



GULF KEYSTONE PETROLEUM

## Sustainability report 2021





# Sustainability report

GKP is a responsible energy company developing natural resources for the benefit of all our stakeholders, delivering social and economic benefits by working safely and sustainably with integrity and respect.

## What's inside?

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## Safety and sustainability underpin our business.

**Jon Harris**  
Chief Executive Officer

### CEO's introduction

The sustainability of our business, in particular the integration of sustainability into our corporate purpose, values, strategy and culture, is fundamental for our ability to create long-term value for all our stakeholders. As an E&P company operating in Kurdistan, we have a particular set of responsibilities related to our environmental, social and governance performance which guide our sustainability strategy and its priorities. These strategic priorities, and the material factors that underpin them, have been identified as the result of a materiality assessment exercise, which included interviews with our stakeholders, including our investors, workforce, government and local community stakeholders (read more on page 3). Through regular engagement, we ensure that our sustainability strategy remains current, focused and efficient.

So what is important to Gulf Keystone and the sustainability of our business?

We are keenly aware of the role that we and our industry must play in addressing climate risk, while ensuring the world maintains access to secure and affordable supplies of energy. We also must minimise our impact on the local environment where our operations are situated and which we and our local communities rely upon.

Regarding social aspects, striving for safe operations, with zero harm to our employees and contractors, is our number one priority. We are also focused on the development of our people and creating a diverse and inclusive environment for them to work in. Our economic and social contribution in Kurdistan is also paramount, as we support local jobs, invest in the local supply chain and generate revenues from the field for the government and its people, as is regular interaction with and investment in the communities local to the Shaikan area.

We strive to maintain a robust governance and compliance framework, with a commitment to the highest standards of ethical conduct at all levels of the organisation.

Safety and sustainability is one of Gulf Keystone's key strategic priorities (see the Strategy and objectives section on pages 20 and 21 of the annual report). Our sustainability strategy is sponsored by our Chief Operating Officer, reporting directly to me, and supported by our HSE and Sustainability team. The Board has direct oversight over the strategy through the Safety and Sustainability Committee. All short-term employee bonuses include an element of safety and sustainability based on the achievement of certain objectives during the year and we are also proposing to our shareholders this year the introduction of an ESG performance condition to the Company's Long-Term Incentive Plan ("LTIP") from 2023, with a weighting of 20%. You can read more about this in the Remuneration Committee report, beginning on page 81 of the annual report.

In 2021, we continued to make strides in executing our sustainability strategy. We moved a step closer to our 2025 target of more than halving our scope 1 and 2 emissions per barrel by submitting a draft FDP to the Ministry of Natural Resources, which includes a Gas Management Plan focused on eliminating routine flaring.

We also completed substantially all of our HSE improvement plan, continued to maintain a high level of local employment, with a total of 275 local people employed directly by Gulf Keystone and over 600 through our local contractors, invested \$49 million in our local supply chain through purchasing and contracting, continued to support a variety of local community projects and generated \$336 million for the Kurdistan Regional Government from the Shaikan Field. In addition, we refreshed our Company-wide compliance training programme.

There were some areas where we need to work harder. Our carbon emissions and intensity increased in 2021, due to higher production and changes in the gas-oil ratio from particular wells, making the Gas Management Plan and meeting our 2025 target even more important. While we are a diverse organisation in terms of nationalities and ethnicity, we need to do more on gender diversity and attracting more women to work at Gulf Keystone and in our industry.



# Our sustainability strategy:

| Strategic priorities | <b>Environment</b> <ul style="list-style-type: none"> <li>• Address climate risk</li> <li>• Minimise our impact on the environment</li> </ul>                                                                                                               | <b>Social</b> <ul style="list-style-type: none"> <li>• Workforce health and safety</li> <li>• Support and develop our people</li> <li>• Enhance diversity and inclusion</li> <li>• Generate economic value in Kurdistan</li> <li>• Engage with and invest in our local communities</li> </ul>                                     | <b>Governance</b> <ul style="list-style-type: none"> <li>• Robust corporate governance and compliance</li> <li>• Highest standards of business ethics</li> </ul>                |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Material factors     | <ul style="list-style-type: none"> <li>• Emissions</li> <li>• Air quality</li> <li>• Facility impact management</li> <li>• Water management</li> <li>• Waste management</li> <li>• Soil remediation</li> </ul>                                              | <ul style="list-style-type: none"> <li>• Workforce health and safety</li> <li>• Learning and development</li> <li>• Diversity and inclusion</li> <li>• Local employment</li> <li>• Local supply chain purchasing and contracting</li> <li>• Payments to host government</li> <li>• Community engagement and investment</li> </ul> | <ul style="list-style-type: none"> <li>• Board oversight</li> <li>• Internal controls and policies</li> <li>• Risk management</li> <li>• Anti-bribery and corruption</li> </ul> |
| Key current targets  | <ul style="list-style-type: none"> <li>• Eliminate routine flaring</li> <li>• Reduce carbon intensity per barrel by &gt;50% by 2025<sup>(1)</sup></li> <li>• Full TCFD compliance for fiscal year 2022</li> </ul>                                           | <ul style="list-style-type: none"> <li>• Zero harm</li> </ul>                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• Outstanding governance and compliance</li> </ul>                                                                                       |
| Alignment with SDGs  |    |                                                                         |                                                                                            |

Looking ahead to this year, we will continue to make progress on delivering our sustainability strategy. We continue to target zero harm across our operations and will be sharpening our focus further on safety as operational activity continues to ramp up.

We are exploring the viability of several projects to reduce our scope 1 and 2 emissions intensity further beyond the 2025 target and we are continuing to work towards full TCFD compliance, which will be implemented for fiscal year 2022 reporting. We are also developing plans to further build the capability of our workforce, drive engagement and well-being and advance diversity and inclusion. I look forward to updating you on our achievements.

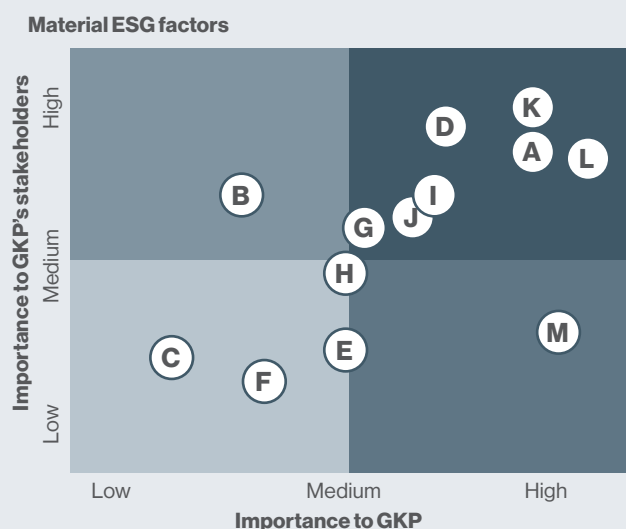
**Jon Harris**  
Chief Executive Officer

29 March 2022

## Identification of material ESG factors for Gulf Keystone

In 2020, Gulf Keystone used the recognised process, known as materiality assessment, to assess and evaluate the universe of material ESG factors and identify which factors were most relevant to GKP and its stakeholders.

