to an acceptable level.

Continuously learn from audits, near misses, incidents and best practices to improve the way we operate.

Our **Operations Excellence Management System ('OEMS')** is the integrated framework set of principles specifically designed for our operations that will explain to everyone in the organization

how to perform their tasks, assess and manage risks, set goals for improvement; and rigorously audit our performance against objectives and compliance requirements.

SUPPLY CHAIN MANAGEMENT

XP aim to create and maintain a trustful relationship with suppliers and stakeholders to ensure the delivery of quality goods or services on time, at competitive prices and in a fair and transparent environment.

This process involves various activities, including identifying suitable suppliers, negotiating contracts, monitoring supplier performance, resolving issues, and

fostering collaboration for mutual benefit.

Supplier management aims to establish a reliable supply chain that meets the company's needs while minimizing risks and maximizing value. Effective supplier management ensures that the XP Group can access high-quality products or services that meet its standards and requirements.

**Octavian
VASILE,**
Chief
Procurement
Officer



Fairness and transparency are essential in contractor relationships. They build trust, encourage clear communication, set expectations, foster mutual accountability, and pave the way for a sustainable and successful long-term partnership.



Here are some key aspects of the Management of Suppliers in XP:

Supplier selection:

Identifying potential suppliers based on specific criteria such as product quality, price competitiveness, reliability, financial stability, reputation in the industry, and ability to meet demand.

Contract negotiation:

Establishing mutually beneficial agreements with selected suppliers regarding terms and conditions of supply, such as pricing structure, payment terms, delivery schedules, quality standards, and warranties/returns policies.

Performance monitoring:

Regularly evaluation of the supplier performance against predefined metrics, such as on-time delivery performance rates (OTIF), product quality standards (defect rates), and responsiveness to inquiries/complaints/issues resolution timeframes.

Relationship building:

Cultivating strong relationships with suppliers through effective communication channels such as regular meetings and collaborative discussions to foster trust and open dialogue for problem-solving or improvement initiatives.

Risk mitigation:

Identifying potential risks associated with suppliers' operations (e.g., financial instability) or external factors (e.g., natural disasters) that may impact their ability to meet obligations; implementing contingency plans when necessary.

Supplier development:

Collaborating with strategic suppliers to enhance their capabilities through joint programs like training sessions for process improvement initiatives or sharing technology advancements/best practices.

Continuous improvement:

Regularly reviewing existing processes related to supplier management to identify areas where efficiency can be improved; implementing changes based on lessons learned from previous experiences or industry benchmarks/standards.

XP implemented several proactive measures to ensure fairness and a transparent procurement process:

Supplier Code of Conduct:

XP Group established a code of conduct that outlines the expectations and standards for suppliers regarding human rights, labor practices, environmental stewardship, anti-corruption measures, etc.

Ethical Sourcing:

XP Group emphasize sourcing from suppliers who adhere to ethical standards and are committed to responsible business practices.

Transparent Supplier Selection Process:

A fair selection process ensures that all potential suppliers have equal opportunities and are evaluated based on objective criteria such as quality standards or cost competitiveness rather than favoritism or discrimination.

Fair Contract Terms:

Implemented Contract proposals that provide reasonable terms for both parties involved while considering factors like payment schedules, pricing structures, intellectual property rights ownerships., etc.

Timely Payments:

Ensuring prompt payment to all suppliers' portfolios within agreed-upon terms is essential for maintaining strong relationships with them and supporting their financial stability.

Collaboration & Communication:

We believe that open communication between the Company, our suppliers and the stakeholders foster trust and allows both parties to address issues promptly or collaborate on finding solutions.

Grievance Mechanisms:

We have established mechanisms through which suppliers can raise concerns or grievances regarding unfair treatment without fear of retaliation, which promotes transparency and accountability within supply chains.

As part of our commitment to sustainability the Procurement Department is committed to prioritize ethical and local sourcing practices, support supplier development in sustainability, maintain transparent communication with suppliers and ensure fair treatment and timely payments to uphold strong relationships within our supply chain.

By promoting responsible business practices and fostering a culture of

sustainability in our procurement processes, we aim to contribute positively to our environment, society, and long-term business success.

In 2023, XP conducted some audits on some of our major suppliers such as Chemical Fluids (oil also) and hazardous liquid waste Transportation, Security, Drilling Contractor, Construction works and Personnel transportation





2023 WAP

ANNEX

Taxonomy KPIs – Turnover

Economic Activities	Code	Turnover 2023	Proportion of Turnover 2023	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover 2022	Category enabling activity	Category transitional activity
				Climate Change Mitigation "CCM"	Climate Change Adaptation "CCA"	Water "WTR"	Pollution "PPC"	Circular Economy "CE"	Biodiversity "BIO"	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		USD Mn		Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1.Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) A1.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which enabling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A2.Taxonomy -eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy -eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A. Turnover of Taxonomy-eligible activities (A.1+A.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. TAXONOMY -NON- ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		93.24																	
Total A+B		93.24	100%																

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	-
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, Taxonomy non-eligible activity for the relevant environmental objective,

EL - Taxonomy eligible activity for the relevant objective.

Figures presented have been prepared in accordance with International Financial Reporting

Standards, as adopted by the European Union ("IFRS-EU").

Taxonomy KPI's Capex

Economic Activities	Code	CaPex 2023	Proportion of CaPex 2023	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CaPex 2022	Category enabling activity	Category transitional activity
				Climate Change Mitigation "CCM"	Climate Change Adaptation "CCA"	Water "WTR"	Pollution "PPC"	Circular Economy "CE"	Biodiversity "BIO"	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		USD		Y;N; N/ EL	Y;N; N/ EL	Y;N; N/ EL	Y;N; N/ EL	Y;N; N/ EL	Y;N; N/ EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1.Environmentally sustainable activities (Taxonomy-aligned)																			
CaPex of environmentally sustainable activities (Taxonomy -aligned) A1.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which enabling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A2.Taxonomy -eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)																			
				EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL	EL; N/ EL										
CaPex of Taxonomy -eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A. CaPex of Taxonomy-eligible activities (A.1+A.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. TAXONOMY -NON- ELIGIBLE ACTIVITIES																			
CaPex of Taxonomy-non-eligible activities		24.60																	
Total A+B		24.60	100%																

	Proportion of CaPex/Total CaPex	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	-
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

Taxonomy KPIs – Turnover

Economic Activities	Code	OpEx 2023	Proportion of OpEx 2023	Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx 2022	Category enabling activity	Category transitional activity
				Climate Change Mitigation "CCM"	Climate Change Adaptation "CCA"	Water "WTR"	Pollution "PPC"	Circular Economy "CE"	Biodiversity "BIO"	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
		USD Mn		Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	F	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A1.Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy -aligned) A1.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which enabling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A2.Taxonomy -eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy -eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A. OpEx of Taxonomy-eligible activities (A.1+A.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. TAXONOMY -NON- ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		56.37																	
Total A+B		56.37	100%																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	-
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

**Download 2023
Sustainability report:**



**Previous
sustainability reports:**



2022



2021



2020



2019



2018

XP

Towards Sustainable
Upstream Operations

