



Sustainability report 2019

Doing the right thing **acting responsibly**

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We ensure our operations have a direct and positive impact for Kurdistan, our host government and local communities.

Safety, environmental and social principles are embedded in the ethos of the Company and are at the forefront of every action we take.



Community investments are designed to last long after GKP's operations have ceased.



Engaging with stakeholders is essential in the development and implementation of the Company's environmental and social strategy.



We continue to maintain high standards in waste management and during 2019 we recycled c.90% of our waste.



Our local employees value development through the work and training we provide.

Sustainability report

Oil remains an important component of the global energy mix; our aim is to produce it safely and responsibly and see the benefits flow to all of our stakeholders.

CEO's introduction

At Gulf Keystone, we fully recognise the balance required to ensure the benefits of the Company's operations have a direct and positive impact for our host government, on the lives of local communities and on our employees, while minimising the environmental impact of an extractive industry. Safety, environmental and social principles are embedded in the ethos of the Company and will always be at the forefront of every action we take as an organisation.

We therefore have an ongoing programme of initiatives in this area. In determining them, management focuses on the need to make a positive and long-lasting impact on our communities, whilst minimising our environmental footprint. It is important that this is recognised as a process which will evolve over time – as goals are attained and new goals established.

As we increasingly integrate these objectives into the core of our corporate strategy, Gulf Keystone has highlighted the most material impacts of our business on its stakeholders:

- the health and safety of our employees and contractors;
- the environmental footprint of our production facilities;
- the safety and development of our local communities; and
- the need to work responsibly and ethically.

We aim to set out clear, measurable objectives and timelines for achievement. This report seeks to explain these in more detail and highlight the current and planned projects that give us the confidence to achieve them. Our target on CO₂ emissions, which are currently 38kg/bbl, is to reduce these to at least half of the current level by 2025, contingent upon the restart of the investment programme, which should take us below the global average for producers.

This is all underpinned by a governance framework which ensures that these matters are integral to the actions taken by the Board, management and the Company as a whole. The Board also provides independent oversight, ensuring that the integrity of the business, and its culture, are maintained.

Jón Ferrier

Chief Executive Officer

22 April 2020

Jón Ferrier

Chief Executive Officer



Stakeholder feedback

Gulf Keystone Petroleum Limited is an independent oil company and the operator of the Shaikan Field, one of the largest developments in the Kurdistan Region of Iraq. The Shaikan Field is situated about 60km to the north-west of Erbil, covering an area of 280km². The Company has a Production Sharing Contract with the Kurdistan Regional Government ("KRG") and has an 80% working interest in the Shaikan licence. Of utmost importance to the Company is the need to continually minimise HSSE risks by providing outstanding safety training and ensuring a comprehensive strategy is implemented throughout the business. The Company is also fully committed to maintaining a strong culture of social responsibility and operates a number of sustainable initiatives to improve the local environment and communities.

Key stakeholders

Our employees and staff

Local and central government and regulators

Local communities

Shareholders and investors

Business partner

Suppliers and contractors

Engaging with stakeholders is essential in the development and implementation of the Company's environmental and social strategy. We have structured stakeholder engagement processes in place to ensure that as much information as possible is gathered and acted upon.

Our key stakeholder groups are:

- our employees and staff;
- local and central government and regulators;
- local communities;
- shareholders and investors;
- business partner; and
- suppliers and contractors.

During the year, some of our key stakeholder engagement activities included:

- weekly meetings with the KRG's Ministry of Natural Resources ("MNR") to discuss operational, environmental and social activities;
- regular meetings with the Assistant Prime Minister for Energy Affairs responsible for natural resources and other government officials;
- working closely with community partners to devise and implement local community initiatives;
- continuing work with our suppliers and customers to minimise our impact on the environment, with active measures taken;
- meeting with our joint venture partner to continually review and enhance our practices;
- regular meetings and communications with our shareholders and investors; and
- working with all our stakeholders in a responsible manner, to ensure absolute adherence to all matters relating to business ethics, including anti-bribery and corruption.



Sustainability report continued

We engage with stakeholders to develop the Company's environmental and social strategy.

Stakeholder feedback continued

Our local communities want us to take ownership for maintaining and enhancing the condition of their environment; ensuring it remains clean and safe, not only whilst we are in operation, but once we have ceased production. They also value their ability to live safely in proximity to our facilities and want to benefit from the improvements in local infrastructure that we are making.