The Company started with a broad universe of ESG factors and narrowed them down to a selection of relevant and material ESG factors for GKP. The importance of these factors to the Company and its stakeholders was then measured. This process was guided by: interviews with the Company's stakeholders; the SASB materiality metrics, to identify which ESG areas are considered material for companies in the oil and gas exploration and production sector; benchmarking of peer company reporting; and a review of relevant public information and internal documentation.



### Environment

- A. Climate change/gas flaring
- B. Environmental management
- C. Biodiversity

### Social

- D. Process safety
- E. Occupational health
- F. Employee training and development
- G. Diversity

### Governance

- H. Human rights
- I. Community engagement
- J. Community investment
- K. Economic value generated
- L. Business ethics and anti-corruption
- M. Effective governance

(1) >50% reduction measured against a baseline carbon intensity of 38kg/bbl in 2020.



# Environment

## Why is this important to our business model and strategy?

Our business is inextricably linked to environmental considerations. We care deeply about addressing climate risk and are focused on transforming our emissions footprint. We also seek to minimise our impact on the local environment, in particular by protecting air quality, managing water and waste and assessing and managing the impact of our facilities.

### Targets:

**Eliminate routine flaring**

**Reduce carbon intensity per barrel by >50% by 2025<sup>(1)</sup>**

**Full TCFD compliance for fiscal year 2022**

## Material SDG alignment:



## Our performance

| Material factors                                     | Indicator                                | Unit of measurement            | 2019   | 2020   | 2021          | Standard Alignment              |
|------------------------------------------------------|------------------------------------------|--------------------------------|--------|--------|---------------|---------------------------------|
| <b>Emissions</b>                                     | Total scope 1 emissions (80% WI)         | ktCO <sub>2</sub> e            | 342    | 407    | <b>505</b>    | SECR, TCFD <sup>(3),(4)</sup>   |
|                                                      | Total scope 2 emissions (80% WI)         | ktCO <sub>2</sub> e            | 10     | 8      | <b>13</b>     | SECR, TCFD <sup>(3),(4)</sup>   |
|                                                      | Emission intensity                       | kgCO <sub>2</sub> e per barrel | 35.7   | 37.9   | <b>40.8</b>   | SECR, IPIECA <sup>(3),(6)</sup> |
|                                                      | Total SO <sub>2</sub> emissions (80% WI) | ktSO <sub>2</sub>              | 65     | 71     | <b>82</b>     | SASB <sup>(5)</sup>             |
| <b>Water and wastewater management<sup>(2)</sup></b> | Total water withdrawn (80% WI)           | m <sup>3</sup>                 | 22,944 | 11,467 | <b>88,432</b> | SASB, IPIECA <sup>(5),(6)</sup> |
| <b>Waste management</b>                              | Recycled solid non-hazardous waste       | % of total waste               | 86     | 92     | <b>86</b>     | IPIECA <sup>(6)</sup>           |
|                                                      | Recycled solid hazardous waste           | % of total waste               | 5      | 6      | <b>28</b>     | IPIECA <sup>(6)</sup>           |
|                                                      | Recycled liquid non-hazardous waste      | % of total waste               | 100    | 100    | <b>100</b>    | IPIECA <sup>(6)</sup>           |
|                                                      | Recycled liquid hazardous waste          | % of total waste               | 100    | 100    | <b>100</b>    | IPIECA <sup>(6)</sup>           |

(1) >50% reduction measured against a baseline carbon intensity of 38kg/bbl in 2020.

(2) 2019 and 2020 data are estimates, with the installation of water metering devices in 2021 to better understand the amount of water withdrawn.

### References

- (3) Streamlined Energy and Carbon Reporting ("SECR").
- (4) Task Force on Climate-related Financial Disclosures ("TCFD").
- (5) Sustainability Accounting Standards Board ("SASB").
- (6) International Petroleum Industry Environmental Conservation Association ("IPIECA").



## Addressing climate risk

### Emissions

Our aim is to more than halve our emissions intensity per barrel by 2025 by eliminating routine gas flaring from all our operations. This objective is underpinned by implementation of the Gas Management Plan (see case study below).

While we progress implementation of the Gas Management Plan, we have seen a gradual increase in our carbon emissions and intensity since 2019, primarily due to increasing production and changes in the gas-oil ratio from particular wells. We have seen the same trend regarding our sulphur dioxide emissions, which will be virtually eliminated following implementation of the Gas Management Plan.

Looking beyond 2025, we are identifying and reviewing potential projects that could further materially reduce our carbon intensity. We expect to conduct feasibility studies for these projects in 2022 and will provide more information on progress and the evolution of our emissions in the future.

## Minimising our impact on the environment

### Air quality monitoring

Given the proximity of our operations to local villages, air quality around our facilities is continuously measured as part of the Company's air quality monitoring programme. During 2021 we were pleased to report that the air quality tested was well within the Kurdistan regulatory limits.

Air quality is monitored in three ways:

#### Stationary field monitoring

The Company operates four Scentinal SL-50 air quality monitoring stations which constantly measure a wide range of air quality parameters, such as H<sub>2</sub>S, Methane, VOC, NO<sub>x</sub>, PM2.5 and PM10. This data is monitored and reported monthly to the Ministry of Natural Resources.

Additionally, the Company deploys passive diffusion tubes at ten locations near the Shaikan Field and neighbouring villages to ensure the levels of H<sub>2</sub>S, O<sub>3</sub>, VOC, SO<sub>2</sub> and NO<sub>2</sub> remain below Kurdistan stipulations. These tubes are deployed and recovered monthly for analysis.

### Case study

## Gas Management Plan

The Gas Management Plan is a critical element of Gulf Keystone's sustainability strategy, underpinning our target of more than halving our emissions intensity per barrel by 2025. It is also fundamental for our licence to operate in Kurdistan as the government seeks to reduce gas flaring.

The Gas Management Plan is designed to eliminate routine gas flaring from our operations by reinjecting the associated natural gas that is produced with our oil production back into the reservoir, a method that is used elsewhere in Kurdistan and globally. To do this, the project involves the installation of additional facilities to collect the associated gas from PF-1 and PF-2, transport it to the new production facility PF-3 via pipeline and subsequently reinject it into the reservoir through a dedicated gas injection well.

In addition, a portion of the associated gas will be utilised to generate electricity, with power generation centralised at PF-3 and distributed to PF-1 and PF-2 via overhead lines to replace the majority of diesel power generation at the facilities.

The project is expected to save several million tonnes of carbon emissions over the life of the Field once implemented. In keeping with our commitment to eliminate routine flaring, we have applied to endorse the World Bank's "Zero Routine Flaring by 2030" initiative. We will provide more detail on the project upon approval of the Field Development Plan by the MNR.





