



## **Sustainability report 2022**

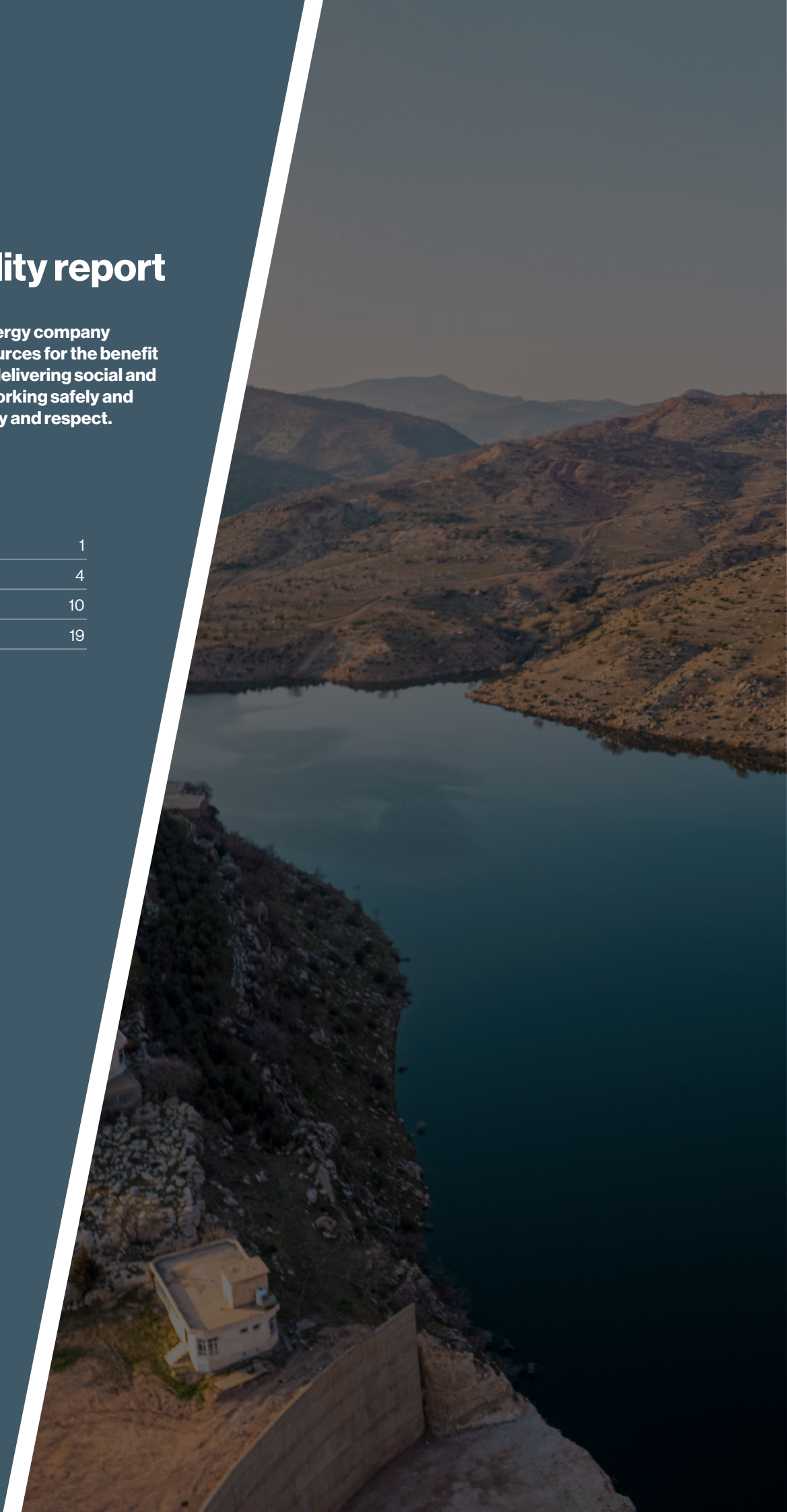


# Sustainability report

**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.**

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# CEO's introduction



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Sustainability underpins our ability to create value for all stakeholders and our licence to operate.

**Jon Harris**  
Chief Executive Officer

At Gulf Keystone, we are committed to embedding sustainable business practices in all that we do and improving our sustainability performance. As a responsible energy company and an employer of over 500 people in Kurdistan and the UK, we view sustainability as critical to our licence to operate and ability to create value for all GKP stakeholders.

We continued to make progress against our sustainability strategy in 2022, with a number of highlights to note.

First, we are pleased to report that for the first time, our annual disclosures are fully consistent with all the recommendations set out by the Task Force on Climate-related Financial Disclosures (“TCFD”). Our full TCFD report can be found on pages 52 to 65 in the annual report. This is the result of a significant effort since our initial TCFD disclosure in 2020 and demonstrates our commitment to addressing climate-related risks and opportunities at all levels of the organisation.

As part of this effort, in 2022 we undertook to improve the accuracy and scope of our greenhouse gas emissions disclosures. This included extending our emissions reporting to include scope 3 emissions (categories 1-12) for the first time, providing more detailed and accurate reporting of our scope 1 emissions, including the addition of methane emissions data and obtaining independent external verification of our GHG emissions data and developing a new digital system to increase the integrity of our environmental data management.