Our employees value development through the jobs, training and career opportunities we provide. We are encouraged to create as many local jobs as economically possible and provide opportunities for our employees to learn and develop new skills. Many aspire to ever more senior roles and to be able to grasp the wider opportunities that come along with this. Safety at work is also of paramount concern for them and they enthusiastically adopt the Company's HSSE culture.

Our third-party business partners and suppliers want the Company to approach the relationships with them with integrity. They believe that if we are honest and transparent in our dealings with them, not only does this hold us to account, but it will encourage other companies in the sector, and those associated with the sector, to act in a similar way.

The Kurdistan government authorities value the profit sharing they receive from oil production as they work to improve the living standards for all in the region. They support the initiatives we take in the local communities but are also clearly focused on the gas flaring associated with our oil production – and that of others in the greater Shaikan area. They want to ensure the local air quality remains good and that routine flaring is eliminated and contributions to greenhouse gases are minimised.

Finally, there is a recurring theme in the feedback we receive from stakeholders; the actions the Company takes must have long-lasting impact. Local communities and employees want to learn skills and develop themselves and the increased quality of local infrastructure and environment helps facilitate sustainable long-term growth.

Purpose/corporate strategy

Gulf Keystone has an excellent track record of demonstrable drilling and operating successes in the Kurdistan Region of Iraq.

These successes are underpinned by the high-calibre, predominantly local, team we have in place, the long-standing relationships on the ground with the KRG, the MNR, and the support we provide to surrounding communities and businesses.

Our strategy is to progress with the large-scale staged development of the Shaikan Field, once macro-economic conditions improve. The phased development approach to the expansion of the Shaikan Field will enable us to achieve significant ramp-up of production, whilst ensuring the Company retains flexibility in the development of this large field along with the goal of financing our operating and development activities from production cash flows.

This objective will only be achievable with the continued support of our staff, the regional authorities, and the communities in which we operate.

Most importantly, we must deal with the key environmental issue of routine gas flaring from our wells. Not only is this a local air quality issue, but also has wider implications for climate change.

In parallel, we are committed to the safety and development of our people; those that work directly for the Company and those whose very existence is dependent upon our actions.

Finally, as part of our overall remit, we commit to leaving the area in the same condition as we found it through a detailed programme of remediation, waste management and infrastructure development.

Linking stakeholder feedback and corporate strategy

Combining our thoughts on long-term strategy with the stated needs of our shareholders, it becomes clear that the most material ESG impacts for our business fall into four clear categories:

- the quality of the local environment;
- greenhouse gas ("GHG") emissions from flaring;
- the safety and development of our people; and
- the safety and development of local communities.

These are clearly not an exhaustive list but represent the most meaningful differences that the Company can make as a result of our operations.

On the following pages we discuss each of these in turn, stating clearly our long-term objectives, the specific initiatives we are taking and the targets and timelines for delivery.

We also map each material impact to one or more of the most relevant UN Sustainable Development Goals.

Material factors

Local environment



Our overall objective is to leave the environment in which we operate in the same condition as when we started. Moreover, while we are operating it needs to be considered a safe place to live and work.

Impact management

Environmental impact assessments set out how the Company mitigates the impact on the natural environment of its operations, such as the drilling of a new well or the construction of a new facility; the Company is committed to minimising the impact its operations have on the surrounding environment.

Remediation

We aim to manage our contaminated soil, surface water and ground water to prevent, minimise or mitigate risks to public health and safety of the environment.

At the beginning of 2018, Gulf Keystone had 21 individual pits that were left after drilling activities; seven were remediated in 2018 and GKP completed the remainder in 2019. According to Kurdistan legislation, all waste drilling cuttings and fluids must be correctly environmentally managed, and pits should be remediated after drilling operations are completed.

Before the remediation process starts, samples are taken from each pit and are analysed in an authorised laboratory. The remediation plan for each pit is based on the level of contamination. Contaminated soil, gravel and other materials from inside and outside the pit are removed and managed, which includes recycling of the material at an MNR-approved facility. Once all waste oils are removed from the pits, the liner of the pit is removed and taken to an incineration facility approved by the MNR. Samples from each pit are then taken and tested in order to ensure that the soil is clean. After the remediation process is finished, the pits are backfilled and prepared in such a way that the topography of the surrounding environment is adopted.

