## EXPERT PETROLEUM

RELEASED: November/2021 STATUS: PUBLIC

Sustal Report 2020



## **EXPERT PETROLEUM**

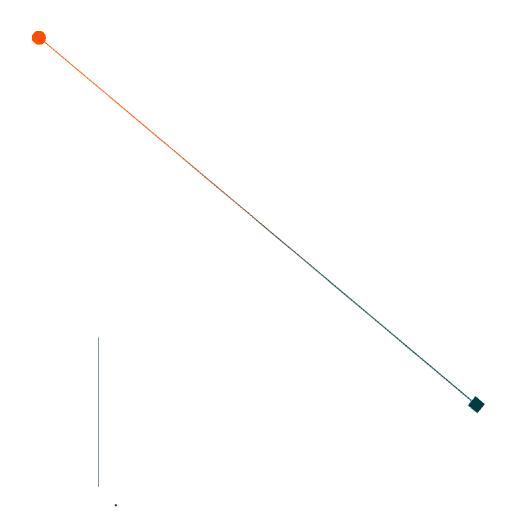
RELEASED: November/2021 STATUS: PUBLIC

# Sustainability Report 2020

Even in this challenging year, in which we all had to deal with a pandemic that changed our lives completely, Expert Petroleum decided to continue its tradition of publishing a sustainability report.

As usual, within the report is included the sustainability performance from the two main operational areas: Timiş County and Ţicleni area.

The report represents a comprehensive view about the development, performance, position and impact of our company's activities, related to environmental and social matters.





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## ABOUT THE REPORT

The information included in this report were established based on an extended materiality process which we conducted in Ticleni area and Timis county, where our main operations are. Within the process we took into consideration the GRI principles, the stakeholders' expectations and the most relevant sustainability topics of the oil&gas sector, identified based in international comparative analysis.

The aspects addressed by GRI G4 Oil and Gas Sector supplement and SASB standard where also included in the materiality process to determine in a correct manner the impact our activities have on the environment and community. Additionally, to better understand the topics which influenced or have the ability to influence significantly our performance and development, we conducted internal workshops and applied specific questionnaires. We continued to improve the details of our reporting, underling the most critical topics for our stakeholders and our business: such as management approach, policies, impact and risks, as well as key performance indicators.

Each material topic is presented in a separate sub-chapter, including information regarding the performance as much as possible of each company, and where possible in a consolidated way. For more details, the report contains references to other documents that can be found on the website <a href="https://www.expertpetroleum.com">www.expertpetroleum.com</a>.

In drafting the report, our company has benefited from the support of INNOVA Project Consulting as an external sustainability consultant.

The previous Sustainability Report was published in 2020, reporting the results of the company's sustainability performance of 2019.

#### **Contact details:**

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Reporting period: January 1st - December 31st, 2020.

Date of publication: November 1st, 2021.

**Assurance:** The content of the report has not been audited by a third party through an assurance process. The existence of this report was verified by the Expert Petroleum Solutions SRL auditor, KPMG, in accordance with art. 492 of MPF Order No. 1938/2016

<sup>\*</sup> In this report, the terms "Company", "XP" and "Expert Petroleum" are used for convenience where references are made to "Expert Petroleum Solutions S.R.L and Expert Petroleum S.R.L" together. When presenting information which are referring only to one company the terms used are "Expert Petroleum Solutions SRL" and "Expert Petroleum SRL".



#### **CEO STATEMENT**

**David MARTINON** 

#### **DEAR READER,**

As the world is still fighting the Covid-19 epidemic, the safeguard of our employees' health and their families has been our main priority in 2020. As described in this report we have put in place proactively a large number of protection measures to ensure this. These measures directly affected our field operations. It became much more difficult to perform a lot of activities, professional or personal owing to travel limitations and social distancing. Despite this difficult situation, XP organization have shown incredible resilience and capacity to adapt being able to not only maintain our operations in Romania but also mobilize and start a new project in Ukraine, while also ensuring the safety of our personnel.



While the Covid pandemic has been an extraordinary challenge for all business, climate change is really the one that we must all overcome. These will imply significant investments and changes of business models due to the fact that the share of Oil and Gas in the energy supply mix will have to be reduced to comply with the Paris Agreement's goal to keep the increase in global average temperature to well below 2 °C above pre-industrial levels.

This shift makes XP efforts even more essential to the industry as with less investment in exploration and development of new greenfield, the existing mature oil and gas fields (the brownfields) will need to be modernized, upgraded, and enhanced to make them safer, greener, more efficient and more productive for a longer length of time to ensure that during the transition period the hydrocarbon demand is satisfied.

This extraordinary period gives even more sense than ever to all the efforts and focus, all stakeholders have put on our sustainability performance over the last 10 years, and I am grateful for everyone in the organization who contributed to it.

While the Covid pandemic has been an extraordinary challenge for all business, climate change is really the one that we must all overcome..



Within this fifth Annual Sustainability Report, we would like to continue to engage in a dialogue with all our stakeholders to refined further our priorities and report in a transparent manner on our performance on the key performance indicators we have decided to monitor. Then identify critical problems that need to be addressed and action plans that need to be put in place to maintain our sustainability performance.

Like the previous reports, the current one was developed in line with the latest EU requirements for reports on the social and environmental impacts of our activities and according to the Global Reporting Initiative Standards (Core option and G4 Oil and Gas Sector supplement).

The key take-aways of 2020 were:

- Economic performance: During 2020, we invested around 7 million USD in Timis and Ticleni, Romania to make the fields safer, greener and more productive and efficient. Despite decrease in revenues, compared to 2019, XP managed to control costs in the context generated by the COVID-19 pandemic and achieve a solid and sustainable economic performance.
- Compliance: In 2020, there have been no fines or sanctions imposed on XP for noncompliance with laws, regulations or acts of corruption. We had, in Romania, 14 inspections performed by the environmental authorities at our locations of operation and no noncompliance has been identified.
- Emissions management: Our scope 1 Green House Gas Emissions in 2020 increased by 10% compare to 2019 but still they were at the same level than in 2018. The main reason of this increase 2020 is due to a new measurement system and new accounting policy for the gas lost in leaks that we put in place at the end of 2019 in Timis. Significant upgrading works are being done in 2021, these

measures should help to achieve good reduction in 2021 especially as in 2020 in PEC Ticleni we have manage to decreased our scope 1 GHG by 6% vs 2020.

- Energy management: In 2020 vs 2019, despite the decrease in production in PEC Timis, due to the good results in energy consumption reduction, we managed to slightly reduce our Energy Intensity by 1%.
- Waste management: We had significant decrease in the volume of waste generated in 2020 compare to 2019 because 2019 was an exceptional year with high waste generated due to the sludge removed from obsolete tanks and other materials from facility revamp, as part of the upgrading and footprint reduction activities done that year.
- Freshwater withdrawal: We have reduce our freshwater withdrawal intensity by 37% mainly due to the reduction of the number of boilers and better tracking of leaks in the water pipeline system.
- Safety practices: We continued to strive to achieve our objective of zero incident, unfortunately we recorded in 2020, 1 Loss Time Incident and 1 High Potential incident in Ţicleni operations. All incidents have been thoroughly investigated to understand their root cause and valuable lessons learned out of the investigation have been communicated throughout the organization

You will find more details about all this and much more information in the next pages of the report. Feel free to send us your comments.

While we are all mobilized to achieve our 2021 objectives, with more gas production in our portfolio from the Ukrainian operations, reduction of methane emissions will become even more a focus area. As such, I am looking forward to review and report by the same time again next year on our 2021 sustainability performance which will include our Ukrainian operations as well.

Best regards,

**David Martinon / CEO** 





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## EXPERT PETROLEUM

COMPANY PRESENTATION AND ECONOMIC PERFORMANCE
XP OPERATIONS

PANY

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## COMPANY PRESENTATION AND ECONOMIC PERFORMANCE

We are an oil and gas operating service company. We are managing and investing in mature assets using fit for purpose state of the art technologies to enhance production and reserves, optimize the fields operations and reduce their environmental footprint. We are an efficient, transparent and reliable partner for oil and gas resource holders, striving for the highest standards of excellence for our employees, our shareholders and for the communities living in the area of our operations.

#### **Our Values**

The company culture has been built other time by everyone embracing these values which are now evidence.

**People**: At the core of our operations are women and men who every day strive to have a positive impact on their community, the environment, without injuries and without reliability and quality incidents.

**Integrity**: We do not compromise on ethical behaviour and operational excellence. We always choose the right way, in a fair and transparent manner.

**Sustainability**: We transform mature oil and gas fields to make them safer and greener and therefore more sustainable for a longer time.

**Results Oriented**: We are an agile company, empowering workers on the front line to have initiatives and be more efficient.

**Innovative**: It's in our nature and value added to learn from the past and proactively challenge convention by think creatively and differently. From commercial to technical, we seek out new ways to operate.

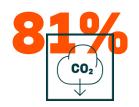
Since 2013 we are present in the Western part of Romania, in Timiş county and, since 2016, in Țicleni area where we took over Petrofac's operations. We are operating on behalf of OMV Petrom based on Production Enhancement Services Contracts ("PEC") for a period of 15 years in Timiş and until 2025 in Țicleni.



Since we started these PEC, we have obtained on some of these fields remarkable results with a positive impact on the environment. For example, on one of the fields we have achieved:



Reduction of surface facilities footprint



Reduction of yearly GHG emissions from operations



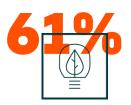
Decrease of freshwater withdrawal



Increase of oil and gas reserves



· Opex reduction



Decrease of field energy intensity

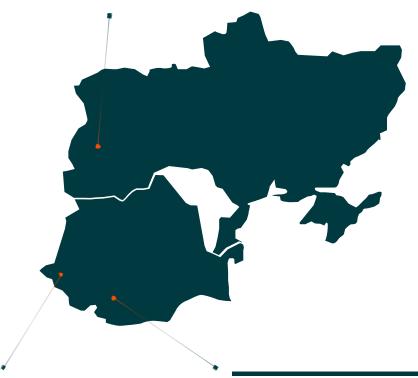


Our good results obtained on audit missions organized by one of our clients, OMV Petrom,

## XP OPERATIONS

In 2020 we entered into the Ukraine market by signing a Production **Enhancement Contract** with Naftogaz Group to increase hydrocarbon production on fields of JSC Ukrgasvydobuvannya in Western Ukraine. The first ever full-scale PEC in the history of Ukraine's oil and gas industry, will generate at least an additional 300 million cubic meters of gas within 5 years from 13 mature fields in Western Ukraine.

PEC Lviv
152 active wells
Producing 900thscm/d of gas
Partner: Naftogaz E&P
150 employees
15 years contract started in Oct 2020



## **PEC Timi**ş

229 active wells

Producing 150t/d of oil/gasoline and 140thscm/d of gas

Partner: OMV Petrom

271 employees

15 years contract started in Apr 2013

### **PEC Ţicleni**

209 active wells

Producing 330t/d of oil and 180thscm/d of gas

Partner: OMV Petrom

530 employees

Ex-Petrofac, acquired by XP in 2016

15 years contract started



Our Romanian operational companies are owned by Expert Petroleum SPV SARL, our holding company based in Luxembourg which is part of the GMS Holdings Group.

The Luxembourg holding company helps consolidate all the international subsidiaries and is the place where the board takes its decision. Our management team is headquartered in Bucharest, Romania, enabling thus effective communication, active involvement, and commitment towards the rapid adoption and implementation of potential updates related to our company corporate governance framework. We have a very long-term view of the business and we take great care to ensure our operations benefit the local community around us.

To execute the contract signed with Naftogaz and its related services in Ukraine, we have registered a dedicated Ukrainian company with a management office in Lviv that will be responsible for the good implementation of this contract. The operations offices and production facilities being near-by in the city of Stry.