These changes have led us to revise and increase our scope 1 emissions for 2020 and 2021. We have also seen an increase in scope 1 emissions in 2022, driven by higher oil production and higher gas production principally from a single well near the gas cap, in line with our reservoir modelling. Looking ahead, we are focused on transforming our emissions footprint. We are continuing to progress the tendering process for the Gas Management Plan, which will enable us to eliminate almost all of our routine gas flaring and, depending on timely sanction and implementation, more than halve our emissions intensity versus the original 2020 baseline of 38 kgCO<sub>2</sub>e/bbl by 2025.

We are also working on progressing a number of other decarbonisation initiatives to further reduce our emissions, including in the near term a project to eliminate methane venting from our oil storage tanks, which we are targeting to complete in 2024. Ahead of implementation of the Gas Management Plan and other decarbonisation projects, we expect our scope 1 emissions to continue to rise as production increases. Further information on our emissions and decarbonisation projects are on page 33 of the Sustainability report and on pages 52 to 65 of our TCFD report in the annual report.

Looking to our people, we continued to progress initiatives focused on strengthening the skills and wellbeing of our workforce. We are proud of our diversity, which includes our large contingent of almost 350 local Kurdish employees, making up 74% of our total workforce at the end of 2022. The year also marked the launch of our Global Women's Network (“GWN”) which is committed to the professional development and advocacy of women across the organisation. The GWN aims to create growth opportunities for women and serve as a trusted partner to help drive inclusivity through greater female participation and representation at GKP. While we were pleased to see female representation in our workforce increase significantly to 14% in 2022, there is still further to go.

I am particularly proud of our ongoing efforts to support local community projects that improve the lives of those in areas surrounding our operations. Thanks to the ingenuity of our people, our community support extends beyond financial aid to deliver practical solutions that support agriculture, education and vital community infrastructure. Whether that's providing innovative agricultural technologies and training to improve farmer yields, offering vocational training or connecting local villages to power and clean water supplies, our community outreach spending exceeded \$1 million gross in 2022, a 20% increase from 2021.

In addition to our community support, we continued to maintain a strong working relationship with our host government, the KRG. The Shaikan Field accounts for around 10% of Kurdistan's oil production and in 2022, we generated \$515 million net in production entitlements, royalties and capacity building payments for the KRG from the Field, a 53% increase versus 2021.

# Our sustainability strategy

	Environment	Social	Governance
Strategic priorities	<ul style="list-style-type: none"> <li>Address climate-related risks and opportunities;</li> <li>Reduce our scope 1 emissions intensity;</li> <li>Protect air quality; and</li> <li>Minimise our environmental impact.</li> </ul>	<ul style="list-style-type: none"> <li>Workforce health and safety;</li> <li>Recruit, nurture, develop and retain talent;</li> <li>Enhance diversity and inclusion;</li> <li>Support our local communities; and</li> <li>Generate economic value for Kurdistan.</li> </ul>	<ul style="list-style-type: none"> <li>Robust corporate governance and compliance; and</li> <li>Highest standards of business ethics.</li> </ul>
Material factors	<ul style="list-style-type: none"> <li>GHG and other emissions;</li> <li>Air quality;</li> <li>Facility impact management;</li> <li>Water management and withdrawal;</li> <li>Waste management; and</li> <li>Soil and land remediation.</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety and wellbeing;</li> <li>Learning and development;</li> <li>Diversity and inclusion;</li> <li>Local employment;</li> <li>Local supply chain purchasing and contracting;</li> <li>Community engagement and investment; and</li> <li>Shaikan Field revenues generated for the KRG.</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; and</li> <li>Code of Business Conduct compliance.</li> </ul>
Key current targets	<ul style="list-style-type: none"> <li>Reduce scope 1 emissions intensity per barrel by &gt;50% and eliminate almost all routine flaring by 2025<sup>(1)</sup>;</li> <li>Eliminate methane venting from storage tanks by 2024; and</li> <li>Zero harm to the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Zero harm to staff, contractors and local communities.</li> </ul>	<ul style="list-style-type: none"> <li>Outstanding governance and compliance; and</li> <li>Annual workforce compliance with Code of Business Conduct.</li> </ul>
SDG alignment	<div> <div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> </div> <div> <div>13</div> <div>CLIMATE ACTION</div> </div> <div> <div>15</div> <div>LIFE ON LAND</div> </div>	<div> <div>4</div> <div>QUALITY EDUCATION</div> </div> <div> <div>5</div> <div>GENDER EQUALITY</div> </div> <div> <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> </div>	<div> <div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> </div>

(1) >50% reduction measured against the original baseline carbon intensity of 38 kgCO<sub>2</sub>e/bbl in 2020; dependent on timely sanction and implementation of Gas Management Plan; reference to scope 2 eliminated following recalculation of emissions.

We also generated significant economic value for the Kurdistan region via local employment and our support of regional suppliers. In 2022, our total purchasing and contracting with local suppliers increased 31% to \$64 million versus 2021.

We have also taken meaningful steps to further embed sustainability in our corporate governance structure. In 2022, we launched the GKP Sustainability Panel to facilitate the delivery of our sustainability strategy and to ensure ESG oversight across the organisation. The Panel's permanent members include myself and the Executive Committee, as well as the Safety and Sustainability team and other senior leaders. The Panel's work will be bolstered by our now 44 strong "Sustainability Champions" brought together from across the organisation, who will help us to identify sustainability-related opportunities they see in their roles.