# Environment continued

## Minimising our impact on the environment continued

### Air quality monitoring continued

Handheld Photo-ionisation Detector ("PID")

The Company uses a handheld PID, which can detect more than 400 gaseous pollutants, providing a helpful, portable method for tracking air quality.

### Gas surveys

The Company conducts gas surveys of the Shaikan block, aimed at identifying any natural gas seeps at surface level to provide insights to the underlying geology. Surveys are conducted using very sensitive hydrogen sulphide ( $H_2S$ ), methane ( $CH_4$ ) and sulphur dioxide ( $SO_2$ ) detectors deployed from a land vehicle, together with sensors deployed from a drone to cover inaccessible areas.

A survey in 2019 confirmed the presence of three known seeps, together with the discovery of a fourth seep in the area. Generally low ppb levels of  $H_2S$  and  $SO_2$  and typical low ppm background levels of  $CH_4$  were detected, indicating overall low levels of seepage.

A second survey was conducted in 2021 in order to verify the results of the baseline survey. Apart from areas where there are known anthropogenic inputs (e.g. in close proximity to the production facilities, local villages, main roads), similar levels of these three gases were observed. Follow-up monitoring is planned in and around the four identified seeps.

### Facility impact management

Before any facilities or access roads are built, flowlines installed or wells drilled, the Company conducts an environmental and social impact assessment ("ESIA") during the design phase so any potential impacts can be identified and mitigation plans agreed with the KRG before construction. In 2021, one ESIA was conducted related to the drilling of a future well.

Specific measures to minimise the impact of Gulf Keystone facilities on the environment include:

1. Site selection and locating well pads, access roads and flowlines as far as possible away from environmentally sensitive targets, such as human habitations and places of ecological and cultural significance. GKP maximises the use of existing field infrastructure and studies survey data for site selection.
2. Adequate waste management with a strong focus on waste minimisation and recycling.
3. Implementing civil engineering designs that prevent or minimise impacts on the natural hydrology, drainage systems and erosion patterns; maximising the use and reuse of local fill material from the area of land disturbance; ensuring potentially hazardous materials are contained on site (this will include drainage systems that capture, for example, contaminated run-off from accidental spills and leaks) and enhancing future site restoration plans.
4. Equipment specification, maintenance and operational control. Selecting equipment that is fuel efficient, maintaining the equipment so it meets specification and minimises emissions, and controlling operations.
5. Operational management control: ensuring documentation is in place to deliver operational activity in line with project environment, social and safety objectives; ensuring the requirements of GKP's health and safety and environmental management systems are met; and ensuring the recommendations of the development environmental management plan are adhered to. This involves demonstrable design and planning documentation together with inspection and reporting regimes to assure GKP management and the MNR that environmental and social impacts are kept to a minimum by GKP and its contractors.
6. Unplanned events: emergency response and contingency plans are developed, resourced and rehearsed to mitigate unforeseen events that could have a significant environmental or social impact.





### Soil remediation

We aim to manage contaminated soil, surface water and ground water to prevent, minimise or mitigate risks to public health and safety of the environment. All waste drilling cuttings and fluids must be managed in line with Kurdistan legislation and international standards, and pits, which are excavated next to well pads and used to hold drilling fluid, should be remediated after drilling operations are completed. All historic pits have been remediated and, in 2021, given all current pits were in use, no remediation was required.

### Water and wastewater management

Water at both production facility camps is supplied via water wells, which are sampled and analysed on a monthly basis to ensure they meet the World Health Organization ("WHO") guidelines. Site water storage tanks are chlorinated on a weekly basis.

In 2021, the Company installed metering devices at both production facilities, PF-1 and PF-2, to better understand the amount of water withdrawn. Water withdrawn in 2021 increased versus the prior year because of more accurate measurement and increased operational activity. In addition to the installation of water meters, a water treatment unit was installed at one of our production facilities to improve drinking water quality. In 2022, another water treatment facility will be installed in the second production facility.

Sewage wastewater is continuously treated via sewage treatment units, with samples taken from the inlet and outlet streams to ensure the units are operating efficiently and the quality of the effluent meets World Bank Guidelines.

Wastewater with oil traces is collected and transported via vacuum trucks to an MNR-approved refinery that specialises in producing engine oil and lubricants of different grades from waste containing oil/hydrocarbons. One of the products from this process is engine oil which is then sold locally.

### Waste management

Gulf Keystone maintains high standards in waste management. During 2021, the Company recycled 100% of its non-hazardous liquid waste, 100% of its hazardous liquid waste, 86% of its non-hazardous solid waste and 28% of its hazardous solid waste, the latter increasing from around 6% in 2020 due to better process efficiency and the increased recycling capacity of our contractors. All the waste recycled had cradle-to-grave traceability. To ensure third parties comply with Company requirements and local legislation, tools such as GPS vehicle tracking, waste transfer documentation and quarterly contractor auditing were used.

#### Oil-based mud ("OBM") cuttings

Gulf Keystone is committed to collecting oil-based mud cuttings and disposing of them through a third-party provider in accordance with Kurdistan environmental regulations.

In addition to disposal, we have found a way to feed OBM to asphalt production in Kurdistan. The drill cuttings are transported in sealed containers on flatbed trucks to the asphalt company. The trucks are equipped with GPS to track their journey and their manifests signed and stamped upon arrival. In 2021, a total of 37 tonnes of OBM waste was collected and transported to the asphalt plant, where it was reused as raw material for road construction. From 37 tonnes of oily waste, 11 tonnes of asphalt were produced.



# Environment continued

## TCFD

We recognise climate change as one of the biggest environmental threats the world faces. To demonstrate our commitment to climate-related risks, we have embedded the four pillars of the TCFD into our business to provide transparency on our understanding and management of climate-related risks. We continue to work to achieve full compliance with TCFD reporting requirements for the 2022 fiscal year.