The process of soil sampling during the remediation was closely monitored by the MNR, who also reviewed soil laboratory analyses taken at the start of the project and prior to final backfilling of the pits.

Waste management

Gulf Keystone continues to maintain high standards in waste management and during 2019 recycled approximately 90% of its waste. All the waste recycled had cradle-to-grave traceability. To ensure third parties also comply with Company requirements and local legislation, tools such as GPS vehicle tracking and waste transfer documentation were used. The utilisation of local bitumen manufacturers to handle waste oil and contaminated soils recyclability was researched, agreed and approved by the MNR, who also helped in achieving the target.

Case study

Road construction from cuttings

The oil-based drilling cuttings from the Company's pit remediation programme were used to produce asphalt which in turn was used in the construction of roads in the nearby area. This demonstrated the commitment which the Company has to recycling its waste products and using them to enhance and support local infrastructure projects.



Sustainability report continued

Material factors

Emissions



Our clear aim is to reduce greenhouse gas emissions to as low a level as possible, and to completely eradicate the flaring of gas from all our operations, save where necessary for safety considerations. Whilst we currently meet required standards in Kurdistan for air quality, we aim to continually improve the level of our emissions. We set out below our current emissions levels, with our target of how we aim to reduce these.

We have examined a number of potential solutions to eliminate gas flaring.

The options currently being considered are:

- the investment, potentially with other local operators, in a local gas market to replace current diesel usage;
- the “sweetening” of the gas to deliver methane and ethane to satisfy our and local power generation demand, which could potentially be substituted for the consumption of diesel;
- the optimisation of the facilities in order to reduce production of CO₂; and
- the reinjection of gas, in a later phase, into the Triassic reservoir.

2019 emissions

Set out below is a table showing 2019 CO₂ emissions from our operations.

Location	Amount of CO ₂ per year in metric tonnes
Production Facility 1	313,747
Production Facility 2	150,883

We recognise that the emissions are at a relatively high level and thus the Company has set ambitious targets to reduce these by over 50% in the next five years, as set out below, subject to the approval by the MNR of the FDP, which includes the gas management plan.

Year	CO ₂ emissions per bbl
2020 (current)	38kg
2025	<50% of current emissions

Future Shaikan gas plant and flare gas recovery (minimisation)

Gulf Keystone is publicly committing to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). We recognise climate change as the biggest environmental threat the world faces and one which could pose particular challenges to our business. Disclosing these climate-related risks is an important step in demonstrating our understanding of these risks and efforts to mitigate them. 2020 will represent our first disclosure to address the TCFD recommendations and we expect this to develop and evolve over time to reflect our analysis.

Subject to the approval of the FDP, the Company intends to minimise flaring emissions from which the bulk of the carbon dioxide is emitted. This flared gas (associated gases with oil production) would be gathered and treated to remove impurities, including hydrogen sulphide.

The treated gas would be processed to meet Shaikan production demands for fuel and enable the reduction of consumption of diesel. The remaining gas will be for export, either for commercial use or power generation by third parties.

Future energy efficiency initiatives

The Company would, wherever possible, maximise heat integration to reduce fuel demand and therefore reduce carbon dioxide emission.

Diesel consumption reduction initiatives and equipment selection techniques

Gulf Keystone has committed to the reduction in the consumption of diesel and the conversion to the use of fuel gas for power generation on its existing production sites.



The Company will also consider, where practical, the electrification of well site facilities to further reduce diesel consumption. In line with international best practice, the Company shall use the best available technology not entailing excessive cost ("BATNEEC") techniques to select future equipment, therefore minimising future emissions.

Current air quality monitoring

We are pleased to report that the air quality, as measured in our air quality monitoring ("AQM") programme, was well within the Kurdish regulatory limits. The Company is committed to minimising its impact on the environment and has been implementing an AQM plan which includes ongoing installation of new monitoring stations.

Two systems are continuously monitoring, in real time, the air quality in ten locations around the Company's facilities. The AQ-Mesh Unit Monitoring system measures SO_2 , NO_2 , CO and O_3 , whilst the Diffusion Tubes Monitoring system measures H_2S , O_3 , VOC, SO_2 and NO_2 . This data is collected and sent to a UK laboratory for analysis to ensure consistent and impartial interpretation.