Finally, a personal highlight was the launch of our Code of Business Conduct ("COBC") – our guidelines for how we conduct business, safeguard our assets and work together to create a positive work environment. Available in both English and Kurdish, the Code outlines the shared behaviours we expect of our people. It also includes our newly developed Human Rights and Modern Slavery policy, which reinforces our zero tolerance stance to any forms of child labour, forced labour, modern slavery or human trafficking within our business and wider supply chain. In early 2023, training on the COBC was rolled out to all members of our staff to ensure Company-wide understanding and compliance.

Looking ahead, we are excited about making further progress against our strategy, with a number of priorities identified in 2023. I look forward to updating you on our progress.

**Jon Harris**  
 Chief Executive Officer  
 22 March 2023

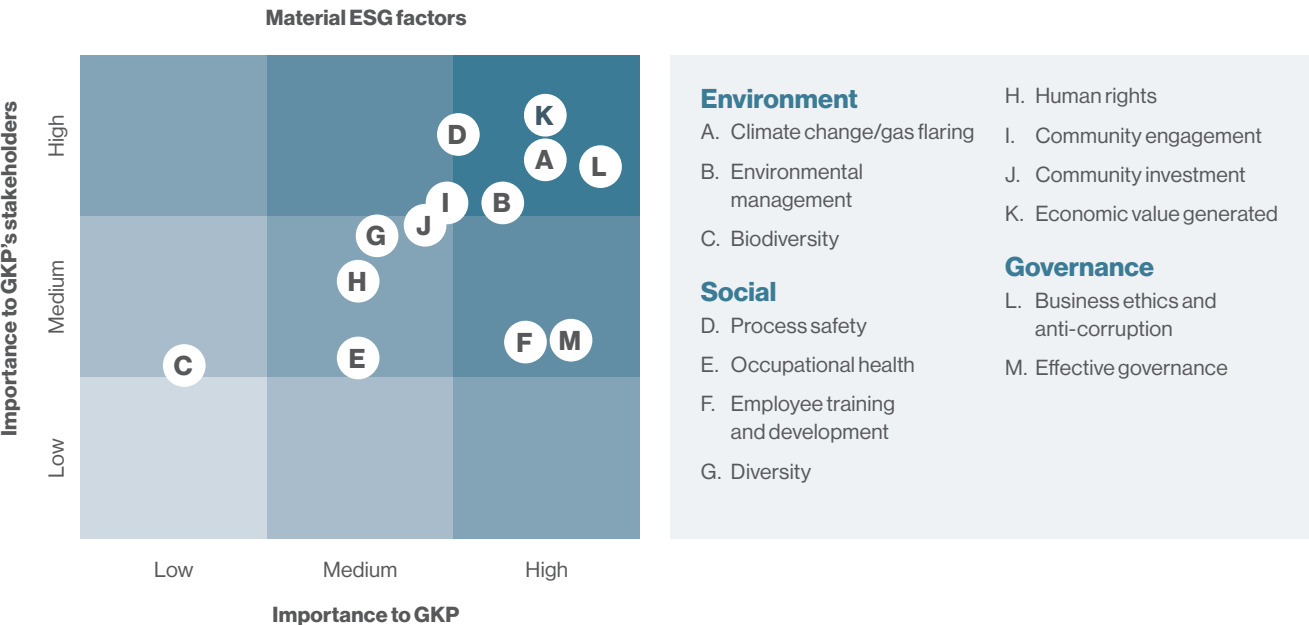


Material ESG factors

We conducted our first materiality assessment in 2020 to identify the ESG factors that are most relevant to Gulf Keystone and its stakeholders. The process involved direct engagement with internal and external stakeholders to identify the ESG factors they consider to be most important, as well as a review of the sustainability landscape, which included a review of relevant external standards (including SASB, GRI, UNGC, UN SDGs, etc), a detailed peer benchmark and review of internal activities.

The outcomes of this process and the key material ESG factors identified can be found in the materiality matrix below. We have recently reviewed the material factors and their importance to the Company and have updated the matrix accordingly.

The material factors and metrics in our 2022 Sustainability report draw on current standards and frameworks for sustainability information disclosure, including the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations, Streamlined Energy and Carbon Reporting (“SECR”), Sustainability Accounting Standards Board (“SASB”), International Petroleum Industry Environmental Conservation Association (“IPIECA”) and GHG Protocol.



# Environment



## Our focus

Energy security and affordability are fundamental for our future. At the same time, we recognise the urgent need to deliver the world's energy requirements in a way that addresses climate-related risks and opportunities and minimises our impact on the environment. For GKP, this means taking ambitious steps to reduce the carbon intensity of our operational activities, align our disclosures with TCFD recommendations, monitor our emissions footprint across scopes 1, 2 and 3, protect air quality around our operations and manage the impact of our facilities on the local environment.

## SDG alignment

### SDG 11: Sustainable cities and communities

By targeting emissions reduction, protecting air quality and managing our water and waste, we are focused on minimising the impact of our activities on the communities that surround our operations.

### SDG 13: Climate action

Our commitments to more than halving our carbon intensity per barrel by 2025, eliminating methane venting from our storage tanks and progress other decarbonisation opportunities means we are taking effective climate action for a sustainable future.

### SDG 15: Life on land

Through our robust facilities impact management programme, we ensure that any land we operate on is carefully assessed via detailed environmental and social impact assessments to protect and preserve life on land.