Our summary is provided below.

| Governance                                                                                                                                   | The Board is responsible for approving and monitoring GKP's ambitions in relation to reducing the Company's impact on climate change, and to operating in a responsible and ethical manner.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Index                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Board's oversight of climate-related risks and opportunities.                                                                            | <ul style="list-style-type: none"> <li>The Safety and Sustainability Committee oversees the management of GKP's climate-related risks and opportunities, all under the supervision and oversight of the Board.</li> <li>The Chair of the Safety and Sustainability Committee has overall accountability for sustainability.</li> <li>The Committee meets formally four times a year.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Safety and Sustainability Committee report</li> <li>Pages 77 and 78 of the annual report</li> </ul>                                                                                                                |
| Management's role in assessing and managing climate-related risks and opportunities.                                                         | <ul style="list-style-type: none"> <li>Gulf Keystone's Chief Operating Officer is the executive sponsor for sustainability, responsible for maintaining the risk register in relation to climate change and proposing targets and projects to the Executive Committee and the Safety and Sustainability Committee for consideration.</li> <li>Heads of Department are also responsible for assessing and managing climate-related risks and opportunities.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>Safety and Sustainability Committee report</li> <li>Pages 77 and 78 of the annual report</li> </ul>                                                                                                                |
| Strategy                                                                                                                                     | GKP continues to work to embed climate change and sustainability into all aspects of its strategy where possible, including the Company's financial planning, stress test scenarios and review of risks and uncertainties. In particular, the potential impacts of climate change are considered in the Group's viability and impairment assessments through inclusion of carbon tax, adjustment of future oil price estimates to reflect the potential impact of meeting the Paris Agreement targets, and considerations around climate change impacts on the Group's costs and production reliability.                                                                                                                                                                                                                                         | Index                                                                                                                                                                                                                                                     |
| Climate-related risks and opportunities the organisation has identified over the short, medium and long term.                                | <ul style="list-style-type: none"> <li>Short term (0-5 years) – market shift in terms of new and more robust legislation and regulations and increased cost of capital for high-carbon industries. Opportunity for increased positive ESG perception in the market by achieving the Company's target of more than halving scope 1 and 2 emissions intensity by 2025. Hiring and retaining a talented workforce could become more challenging without a positive sustainability strategy.</li> <li>Medium term (5-10 years) – changing climate conditions could cause disruption to operations and supply chains, as well as putting our employees and contractors, local communities and environment at risk.</li> <li>Long term (10+ years) – reduced market demand for oil and gas as renewable fuels become more widely available.</li> </ul> | <ul style="list-style-type: none"> <li>Risks and uncertainties</li> <li>Pages 46 to 55 of the annual report</li> </ul>                                                                                                                                    |
| Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.                         | <ul style="list-style-type: none"> <li>GKP's scenario analysis helps guide strategic and risk management decisions under complex and uncertain conditions, including climate change.</li> <li>Providing a better understanding of the risks and uncertainties GKP may face against future outcomes enables the Company to build a climate-risk mitigation strategy.</li> <li>The Company is targeting a &gt;50% reduction in its scope 1 and scope 2 emissions intensity by 2025 through the implementation of the Gas Management Plan.</li> </ul>                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Risks and uncertainties</li> <li>Pages 46 to 55 of the annual report</li> <li>Viability statement</li> <li>Pages 56 and 57 of the annual report</li> <li>Gas Management Plan case study</li> <li>Page 5</li> </ul> |
| Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | <ul style="list-style-type: none"> <li>The first step of assessing the Company's resilience to two climate-related scenarios has been completed for 1.5°C (Paris-aligned) and 4°C (fossil-fuelled growth) scenarios.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                           |

| Risk management                                                                                                                             | Climate change is already factored into certain aspects of the Company's strategy, including the risk management process.                                                                                                                                                                                                                                                                                                                                                                                                                              | Index                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Processes for identifying and assessing climate-related risks.                                                                              | <ul style="list-style-type: none"> <li>Existing ESG and climate-related risks will be consolidated in an ESG register in 2022 and linked to the corporate risk register.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Risks and uncertainties</li> <li>Pages 46 to 55 of the annual report</li> </ul> |
| Processes for managing climate-related risks.                                                                                               | <ul style="list-style-type: none"> <li>We have identified processes for managing climate-related risks in operations, supply chain and HSE which we are currently implementing.</li> </ul>                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                        |
| How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management. | <ul style="list-style-type: none"> <li>Gulf Keystone maintains a detailed risk register that encompasses all identified risks (which includes climate change and sustainability-related risks), the impact of those risks, the mitigating controls the Company has in place to reduce those risks to an acceptable level and the actions it must take to further mitigate risks that are not deemed to be at an acceptable level.</li> <li>This register is regularly reviewed by the Executive Committee and the Audit and Risk Committee.</li> </ul> | <ul style="list-style-type: none"> <li>Risks and uncertainties</li> <li>Pages 46 to 55 of the annual report</li> </ul> |

| Metrics and targets                                                                                                                       | Despite the challenges presented by the pandemic, Gulf Keystone remains committed to reducing scope 1 and 2 CO <sub>2</sub> emissions per barrel by more than 50% by 2025 through the implementation of the Gas Management Plan.                                    | Index                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | <ul style="list-style-type: none"> <li>The Company uses key metrics and targets to manage and monitor its performance in reducing its impact on the environment, providing a straightforward and transparent measure to GKP's stakeholders.</li> </ul>              | <ul style="list-style-type: none"> <li>Environment performance highlights</li> <li>Page 4</li> </ul> |
| Scope 1 and scope 2 greenhouse gas ("GHG") emissions, and the related risks.                                                              | <ul style="list-style-type: none"> <li>GKP actively monitors scope 1 and scope 2 absolute emissions and intensity throughout the year and discloses them on an annual basis.</li> <li>Data is calculated in line with the GHG Protocol.</li> </ul>                  | <ul style="list-style-type: none"> <li>Environment performance highlights</li> <li>Page 4</li> </ul> |
| Targets used by the organisation to manage climate-related risks and opportunities and performance against targets.                       | <ul style="list-style-type: none"> <li>The Company is targeting a &gt;50% reduction in its scope 1 and scope 2 emissions intensity by 2025 through the implementation of the Gas Management Plan. This project is expected to eliminate routine flaring.</li> </ul> | <ul style="list-style-type: none"> <li>Environment performance highlights</li> <li>Page 4</li> </ul> |



# Social

## Why is this important to our business model and strategy?

Gulf Keystone's relationship with, and contribution to, society has been critical to the development of the Company as it stands today and is fundamental for its future success. As a large employer of over 390 people in Kurdistan and the UK, we are responsible for creating a safe, diverse and inclusive working environment for each one of our staff and are focused on providing the learning and development opportunities they need to advance their careers. Our operations generate significant economic value, creating local jobs, supporting local suppliers and generating revenues for the host government from the Shaikan Field. We also regularly engage with and invest in our local communities, as we continue to strengthen the relationships we have built over 15 years working in Kurdistan.