We have also introduced a new air quality monitoring system, Scentinal SL 50, which provides continuous monitoring of odorous gases, and four such measuring stations are currently in place. It is the Company's mission to put into place rigorous control measures designed to reduce emissions to levels as low as reasonably practical ("ALARP") and in line with the MNR guidelines.

We also have passive diffusion tubes installed at ten locations near our facilities and in neighbouring villages; these detect a range of relevant gases and emissions. For mobile monitoring, the Company uses a handheld Photo-ionisation Detector ("PID"), to detect more than 400 gaseous pollutants.

Case study

Drone survey

In late 2019, the Company completed a drone survey over the Shaikan block; the first operator to undertake such an initiative. The survey aimed to identify and analyse any natural gas seeps at surface which in turn would provide insights to the underlying geology. This would provide valuable information for the Company when formulating its gas management plan. The initial results are currently being analysed and the survey will be repeated at periodic intervals in order to verify the integrity of the results and provide baseline data for comparison to future surveys.



Sustainability report continued

Material factors

Our people



Gulf Keystone's vision is to be a best-in-class, value creation, low-cost operator with a leading HSSE record in Kurdistan. Our future success is underpinned by the quality, motivation and commitment of our people and we are focused on their development, fair treatment and reward which is linked to their performance. There is strong recognition that our organisational strategy must include a significant focus on employee development and the localisation of our Kurdistan workforce in a structured way, ensuring safe and effective development and operations of the Shaikan Field.

There are several principles and strategies that we have put in place to meet these requirements which will protect our good standing with our employees, the MNR and local stakeholders:

- our organisation development is aligned with our business strategy;
- we have a clear succession planning and localisation programme; and
- our resourcing, employment, learning and development decisions take into account our commitment to develop our Kurdistan workforce both technically and professionally.

To support these objectives, we are investing heavily in employee development programmes such as our best-in-class Competency Based Framework for operational employees; the bespoke Management Development Programme for supervisors and managers; the Coaching and Mentoring Programme; Subsurface Development Programme; and provision of online educational and soft skills learning through Harvard's "Manage Mentor" programme. In addition, we offer distance learning programmes as well as technical and professional courses and local coaching and mentoring.

Our employee profile in Kurdistan is around 74% local and 26% expatriate. We are working towards a goal of 80% local employees within five years. We treat people fairly, equally and without prejudice irrespective of gender, age, race, disability, sexual orientation or other attributes and this is reflected in our Diversity and Equal Opportunities policies. We are proud that we have recently appointed our first female field employees in Shaikan Production Facilities and will continue to focus on gender diversity and equal opportunities.

The Company applies a technical ladder system with industry benchmarking for the recruitment, promotion and salary rating of each position.

Quality learning and development

Focus on diversity

We encourage open communication and dialogue within the business and hold regular briefing sessions, town hall meetings and business updates with staff. We also have annual performance reviews for all employees and our approach to salary, bonus and equity provision is applied across the organisation.

We also focus heavily on employee welfare and have introduced an improved medical insurance scheme in Kurdistan during 2019.

All staff participate in an employee bonus scheme, which is calculated with direct reference to the Company's key performance indicators ("KPIs"). A number of the KPIs are ESG and safety related, thus linking remuneration directly to the Company's safety and sustainability performance. Furthermore, all staff receive an annual entitlement under the Long-Term Incentive Plan ("LTIP"), which will only vest if performance criteria linked to the Company's overall performance are met.

Learning and development

Gulf Keystone needs to assure itself, its partners and the Kurdistan Region of Iraq that its workforce is fully competent and will remain so for the future. To date, eight national staff members have been promoted into positions which were previously held by expatriates. 66 enrolled into GKPI-provided technical courses.

Current initiatives include:

- our in-house Competency Based Framework which serves as the main route to career development for national employees;
- the enrolment of 52 employees at varying stages of the four-level Gas Process Operations Course;
- ten HSE employees enrolled and completed a Worker Safety Management Course, with an average grade of 89%; and
- ten maintenance employees enrolled on and completed an Industrial Instrumentation course, with an average grade of 93%.

Indirect employment

We prioritise the engagement of local subcontractors as well as requiring that our contractors hire personnel from the Shaikan area wherever possible. We endeavour to balance our hiring equally between local villages to ensure fairness of approach.

The incentive to contract with subcontractors from our area of operation represents one of the most impactful contributions the Company can make to the socio-economic environment in Shaikan – delivering direct benefits to the economic prosperity of the region.