## Targets:

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

**Eliminate methane venting from storage tanks by 2024**

## Key performance highlights

Material factor	Indicator	Unit	2020 <sup>(2)</sup>	2021 <sup>(2)</sup>	2022 <sup>(3)</sup>
<b>GHG emissions<sup>(4)</sup></b>	Total scope 1 emissions	ktCO <sub>2</sub> e	504	640	<b>739</b>
	Scope 1 emissions – Flaring	ktCO <sub>2</sub> e	429	557	<b>654</b>
	Scope 1 emissions – Venting	ktCO <sub>2</sub> e	17	20	<b>21</b>
	Scope 1 – Fugitive	ktCO <sub>2</sub> e	5	5	<b>5</b>
	Scope 1 – Combustion of petrol and diesel	ktCO <sub>2</sub> e	6	9	<b>9</b>
	Scope 1 – Combustion of fuel gas	ktCO <sub>2</sub> e	47	49	<b>50</b>
	Total CH <sub>4</sub> emissions <sup>(5)</sup>	ktCO <sub>2</sub> e	42	51	<b>57</b>
	Total scope 1 emissions intensity	kgCO <sub>2</sub> e per barrel	47.0	50.5	<b>57.2</b>
	Total scope 2 emissions	ktCO <sub>2</sub> e	0	0	<b>0</b>
	Total scope 3 emissions	ktCO <sub>2</sub> e	—	—	<b>6,654</b>
<b>Other emissions<sup>(4)</sup></b>	Total SO <sub>2</sub> emissions	ktSO <sub>2</sub>	71	82	<b>87</b>
<b>Water management<sup>(4)</sup></b>	Total water withdrawn <sup>(6)</sup>	m <sup>3</sup>	11,467	88,432	<b>80,628</b>
<b>Waste management</b>	Recycled solid non-hazardous waste	% of total waste	92	86	<b>92</b>
	Recycled solid hazardous waste	% of total waste	6	28	<b>86</b>
	Recycled liquid non-hazardous waste	% of total waste	100	100	<b>100</b>
	Recycled liquid hazardous waste	% of total waste	100	100	<b>100</b>
<b>Spills</b>	Total number	Incidents	1	9	<b>9</b>
	Total volume	Litres	25	836	<b>1,259</b>

## References

- (1) 50% reduction measured against an original baseline scope 1 emissions intensity of 38 kgCO<sub>2</sub>e/bbl in 2020; dependent on timely sanction and implementation of Gas Management Plan.
- (2) 2020 and 2021 scope 1 and scope 2 emissions revised following recalculation; 2020 and 2021 scope 3 emissions will be reported in the 2023 Sustainability report; see "Emissions reporting" section on pages 5 and 6.
- (3) Scope 1, 2 and 3 emissions for 2022 have been independently verified by EcoAct, aligned with the ISO 14064-3:2019 standard with specification and guidance for the verification and validation of greenhouse gas statements.
- (4) All GHG emissions, other emissions and water management metrics based on GKP's 80% working interest in the Shaikan Production Sharing Contract.
- (5) Methane emissions also included in scope 1 – Flaring, Venting and Fugitive.
- (6) 2020 data are estimates; installation of water metering devices from 2021 improved accuracy of data.

## Addressing climate-related risks and opportunities

### Consistency with Task Force on Climate-related Financial Disclosures recommendations

We started applying the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations in 2020 and, as of 2022, GKP's disclosures are now fully consistent with all 11 recommendations of the TCFD framework, as well as the additional disclosure recommendations specific to oil and gas companies. Our full disclosure can be found in our TCFD report on pages 52 to 65 in the annual report.

### Environmental and emissions data collection

In 2022, we conducted a review of our environmental data collection process to implement improvements that will strengthen the accuracy of our emissions data. To achieve this, a digital solution for more effective and efficient data capture, recording and monitoring of our emissions footprint is being developed for implementation in 2023. Over time, this new system will improve our data integrity and help us to identify additional opportunities to reduce our emissions.

### Updates to GHG emissions reporting

To align with the TCFD recommendations and to provide a more comprehensive and accurate picture of our GHG emissions footprint, we have amended and updated our emissions reporting. As part of this exercise, we have commissioned a third-party organisation EcoAct to independently verify our scope 1, 2 and 3 emissions disclosures for 2022 according to the ISO 14064-3:2019 standard. We use the equity share approach to report our emissions.