In 2020, no other significant changes regarding the organization's structure and ownership have occurred.

Our production areas, especially Țicleni area, are localized in communities developed around the exploitation of extractive industries, like oil and natural gas and mining, resulting in a significant degree of dependence on our company among the population and local businesses. The 9 Oil & Gas fields from Țicleni are in operation for over 60 years and those from Timiș County for over 40 years. For this reason, we extend our responsibility beyond our business and strive to promote responsible behavior throughout our sphere of influence and to create value for the communities in which we operate.

Although the current international context, with the energy transition and health and safety challenges for our employees caused by the COVID – 19 pandemics, raise many challenges related to the exploitation of mature oil and gas fields, with declining production, we are committed to continue and develop our business in a safe and secure environment.

We need to stay an effective organization, that's why we set ourselves the objective to prove to expand esteem to our partners whereas taking care of the environment is a guarantee of our preoccupation that the operations have less and less effect on the nature around us.

Expert Petroleum continued to be in 2020 the leading company for production enhancement services for mature fields in Romania. During this year, we started also our activities in Ukraine that will require notable efforts and investments to make Naftogaz depleted gas field more sustainable by increasing production and reserves and implementing safe and green operations. Thus, in the next period, we will continue to work diligently to ensure our business targets, reducing our footprint on the environment and positively impacting the communities in which we operate.

During 2020, Expert Petroleum has invested 6.8 million USD, improving the operations of the mature oil and gas fields in Timiş and Ţicleni. Due to low commodity prices and decrease in quantities delivered during 2020 as a result of COVID-19 pandemics, the revenues decreased compared to 2019. However, Expert Petroleum managed to control the costs in this context and generated an overall profit of 4 million USD. Non-compliances with laws and regulations in the economic area have not been registered during the reporting period.

Economic Performance
Expert Petroleum Solutions SRL

	UM	2018	2019	2020
Total production	BOE	1,292,594	1,357,983	1,344,482
Profit (loss) before tax	USD	10,875,358	11,240,828	9,726,717
Sales	USD	34,967,204	37,560,773	32,712,828
Direct economic value generated (DEVG)	USD	37,885,044	40,422,435	35,887,644
Economic Value Distributed (EVD)	USD	26,237,335	25,244,514	22,657,233
Economic Value Retained	USD	11,647,709	15,177,920	13,230,411

**Economic Performance Expert Petroleum SRL** 

	UM	2018	2019	2020
Total production	BOE	899,163	798,513	613,510
Profit (loss) before tax	USD	4,508,606	(12,164,505)	(5,520,360)
Sales	USD	29,727,017	25,777,068	17,688,139
Direct economic value generated (DEVG)	USD	31,264,501	26,884,855	18,061,041
Economic Value Distributed (EVD)	USD	20,239,324	18,681,422	16,472,108
Economic Value Retained	USD	11,025,177	8,203,434	1,588,932

## Economic Performance Overall

	UM	2018	2019	2020
Total production	BOE	2,191,757	2,156,496	1,957,992
Profit (loss) before tax	USD	15,383,964	(923,677)	4,206,357
Sales	USD	64,694,221	63,337,841	50,400,967
Direct economic value generated (DEVG)	USD	69,149,545	67,307,290	53,948,684
Economic Value Distributed (EVD)	USD	46,476,659	43,925,936	39,129,341
Economic Value Retained	USD	22,672,886	23.381,354	14,819,343

<sup>\*</sup>Figures are stated and amended to present figures from statutory financial accounts, prepared in accordance with MFP 1882/2014







## EXPERT PETROLEUM

GOVERNANCE STRUCTURE
RISK MANAGEMENT
COMPLIANCE

GOVERNANCE

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### GOVERNANCE STRUCTURE

The governance structure is divided into two levels: the Board of Directors (BoD), based in Luxembourg, and the Management Team based in Romania and Ukraine.

We have a strong commitment to upholding high standards of corporate governance practices. This allows us to excel in performing our activities and maintain a powerful reputation among all our stakeholders. The corporate governance system represents our acknowledgment of the increased importance of the legal foundation, for economic development and well-being.

The BoD is constituted of six directors, of which four represent the shareholders, two are independent directors and four of them are non-executives. They meet at least twice a year and receive monthly a detailed management report related also to sustainability aspects. They understand and appropriately monitor the company's strategic, operational, financial, and compliance risk exposures, and collaborate with management in setting risk appetite, tolerances, and alignment with strategic priorities.

The BoD advises the Management Team in the development of strategic priorities and plans that align with the mission of the organization and the best interests of stakeholders, priorities that have an appropriate short, mid, and long-range focus. The directors also actively monitor management's execution of approved strategic plans, as well as the transparency and adequacy of internal and external communication of strategic plans.

The BoD reviews and approves company strategy, annual operating plans, and financial plans. It also monitors management execution against established budgets as well as alignment with the strategic objectives of XP. Furthermore, the BoD also sets the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity, and ethics throughout the organization.

XP prepares and presents all financial statements and reporting following IFRS (International Financial Reporting Standards), and our financial statements are audited in accordance with International Standards on Auditing. Furthermore, we have set up an internal audit function. XP complies with all disclosure requirements under applicable law, regulations, and listing rules (fair disclosure). Shareholders are provided with information and documentation upon their request and as specified by applicable law.



## isk management

### RISK MANAGEMENT

As a company that operates in a sector that is going through ambitious challenges and a deep transformation, we conduct our business by integrating into our decisional process a strong analysis of risks that can affect our activities in the short, medium and long time.

Our Supervisory Board and Management Team are both involved in this crucial activity. In this regard, we have established an operational excellence management system that includes practices and tools aligned with how we make business decisions to ensure the consistent identification and assessment of all risks.

We identify, prioritize, mitigate, and manage the risks to provide for the safety and health of employees, contractors, customers and the public, and for the protection of the environment. We maintain a high sense of awareness and readiness.

Hazards are systematically identified, risk assessments are conducted, and prevention and mitigation steps are put in place.



Plans exist to assure critical business information is backed up, and its effectiveness is tested and monitored.

Emergency response plans are clearly documented, available and communicated with key stakeholders, and periodic drills are conducted.

We are also aware that engaging with our stakeholders can reduce social risks that may lead to delays or disruption to our activities. Thus, our stakeholder identification process is a key component of social risk assessment. Each of our companies is responsible for identifying stakeholders to understand their perspectives and concerns. The relationships with stakeholders and their priorities are considered to identify any potential points of collaboration or conflict. We then prioritize key stakeholders and develop an engagement plan to address concerns and maintain our focus on developing mutually beneficial relationships. By having an open dialogue, we identify and address the potential impacts associated with our operations.

Social risks for operated assets are assessed annually at each company's level. Priority risks that could affect business activities and performance for our operating assets are determined by likelihood and consequence.

#### **COMPLIANCE**

We manage our businesses with the highest standards of corporate ethics and with strict corporate governance systems that support compliance with all laws, regulations and internal requirements.

A process is in place to help drive consistency in the way we do things taking in account country and local legal requirements.

Legal and internal requirements are made clear and accessible to pertinent employees and contractors.

Employees and contractors report potential violations of legal or company policy without fear of reprisals.

Standards, procedures, preferred practices and guidance documents are developed and maintained.

We are conducting our business by promoting equal opportunities, transparency and mutual respect for all individuals without compromising on integrity.

In 2020 there have been no fines or sanctions imposed on XP for non-compliance with laws, regulations or acts of corruption. During 2020 in Romania, we had 14 inspections performed by the environmental authorities at our locations of operation and no non-compliance has been identified.









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## NON-FINANCIAL PERFORMANCE

## HOW ARE WE MANAGING SUSTAINABILITY



term value for ourselves and our stakeholders.

We are an efficiency-driven, and human-centered organization that rehabilitates mature oil and gas fields to make them safer, cleaner, more productive and more economical for a longer time.

Today 70% of the oil and gas production in the world is coming from fields that are mature and that have been developed with outdated technologies, oversized footprints and environmental standards not as stringent as the ones required today by all stakeholders.

Therefore, based on our rigorous and functional approach, as well as professional excellence, we aspire to be the leading partner of choice for these mature O&G fields resources owners. We will ensure their sustainability by using the latest fit-for-purpose technologies that were not available at the time. Moreover, we will optimize the production processes to adapt to the new production volumes and reduce the environmental footprint of their activities.

We not only aim to be at the forefront of sustainability best practices adoption but also to proactively innovate and raise the standards higher. Our ambitions are to promote continuous improvement of our sustainability performance, irrespective of our achievement so far as we do want to make a difference to ensure the oil and gas industry adapt to the stricter stakeholders' requirements.



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2020 Objectives	2020 Performance	2021 Objectives
Zero LTI	1 LTI	Zero LTI
Maintain 100% regulatory compliance	Zero Fines or Penalties	Maintain 100% regulatory compliance
Reduce GHG Intensity by 10%	+22%	Reduce GHG Intensity by 10%
Reduce Energy Intensity by 5%	-1%	Reduce Energy Intensity by 5%
Reduce waste generation by 5%	-62%	Reduce hazardous waste stocks by 10%
Reduce spills intensity by 5%	-28%	Reduce spills quantity by 5%
Reduction of Freshwater withdrawal intensity by 5%	-37%	Reduction of Freshwater withdrawal intensity by 3%



## WHAT IS IMPORTANT TO OUR STAKEHOLDERS

Since 2017, we have decided to publish each year a detailed Sustainability Report, making it a priority to maintain communication and continuous engagement with our stakeholders, presenting all the measures implemented for improving our economic, social and environmental performance. Thus, we conduct year a materiality assessment in order to identify the sustainability topic to be included in our report. An important step that we took in the process was the one regarding the identification and prioritization of the relevant stakeholders. The purpose of this activity was to establish the relevant stakeholders' categories based on two variables: our impact on stakeholders and the stakeholders' influence on XP.

#### Our Stakeholder categories:

Employees

Suppliers

Clients

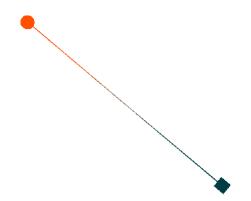
R&D institutes

Unions

Education institutions

Community

- Mass-Media
- Public Authorities
- Peers





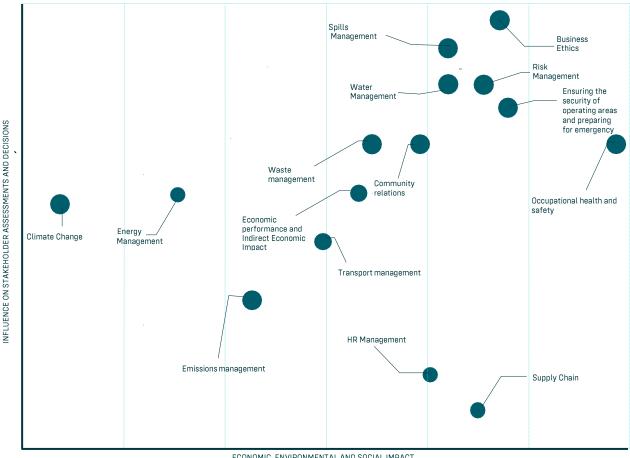
WHAT IS IMPORTANT TO OUR STAKEHOLDERS

We have conducted, also, an external analysis of the most important international reporting standards (GRI Standards and GRI G4 Supplement – Oil & Gas Sector Disclosures, IPIECA – Oil and gas industry guidance on voluntary sustainability reporting 2015, etc. and methodologies and relevant sector sustainability leaders at the global level, competitors and other similar companies. With this analysis we aimed to identify the list of the most important sustainability topics for the Oil and Gas sector and that could be potentially relevant for our activities. The list was included in our stakeholder consultation process through which we analyzed the identified topics against two variables: the importance to stakeholder and the impact of our activities on the environment, society and economy..