CSR and HR teams engage with local stakeholders to ensure that direct and indirect employment is equally shared amongst the villages surrounding the Shaikan operations.

We often support local universities by providing valuable internships to students from all disciplines, but particularly oil and gas-based areas of study including various engineering courses.

Staff testimonial**Maryam M. Mumtaz**

I am Maryam and I come from Duhok. I have a degree in Petroleum Engineering from Zakho University, and I joined at the same time as Shaima Hassam in November 2019 as a Trainee Plant Operator. I have always looked forward to getting a good job with a reputable company like GKP so that I can receive quality training, gain strong experience and improve my skills. My initial goal is to continue to grow and improve myself both personally and professionally. Being in the field is challenging, and I have had to adapt quickly, find solutions to difficult situations and make decisions, working as part of the team. GKP is helping me to develop my skills and gain new experiences.

The main thing that attracted me to GKP is the dynamic working environment and fine reputation of the Company. I enjoy challenges and look forward to the opportunities here, where I will be able to assume greater responsibility. Ultimately, I would like to focus on strategy and development and work my way into a long-term position where I can build a solid career.

My name is Shaima Hassam and I come from Shaikan. I have a degree in Petroleum Engineering from Zakho University. I joined GKP in November 2019 as a Trainee Plant Operator. This is the first step in my career as a graduate trainee and I am so delighted to work for such an effective and international company as Gulf Keystone and I look forward to developing my skills with the Company.

My first impression of GKP is that it has significant growth potential and is led by a strong management team. During the last four months I have learned and developed my understanding of the facility and how to deal with equipment and instruments. Due to GKP's strong reputation for safety and security, with highly trained and professional staff, I feel that I am working in a very safe operating environment.

Staff testimonial**Shaima Hassam****Staff testimonial****Thamir Siawsh**

My name is Thamir Siawsh and I was born in Erbil. I have a degree in Civil Engineering from Salahadin University and am also a Certified IACCM Associate (International Association for Contract and Commercial Management) and a Certified Contracts Manager. I have more than 24 years of diverse experience, mainly with international companies and United Nations agencies in Iraq. The last twelve years of my career have been spent in supply chain management working with a number of companies including major oil operators. I joined GKP in 2017 as a Contracts Administrator and my role has grown considerably over the last few years and I was quickly promoted to Senior Contracts Engineer. I feel that I have been able to develop my talents and skills to support GKP and I am proud of my success within the business. I have had a wide range of training and development opportunities including technical training and mentoring as well as leadership and management development training programmes.

GKP is a well-known operator and it is an ambition for many people to be part of this developing company.

Sustainability report continued

Health and safety

A commitment to ensuring the highest standards in health and safety remains a core Company value which is built into the everyday working environment. We are driven by protecting our people, engaging continuously with the workforce, and encouraging an open and honest incident reporting and investigation culture. This is achieved through training and development, having an enthusiastic, educated workforce who are keen to learn and accomplish high standards in this area.

The key focus for our HSE team in 2019 was to deliver the objectives and targets of the HSE improvement and compliance plan. The aim of the plan was to start embedding and strengthening HSE through 27 improvement initiatives and 23 compliance targets, all endorsed by the Company's HSSE & CSR Committee (to be replaced by the Safety and Sustainability Committee going forward). These initiatives ranged from training, to emergency response exercises, reducing environmental impact, audits and improved systems and procedures.



The Board and senior management team use review committees and site visits to demonstrate the commitment required, reinforcing the high levels of HSE throughout the Company – which has significantly raised overall visibility of HSE across the Company. The HSE function reports directly to the COO and takes part in weekly senior management meetings to address HSE-related matters directly with the executive team.