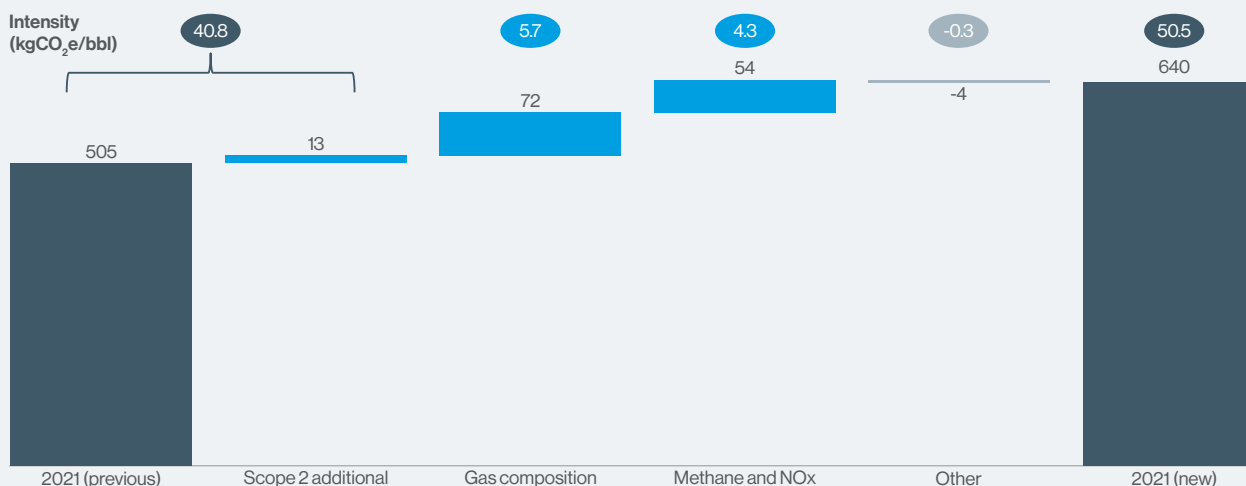
First, we have broadened our emissions reporting to measure for the first time our scope 3 emissions in 2022. This disclosure is aligned to all 12 relevant sources of scope 3 emissions set out by TCFD, a breakdown of which can be found in our TCFD report on page 52 in the annual report. As an energy company, categories 10 and 11 are the most material for us, as most oil and gas emissions are generated from the processing or use of sold products. We are planning to report our scope 3 emissions (categories 1-12) for 2020 and 2021 as part of the 2023 Sustainability report.

Second, we have reviewed our reporting of scope 1 and 2 emissions to improve the accuracy of our disclosures and to align with the TCFD recommendations, as well as a number of other industry guidelines, such as the "GHG Protocol: a corporate reporting and accounting standard" (Revised edition, 30 March 2004, updated 2015) and the "IPIECA Petroleum industry guidelines for reporting greenhouse gas emissions" (2nd edition, 2011). This review resulted in the following material changes to our calculation of emissions in 2022, which we have used to recalculate and revise our scope 1 and 2 emissions for 2020 and 2021:

- emissions from our own power generators has been reclassified to scope 1, resulting in zero emissions being reported under scope 2;
- the composition of our associated gas, which is currently flared or used as fuel gas, has been recalculated for greater accuracy and to align with IPIECA Petroleum industry guidelines following a recent systematic review of all gas sampling results;
- our scope 1 emissions have been broken down for the first time by source, including flaring, venting, fugitive, and fuel, petrol and diesel combustion; and
- as part of this change, methane and nitrous oxide emissions from our flaring activities, as well as carbon and methane emissions resulting from venting and fugitive emissions, have been added as scope 1 emissions.

For our 2021 emissions, these changes resulted in total scope 1 emissions increasing by 27% from 505 ktCO<sub>2</sub>e under the previous methodology to 640 ktCO<sub>2</sub>e (with scope 1 emissions intensity increasing from 40.8 kgCO<sub>2</sub>e/bbl under the previous methodology to 50.5 kgCO<sub>2</sub>e/bbl). Almost all of the increase between the two methodologies was driven by the recalculation of our associated gas composition, resulting in a higher estimated proportion of more carbon intensive gases in the composition, and the addition of methane and nitrous oxide emissions from flaring, venting and fugitive leaks.

### 2021 scope 1 emissions recalculation (total and intensity)

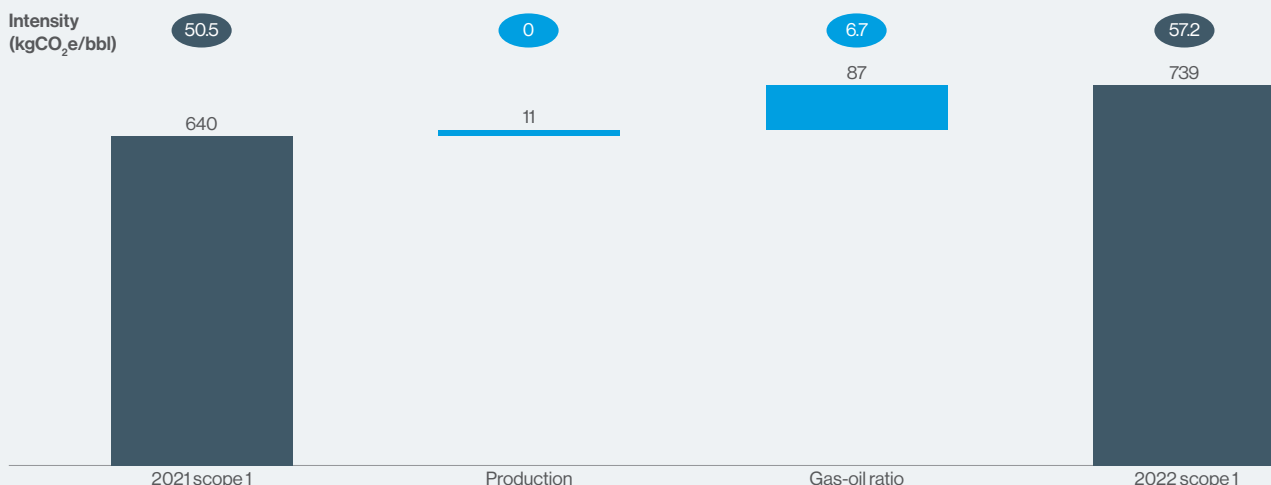


# Environment continued

## Emissions performance and focus on decarbonisation

Total scope 1 emissions in 2022 were 739 ktCO<sub>2</sub>e, a 15% increase versus the previous year (2021 revised: 640 ktCO<sub>2</sub>e). A small proportion of the increase was driven by higher gross production, with the majority due to a higher gas-oil ratio principally from a single well near the gas cap, in line with our reservoir modelling. Scope 2 emissions in 2022 were 0 ktCO<sub>2</sub>e, following recalculation as described above (2021 revised: 0 ktCO<sub>2</sub>e).