Our material topics:	
<ul> <li>Economic performance and indirect impact</li> </ul>	<ul> <li>Transport management</li> </ul>
<ul><li>Business Ethics</li></ul>	<ul> <li>Human Resource Management</li> </ul>
<ul> <li>Risk Management</li> </ul>	<ul> <li>Occupational Health and Safery</li> </ul>
<ul><li>Supply Chain</li></ul>	<ul> <li>Community Relations</li> </ul>
<ul><li>Energy Management</li></ul>	<ul> <li>Ensuring security in operating areas and preparing for emergency</li> </ul>
<ul><li>Water Management</li></ul>	Climate Change
Emission Management	<ul> <li>Waste Management</li> </ul>

Spills Management





ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT

We plan to constantly seek feedback from our key stakeholders with respect to our sustainability approach performance and impact and so, to developped a yearly consultation program that will be the basis for our future sustainability report development process.



## HEALTH, SAFETY AND SECURITY



priority. For this reason, we focus our attention on setting all the necessary measure that can eliminate or mitigate all the possible health, safety and security risk to which our activities can be exposed.

All our operations are conducted under the rules established by our operational excellence management system (OEMS) that guides us in implementing the highest standards and best practices in this domain. For the realization of the OEMS, we followed industry specific methodologies and instruments (e.g., the Guidelines of International Association for Oil & Gas Producers - IOGP). Furthermore, our OEMS is certified ISO 45001 (in 2020, at Ţicleni operation we have completed the transition from OHSAS 18001 to ISO 45001). This system allows has to successfully manage all the aspects related to health, safety and security: occupational health and safety, risk management, emergency preparedness and environmental protection, etc.

Our OEMS is composed by different procedures that are strictly implemented by all our employees and contractors. These procedures are updated following our yearly analysis related to Health, Safety and Security (HSS) performance. Furthermore, each time an accident occurs, we deeply investigate all the possible root causes and, if necessary, our procedures are improved accordingly with the findings of the investigation process.

An important part of our HSSE management activities is the identification and evaluation of HSSE risks. In this sense, we periodically conduct risk evaluation assessments of the jobs, workplace, work equipment and work procedures. This evaluation process is modified each time the overall management system is updated. The result of this assessments is translated into a global risk index that express how much the company is exposed to HSS risks. Our objective is to maintain this index under 3.5 as required by national legislation. In case the index value goes up to 3.5, this means that additional HSSE measures are necessary to secure our people, communities and operation. We have established also specific indicators related to occupational health and environment that helps us to monitor our performance and understand where it is necessary to intervene with improvements. These indicators are reported monthly through a specific management tool. This tool is used also for reporting purposes, as it is designed to allow data collection regarding all types of hazards, unsafe working conditions and behaviors. We keep evidence of the areas where risks have been identified that could generate work accidents or occupational diseases with serious, irreversible consequences, respectively death or disability. These areas were brought to the attention of the workers. Actions to implement the measures established following the risk assessment for high and specific risk areas have a priority in the prevention and protection plan.

To identify in time any possible HSSE risks and maintain our management connected to the activities run in all production facilities, we implemented a program called "Management Walk-Around" ("MWA"), gaining also insight on the correlations between the HSSE data recorded and the actual status in the field. MWA is basically an assessment leaded by a manager or supervisor, and it involves an open and constructive dialogue with staff at all levels, hazard awareness, safe behavior, employee's perception about Management commitment, Golden Rules and Life Saving Rules. Based on the results of the assessment conducted in relation to work practices and conditions, and employees' approach and understanding of the risks associated with assigned work tasks, XP identifies recognition practices and the areas where improvements need to be made to follow the HSE vision: ZERO Losses and NO harm to the environment. In 2020, the management of XP, including the general manager, have conducted a total of 535 assessments of this type (265 in Timiş and 270 in Ticleni).

During 2020, we have implemented different measures such as updating specific working procedures for all production areas, introducing new working procedures related to the COVID-19 pandemic, organizing regular audits and site visits to ensure the effective implementation of the health and safety procedures, including the correct usage of the protection equipment, identification of the hazardous and associated risks and verification of work processes for preventing and remedying environmental impacts that could have an impact on our employees, contractors and other community members. In this respect, XP periodically conducts HSSE assessments and audits in all locations, which also cover the operations of its contractors. In 2020, were performed internal and external HSSE audits on all our contractors' sites, all of them being connected to our operations in Timiş and Ţicleni. At our operations from Țicleni we performed the following internal audits: 20 Permits to Work audits (SSOW's), 1 Contractor management audits and 1 Conformity Assessment for contractors. Regarding the external audits, at Țicleni operations we went through the annual 3rd party HSSE Management System audit and the ISO management system surveillance audit. At our operations from Timiş we performed the following internal audits: 6 Contractor Management Audits, 60 Permit to Work Audits, and 19 contractor worksite inspections. At Timiş operations we went through the 3rd party annual HSSE Management System audit and ISO audits as well. All audit reports showed consistent improvements vs previous year, achieving an increased audit score and all Action Items closed in due time.





An instrument we use for establishing the overall framework regarding discipline at work is the Internal Regulation, which comprises basic information and sets out guidelines regarding health and safety. Within our company, we have established according to the law in force HSS Committees (for Țicleni and Timiș operations) which also include employee representatives, responsible for conducting analyses on occupational safety and health policy and proposing preventive measures. In 2020, the HSS Committees hold a total of 6 meetings (Ţicleni: 2, Timiṣ: 4). After each meeting, a report signed by all members of the committees was concluded. It was displayed in a visible place and a copy was sent to the Territorial Labor Inspectorate.

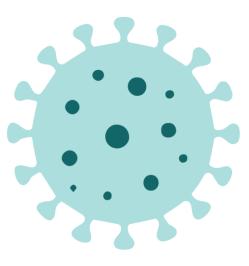
During 2020, our workers (employees and contractors) received adequate training in the field of occupational safety and health in all three phases of training: general introductory training, on-the-job training and periodic training, based on appropriate and appropriate materials. All personnel were trained

and tested regarding the observance and knowledge of the legislation in the field of safety and health at work and of the emergency situations in force. Personnel working in isolation condition were also informed and trained regarding the risks of injury and how to act in case of accident, handling of equipment, use of personal protective equipment, first aid, use of communication systems, medicines and food in case of accident. In 2020, we provide to our employees in total 55,036 of training hours (Ticleni: 30,693; Timiş: 24,343).

In order to increase the awareness of safety and to sediment the importance of this concept at the level of each individual within our operational area, we implement almost every year safety behavior program for our employees and contractors. In 2020, at Ticleni operations, we have conducted 4 campaigns related to COVID-19 pandemic, Contractor Management, Safe Operations, Management of Change. At Timis operations, we have implemented 6 campaigns: Work Permit System, H2S awareness, properly use of work equipment, Safety and health during winter, Safety and health during summer.

#### **COVID-19 pandemic protection measures**

- Permanent information through morning reports, by email or through workplace managers regarding new universally valid regulations and precautions measures.
- Equipment with protective masks.
- Installation of dispensers with disinfectants and provision of anti-vacuum approved disinfectants in all locations.
- Limiting access to common areas in compliance with the rules of social distance in these areas.
- Establishing thermometry points in our operations.
- Supplementation of the amount of hygienic and sanitary materials.
- Permanent distribution of chlorine in locations for cleaning work surfaces and floors.
- Risk assessment and PPP specific to epidemiological contamination conditions.
- Analysis of the actions undertaken in the CSSM meetings.
- Prohibition of access to the unit for people with symptoms of infection.
- Ventilate the spaces at least once a day.
- Periodic disinfection of the unit's machines.
- Avoid using air conditioning systems.
- As much as possible, the documents inside the company circulate in electronic format, with electronic signatures.
- Prepared own OSH instructions for the prevention of contamination with SARS VOC 2 virus.
- instructions for use infrared thermometer, use of masks, use of disinfectant.
- We revised the Emergency Response Plan with issues and scenarios related to SARS VOC 2 contamination.
- A continuity plan of the activity was drawn up in case of infection of the workers in the critical points.



#### **Health and Safety Performance**

		2018		2019		2020	
		Employees	Contractors	Employees	Contractors	Employees (	Contractors
Expert Petroleum	Fatalities	10	0	0	0	0	0
SRL	Lost workday injuries	0	0	0	1	0	0
	Lost workdays (calendar days)	0	0	0	40	0	0
	LTIR per one million hours worked	0	0	1.28	N/A	0	0
	Hours worked	581,802	198,962	587,754	190,872	506,325	169,941
Expert Petroleum Solutions SRL	Fatalities	10	0	0	0	0	0
	Lost workday injuries	0	0	2	0	1	0
	Lost workdays (calendar days)	0	0	97	0	179	0
	LTIR per one million hours worked	0	0	1.55	0	0.91	0
	Hours worked	990,108	321,627	975,452	316,237	896,484	197,558

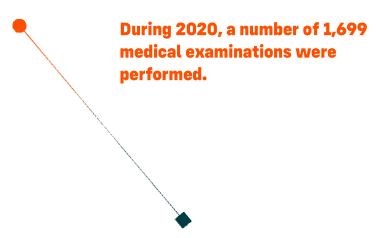
In 2020, we continued to register a good performance related to safety in our operations, especially in Timiş where we do not register any work-related incident. In Ticleni, we registered one LTI and one HiPo incident. The LTI resulted from an employee cutting his forearm from an oil sampling glass cylinder that broke in his hands, while the HiPo incident involved a mechanical lifting job at a pumping unit where the mobile crane collapsed due to overloading. Besides minor equipment damage, no injuries occurred. The incident was thoroughly investigated and valuable lessons learned out of the investigation. Immediate actions have been put in place to ensure no similar incidents will occur within our organization. Efficient safety programs resulting from the investigation findings have been rolled out. Even though our HSSE results have not yet fully achieved our goal, during the investigations of the 2020 incidents it was noticed a much-improved behaviour and open-minded from our employees; a willingness in finding the root causes and learning from those incidents, which demonstrates maturity in our safety culture. There is a strong commitment at all levels in the organization to achieve our common goal of ZERO LOSSES.





### EMPLOYEES HEALTH

The supervision of the workers' health condition is ensured by the occupational medicine doctors of the MEDICOVER company, the company with which EXPERT PETROLEUM has concluded a contract. Workers benefit from the health supervision at regular intervals. Medical examinations are performed based on the identification sheets of occupational risk factors prepared by specialists in the field of Occupational Health and Safety.



During 2020, the medical examinations included: medical examinations at employment, periodic medical examination, re-evaluations at 1, 3, 6 months or at other time intervals. Checks are performed on time for all workers. Those who exceed the due date are not accepted for work.

## Together with MEDICOVER, we have implemented different health campaigns among our employees:

- First aid campaign. Theoretical and practical part (first aid in fractures and burns);
- Providing useful information about flu and flu vaccination:
- Flue vaccination campaign (102 vaccinated employees);
- Multiple campaigns regarding measures to combat the spread of SARS VOC 2 virus;
- Campaign "Together we take care of your health";
- COVID-19 information about vaccination.





ENSURING THE SECURITY OF OPERATING AREAS AND PREPARING FOR EMERGENCIES We accept the responsibility for our oil and gas activities and we are acutely aware of the seriousness of the implications in the event of a potential failure.

We try to decrease risks and limit the possible impact of any occurrence, with the purpose of continually improving our safety performance and achieving our ultimate goal: ZERO SAFETY INCIDENTS.



Zero Safety Incidents, our ultimate goal.

We operate in a very challenging business environment. Any incident in our operations that is improperly managed can have a significant impact on employee health and safety, the environment and community relations and potentially on the company's sustainability. For this reason, we are aware about the risks that our business involves. We implement sustainable business practices by applying high QHSE standards, act responsibly and promote added value for the benefit of all stakeholders.