### Target:

**Zero harm**

## Material SDG alignment:



## Our performance

| Material factors                              | Indicator                                                                    | Unit of measurement             | 2019  | 2020  | 2021         | Standard Alignment             |
|-----------------------------------------------|------------------------------------------------------------------------------|---------------------------------|-------|-------|--------------|--------------------------------|
| <b>Workforce health and safety</b>            | Total recordable incident rate ("TRIR")                                      | Incidents per million man-hours | 2.61  | 0.71  | <b>1.37</b>  | SASB <sup>(3)</sup>            |
|                                               | Lost time incident rate ("LTIR")                                             | Incidents per million man-hours | 0.52  | 0.00  | <b>0.68</b>  | IPIECA, GRI <sup>(4),(5)</sup> |
| <b>Gender diversity</b>                       | Proportion of female staff in workforce (as at 31 December)                  | %                               | 9     | 10    | <b>7</b>     | GRI, WEF <sup>(5),(6)</sup>    |
| <b>Economic value generation in Kurdistan</b> | Proportion of local staff in workforce (as at 31 December)                   | %                               | 74    | 84    | <b>74</b>    | IPIECA <sup>(4)</sup>          |
|                                               | Local supplier purchasing and contracting (80% WI)                           | \$m                             | 40    | 21    | <b>49</b>    | GRI <sup>(5)</sup>             |
|                                               | Proportion of total purchasing and contracting with local suppliers (80% WI) | %                               | 27    | 42    | <b>58</b>    | IPIECA <sup>(4)</sup>          |
|                                               | Payments to host government <sup>(7)</sup>                                   | \$m                             | 221.6 | 120.6 | <b>335.8</b> | GRI <sup>(5)</sup>             |

### References

- (1) Streamlined Energy and Carbon Reporting ("SECR").
- (2) Task Force on Climate-related Financial Disclosures ("TCFD").
- (3) Sustainability Accounting Standards Board ("SASB").
- (4) International Petroleum Industry Environmental Conservation Association ("IPIECA").
- (5) Global Reporting Initiative ("GRI").
- (6) Water Environment Federation ("WEF").
- (7) See the Report on Payments to Governments for 2021 for full disclosure.

## Workforce health and safety

The health and safety of our workforce is a fundamental Gulf Keystone value and integrated into every aspect of our daily operations. Our target for health and safety is zero harm across our operations and we focus on maintaining high standards by encouraging visible safety leadership at all levels of the organisation, engaging continuously with the workforce through training and development and fostering an open and honest incident reporting and investigation culture.

Health and safety is a line responsibility for the executive team and delegated to the whole organisation. The Board oversees health and safety through the Safety and Sustainability Committee while the Executive Committee addresses the topic at regular operational meetings such as the weekly senior management meeting and the Operations and Development Leadership Team meeting. The COO holds weekly health and safety and sustainability meetings with the Head of HSE and Sustainability to ensure that the Company's HSE Action Plan, HSE-related Company metrics and daily HSE actions are appropriately addressed.

## HSE Management System

Working with the KRG and the Company's local communities, as well as specialist consultants, Gulf Keystone has put in place a comprehensive HSE and Security Policy (available to view on the Company's website), managed and executed by the Company's HSE Management System.

The HSE Management System follows the "plan – do – check – act" process, outlined in the ISO standards on environmental management and occupational health and safety management<sup>(1)</sup>. This system is driven through a combination of commitment, leadership, planning assessment and mitigation of risk, and employment of trained and competent personnel to carry out the work. The performance is monitored to identify any shortfalls, as well as introducing improvements where required – providing a comprehensive investigation process. Along with the implementation of the system, a "maturity index" was developed to monitor progress, which is reviewed on an annual basis and agreed improvements are then included in the following year's HSE plan.

An important element of GKP's HSE Management System is developed through its formal Competency Based Framework to train and develop local staff. This programme includes a combination of mentoring; online, internal/external training, and a formal assessment to demonstrate competence. The HSE Management System is fundamental in supporting the development of the HSE culture within GKP.

## GKP Life Saving Rules

While Gulf Keystone's HSE and Security Policy and HSE Management System underpin the Company's approach to health and safety, Gulf Keystone's Life Saving Rules, which are based on the International Association of Oil & Gas Producers' Life Saving Rules, provide all staff and contractors with the practical guidance they need in the field. The Life Saving Rules are regularly discussed at safety briefings across the Company and reviewed continually to ensure they remain appropriate for current operational activity.



## Emergency response

The Company has established tiered emergency response plans, which are regularly tested through a combination of drills and exercises covering different operations-related and security-related scenarios. During 2021, five emergency response exercises were held, either virtually or on site with the support of an external consultancy.



(1) Environmental Management Standard ISO 14001: 2015, the Occupational Health and Safety Management Standard OHSAS 18001:2007/ISO 45001:2018 and the IOGP Guidelines for the Development and Application of Health, Safety and Environmental Management Systems (6.36/210).

# Social continued

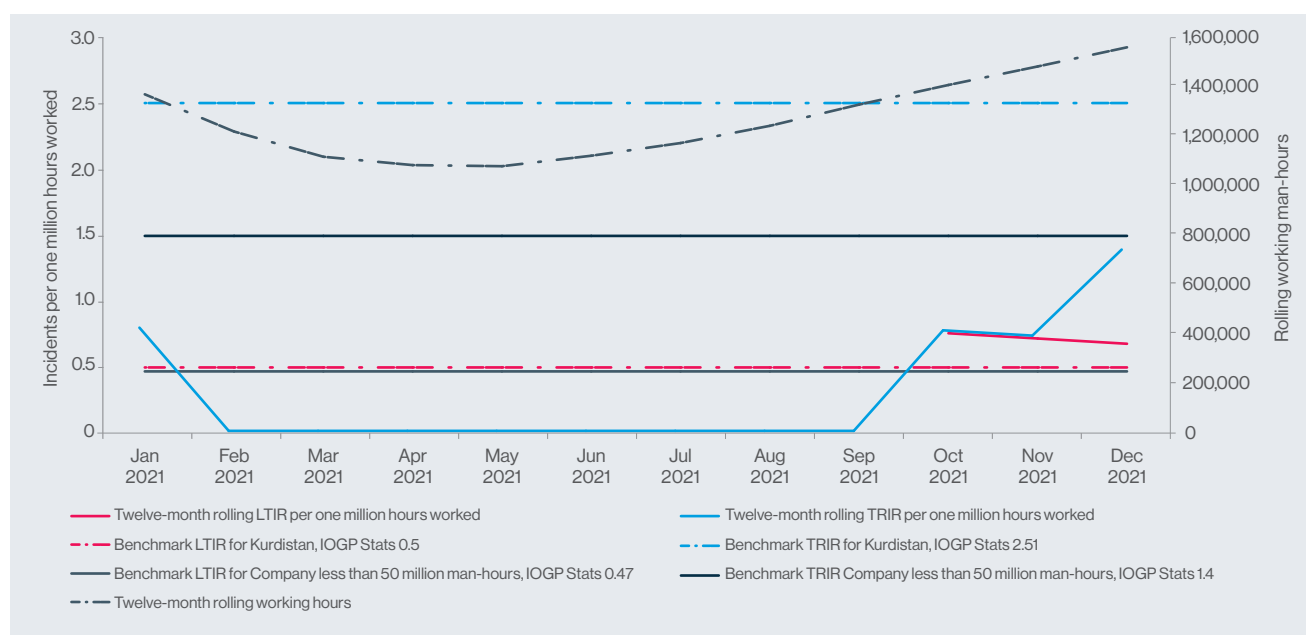
## Workforce health and safety continued

### Land clearance activity

Each time our operations expand into a new area of the Shaikan Field, we make the land safe beforehand by surveying for and clearing unexploded ordnance. In 2021, we surveyed 978,363 m<sup>3</sup> of land in preparation for future FDP activity, finding two pieces of ordnance that were safely disposed of by a government agency. Through this vital activity, we protect our staff and contractors, and reclaim the use of land for our local communities.