Our scope 1 emissions intensity in 2022 was 57.2 kgCO<sub>2</sub>e/bbl, with the increase versus the previous year (2021 revised: 50.5 kgCO<sub>2</sub>e/bbl) driven entirely by the change in gas-oil ratio.



## 2022 vs 2021 scope 1 emissions (total and intensity)

As part of our focus on addressing climate-related risks and opportunities, we are committed to reducing the carbon footprint of our operations.

Our primary objective is to reduce our scope 1 emissions intensity by >50% by 2025, compared to our original 2020 baseline of 38 kgCO<sub>2</sub>e/bbl (with the reference to scope 2 emissions eliminated following recalculation). This is dependent on the timely sanction and implementation of the Gas Management Plan and subsequent elimination of almost all of our routine flaring. The Gas Management Plan will also significantly reduce our sulphur dioxide emissions.

In addition to the GMP, we are also exploring the viability of a number of other decarbonisation projects. In 2022, we carried out a detailed assessment of these opportunities, including scenario analysis. Following this exercise, we have decided to progress as a priority the elimination of methane emissions from the venting of our storage tanks. We are targeting to complete the engineering and procurement for the project in 2023, which is a key component of the 2023 bonus plan safety and sustainability KPIs. The project is currently expected to be commissioned in 2024.

Further information regarding our focus on emissions reduction, the Gas Management Plan and our other decarbonisation opportunities can be found in the TCFD report, in particular in the Strategy section on pages 56 to 61 and the Metrics and targets section on pages 64 and 65 in the annual report.

## Protecting air quality

The Shaikan Field is located approximately 60km to the north-west of Erbil, sitting within close proximity to surrounding villages. As a result, it is imperative we adopt a robust air quality monitoring programme to avoid any negative impacts on our local communities. In 2022, our air quality performance continued to be within Kurdish regulatory limits.

We monitor air quality in a variety of ways, including stationary field monitoring, handheld Photo-ionisation Detectors ("PIDs"), gas surveys and, for the first time in 2022, satellite monitoring. See the boxes on page 7 for more information.

In 2023, we are planning to extend our air quality monitoring programme to detect and monitor methane and other fugitive emissions across our production facilities and wells, with the goal to reduce or eliminate emissions at source. Fugitive emissions are a very small proportion of existing scope 1 emissions, as disclosed on page 64 in the annual report, and we would expect this to remain similar following implementation of the programme. We will also be contracting a qualified external party to audit our air quality monitoring programme to ensure it aligns with local and international stipulations, standards and best practice.



## Protecting air quality continued



### 1. Stationary field monitoring

As of 2022, GKP operates four Scentinal SL-50 air quality monitoring stations which measure a broad range of air quality parameters, including  $\text{H}_2\text{S}$ , methane, VOC,  $\text{NO}_x$ ,  $\text{PM}_{2.5}$  and  $\text{PM}_{10}$  levels. Data is captured and reported to the Ministry of Natural Resources each month to ensure ongoing compliance. Additional stationary monitors will be installed in 2023 to enhance our data capture.

In addition, we deploy passive diffusion tubes at ten locations near the Shaikan Field and neighbouring villages to ensure the levels of  $\text{H}_2\text{S}$ ,  $\text{O}_3$ , VOC,  $\text{SO}_2$  and  $\text{NO}_2$  remain below Kurdistan stipulations. These tubes are deployed and recovered each month for detailed analysis.

As our operations continued to expand during 2022, we installed additional stationary air quality monitors across the block. In 2023, we will be installing further additional diffusion tubes around our well pads and other key locations where emissions occur. Furthermore, based on findings from the detailed studies conducted in 2019 and 2021, we will implement continuous monitoring at all of our natural seepages via our Gas Management Plan to ensure no leakages take place.

The combination of fixed monitoring stations, diffusion tubes and manual monitoring provides adequate and reliable monitoring across the block.

### 3. Gas surveys

We conduct gas surveys of the Shaikan block, the last of which was conducted in 2021. The purpose of gas surveys is to identify any natural gas seeps at surface level and to provide insights into the underlying geology. The studies were conducted using sensitive hydrogen sulphide ( $\text{H}_2\text{S}$ ), methane ( $\text{CH}_4$ ) and sulphur dioxide ( $\text{SO}_2$ ) detectors deployed from a vehicle, together with sensors deployed from a drone to cover inaccessible areas.

The results from our 2019 survey confirmed the presence of three known seepages, together with the discovery of a fourth seepage in the area. The findings identified low parts per billion ("ppb") levels of  $\text{H}_2\text{S}$  and  $\text{SO}_2$  and low ppm background levels of  $\text{CH}_4$ , indicating overall low levels of seepage. The results from the study in 2019 were verified in the second survey in 2021.