Our objective is to guarantee that health, safety, security, and the environment (HSSE) issues are taken seriously and are held accountable at all levels of the company. This goal and legal standards apply across the XP company, and we also expect our contractors to meet them. To achieve this aim, it's critical to know which regions are most vulnerable to emergencies, identify the key risks connected with our activities, and assess the implications of these risks.

We are putting in place particular measures to allow us to have a solid and effective management system in all of these areas. If our HSS process and rules assist us in properly identifying hazardous locations and the dangers associated with them, coordination with the appropriate public authorities and our committed staff allows us to put up a solid Emergency Management Plan (EMP). The scope of this plan is to describe the emergency response procedures involving services, operations and equipment within our operations. The plan is developed to ensure staff can respond to an emergency in a safe, efficient and responsible manner.





The plan describes the types and levels of emergencies, including examples, and describes the function and purpose of emergency command and response centers. By realizing this plan, we are able to establish a systematic management of emergency and crisis situations to be prepared in case of unplanned events in order to minimize the risk and diminish the impact when an unplanned event cannot be controlled. Also, the EMP has the scope to ensure the safe operation of production facilities, with concern for the environment, public safety, government regulations and internal regulations; prevention and/or location of damages, work accidents, with appropriate technical-organizational means and to avoid losses of people and materials by knowing how to act in case of alarm and implicitly by appropriate equipment and organization; efficient coordination of response efforts; measures for development, maintenance, exercise and improvement of emergency procedures.

### In case of incident, emergency or crisis, the key priorities are the following:

- saving lives by focusing strongly on the ability to take people into account;
- minimizing the damage of the environment;
- protection of goods and information from further damage;
- minimizing business interruption;
- minimizing financial liability;
- protection of our reputation.

In order to be prepared to implement and respect the plan, we apply the best practices in the industry act responsibly for the actions taken. In 2020 we continued to apply our EMP, based on which we have managed and improved our approach regarding incidents in operational areas, and reduce significant environmental effects and impacts on the health and safety of our employees, as well as to strengthen the relation we have with the communities in which we operate. The objectives set in this plan were achieved in 2020 by applying the highest HSSE standards, acting responsibly and promoting value for the benefit of all stakeholders. Our management team is in charge of the coordination of this strategy, which is supported in its implementation by a responsible staff. The provisions of this plan are brought to the attention of those involved through the organization of specific training activities, and the effectiveness of the measures included in the plan, as well as the level of knowledge among the employees, is regularly verified through the organization of emergency drills.

In 2020, in Ticleni area, we organized 1 simulation and 24 in Timiş. The reduced number of simulations in Ticleni was due to the decision to avoid physical contacts between the participants in this type of exercises, so only one simulation took place, in January 2020, before the establishment of the state of emergency at the national level. In Timiş, the aim was to reach the objective regarding the number of simulations, but these were organized with a smaller number of people involved than in previous years. Another outcome of these simulations is the identification of possible needs for plan revisions.

Furthermore, we perform internal audits and obtain controls from public authorities about emergency circumstances on our grounds. In 2020, we had 4 controls in Timiş and 2 in Ţicleni and there weren't identified any major non-compliances.

During 2020, for both our operations, we recorded zero unplanned or uncontrolled releases of any material, including non-toxic and non-flammable materials from a process that results in a Tier 1 or Tier 2 process safety event, as defined by API Recommended Practice 754. However, a total of 239 Tier 3 events consisting mainly of spills due to aged and corroded pipelines occurred in 2020. In Timiş we have a decrease of 41%, by comparison with 2019 when we recorded 328 Tier 3 incidents.

In Ticleni the number of spills decreased by 32.6% in 2020 compared to 2019, due to improved real time pipeline pressure monitoring program and water injection optimization program. As a result, leak detection and repair time decreased significantly, interventions could be prioritized, with a focus on replacing the portions of the pipes that had previously caused the majority of spills, owing to their maturity and deterioration. Measures were also implemented in Timiş to limit the number of incidents.

As a result of the expenditures, a high-performance detector was acquired to identify the fractures in a very short period of time. The needed response time has been considerably decreased with the aid of this technology, resulting in a reduction in leak severity.

No. of process safety events, by business activity					
		2018	2019	2020	
Expert Petroleum SRL	Tier 1	0	0	0	
	Tier 2	1	1	0	
	Tier 3	428	328	192	
Expert	Tier 1	0	0	0	
Petroleum Solutions	Tier 2	0	0	3	
SRL	Tier 3	3	1	47	





### ENVIRONMENTAL PERFORMANCE



Given our constant efforts to reduce our negative impact on the environment, in 2020 we had zero environmental non-compliance cases.

Now more than ever, our main objective and key performance indicators are, while investing in and managing mature the fields, is to reduce their environmental footprint dramatically. To do so, we not only comply with environmental regulations but we also have built strong capabilities internally with dedicated engineers who put in place aggressive and focused action plans to increase energy efficiency, reduce GHG emissions (in particular methane), hydrocarbon spills, freshwater withdrawal intensity and the waste we generate.

We are guided by our Operational excellence Policy that expresses our commitment to minimize our impact on the environment through pollution prevention, reduction of emissions and efficient use of energy and natural resources. The policy specifies also that all our activities must comply with the legal requirements in force in the field of health, safety and environment.

In all our operation is implemented an Environmental Management System (EMS) in accordance with the ISO 14001 standard and an Energy Management System compliant with ISO 50001 standard. The EMS is periodically audited, both internally and externally. We conduct internal audits in all sectors/parks/compartments/departments included in the organizational chart. The internal audits are performed by staff with competencies on quality, environment and occupational health and safety. For each non-conformity resulted from the internal audits, we establish the causes, corrective and preventive measures and responsibilities.





For our operations in Ticleni, in 2020, we went through a recertification process for the EMS.

Each environmental aspect - energy, emissions, water, waste, spills – is governed by a specific procedure that specifies how the environmental aspects must be managed and how to identify in time possible risks that can negatively influence our environmental performance. We use an Environmental Risk Assessment Methodology based on which environmental risks are assessed in 100% of our working points to ensure the prevention and mitigation of the potential environmental damage that we might generate. We have established also for each environmental aspect a set of KPIs that are constantly monitored and reported to the management in order to establish the necessary measures that help us to improve our environmental performance.

An integral part of our EMS is the Environmental Management Plan (EMP) that is elaborated annually for each operation. The EMP establishes the specific measures we have to implement to properly manage the environmental risks.

# The objectives of the EMS are the following:

- Establishing a management plan for activities, operations, projects with an impact on the environment;
- Identifying environmental aspects and impacts associated with operations, by assessing average risk levels and developing management measures to ensure that risks are kept below an acceptable level;
- Supporting the company by ensuring compliance with our Operational Excellence Management System and with the legal requirements in the field;
- Supporting the company by addressing/ treating various environmental issues, resulting in increased efficiency and reduced costs.

Examples of our overall performance and results in the fields we operate can be found in 'Stories' section on our website!

### ENERGY MANAGEMENT



To achieve this objective, we have established a detailed Energy Management System (EMS) and specific procedures that allow us to reduce our environmental impact, but also to improve our operational performance.

The EMS implemented in our operations is certified according to ISO 50001:2011 standards. Our main source of energy is the electricity from the national grid. The other sources of energy that we use for the implementation of our activities are natural gas, gasoline and diesel fuel. Along our value chain, the activity in which we register the main energy consumption is "Wells and Facilities Operation".

For an effective energy management, we realize an energy planning that takes into consideration all the factors that can influence our energy performance. This planning is in line with our Energy Policy and is realized, initially, when the EMS is implemented, each time there are important modification within the organization and each time KPIs related to environmental performance are modified. Annually, we realize an analysis of the processes, activities, products and services to verified to what extend the energy consumption records reflects the reality of our operations. Also, we perform an energy analysis that help us to identify all the energy sources, evaluate how we use the energy and the energy consumption (present vs past). Through this analysis, we are able to identify and prioritize the opportunities to improve our energy performance. These opportunities are registered within the Register for energy saving opportunities. The results of the energy analysis help us to establish the objectives and targets related to the energy efficiency of our operations that are detailed within the Energy Management Plan. In this plan are established measures, deadlines, resources and responsibilities. The implementation of the Energy Management Plan is annually monitored to determine if the objectives are achieved. The results of the monitoring activity are communicated to the management that can propose, if necessary, correction actions.



## **ENERGY CONSUMPTION [GJ] - Expert Petroleum SRL**

	2018	2019	2020
Electricity	106,707.78	101,027.97	91,918.80
Natural Gas	489,114.41	370,520.30	285,534.67
Liquefied Petroleum Gas	30,032.71	24,234.21	14,941.87
Petrol/ Gasoline (vehicle fuel)	311.75	269.81	248.16
Diesel (vehicle fuel)	11,704.44	10,385.93	8,245.24
Total energy consumption	637 871 NO	506 438 22	400 888 74

**ENERGY CONSUMPTION [GJ] - Expert Petroleum Solutions SRL** 

	2018	2019	2020
Electricity	83,320.36	70,457.61	65,072.88
Natural Gas	325,622.60	351,996.70	342,108.70
Liquefied Petroleum Gas	-	-	-
Petrol/ Gasoline (vehicle fuel)	222.44	253.66	232.99
Diesel (vehicle fuel)	17,224.91	14.763,12	13,874.95
Total energy consumption	426,890.36	437,471.13	421.289,55

### **ENERGY CONSUMPTION [GJ] -**Overall

	2018	2019	2020
Electricity	190,028.14	171,485.58	156,991.68
Natural Gas	814,737.01	722,517.00	627,643.37
Liquefied Petroleum Gas	30,032.71	24,234.21	14,941.87
Petrol/ Gasoline (vehicle fuel)	534.19	523.47	481.15
Diesel (vehicle fuel)	28,929.35	25,149.05	22,120.19
Total energy consumption	1,064,261.40	943,909.31	822,178.26

## ENERGY INTENSITY COEFFICIENT (%)

	2018	2010	2020
	2018	2019	2020
Expert Petroleum SRL	17.00	19.88	21.30
Expert Petroleum	7.59	7.6	7.40
Solutions SRL			
Overall	13.24	11.75	11.65

In 2020 we continued the projects initiated in 2019 on energy management: the transformer substations were replaced by a more suitable transformer; a complete transition to LED lighting has also been done; water injection optimization project – consisting of local injection done to eliminate water transportation, more efficient pumps put in place that generated less electricity consumption and higher water injection rates.

### Since 2013, we achieved a decrease of 61% for the field



In 2020, vs. 2019 despite the decrease in production in PEC Timis, due to the good results in energy consumption reduction we managed to slightly improve our Energy Efficiency Coefficient by 1%.

### EMISSIONS MANAGEMENT

As more than 80% of the global oil and gas production today is coming from fields that have been developed before 1997 most of the oil and gas production today is coming from assets that have been developed before the first global agreement to reduce greenhouse gases, the Kyoto Protocol, was adopted.

So, there is a still a lot that can be done on these fields to modernize them and reduce their environmental footprint. We consider the activity of responsible enhancement of mature oil and gas fields an essential measure that can help the oil and gas sector to face the energy transition challenge.



Through the implementation of effective investment and awareness programs, we continuously strive to reduce our GHG emissions in production processes. This means reducing leaks and their volume and not allowing routine flaring and venting. In our sector of activities, the main contributors of GHG emissions are methane leakages from old pipelines and facilities, flaring, and venting. Any leaks that occur accidentally, especially in the surface equipment of the wells, can favor the emissions of GHG or VOCs. The production of the thermal agent (technological steam or hot water) in the boiler batteries, using as fuel the gases from our own production, has as a consequence the emissions of flue gases. Keeping them under control is done by monitoring emissions and regulating the combustion process. Dust emissions may occur during construction/repair/demolition of facilities. Given that the objectives are located outside the residential areas, this aspect does not generate significant risks.