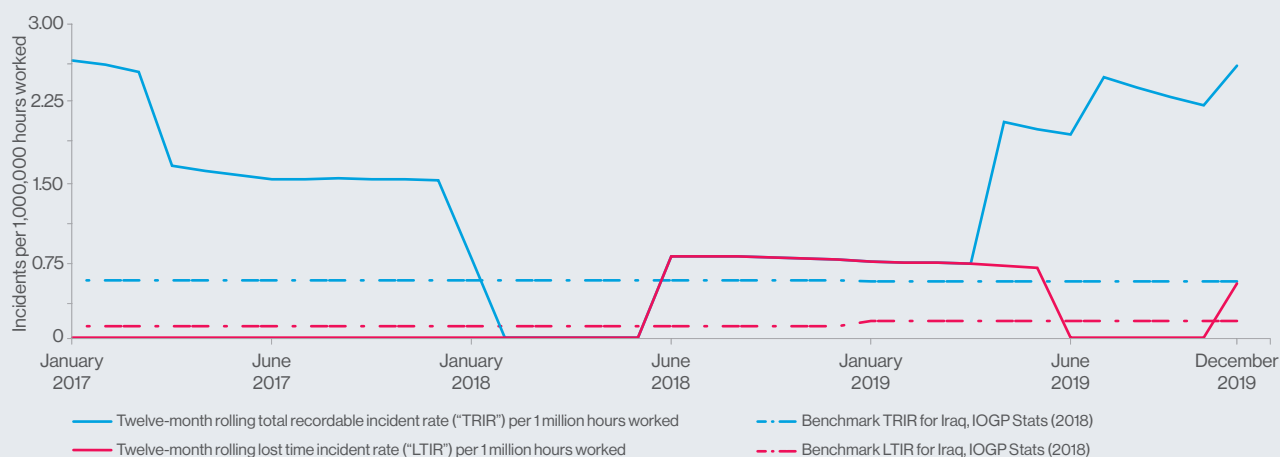
Case study

STOP cards

The Company has a culture of empowering its staff and contractors to identify potential and actual health and safety matters and to report these to management. STOP cards are prevalent through the organisation, in all offices and facilities. In 2019, over 8,100 STOP cards were submitted; all of these were addressed and communicated to the team.

  (For Safety)	
OBSERVATION CARD	
Card #	
OBSERVATION REPORT	چاودیتی کردنی راپورت
UNSAFE ACT OBSERVED IMMEDIATE CORRECTIVE ACTION راستکردنوهی خیرایی کاره به معترسیه کان تپینی کردنی کاره به معترسیه کان	
SAFE ACT OBSERVED ACTIONS TO ENCOURAGE هاندانی بهردوام بوون له کاره بتمترسیه کان تکارهی معترسیه تپینی کراوه کان	
Further actions Required همرکاری زیاتر که پتویست بیت	
Observer's Name	سهرپرشتیار
Location	بهشی بهریرس
Date	هروژا

Lost time and total recordable incident rates 2017-2019



GKP encourages an open HSSE reporting culture

Year-on-year statistical comparison

Category	Measure	2017	2018	2019
Lost time incidents ("LTI")	Total incidents	—	1	1
Lost time incident rate ("LTIR")	Million man-hours	—	0.75	0.52
Recordable incidents	Total incidents	2	1	5
Total recordable incident rate ("TRIR")	Million man-hours	1.51	0.75	2.61
Motor vehicle accidents	Total incidents	1	1	3
Driving violations (IVMS data ⁽¹⁾) (only those resulting in warnings)	Total incidents	25	—	—
First aid cases	Total incidents	2	1	7
Solid waste recycling	Percentage	85.5	87	86
Liquid hazardous waste recycling	Percentage	100	100	100

(1) In Vehicle Monitoring System.



Robust safety performance

1 LTI

in December 2019
after 530 days



86%

solid waste recycling



100%

liquid hazardous
waste recycling

Sustainability report continued

Material factors

Local community



Since the Company started its operations in Kurdistan in 2007, Gulf Keystone has worked alongside the communities located close to Shaikan to make sure that they feel involved in the business, and benefit from its operations. The Company consults with the local communities on a regular basis, to ensure they are informed of upcoming developments at Shaikan, and strive to employ local people and use local suppliers and contractors whenever possible.

Community investment

Community investments are made for the long-term benefit of the community and the benefits of these investments are designed to last long after petroleum operations have ceased. Unlike impact management and “Good Neighbour” activities which are reactive by nature, these initiatives are proactive. Following an external review of its community investment programmes, agriculture and education/training emerged as the two areas of focus. Whilst GKP’s investments in education programmes cannot replace nor duplicate the existing teaching curriculum, they are aimed to support education in the KRG, wherever it can make a greater impact. This can be done through a combination of directly funded projects, and volunteering initiatives.

Examples of recent initiatives include:

Agriculture:

- wheat improvement programme and practical training;
- distribution of barley and chickpea seeds with associated training;
- provision of beekeeping hives and associated training;
- distribution of condensed fodder for sheep farmers;
- vaccination programme for sheep and goats;
- provision of wool clippers and shears; and
- distribution of egg-producing chickens.