### 2. Handheld Photo-ionisation Detector ("PID")

GKP uses handheld PIDs to monitor photo-ionisation which can detect more than 400 gaseous pollutants in the air. This enables us to put in place actions to identify, prioritise and target specific pollutants where they occur.

### 4. Satellite monitoring

In 2022, Gulf Keystone used satellite imagery for the first time to determine if any fugitive emissions from our facilities and emissions from natural seepage could be monitored and quantified via this innovative technology. Currently, we are analysing data from the first three datasets collected in March, September and December of 2022.

In addition to emissions monitoring, the technology also provides valuable data on biodiversity, land use, hydrology and topography which can be used for a wide range of analyses in the field of sustainability and will be made accessible to other departments, such as to conduct sustainable pipeline surveys.

# Environment continued

## Minimising our impact on the environment

### Facility impact management

We undertake detailed facility impact management studies prior to commencing any site work. Before facilities or access roads are built, flowlines installed or wells drilled, GKP conducts a thorough environmental and social impact assessment ("ESIA") as part of our project design phase.

In 2022, two ESIA's for the expansion of our two production facilities and one ESIA for the Gas Management Plan were initiated. All three ESIA's have been submitted for approval by the Ministry of Natural Resources.

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

1. effective site selection: including safe location of well pads, clear 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 conducts detailed studies for site selection;
2. adequate waste management: with a strong focus on waste reduction, reuse and recycling;
3. implementing civil engineering designs that prevent or minimise any impacts on 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 (including drainage systems that capture contaminated run-off from accidental spills and leaks) and enhancing future site restoration plans;
4. efficient equipment specification, maintenance and operational control: to prioritise equipment that is fuel efficient, well maintained, and controlling operations to mitigate environmental impacts;
5. clear operational management control: to ensure the right documentation is in place to deliver operational activity in line with a given project's 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; and
6. preparedness for unplanned events: to embed effective emergency response and contingency plans, that are resourced and rehearsed to mitigate any unforeseen events that could have a significant environmental or social impact.

### Soil remediation

We aim to avoid any instances of contaminated soil, surface water and groundwater resulting from our operations to prevent any risks to public health and safety or our impact on the environment. As part of our standard procedure, all waste drilling cuttings and fluids are managed in line with Kurdistan legislation and international standards. We also ensure that any pits that are excavated next to well pads to hold drilling fluid are remediated after any drilling operations are completed. In 2022, one water pit was remediated at the SH-13 and SH-14 well pad by using the quality-tested and clean water for irrigation of the adjacent fields, handing over the liner to the neighbourhood communities for their own purposes and backfilling the pit with fresh soil.

## Waste management

Gulf Keystone maintains high standards of waste management in the Shaikan Field and our offices. We sort our waste into four categories:

- liquid hazardous waste: includes waste crude oil, contaminated water and drilling fluids;
- liquid non-hazardous waste: includes uncontaminated water;
- solid hazardous waste: includes drilling cuttings, chemicals and medical waste; and
- solid non-hazardous waste: includes food waste, packaging, glass and metals.



In 2022, we recycled 100% of our liquid hazardous waste, 100% of our liquid non-hazardous waste, 86% of our solid hazardous waste and 92% of our solid non-hazardous waste. The increase in the recycling rate of our solid hazardous waste from 28% in 2021 to 86% in 2022 was primarily driven by the increased recycling of our drilling cuttings.

To ensure that our third-party partners comply with our requirements and local legislation, we use tools such as GPS vehicle tracking, waste transfer documentation and quarterly contractor auditing to track compliance. We also ensure that all recycled waste has cradle-to-grave traceability for effective management, end-use and recycling.

All waste generated at GKP operational sites is transported to a centralised Waste Management Area, where it is separated by our in-house Waste Management Team. Waste that can be recycled or reused is then transported to specialist recycling companies (see "Partnering to repurpose operational waste"). All our waste management suppliers are approved by the Ministry of Natural Resources and audited by our HSE & Sustainability team.

## Case study

## Partnering to repurpose operational waste



Gulf Keystone continually seeks to find innovative ways to divert waste from landfill by partnering with local suppliers in Kurdistan to transforming waste into useful products.

In previous years, we sent our oil-based drilling cuttings to a local asphalt company where the asphalt produced was used for road construction in the wider Erbil area. However, with this option no longer available in 2022, we looked for alternatives. After some research, we identified a company that was able to use the drill-cutting waste to produce roadside concrete jersey barriers.

Since the start of this project in November 2022, 80 concrete jersey barriers have been produced from 89.4 tonnes of our drilling cuttings from the drilling of SH-16 and SH-17 that would otherwise have gone to landfill. Once produced, the barriers are used to protect sensitive infrastructure such as flowlines and well heads.

### Water management

With our operations situated in a region that is prone to drought, having a strong water and wastewater management process in place is a key consideration – not only for our own business but for our land and local communities.

The majority of our water use, measured as water withdrawn, is associated with our drilling activities. The remainder is used for operational requirements and as drinking water in our production facility camps. Water at the camps is supplied via water wells, which are analysed monthly and chlorinated weekly to ensure they meet World Health Organization (“WHO”) guidelines.

In 2022, Gulf Keystone used around 9% less water than in 2021. This was mainly achieved by closely monitoring the consumption and storage of fresh water during our drilling activities to ensure efficient usage. The significant increase in water withdrawn in 2021 relative to 2020 was primarily driven by the resumption of drilling activities and more accurate data measurement following the installation of metering devices at our production facilities.