Our investments are directed to reduce our emissions by upgrading, modernizing and reducing the footprint of the surface facilities. By implementing regular Laser Methane detection campaign, connecting to our real-time monitoring system pipeline pressure we were able to reduce the leaked volume with a faster detection, intervention and repair



## GHG Emissions Scope 1 [t CO2 eq.]

	2018	2019	2020
PEC Timiș	55,404	46,143	55,060
PEC Țicleni	20,530	22,134	20,722
Total GHG emissions	75,934	68,277	75,782

### GHG Intensity [t CO2 eq./ toe]

	2018	2019	2020
PEC Timiş	0.568	0.416	0.645
PEC Țicleni	0.110	0.113	0.107
Total GHG intensity	0.284	0.223	0.271

Our scope 1 Green House Gas Emissions in 2020 increased by 10% compare to 2019 and were at the same level than in 2018. Due to the production decline in Timis this resulted in a GHG intensity 22% higher than in 2019 but still 4% lower than in 2018.

The main reason of this increase in GHG Emissions in 2020 is due to a new measurement system put in place at the end of 2019 for the venting in Timis and also new accounting policy for the gas lost in leaks in the pipelines of the distribution system.

Other em	issions [t]			
		2018	2019	2020
	SO <sub>2</sub>	0.0055	0.0032	0.0023
	NOx	33.8442	23.2302	16.0418
PEC Timiș	NM-VOC	73.4732	147.1702	200.2811
	CO	10.1891	8.2004	3.4431
	Particulates	0.4935	0.3055	0.2069
	SO <sub>2</sub>	0.0300	0.0022	0.0023
	NOx	42.9118	45.0015	44.61636
PEC Țicleni	NM-VOC	24.3437	27.6650	24.9913
	CO	15.6043	17.0128	16.8094
	Particulates	0.6843	0.6911	0.6953

Fugitive emissions and leaks represent 84% of the emissions in Timis so this is our main focus. Significant upgrading works are being done in 2021. We have replaced 4km of pipeline based on a risk map of our leaks which allows identification of critical pipeline segments that need urgent replacement.

Furthermore, we still have a small amount of routine venting in one of our field due to high  $CO_2$  content in our produced gas but that we are actively looking at technological solutions to be able to stop it.

Overall, these measures should help achieve good reduction in 2021, especially as in 2020 in PEC Ticleni we have managed to decrease our scope 1 GHG by 6% vs 2020. This was achieved by Zero Flaring and also a 65% reduction mainly in the accidental and fugitive vented gas, as our Leak Detection And Repair (LDAR) program paid off.

### Volume of gas flared [m<sup>3</sup>]

2018	2019	2020
0	402,400	60,700
268,000	26,200	0
268,000	428,600	60,700
	0 268,000	0 402,400 268,000 26,200

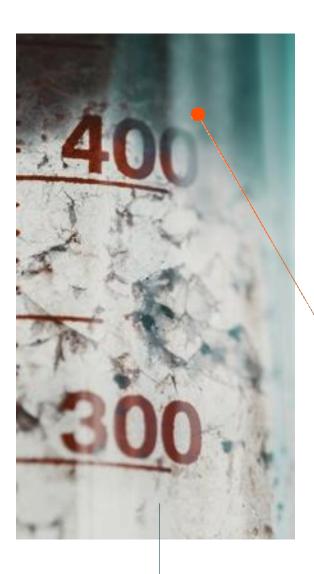
### Volume of gas vented [m³]

votanic or gas ventea [m]					
	2018	2019	2020		
Expert Petroleum SRL	2,860,174	2,171,840	2,967,320		
Expert Petroleum Solutions SRL	60,253	75,377	26,520		
Total	3,093,753	2,247,217	2,993,840		
Total F&V	3,361,753	2,675,817	3,054,540		

### WATER MANAGEMENT

We consume water mainly to perform well workover, maintenance activities and process oil and gas. Freshwater is used for domestic purposes (washing, cleaning, drinking, watering gardens, cooking, flushing toilets) and industrial purposes (construction activities, fire training, dust suppression, boiler makeup water, cooling towers, etc.).

#### Water is an important resource for our activities.



At Țicleni operation, freshwater is ensured by our own groundwater wells. Non-potable water is used for desalination plants, cooling systems, fire water ring mains and down-hole chemical make-up, re-injection to reservoir management. Also, we produce water having in view it is naturally present in the reservoirs that contain oil and gas and is extracted along with the oil and gas as produced reservoir water.

The significant main water-consuming installations are the boiler plants providing technological steam, the compressor cooling system, the well intervention operations, and the cleaning of drilling and equipment/tubular materials. Thus, we are focusing our efforts on specific measures that can lead to a better optimization of water consumption:

- putting in place accurate and reliable water consumption measurement to analyze and optimize them afterward;
- downsizing the parks inventory, thus eliminating boilers from surface facilities;
- replacing old energy-intensive boilers, heaters and old water-cooling towers with more efficient equipment;
- repairing or replacing water pipelines and hydrant systems where leaks were recorded.

All wastewater from our facilities is managed according to the Environmental Management Plan to ensure that effluent discharge complies with legal and standard requirements. All the produced water is reinjected by either technological or residual reinjection. The technological wastewater coming from the washing of the installations, the condensation coming from the steam produced within the boiler battery and possible leaks from the equipment, are collected through the sewerage systems and directed to the decanters from the endowment of the objectives. The sewerage systems are generally formed by gutters and slab surfaces located in the





areas where fluid leaks are possible: collection manholes at tanks, pipe inlet keyboards, pump platforms where fluids are circulated, etc. The formation water is used for technological or residual injection. The residual injection represents the evacuation of the formation water. The injection of formation water is made through the related injection distributors or directly from parks/depots to the injection wells. In decanters, technological wastewater is mixed with field water, following their flow (injection). The quantities of formation water injected are measured daily.

Water consumption [megalitres]						
		2018	2019	2020		
Expert Petroleum SR	Freshwater L	76.95	71.40	52.81		
Expert Petroleum Solutions SRL	Freshwater	279.32	295.06	182.13		
Total water consumption	Freshwater	356.27	366.46	234,94		

In 2020, at Ticleni operations we registered a reduction of 38% related to Freshwater withdrawal intensity compared to 2019 (2020: 0.94 m3/toe vs 2019: 1.51 m3/toe). Water reduction has been achieved due to surface facilities optimization programs in PEC Ticleni where oversized or obsolete boilers have been eliminated and facilities downsized.

At Timiş operation we registered a reduction of 24% (2020: 0.62 m3/toe vs 2019: 0.82 m3/toe). Overall Freshwater withdrawal intensity has been reduced by 37%. In PEC Timis we have put in place a more accurate metering system that allowed us for better tracking and early leak identification and repair on the water pipelines.

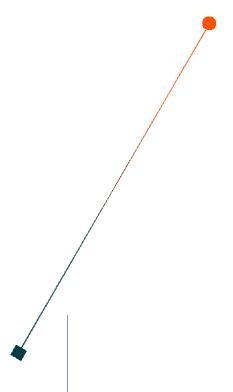
## Freshwater withdrawal intensity [m3/toe]

	2018	2019	2020
Expert Petroleum SRL	0.59	0.82	0.57
Expert Petroleum Solutions SRL	1.49	1.51	0.94
Overall Freshwater withdrawal intensity	1.12	1.19	0.75

### SPILLS MANAGEMENT

We are focused to consolidate our infrastructure in order to significantly reduce as much as possible negative events related to oil and gas spills.

The activity of oil and gas exploitation, by its nature, implies the application of general safety measures, both technical and operational, to prevent the emission of petroleum products in the environment. One of our objectives is to reduce the number of environmental incidents. To achieve this goal, we have realized and implemented the Environmental Incident Reduction Plan, which includes both technical and organizational measures to reduce both the number of incidents and the amount of fluid leaked.



By this plan, the risks of spills are managed through well-designed prevention actions. We have established specific and clear procedures to solve any kind of incident linked to the oil and gas spills within our fields. Furthermore, we have developed a patented real-time leak monitoring system that improves intervention time and also analyses the trend to help us predict future problem areas where we can do preventive maintenance.

Accidentally oil and gas spills can occur at the wells and along the pipeline. In the case of wells, the construction system ensures a complete seal from the external environment. Any leaks that occur accidentally, especially on surface equipment, can cause emissions of petroleum products. These are captured in the cellar of the well, an underground, concrete basin. In unusual and emergency situations, any discharges from the cellar are taken inside the dam area around the well. Pipes for pumping oil from wells to parks, between parks or from parks to warehouses are protected against corrosion by introducing corrosion inhibitors into the pumping system.



Also, for pipes built in recent years, corrosion-resistant materials such as high-density polyethylene or fiberglass have been used. On long pipes, sectioning valves are mounted to insulate a certain section of the pipe in case of accidental damage. In areas where oil or salt water pipes cross watercourses, the pipes are mounted in protection tubes connected to leak observation chambers. The pipeline section that crosses the watercourse is provided, at the ends, with sectioning valves that can be closed manually in case of damage to avoid the influx of oil product on the damaged section.

The activity of collecting, separating, treating from parks and crude oil deposits is carried out in a closed system. Each park or tankfarm is provided with internal sewerage that takes over both technological leaks and rainwater, possibly contaminated with petroleum products In the old parks and in the oil deposits, each tank is provided with a dammed area which, in accidental or emergency situations, can take over the oil

product drained from the tank and, through the internal sewerage, it will be evacuated in the park's decanter. The modernized parks are provided with the perimeter gutter for taking over the leaks.

Considering that the oil and gas fields we are managing are mature fields, we constantly monitor the status of the pipeline's infrastructure to timely resolve any kind of problem that can lead to any oil and gas spills. During the everyday management meeting, we analyzed all the incidents resulted in oil and gas spills in order to understand the causes and which measure we have to implement to improve our spills' performance.

For each spill, the environmental authorities were notified in less than 24 hours, consequently no environmental regulatory breach was registered and no penalty has been imposed by the authorities, as they considered that we properly managed the incidents

#### **Number of spills**

Expert Petroleum SRL			
	2018	2019	2020
Medium incident	553	410	223
Minor incident	6	2	5

#### **Expert Petroleum Solutions SRL**

	2018	2019	2020
Serious incident	0	0	1
Medium incident	26	20	27
Minor incident	132	84	42

### Spills Intensity [spills/boe]

	2018	2019	2020
PEC Timiş	60.07	51.59	37.16
PEC Țicleni	11.3	7.8	5.2
Overall Spills intensity	32.24	23.97	15.21

In PEC Ticelni we have recorded 1 serious spill incident. This occurred on an oil transportation pipeline from Park Balteni to Parcul Mare tankfarm. At the moment of the incident there were difficulties in accessing the location which caused delays and due to this the pollution developed in time covering a larger land surface.

Since 2018 the spills intensity (no. of spills/boe) has decreased by - 38% in PEC Timis and by -54% in PEC Ticleni.

### WASTE MANAGEMENT

Waste management is an important part of the environmental control required to manage the oil & gas production process in a clean and environmentally friendly manner.

The waste management activity in our operations is governed by a specific internal procedure that is strictly applied by our workers. This procedure allows an efficient management and recovery of the generated wastes, in accordance with the regulations in force



Our procedure adopts the following principles:

- avoiding the generation of waste and acting in order to prevent its occurrence;
- minimizing the amount of waste and its degree of danger;
- recovery of waste, acting either for reuse or recycling;
- final disposal of waste in an environmentally friendly manner.

By implementing our activities, we generate non-hazardous and hazardous wastes, recyclable or non-recyclable. Both types of wastes are responsibly managed, as per legal requirements.