Education and training:

Provision of courses in relation to:

- computer literacy;
- English language;
- business planning support for small businesses;
- sewing;
- hairdressing; and
- plumbing.

The Company has also been involved in a number of local “Good Neighbour” infrastructure projects, including the provision of generators, and the construction of a water supply network.

Sustainability criteria

In assessing the suitability of social responsibility initiatives, we have developed a “SMART” criteria framework against which each proposed initiative is mapped. This scores the proposal against a number of criteria including effectiveness of the project, the overall need for it, the delivery and cost of the project versus alternatives, and the longer-term sustainability of the project. The sustainability criteria are key to this; ultimately, we are looking to implement projects which provide a real long-term benefit to the communities and which can be sustained from a financial and education perspective.

Case study

Wheat improvement

In 2018 and 2019 the Company initiated a wheat improvement project. This covered eleven villages and more than 700 farmers. The Company distributed high-quality certified wheat seeds and trained the farmers on enhanced techniques to dry and store the wheat, alongside education on weed and pest control. The wheat yield improved on average by around 35% and was used in baking flour as opposed to animal fodder as previously. Furthermore, the farmers kept harvested seeds to use the following season to ensure the sustainability of the project.



Governance

Governance is the umbrella under which all major environmental and social issues are managed. It will become even more important for natural resource companies such as ours to ensure their governance structures are robust and fit-for-purpose. It is crucial that our leadership team is not only attuned to these ESG concerns but is also willing to make tough strategic and commercial decisions today that will protect value for all stakeholders in the long term.

Our HSSE and CSR Committee is a committee of the Board of Directors of the Company which is primarily responsible for ensuring that appropriate systems are in place to manage health, safety, security and environmental risks and corporate social responsibility. This includes the measurement of relevant KPIs and making recommendations for improvement where appropriate.

From the financial year 2020 onwards, this Committee will be replaced by the Safety and Sustainability Committee to reflect its wider remit, whilst maintaining the Company's focus on safety. The Safety and Sustainability Committee will continue to meet at least quarterly, and frequently in Kurdistan.

During 2020 we will be expanding and implementing remuneration KPIs linked to our sustainability strategy. These KPIs will be used to determine bonus entitlements, should any become payable, right through the organisation, thus helping to ensure that all staff are fully cognisant of the importance of ESG to the organisation's future success.

Board oversight

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.

The Board is committed to high standards of governance and aims to create a culture which demands the same commitment and performance from all our employees and contractors and in all our business activities. We continue to build organisational capacity and improve our management processes and procedures as the Company continues to develop. We seek to strike a balance between entrepreneurial risk-taking and prudent risk management, maintaining high standards of corporate governance without compromising Gulf Keystone's unique culture.

Internal control and policies

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. The Board is accordingly satisfied that effective controls are in place and that risks have been mitigated to an acceptable level.

Alongside the governance structure, the Company has in place a number of policies which support the Company operating in a manner which is ethical and responsible. These include the Anti-bribery Policy, Whistleblowing Policy and the Information Handling Policy. We are committed to maintaining the highest standards of business ethics in the conduct of our operations.

Further details on the Company's governance structure and policies can be found in the corporate governance report on pages 62 to 102.



Bermuda

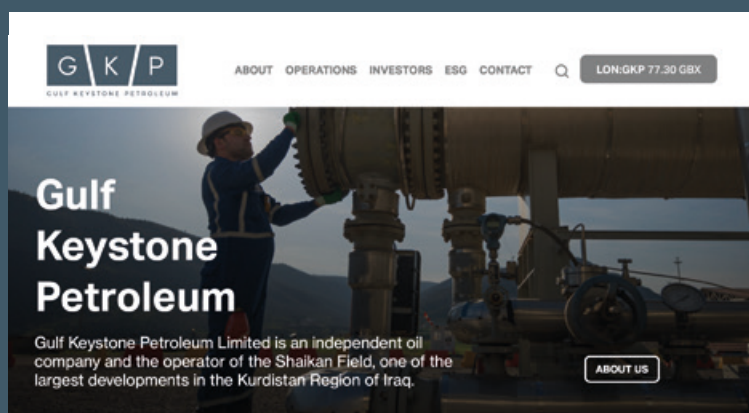
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Further details regarding shareholder information can be found on our website.

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