## 2021 health and safety performance

With the resumption of drilling activity in 2021, Gulf Keystone stepped up safety training and stand-downs for staff. Despite these efforts, one lost time incident and one recordable incident were recorded during drilling activities (see chart). Full investigations were carried out for both incidents and remedial actions implemented. Since the last time incident, over 160 LTI-free days<sup>(1)</sup> have been completed.



(1) As at 29 March 2022.



Gulf Keystone continued to manage the effects of the COVID-19 pandemic in 2021, with the priority in the year ensuring as many employees as possible received vaccinations against the virus. A campaign to educate employees on the benefit of the vaccination was carried out, resulting in a Company-wide vaccination rate of 97%. The success of the campaign enabled a return to more normal working patterns in the field, including a move from three shifts to two, although access to our offices in Erbil and London remained restricted with employees encouraged to work from home. Social distancing, mask wearing and increased hygiene standards at all Company sites and offices continued to be maintained.

### HSE Plan 2021

The HSE Plan is the Company's roadmap for improving HSE and monitoring HSE-related metrics throughout the year. The HSE Plan is proposed by the COO to the Executive Committee and endorsed by the Safety and Sustainability Committee.

In 2021, the HSE Plan comprised action points addressing topics such as improvements to the HSE Management System, process safety, training, contractor management, emergency preparedness, environmental protection and health and medical care. The Company achieved 99% completion of the 2021 actions.

### Case study

## Production facility operational safety study

Gulf Keystone has a comprehensive suite of documents, drawings, procedures and plans describing the PF1 and PF2 production facilities, their management, operations and maintenance, developed throughout the lifecycle of the field. Similarly, safety and environmental studies (e.g. hazard identification ("HAZID"), hazard and operability ("HAZOPS"), quantified risk assessments ("QRAs"), environmental impact assessments ("EIAs") have been undertaken in parallel and integrated into these plans and procedures. In an initiative to consolidate this information and ensure any gaps were identified and filled, the Company undertook a systematic review of both PF1 and PF2 and developed a simple operational safety case, framed around identified major accident hazards ("MAHs"). Following an initial review of the documentation, an independent HAZID study was conducted for both production facilities, with participation of operating, engineering and safety staff. A total of 17 MAH scenarios were identified and each reviewed in detail in a series of "bowtie" workshops to identify the barriers and controls currently in place to mitigate these MAHs. Gaps were identified, documented and a prioritised action plan established to fill these.



# Social continued

## Our people

At Gulf Keystone we recognise that our success is dependent on the skills, motivation and commitment of our people. To obtain these qualities, we are focused on creating a safe, diverse and inclusive working environment for each one of our staff and providing them with the learning and development opportunities they need to advance their careers. We are also committed to local employment, hiring directly from the local communities in Kurdistan that support us.

## GKP's culture

Getting the best out of our people starts with the environment they work in. Our culture is underpinned by our core values – safety; social responsibility; trust through open communication; innovation and excellence; integrity and respect; and teamwork – and all employees and contractors are encouraged to come to work every day with these in mind. Regular meetings, briefing sessions, town hall sessions as well as “coffee chats” and surveys give our people the opportunity to feel close to the organisation, to listen and discuss progress and help to facilitate the interaction between employees at all levels, providing insight into our performance and Company growth objectives.

## Commitment to local employment

We are committed to the localisation of our Kurdistan workforce in a structured way, ensuring the safe and effective development and operation of the Shaikan Field. We have several strategies in place to help meet these requirements which protect our good standing with our employees, the MNR and local stakeholders:

- our organisation development plan and objectives are aligned with our business strategy;
- we have a clear succession planning and localisation programme; and
- our resourcing, employment and development decisions are driven by our commitment to develop our Kurdistan workforce both technically and professionally.

As at 31 December 2021, we had 275 local employees in Kurdistan, or 74% of our total headcount. In addition, through our contractors we provided work in 2021 to over 600 local workers who support our field and office facilities, providing services such as security, catering, cleaning and laundry. Since 2018, over 100 employees have been promoted into more senior positions and several employees have replaced expatriate staff in senior technical or management positions.

We work hard to attract and retain the most talented individuals and develop them into high calibre professionals. Our skills level within the local workforce is monitored carefully to ensure that our development plans are successful. This category includes trained operations staff, technicians, supervisors and managers. In terms of engagement, our employee retention rate remains excellent, with a 2021 voluntary turnover level of 1.7%, well below our target of 5%, and we are proud that close to 50% of our local workforce has been with the Company for over five years. This is a strong indicator of the high employee engagement and positive people culture within our business.

## Diversity and inclusion

At Gulf Keystone we value a diverse workforce. We treat people fairly, equally and without prejudice irrespective of gender, age, race, disability, sexual orientation and other attributes and this is reflected in both our Diversity and Equal Opportunities policies.

We make a concerted effort to attract female employees to improve our gender diversity and to create opportunities for development and promotion into senior leadership positions. In 2022, we plan to introduce a global women's network to promote women's advancement across the Company through education, networking events and volunteering activities.

We work hard to foster an inclusive culture that creates a strong sense of belonging. We believe that our individual differences and perspectives bring enhanced value to our teams and enable us to find more innovative solutions to solving problems. In 2022, we plan to focus learning activities to equip managers with the skills to improve workplace inclusion, increase cultural sensitivity and intelligence and promote equity best practices.

## Learning and development

We provide training and development opportunities for all our employees and have ambitious development objectives and localisation targets for our workforce in Kurdistan. We are committed to developing our local workforce and providing both technical and non-technical management training programmes.

Amongst our training opportunities we deliver a bespoke Gulf Keystone Management Development Programme together with a Coaching and Mentoring Programme for our managers and supervisors. We offer a mini-MBA programme to our employees to learn more about our business and industry in general. In addition, we offer online training courses through Harvard's “ManageMentor” programme which provides a range of educational and soft skills courses. We are also delivering English language training as we consider that this is critical for our employees to be successful in their future careers.

We have invested in providing structured technical training programmes for our employees working in our subsurface and HSE groups. In 2021, we commenced our engineering apprenticeship programme which includes placements across a range of engineering disciplines and will offer our local graduates the opportunity to receive formal training across a range of functions.



#### Staff testimonial

## Khudaida Hassan Darweesh

### Production Superintendent

My name is Khudaida Hassan Darweesh. I grew up in Kurdistan and hold a Bachelor of Science in Geology from Mosul University. I started work for Gulf Keystone in March 2013 as Plant Lead Operator in Production Facility 1 when the facility was still under construction. I worked with the team to successfully commission and start up the facility.