For the waste generated on site, the following rules are observed:

- prohibiting the mixing of different categories of hazardous waste or hazardous waste with non-hazardous waste;
- selective collection of waste for reuse / recycling / disposal;
- avoiding the generation of additional pollution through uncontrolled discharges / abandonment of waste in the environment;
- facilitating the timely taking of the necessary measures for the disposal of waste to proceed according to the legal provisions;
- record of types, quantities of waste and routes followed by waste.





We mainly generate sludge, drilling mud, paraffin, used oils, contaminated soil, iron scraps and household waste.

To minimize the quantities of waste generated by the production activity we concentrate our efforts on the reduction of raw materials losses and materials by observing the prescriptions and technological specifications; carrying out the preventive maintenance program in order to reduce the losses due to technical defects/incidents; use of the "first come - first served" rule for the raw materials used. Our Supply Chain Management department is responsible for the reduction of the amount of waste at the source by consulting the suppliers of raw materials in connection with the possibility of reusing or capitalizing on their own packaging and, if possible, conclude a protocol in this regards; raw materials and materials that do not meet the quality standards are returned to the suppliers; if the non-conformities regarding raw materials and materials derive from causes independent of suppliers, the delivery of the resulting waste to them is considered, in case it is possible to reuse/reintroduce them in the technological flows.

All categories of waste generated from our operation are inventoried at work point level. The monthly record of waste management for all work points is prepared according to the legislation in the field and completed in the Register of Compliance with legal requirements. Temporary storage of waste is done by categories in established points and locations. There is a concern for the elimination in the shortest time from the place of production and their transport to the established locations. Recovery/disposal of various categories of waste is based on contracts with authorized economic operators for this type of activity. There are contracts for household waste, for packaging and packaging waste, metal waste, used oil. Regarding oil sludge from reservoir, tailings and sludge battles are processed through authorized contractors. The hazardous, solid waste resulting from the sludge processing, as well as the contaminated soil from the abandonment of the wells or from environmental incidents are transported by a specific contractor and stored at the Temporary Storage Platform. The next phase in the elimination of hazardous solid waste resulting from processing and infested soil from environmental incidents and objective abandonment of our operations is bioremediation. Microbiological treatment will take place to reduce the hydrocarbon content in the contaminated soil.

WASTE - Expert Petroleum SRL					
	2018	2019	2020		
Sewage (generated) [m³]	0	0	18,452		
Total solid waste disposed (inert/non-hazardous) [kg]	440,830	246,010	98,127		
Total hazardous solid waste disposed [kg]	101,620	505,420	103,510		
Total hazardous liquid waste disposed [l]	0	0	440		
Total Waste Recycled [kg]	31,202	36,860	34,730		

<b>2018</b> 5,475	<b>2019</b> 5,475	2020
5,475	5,475	F 400
	-,	5,490
41,900	227,060	187,660
26,440	787,460	412,075
34,400	0	30,000
12,020	183,740	0
	41,900 26,440 34,400	227,060 26,440 787,460 34,400 0

OVERALL WASTE			
	2018	2019	2020
Sewage (generated) [m³]	5,475	5,475	23,942
Total solid waste disposed (inert/non-hazardous) [kg]	682,730	473,070	285,787
Total hazardous solid waste disposed [kg]	828,060	1,292,880	515,585
Total hazardous liquid waste disposed [l]	34,400	0	30,440
Total Waste Recycled [kg]	43,222	220,600	34,730

Thanks to our efforts in past years to accelerate the facilities footprint reduction, in 2020 we were able to reduce the waste generated quantity. The waste mainly resulted from pipelines, pipeline coatings, and also from the sludge removed from inside the tanks that were decommissioned.

Having a strong driver to achieve decommissioning and moving from the old oversized facilities to fit-for-purpose facilities will result in safer, cleaner and more sustainable operations. The Overall Hazardous waste disposed has decreased by over -55% in 2020 vs 2019.





### HUMAN RESOURCES MANAGEMENT

We are a responsible organization that is concerned about its employees' well-being and takes all necessary precautions to protect their health and safety.



This includes the prevention and mitigation of professional risks and the creation of a work environment based on equal opportunities and mutual respect, as well as promoting transparency, in which anyone can freely express their opinions without fear of retaliation.

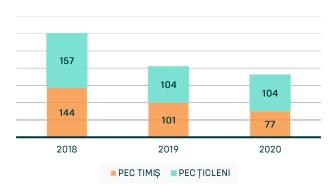
Because we are operating in an area with a long tradition in the oil & gas exploitation, most of our employees have or come from families with significant expertise in this field. In 2020, in both operating locations and the main headquarters in Bucharest, a number of 810 employees worked, which positions us among the relevant companies in this sector.

#### XP Employees



\*Please, note that the figures reported in previous years for the total number of employees has been corrected in this year's Report

#### **XP Contractor Employees**





### Number of employees – Expert Petroleum SRL

	2018	2019	2020
Total number of employees	341	319	272
of which women	63	57	47
Total number of employees with ILC, undetermined period, full time	340	318	270
of which women	63	57	47
Total number of employees with ILC, undetermined period, part time	1	1	1
of which women	0	0	0
Total number of employees with ILC, determined period, full time	0	1	1
of which women	0	0	0
Total number of employees with ILC, determined period, part time	0	0	0
of which women	0	0	0

# Number of employees – Expert Petroleum Solutions SRL

	2018	2019	2020
Total number of employees	614	592	537
of which women	127	120	109
Total number of employees with ILC, undetermined period, full time	614	592	536
of which women	127	120	109
Total number of employees with ILC, undetermined period, part time	3	4	4
of which women	0	0	0
Total number of employees with ILC, determined period, full time	1	0	1
of which women	0	0	0
Total number of employees with ILC, determined period, part time	0	0	0
of which women	0	0	0

Our human resources management comprises a set of internal procedures and regulations dealing in detail with specific processes such as staff recruitment, training, rights and obligations, work conduct and other relevant aspects of working in our company. All these documents are mandatory for our employees who need to comply with these procedures, being encouraged to inform the management of any proposal of improvement considered necessary.

Like every company that activates in the Oil & Gas industry, Expert Petroleum tries to adapt to an ever-changing workforce market. The decreasing trend of our headcount is due to a continuous restructuring process started back in 2014 and showing the efficiency progress registered. This demonstrates our continuous focus on efficiency programs but also the level of the maturity of the company.

Due to legislative changes at the national level on the Retirement Law, the number of retirement applications (based on age) has risen from 4 to 30 (anticipatory request). We managed to convert this challenge into an opportunity by bringing unexperienced employees that were qualified and mentored by the one about to retire.

#### **New employee hires - Expert Petroleum SRL**

		2018	2019	2020
New employee hires	number	30	11	19
	rate	0.088	0.034	0.070
of which women	number	3	0	2
	rate	0.009	0.000	0.007
out of which under 30 years	number	1	0	1
	rate	0.003	0.000	0.004
out of which between 30-50 years	number	2	0	1
	rate	0.006	0.000	0.004
out of which over 50 years	number	0	0	0
	rate	0	0	0

### New employee hires – Expert Petroleum Solutions SRL

		2018	2019	2020
New employee hires	number	13	6	2
	rate	0.021	0.010	0.004
of which women	number	3	0	0
	rate	0.005	0	0
out of which under 30 years	number	1	0	0
	rate	0.001	0	0
out of which between 30-50 years	number	11	5	1
	rate	0.018	0.008	0.002
out of which over 50 years	number	1	1	1
	rate	0.001	0.002	0.002



### Employee turnover – Expert Petroleum SRL

		2018	2019	2020
Employee turnover	number	35	32	66
	rate	0.103	0.100	0.243
of which women	number	4	6	12
	rate	0.063	0.105	0.255
out of which under 30 years	number	6	0	3
	rate	0.018	0.000	0.011
out of which between 30-50 years	number	13	7	13
	rate	0.038	0.022	0.048
out of which over 50 years	number	16	25	50
	rate	0.047	0.078	0.184

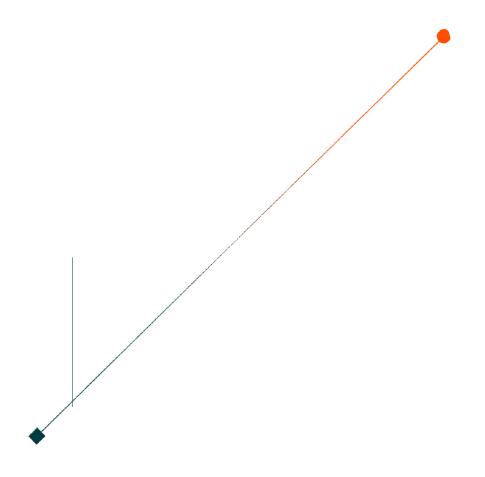
### Employee turnover – Expert Petroleum Solutions SRL

		2018	2019	2020
Employee turnover	number	14	28	57
	rate	0.023	0.047	0.106
of which women	number	4	8	13
	rate	0.031	0.067	0.119
out of which under 30 years	number	0	0	0
	rate	0	0	0
out of which between 30-50 years	number	6	9	9
	rate	0.010	0.015	0.017
out of which over 50 years	number	8	19	48
	rate	0.013	0.032	0.089



	2018	2019	2020
Total number of employees that were entitled to parental leave	1	2	5
of which women	1	2	3
Total number of employees that took parental leave	1	2	4
of which women	1	2	2
Total number of employees that returned to work in the reporting period after parental leave ended	1	2	4
of which women	1	2	2
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1	2	4
of which women	1	2	2
Return to work rate	100	100	100
Retention rate	100	100	100

<sup>\*</sup>In 2020, no Expert Petroleum SRL employee benefitted from parental leave.







### TRAINING AND DEVELOPMENT

Investing in our people training and development is an important element of our strategy of ensuring a robust performance of our company.

Our goal is to keep our company productive and healthy, to hire and develop bright people, to strengthen our leadership, and to improve employee performance.



Our organization conducts frequent professional evaluations of its employees in order to properly monitor the efficiency of each employee's actions and identify the extent to which it contributes to the achievement of the company's goals.

We devote great attention to the recruitment and training processes to ensure that each employee has a strong performance and consequently registers positive results in the evaluation process.

We follow the procedures in place to guarantee that our personnel receive adequate training to maintain the competency level required for each function and to improve their present capabilities. A Job-Related Safety Training Matrix is in place, and this tool is used to determine necessary training needs. It outlines the levels of expertise required by people to meet health, safety, and environmental criteria.

Furthermore, our employees have access to the best available training courses so as to continue building the safety culture within the company. Such programs are either developed "in-house" or in cooperation with renowned certified training providers. In 2020, such training courses were held for both our locations of operation, as well as in Bucharest and covered the aspects such as: first-aid, technical topics specific to various positions, and guidance on the completion of the documentation required for the issuance of different types of permits or authorizations. 90% of the scheduled trainings were completed in 2020, some were postponed to 2021, and several were conducted online due to restrictions on the COVID-19 pandemic.

This year, the reward for the performance and efforts of employees takes place within the evaluation actions established in the context of the restrictions related to COVID-19. If by 2020 numerous competitions were organized between employees, this year we had to change some organizational procedures due to the limited number of people who could be next to each other, based on national legislation. Thus, the evaluation procedure was based mainly on the provisions of the company's internal regulation.

Internal training courses are scheduled and provided to address the critical activities and standards during PEC execution, such as H2S Safety, Permit to Work, Process Safety, Mechanical Lifting, Stepping Handling and Lifting ("SHL"), Simultaneous Operations ("SIMOPS"), Risk Management, Reservoir Management, etc. All Expert Petroleum contractors and sub-contractors are actively involved in the abovementioned training programs to obtain a high-level overview of our safety culture and performance, being also advised to be observant of XP's safety practices whilst working on our sites.



For certain training courses that require a certification, the activity is done every 4 years or as many times as necessary. Having in view the type of activities performed, 30-40% of employees require such specific accredited periodic training.