In June 2014, I was promoted to Process Supervisor and moved to Production Facility 2. It was a great opportunity and challenge to learn and progress in this senior position. During this time, I completed the SAIT Gas Process Operations certificate, followed by a course in energy leadership skills. I also worked closely with the managers and superintendents at the Production Facility, who became my mentors.

As a result of my training and working with team, I was promoted to Plant Superintendent in January 2017. Following my promotion, I went on to complete a mini-MBA course, the Management Development Programme and Harvard's "ManageMentor" programme, all sponsored by Gulf Keystone. I love how the Company supports our learning and development and, in turn, encourages us to teach what we have learned to our more junior colleagues.



#### Staff testimonial

## Dunia Awdo

### Government Liaison Officer

My name is Dunia Awdo and I'm from Shaqlawa, close to Erbil in Kurdistan. I hold a bachelor's degree from Salahaddin University's College of Languages – English department. I have been working with Gulf Keystone for twelve years.

I joined the HR department at Gulf Keystone in 2010 as an HR Assistant, which was the start of my career in the industry. I quickly found the chance to build on my former experience and gain more skills and knowledge when I moved to the position of Government Liaison Assistant in 2012, then Government Liaison Officer in 2018. My role has grown considerably over the last few years and I'm responsible for coordinating Company activities with all KRG Ministries and Government Directorates and keeping the Company updated with all Government instructions and policies.

I have been able to develop my talents and skills through various Gulf Keystone initiatives, including a Leadership and Communication training course in 2019, the Management Development Programme in 2021 and the Harvard "ManageMentor" programme.

I am delighted to be a member of the Gulf Keystone family. The Company is committed to creating a collaborative workplace that shows strength in diversity and where everyone is treated fairly and with respect.



# Social continued

## Generating economic value for Kurdistan

Kurdistan is part of Gulf Keystone's DNA and since the Company's entry into the region in 2007, we have generated significant economic value by creating local jobs, investing in the local supply chain and generating value from the Shaikan Field for our host government, the KRG.

## Creating local jobs

As at 31 December 2021, 275, or 74%, of Gulf Keystone's employees were local. In addition to direct employment, the Company's operations are also responsible for significant indirect employment through the engagement of local contractors. In 2021, major Gulf Keystone contracts with local companies supported over 600 jobs among local villagers. The Company engages with local stakeholders to ensure that direct and indirect employment is shared amongst the villages surrounding the Shaikan operations.

## Supporting the local supply chain

In 2021, \$49 million, or 58%, of our total purchasing and contracting in the year was spent locally, with 17 new contracts entered into with local Shaikan companies for services ranging from security to construction. The proportion of total expenditure spent with local suppliers has increased over the past three years, demonstrating our commitment to supporting the local supply chain.

## Generating value from the Shaikan Field

Since first commercial production in 2013, the Shaikan Field has generated increasing revenues for our host government, the KRG, through production entitlements, royalties and capacity building payments. In 2021, with the sharp recovery in the oil price and increased production from the field, \$335.8 million in total was generated for the KRG. For further information, please refer to the Report on Payments to Governments for 2021 on page 139 of the annual report.

## Local community engagement and investment

Gulf Keystone's relationships with the communities located close to the Shaikan Field is critical to the Company's success. Through regular engagement and investment, Gulf Keystone continues to deepen these relationships, listening to local stakeholders regarding all aspects of Field operations and supporting local community initiatives.

## Engaging with and listening to local stakeholders

We operate in Kurdistan at the pleasure of our hosts, in particular the local communities situated in the Shaikan area. Beginning from the early phases of our operations, we identify and assess the possible impacts of our operations and projects on the communities, and we communicate with local stakeholders and local authorities to mitigate issues and negative impacts. We maintain close relationships with local authorities, share information on safety, security and other issues, and set professional standards for local employees and contractors.

The Company has in place a formal procedure for our local communities to provide all types of feedback regarding our operations. The procedure is connected to our corporate values and incorporates guidance on best practice from the International Finance Corporation ("IFC") Standards. Grievances and the resulting conclusions are documented in a tracking system, which enables us to analyse, track and mitigate future issues.

## Supporting and funding local community initiatives

Gulf Keystone works closely with its local communities to identify programmes that promote local economic growth and social development. Our primary focus is on supporting agriculture, the second largest sector of Kurdistan's economy after oil and gas, and on education and enterprise. We also support our local communities with Good Neighbour projects, which provide vital infrastructure tailored to requests received from local stakeholders.

During 2021, we supported 18 villages within the Shaikan area with various sustainable projects across agriculture, education, water, electrical and health. In total, around \$800,000 was provided by Gulf Keystone to fund the projects.

## Agriculture

We continued to provide support in 2021 to local farmers and livestock breeders, helping them to generate a sustainable income and to better deal with the challenges of operating in an area often impacted by drought. In summary, the Company:

- Distributed 123 metric tonnes of certified wheat seed and fertilisers to over 440 farmers.
- Supplied 1,500 olive trees and a cold press olive extractor; olive trees have numerous benefits, particularly for the Shaikan area, given they are drought resistant, can live for hundreds of years, start bearing fruit in less than five years and can produce more than 200kg of olives annually.
- Donated three metric tonnes of black barley seeds to sheep breeders and distributed 24 metric tonnes of fodder to 120 sheep and goat breeders to assist with the challenges of reduced pastoral land.

We also continued our support for a local beekeeping project, disbursing three boxes of live bees and two boxes of beehives to each beekeeper in the area. The project, which began in 2019, has been a success to date, with honey production in 2021 increasing 60% to almost a tonne. The project is focused on encouraging a new generation of beekeepers in the Shaikan area, with many of the participants in the project newcomers to bee husbandry.

## Education and training

Gulf Keystone provided funding for a local NGO, AOACO, to run an auto mechanic training course covering a range of skills, including engine and electrical repairs and air conditioning. Thirty students from 13 nearby villages participated, with five participants going on to start their own business following the course. Read more about the project in Luqman's testimonial.

### Good Neighbour projects

Gulf Keystone has been involved in several “Good Neighbour” projects, with the objective of providing our local communities with the infrastructure they need most.

In 2021, we provided vital medical equipment to the intensive care hospital in Duhok as part of our continued support related to the COVID-19 pandemic. We also developed local water infrastructure by drilling a water well, constructing water tanks and a water supply network and connecting existing water wells to the electricity grid. In addition, we provided four generators to villages to help them with power outages during the summer season and purchased five air blowers for a local fire department.

### Health

Gulf Keystone supported a team of ophthalmologists and optometrists to examine more than 1,600 students in 15 schools located around the Shaikan area. The initiative resulted in the distribution of 220 pairs of glasses to local students, with many students and their parents previously unaware of visual impairments. Ten students were referred for further examination and five others scheduled for surgical procedures. Read more about the project in Bangin's testimonial.

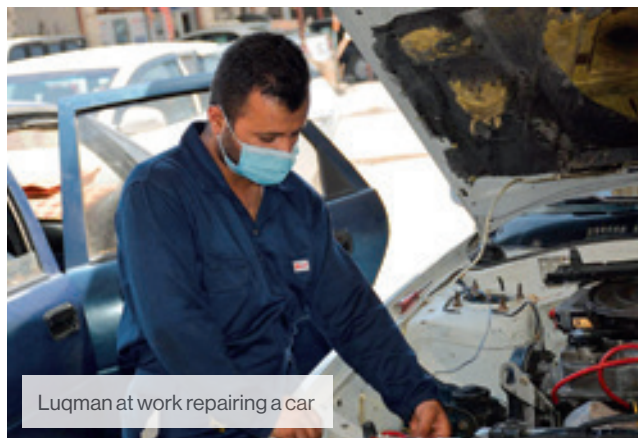


Bangin receiving his glasses from his headmaster

### Local community testimonial

## Bangin

Bangin is a six-year-old first-grader at Afriva school in the Shaikan area. He has sickle cell anaemia, a chronic illness that needs ongoing treatment. He also suffers from poor eyesight, needing to sit at the front of the classroom to see his teachers write on the white board. Unable to afford a visit to an ophthalmologist, Bangin was one of 220 students in the Shaikan area to receive glasses following the visit to his school by the eye test screening programme funded by Gulf Keystone.



Luqman at work repairing a car

### Local community testimonial

## Luqman

Luqman was one of the local Shaikan villagers who benefited from the Gulf Keystone funded auto mechanic training course. After completing the course, he was able to develop his own business and manage a repair shop in the Chra sub-district. The business assists him in providing food and daily living expenses for his family. He currently repairs generator motors, electric heaters and various other appliances. In the future, he intends to expand his services to vehicle maintenance.

# Governance

## Why is this important to our business model and strategy?

Outstanding governance, compliance and ethical conduct are the bedrock of our organisation and underpin our purpose as a responsible energy company. By combining the correct tone and culture with a strong governance structure and relevant policies, procedures, training and communication, we ensure that we are able to operate effectively, legally and ethically, safeguarding the long-term sustainability of our business for all our stakeholders.

## Targets:

**Outstanding governance, compliance and ethical conduct**

## Material SDG alignment:



## Our performance

| Material factors       | Indicator                                                       | Unit of measurement | 2019 | 2020 | 2021        | Standard Alignment           |
|------------------------|-----------------------------------------------------------------|---------------------|------|------|-------------|------------------------------|
| <b>Board oversight</b> | Proportion of independent Directors on Board <sup>(1)</sup>     | %                   | 67%  | 57%  | <b>57%</b>  | UK Corporate Governance Code |
|                        | Proportion of independent Directors on Nomination Committee     | %                   | 100% | 100% | <b>100%</b> | UK Corporate Governance Code |
|                        | Proportion of independent Directors on Audit and Risk Committee | %                   | 100% | 67%  | <b>100%</b> | UK Corporate Governance Code |
|                        | Proportion of independent Directors on Remuneration Committee   | %                   | 100% | 100% | <b>100%</b> | UK Corporate Governance Code |
|                        | Proportion of female Directors on Board                         | %                   | 17%  | 14%  | <b>14%</b>  | UK Corporate Governance Code |
|                        | Director Board meeting attendance                               | %                   | 96%  | 98%  | <b>100%</b> | UK Corporate Governance Code |

(1) Includes independent Non-Executive Chairman.



## Role of the Board

The Board of Gulf Keystone Petroleum Limited meets regularly to consider strategy and policy, major capital expenditure and all aspects of the Group's activities and business operations. This includes active involvement in the environmental, safety, social and governance matters relating to the Company's operations. The Board has a formal schedule of matters reserved specifically for decision by the Board. Effectively, no decision of any material consequence is made other than by the Directors and all Directors participate in the key areas of decision-making. Further details on the Board's role can be found in the Corporate governance report on pages 60 to 69 of the annual report.

## Board independence and diversity

The Board is composed of two Executive Directors, the Chief Executive Officer and Chief Financial Officer, and five Non-Executive Directors, four of whom are independent, including the Non-Executive Chairman.

It is recognised that diversity is a key element for the Board, and that diversity extends to a number of different facets. The Company is currently looking to enhance the diversity of its Board through the recruitment of an additional Non-Executive Director.

## Board and executive oversight of sustainability

In 2019, GKP amended the terms of reference of the existing Health, Safety, Environmental and Corporate Social Responsibility Committee to bring in a broader remit for responsibilities on environmental (including emissions), social and governance matters. The Committee was renamed the Safety and Sustainability Committee and has primary responsibility within the organisation for ensuring appropriate systems are in place to manage health, safety, security and environmental risks, corporate social responsibility, as well as implementing and monitoring appropriate governance processes. This includes the formulation of relevant KPIs and making recommendations of improvement where appropriate.

The Safety and Sustainability Committee meets four times per year and reports into the Board on all matters discussed. All significant decisions affecting sustainability matters are considered by the Board upon the recommendation of the Safety and Sustainability Committee. Committee meetings are attended by management representing health and safety, security, environmental and social matters and governance. All Board members are encouraged to attend whether or not they are Committee members.

Gulf Keystone's Chief Operating Officer is executive sponsor for sustainability and has an open and regular dialogue with the Safety and Sustainability Committee. He is supported by the HSE and Sustainability team, headed up by Gulf Keystone's Head of HSE and Sustainability, who is supported by a Sustainability Manager.

## Linking executive and employee remuneration to safety and sustainability

The Company has implemented remuneration KPIs linked to the implementation of safety and sustainability, including the sustainability strategy. These KPIs are used to determine bonus entitlements throughout the organisation, thus helping to ensure that all staff are fully cognisant of the importance of safety and sustainability to the Company's future success and delivery of shareholder value. In 2021, safety and sustainability accounted for a potential 25% of the Company performance element of executive and employee bonus entitlements. In addition, the Company is proposing to its shareholders this year the introduction of an ESG performance condition to the Company's Long-Term Incentive Plan ("LTIP") from 2023, with a weighting of 20%.

## Ethics and compliance

The Company fully appreciates that it must operate an ethics and compliance programme which is fully compliant with the highest standards. Failure to do so could endanger the Company's licence to operate.

Gulf Keystone operates a zero tolerance approach to bribery and corruption. It is essential that the Company maintains transparent relationships free from corruption with the host government, suppliers, contractors and local communities. This protects our reputation and our licence to operate, as well as the ability to access funding and operate effectively.

The Company operates an independent whistleblowing service in the event any employee wishes to raise a concern, either online or over the phone, on an anonymous basis. There were no whistleblower cases handled by the service in 2021.

A comprehensive compliance training programme, which incorporates, amongst other matters, anti-bribery and corruption, handling of confidential information, conflicts of interest and whistleblowing is undertaken on a periodic basis for all staff and contractors, the last such programme being completed in March 2022.





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**[www.gulfkeystone.com](http://www.gulfkeystone.com)**