Certain training and certification items have a validity higher than one year, hence the variation in training hours from one year to another. Also, our HR representatives have meetings and exchange experience with similar oil and gas organizations, as well as with HR professionals from CIPD (Chartered Institute of Personnel and Development), a professional association for human resource management professionals. Thus, our employees get continuous updates on common best practices and ensure relevant benchmarking.

## Average no. of training hours – Expert Petroleum SRL

	2018	2019	2020
Average number of training hours per employee	45	50	10
Average number of training hours for women	40	42	8
The average number of training hours for men	46	52	10
The average number of training hours for Management	60	35	16
The average number of training hours for administrative personnel	40	50	24
The average number of training hours for workers	52	55	10

## Average no. of training hours – Expert Petroleum Solutions SRL

	2018	2019	2020
Average number of training hours per employee	48	52	14
Average number of training hours for women	38	40	6
The average number of training hours for men	51	51	11
The average number of training hours for Management	66	40	19
The average number of training hours for administrative personnel	42	45	22
The average number of training hours for workers	56	58	16

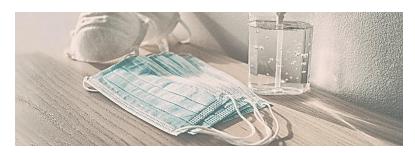
## Performance review – Expert Petroleum SRL

	2018	2019	2020
% of employees who benefited from evaluation programs	100	100	100
out of which women	100	100	100
out of which employees Management	1.17	1.25	1.47
out which administrative personnel	18.25	16.14	14.5
out of which workers	80.58	82.61	84.03

## Performance review – Expert Petroleum Solutions SRL

	2018	2019	2020
% of employees who benefited from evaluation programs	100	100	100
out of which women	100	100	100
out of which employees Management	3	3	3
out which administrative personnel	21	21	21
out of which workers	76	76	76

# COVID-19 MANAGEMENT



In 2020, we took significant steps to address the effects of the Covid-19 pandemic by following a preventive approach to ensure a coordinated response to any events that could potentially disturb our operations.



These measures include the purchase of new technological equipment (such as laptops) and the provision of easier access to the Internet for employees whose work could be done from home.

Due to the specifics of the company's activity, some employees could not work remote, for this reason, in addition to the public transport that was normally offered by the company to transport employees, we also paid the personal transport of workers, in order to avoid agglomeration in common transport. Campaigns to promote vaccination among employees were also carried out, in the nearby localities being located several vaccination centers by the authorities, through which the company's management could schedule those interested in the available places Petroleum, we recognize that our performance is strictly connected to the performance of our employees as individuals and groups.

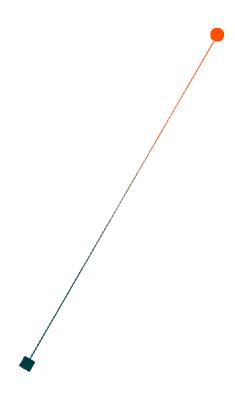
### **HUMAN** RIGHTS

Respecting and promoting human rights is a nonnegotiable part of our business. This becomes even more critical in 2020, particularly for frontline workers in our own operations due to Covid.

The safe working conditions which we established were in line with our commitment of being a responsible member of the community. We are determinate of respecting the economic, social, cultural, political and civil rights of individuals involved in and impacted by our operations. Through the Internal Regulation approved by our management we established specific measures that regulate all these aspects. XP's labor practices are very strict in terms of engaging minors for performing our activities. Therefore, none of our

employees is under 18 years old.

The specific provisions of our Internal Regulation are complemented by the Collective Bargain Agreements and individual labor contracts that we negotiate and sign with our employees, which contains specific clauses referring to respect of human rights, non-discrimination, prohibition of child and enforced labor, and freedom of association and the right to engage in collective bargaining, health & safety, anti-corruption etc..



Wherever it operates, XP helps to the fulfilment of the respect of human rights by adhering to local human rights legislation and aligning its internal procedures and documents properly. We condemn human rights violations and endeavor to promote and foster an atmosphere in which human rights are respected without bias.

### FREEDOM OF ASSOCIATION

It is our obligation to ensure that our employees are free to form and participate in associations of any type and to engage independently in any legal and lawful activity. It is also a right that we consider is essential to the concept of human rights. We ensure a healthy work environment for all our employees while offering comprehensive packages of benefits in conformity with their expertise level and performance. All these benefits and regulations are comprised within the Collective Bargaining Contract that all permanent employees have adhered to.



At XP level operates 1 labor syndicate having 4 branches in our operated regions, that oversee that the concerns of all employees are appropriately addressed, their representatives being actively involved in the negotiation of the Collective Bargaining Contract. These organizations enable a constant dialogue between management and our people and trough the Management Walk-Around Program we succeed in keeping a close relationship with our employees from all functions. Local trade unions represent more than 90% of our employees.

We developed a number of channels for our employees to anonymously report suspected violations of the Code of Conduct, Internal Regulations, laws, and processes, as well as other problems such as labor practices, discrimination, conflicts of interest, unethical behavior, and so on.

As a result, we established a whistleblower mechanism, complete with a private e-mail address accessible only by a member of our senior management team in responsibility of ensuring that our governance systems are always followed.

Any employee who files a complaint or reports a violation of the rules will obtain written confirmation from a management representative, ensuring that no repercussions will be imposed. The person submitting a complaint is informed regarding the investigation of the issue addressed and measures are taken to not impair confidentiality along the entire process.



#### **COMPLAINTS**

The complaint methodology requires the secretariat to provide the necessary support to employees so that they can lodge their complaints in writing, which are 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.







### EQUAL OPPORTUNITIES

Consistent with our Code of Conduct, XP aims to ensure that applications for employment from everyone are given full and fair consideration and that everyone is given access to training, development and career opportunities.

IN 2020, WE
CONTINUED TO RAISE
AWARENESS AND
EDUCATE OUR
EMPLOYEES ABOUT
THESE ISSUES AND
THEIR POTENTIAL
CONSEQUENCES IN
ORDER TO AVOID
SUCH SITUATIONS

We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, regardless of gender, ethnicity, sexual orientation or physical abilities.

XP has long understood the importance of diversity and inclusion within its workforce because of the wide range of stakeholders we connect with. We maintain and apply throughout our organization the principle of equal opportunities and fair treatment. Therefore, any form of discrimination is unacceptable, whether it is direct or indirect, based on sex, sexual orientation, genetic characteristics, age, membership nationality, race, ethnicity, religion, political option, social origin, disability, situation or material responsibility, membership or trade union activity. Our internal procedures establish that each manager has the responsibility to ensure compliance with the law and the decisions of XP within their sector and that there is no discrimination on any criterion or sexual harassment.

During the reporting period, there were not registered any discrimination incidents.

### Employee diversity - Expert Petroleum SRL

	2018	2019	2020
Total no. of employees	341	319	272
out of which women	63	57	47
out of which men	278	262	225
out of which under 30 years	8	11	13
out of which between 30-50 years	184	156	135
out of which above 50 years	149	152	124

## Employee diversity Expert Petroleum Solutions SRL

	2018	2019	2020
Total no. of employees	614	592	537
out of which women	127	120	109
out of which men	487	472	428
out of which under 30 years	3	2	1
out of which between 30-50 years	357	309	264
out of which above 50 years	254	281	272





### COMMUNITY RELATIONS

We understand that success means achieving positive impact both with the results of the activity we deliver and through the relationships and practices that get the job done. For this, we are committed to leverage the resource development that we can redirect to the communities, increasing our involvement in social investments and interventions.

Our current and future approach to community relations is guided by our commitment to empower communities, to share with it the value we create and work together for an inclusive development.

XP wants to support the delivery of energy for and with people, working in ways that are sensitive to the needs and priorities of the communities where it operates. As a result, we are dedicated to adhering to the broad principles of sustainability. We strive not just to work ethically, but also to take proactive efforts to assist individuals and communities share in the advantages and possibilities that our work provides. We want to have a good social effect everywhere we work.

We plan to better focus in the following years the understanding of the specific needs of the communities from the areas where we operate, by creating specific communication bridges. They are in charge of giving guidance and insights on certain activities that may be of interest to the community.

During the winter season, in particular, we assist local public authorities with snow removal by employing our company's trucks and equipment.

In the neighborhood of our activities, we pay great attention to the environmental effect, taking all required precautions to avoid any harm to the nearby population. Having in view our efficient management and working procedure, in 2020 we did not receive any environmental complaints from the community.

Occasionally, our activity entails either the execution of works near the properties held by various members of the community or access to these properties.

A solid connection and communication with these persons, as well as efficient processes for work execution, allow us to avoid the appearance of some ambiguities that might grow into legal problems. For the occurrence of these situations, we provide community members with tools for submitting complaints or organizing hearings with the local management of the company and dedicated departments responsible for receiving and registering all the complaints.





#### SUPPLY CHAIN

We consider supply chain management as an important area where to integrate sustainability principles of fairness, transparency and non-discrimination.

## In this way we can encourage our suppliers to act in a safe and responsible manner.



Within our company, we have established a specific department that carries out all the procurement activities - Supply Chain Management (SCM) department. The department works for both our two operations: Țicleni and Timiș. The main activities of the SCM department are to ensures materials and services necessary for our company, ensuring the respect of certain requirements, like product quality, availability, delivery deadline and payment terms. The department is fulfilling our needs in terms of procurement, inventory management, warehouse, logistics and commercial aspects. Having in view the role of the SCM Department and the important impact on our company regarding the "Total Cost of Ownership", it is necessary to ensure a continuous improvement of its activities. The SCM Department is continuously looking for improvement in order to achieve the best business results through a cost-effective procurement and to identify saving opportunities. For this purpose, they are striving to drive down procurement costs, improve supplier terms and decrease product prices without affecting the product's quality. A cost-effective procurement process supports our organization to generate significant amounts of savings every year.

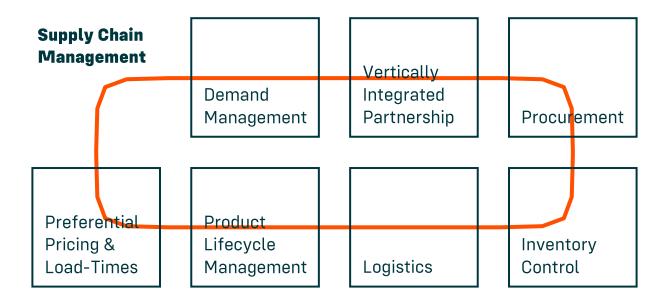
The SCM department is responsible for organizing auditing processes for all new potential suppliers to identify any potential risk for our company prior to signing a contract or agreement. By this process, we assess the level of compliance with the company's policies and internal regulation, in particular the environmental and social aspects. Only providers that fulfill these requirements are selected.

The management also carries out initiatives focused on creating a transparent, strong and long-term business relationship with the suppliers of XP, with the purpose of strengthening our risk management processes, as well as ensuring that no disruptions in our supply chain arise nor that several dynamics such as price, orders, deliveries variations are not flattened to an acceptable level.

We specify within our contracts the mandatory standards and regulations that suppliers must respect regarding human rights, labor rights, safety, health and environmental management, by the case.

During 2020 significant changes regarding our supply chain have not intervened. For both of our operation sites, the local expenditures for goods and services in 2020 amounted over \$ 21,782,670 mn compared with \$17,889,465 mm in 2019. During 2020 we have cooperated with 367 suppliers all over Romania (341 local suppliers in 2019) and took appropriate measures to monitor the contract implementation in order to avoid the appearance of any nonconformity. We have increased our portfolio by 55 new suppliers of materials and services and we are in a continuous market search to identify the best 'quality and cost-effective' solutions for XP.

The local expenditures for goods and services in 2020 amounted over \$21.8 mn compared with \$17.9 mn in 2019



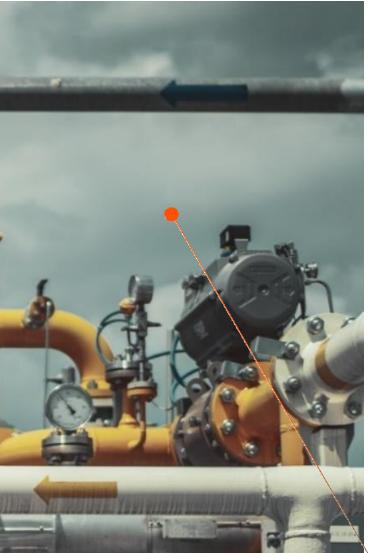




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# EXPERT PETROLEUM

MEMBERSHIP ABBREVIATIONS GRI CONTENT INDEX



#### **MEMBERSHIP**

Expert Petroleum is a member of the Romanian Oil and Gas Employers' Organization (FPPG).

Members of this Federation are petroleum concession agreements titleholders, representing 98% of Romania's oil and gas production, the oil and gas TSOs and dedicated service providers.

Expert Petroleum endorses the mission of the Chartered Institute of Personnel and Development (CIPD) which is focused on human resource management professionals, and our HR team attends the meetings and other events organized through CIPD...





## **ABBREVIATIONS**

BoD	Board of Directors
BOE	Barrels of Oil Equivalent
CBA	the Collective Bargaining Agreement
CIPD	Chartered Institute of Personnel and Development
C02	Carbon Dioxide
CO2 eq	Carbon dioxide equivalent
EU	European Union
F&V	Flared & Vented
GHG	Greenhouse Gas
GJ	Gigajoule
GRI	Global Reporting Initiatives
HiPo	High Potential
HR	Human Resources
HSPS	hydraulic submersible pumps
HSS	Health, Safety and Security
HSSE	Health, Safety, Security and Environment
IFRS	International Financial Reporting Standards
IOGP	International Association of Oil & Gas Producers
IPIECA	International Petroleum Industry Environmental Conservation Association
ILC	Individual Labor Contract
Kg	Kilogram
l	liters
LTI	Lost time incident
LTIR	Lost time injury rate
m <sup>3</sup>	Cubic meter
MPF	Ministry of Public Finance
MWA	Management Walk-Around
No	Number
PEC	Production Enhancement Services Contracts
SCE	Safety Critical Elements
SCM	Supply Chain Management
SHL	Stepping Handling and Lifting
SIMOPS	Simultaneous Operations
toe	Tonne of oil equivalent
USD	American Dollar
XP	Expert Petroleum

#### **GRI Content INDEX**

	GRI Indicator	General description	Reference	Comments
GRI 102:	Organizational p	profile		
General Disclosures	Disclosure 102-1	Name of the organization	P05	
	Disclosure 102-2	Activities, brands, products, and services	P11	
	Disclosure 102-3	Location of headquarters	P05	
	Disclosure 102-4	Location of operations	P13	
	Disclosure 102-5	Ownership and legal form	P14	
	Disclosure 102-6	Markets served	P13	
	Disclosure 102-7	Scale of the organization	P15, 55	
	Disclosure 102-8	Information on employees and other workers	P56	
	Disclosure 102-9	Supply chain	P71, 72	
	Disclosure 102-10	Significant changes to the organization and its supply chain	P14	
	Disclosure 102-11	Precautionary Principle or approach	P20	
	Disclosure 102-12	External initiatives	N/A	
	Disclosure 102-13	Membership of associations	P75	
	Strategy			
	Disclosure 102-14	Statement from senior decision-maker	P07,08	



	GRI Indicator	General description	Reference	Comments		
<b>&gt;</b>	Ethics and integ	rity				
GRI 102: General Disclosures	Disclosure 102-16	Values, principles, standards, and norms of behaviour	P21			
	Governance					
	Disclosure 102-18	Governance structure	P19			
	Disclosure 102-22	Composition of the highest governance body and its committees	P19			
	Stakeholder engagement					
	Disclosure 102-40	List of stakeholder groups	P27			
	Disclosure 102-41	Collective bargaining agreements	P65			
	Disclosure 102-42	Identifying and selecting stakeholders	P27			
	Disclosure 102-43	Approach to stakeholder engagement	P27			
	Disclosure 102-44	Key topics and concerns raised	P28			

	GRI Indicator	General description	Reference	Comments
<b>→</b>	Reporting practi	ce		
GRI 102: General Disclosures	Disclosure 102-45	Entities included in the consolidated financial statements	P05	
	Disclosure 102-46	Defining report content and topic Boundaries	P05	
	Disclosure 102-47	List of material topics	P28	
	Disclosure 102-48	Restatements of information	N/A	
	Disclosure 102-49	Changes in reporting	P28	
	Disclosure 102-50	Reporting period	P05	
	Disclosure 102-51	Date of most recent report	P05	
	Disclosure 102-52	Reporting cycle	P05	
	Disclosure 102-53	Contact point for questions regarding the report	P29	
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	P05	
	Disclosure 102-55	GRI content index	N/A	
	Disclosure 102-56	External assurance	P05	



	GRI Indicator	General description	Reference	Comments
GRI 200: Economic stand series	ard			
	Economic perfor	mance		
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P14	
	Disclosure 103-3	Evaluation of the management approach	P14	
GRI 201: Economic Performance	Disclosure 201-1	Direct economic value generated and distributed	P15	
	Procurement pra	ictices		
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The managemen t approach and its components	P71, 72	
	Disclosure 103-3	Evaluation of the managemen t approach	P71, 72	
GRI 204: Procurement practices	Disclosure 204-1	Proportion of spending on local supplies	P72	

	GRI Indicator	General description	Reference	Comments		
	Anti-corruption					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P21			
	Disclosure 103-3	Evaluation of the management approach	P21			
GRI 205: Anti-corruption	Disclosure 205-3	Confirmed incidents of corruption and actions taken	P21			
	Anti-competitive behaviour					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P21			
	Disclosure 103-3	Evaluation of the management approach	P21			
GRI 206: Anti-competitive behaviour	Disclosure 206-1	Legal actions for anti- competitive behaviour, anti-trust and monopoly practices	In 2020 were registered zero legal actions for anticompetitive behavior, anti-trust, and monopoly practices.			



	GRI Indicator	General description	Reference	Comments
GRI 300: Environmental Standards Series				
	Energy			
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P43	
	Disclosure 103-3	Evaluation of the management approach	P43	
GRI 302: Energy	Disclosure 302-1	Energy consumption within the organization	P44	
	Disclosure 302-3	Energy intensity	P44	
	Water			
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P47	

	GRI Indicator	General description	Reference	Comments
	Disclosure 103-3	Evaluation of the management approach	P47	
GRI 303: Water	Disclosure 303-1	Interactions with water as a shared resource	P47	
	Disclosure 303-5	Water consumption	P48	
	Emissions			
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P45	
	Disclosure 103-3	Evaluation of the management approach	P45	
GRI 305: Emissions	Disclosure 305-1	Direct (Scope 1) GHG emissions	P46	
	Disclosure 305-4	GHG emissions intensity	P46	
	Disclosure 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P46	
GRI G4: Oil&Gas Sector Disclosures	Disclosure OG6	Volume of flared and vented hydrocarbon	P46	





	GRI Indicator	General description	Reference	Comments
	Waste			
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P49-52	
	Disclosure 103-3	Evaluation of the management approach	P49-52	
GRI 306: Effluents and Waste	Disclosure 306-3	Waste generated	P53	
	Disclosure 306-3	Significant spills	P50	
	Environmental o	compliance		
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P21, 41, 42	
	Disclosure 103-3	Evaluation of the management approach	P21, 41, 42	
GRI 307: Environmental Compliance	Disclosure 307-1	Non- compliance with environmental laws and regulations	P21, 41, 42	

	GRI Indicator	General description	Reference	Comments
GRI 400: Social standards Series				
	Employment			
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P55-57	
	Disclosure 103-3	Evaluation of the management approach	P55-57	
GRI 401: Employments	Disclosure 401-1	New employees hires and employee turnover	P57, 58	
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Certain bonuses as per CLA provisions which are linked to the date of employment or the period of employment and such conditions might not be fulfilled by temporary employees or part-time employees.	
	Disclosure 401-3	Parental leave	P59	



	GRI Indicator	General description	Reference	Comments
GRI 400: Social standards Series				
	Labor Managem Relations	ent		
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P55-57	
	Disclosure 103-3	Evaluation of the management approach	P55-57	
GRI 402: Labor Management Relations	Disclosure 402-1	Minimum notice periods regarding operational changes	Minimum notice period as per our Collective Labor Agreement (CLA).	
	Occupational He	ealth		
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
•	Disclosure 103-2	The management approach and its components	P31-35	
	Disclosure 103-3	Evaluation of the management approach	P31-35	

	GRI Indicator	General description	Reference	Comments
GRI 403: Occupational Health and Safety	Disclosure 403-1	Workers representation in formal joint management– worker health and safety committees	P30, 31	
	Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	P30, 31	
	Disclosure 403-4	Worker participation, consultation, and communication on occupational	P31	
		health and safety		
	Disclosure 403-5	Worker training on occupational health and safety	P32	
	Disclosure 403-6	Promotion of worker health	P32	
	Disclosure 403-9	Work-related injuries	P33	
	Training and Edu	ucation		
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28	
	Disclosure 103-2	The management approach and its components	P61	
	Disclosure 103-3	Evaluation of the management approach	P61	



	GRI Indicator	General description	Reference	Comments		
GRI 404: Training and Education	Disclosure 404-1	Average hours of training per year per employee	P62			
	Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	P61			
	Disclosure 404-3	Percentage of employees receiving regular performance and career	P62			
		development reviews				
	Diversity and n	on-discrimination	_			
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	Programs for upgrading employee skills and transition assistance programs	P67			
	Disclosure 103-3	Evaluation of the management approach	P67			
GRI 405: Diversity and Equal Opportunities	Disclosure 405-1	Diversity of governance bodies and employees	P67			
	Non-discrimination					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P67			
	Disclosure 103-3	Evaluation of the management approach	P67			
GRI 406: Non- discrimination	Disclosure 406-1	Incidents of discrimination and corrective actions taken	P67			

	GRI Indicator	General description	Reference	Comments		
	Human Rights Assessment					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P64-65			
	Disclosure 103-3	Evaluation of the management approach	P64-65			
GRI 412: Human Rights Assessment	Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	P64			
	Local Communities					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P69			
	Disclosure 103-3	Evaluation of the management approach	P69			
GRI 413: Local Communities	Disclosure 413-1	Operations with local community engagement, impact assessments and development programs	P69			
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	P69			



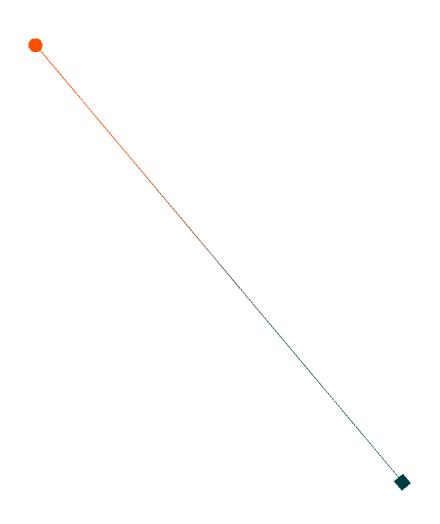
	GRI Indicator	General description	Reference	Comments		
	Socio-Economic Compliance					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P21			
	Disclosure 103-3	Evaluation of the management approach	P21			
GRI 419: Socio-economic compliance	Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	P21			
	Asset integrity and process safety					
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P28			
	Disclosure 103-2	The management approach and its components	P37-39			
	Disclosure 103-3	Evaluation of the management approach	P37-39			
GRI G4: Oil&Gas Sector Disclosures	Disclosure OG13	Number of process safety events, by business activity	P39			











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