### Wastewater management

Our sewage wastewater is continuously treated in sewage treatment units, with samples taken from the inlet and outlet streams to ensure the units are operating efficiently and that the quality of the effluent meets WHO guidelines. In 2022, an additional sewage treatment unit was installed at our construction camp, and looking ahead, we are planning to reuse treated sewage water from our operations for the irrigation of our facilities.

Any wastewater from drilling activities with oil traces is collected and transported via vacuum trucks to an MNR-approved refinery that specialises in recycling oil and lubricants of different grades from waste containing oil and/or hydrocarbons.



# Social



## Our focus

Our contribution to Kurdistan's social and economic development is critical to our licence to operate and our long-term future success. Our people are what make our business unique and we are proud to be an employer of over 500 people in Kurdistan and the UK. We work together as one team and we are focused on continuous improvement to enhance the safety, wellbeing, skills and diversity of our workforce. We are also committed to creating significant local economic value by employing local people, supporting local suppliers and generating revenues for our host government from the Shaikan Field. We 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 to staff, contractors and local communities

## SDG alignment

### SDG 4: Quality education

Projects focused on education and skills development are a key strategic focus of our local community engagement programme (see page 18).

### SDG 5: Gender equality

We are focused on increasing the number of women who work for GKP and empowering female leaders through our Global Women's Network, launched in 2022 (see page 15).

### SDG 8: Decent work and economic growth

We are passionate about generating economic value for Kurdistan, creating local jobs, supporting regional suppliers and generating revenues for the region through production from the Shaikan Field (see page 16).

## Key performance highlights

Material factor	Indicator	Unit	2020	2021	2022
<b>Health, safety and wellbeing</b>	Total recordable incident rate ("TRIR")	Incidents per million man-hours	0.71	1.37	<b>0.45</b>
	Lost time incident Rate ("LTIR")	Incidents per million man-hours	0.00	0.68	<b>0</b>
<b>Gender diversity</b>	Proportion of female staff in workforce (as at 31 December)	%	12	9	<b>14</b>
	Proportion of female staff in Kurdistan (as at 31 December)	%	9	7	<b>12</b>
	Proportion of female staff in UK (as at 31 December)	%	36	30	<b>38</b>
<b>Generating economic value in Kurdistan</b>	Proportion of local staff in workforce (as at 31 December)	%	84	74	<b>74</b>
	Local supplier purchasing and contracting (80% WI)	\$m	21	49	<b>64</b>
	Proportion of total purchasing and contracting with local suppliers	%	42	58	<b>35</b>
	Payments to host government <sup>(1)</sup> (80% WI)	\$m	120.6	335.8	<b>514.9</b>
<b>Local community projects</b>	Total value of contributions to local communities (80% WI)	\$	209,000	640,000	<b>833,500</b>

## References

(1) See the Report on Payments to Governments for 2022 on page 161 in the annual report for full disclosure.

## Health, safety and wellbeing

The ongoing health, safety and wellbeing of our workforce and local communities is a critical priority. It is one of GKP's six core values and integrated across all organisational levels and operational activities. We believe that no job is so urgent or important that it cannot be done safely, which is why we are committed to zero harm across all our business activities. By regularly engaging with our workforce through ongoing training, learning and development activities we seek to prevent incidents before they occur.

## Health, safety, environment and quality governance

Health, safety, environment and quality ("HSEQ") governance is a core responsibility for our executive team. Led by our Chief Executive Officer ("CEO"), the Board oversees our HSEQ strategy and receives regular updates on our performance via the Safety and Sustainability Committee. The Executive Committee addresses health and safety via ongoing operational meetings which include senior management meetings.

Our Chief Operating Officer ("COO") holds weekly health, safety and sustainability meetings with GKP's Head of Safety and Sustainability to ensure that our HSEQ Action Plan, HSEQ-related metrics and daily actions are appropriately addressed. This includes upholding the principles and expectations outlined in Gulf Keystone's Health, Safety, Security, Environment and Community Policy and our Code of Business Conduct.

## HSEQ Management System

Working with the MNR, our local communities and third-party consultants, Gulf Keystone has developed and implemented a comprehensive HSEQ Management System and Health, Safety, Security, Environment and Community Policy.

Our HSEQ Management System, which was updated in 2022 to integrate Quality, follows the "plan – do – check – act" process, consistent with ISO 14001 and ISO 9001 standards on environmental management, occupational health and safety management and quality. Our system is driven through internal commitment, leadership, planning assessment and risk mitigation, as well as through the employment of skilled and competent personnel to carry out the work. Our performance is monitored on a rolling basis to identify any shortfalls, and to introduce improvements as and when required.

To support this system, a "maturity index" was developed to monitor the relative strength of our progress. This is reviewed on an annual basis and agreed improvements are included in the following year's HSEQ plan.

A vital element of GKP's HSEQ Management System is the formal Competency Based Framework which seeks to train and develop local staff on required health, safety and environmental-related expectations. This programme includes mentoring, online training programmes, internal/external training, and a formal assessment process to demonstrate competence. The HSEQ Management System is fundamental for supporting a strong culture of health and safety within the business.

## Our 2022 HSEQ Plan

Our HSEQ Plan outlines GKP's roadmap for improving HSEQ performance and measuring HSEQ metrics throughout the year. The annual HSEQ Plan is put forward by our COO to the Executive Committee at the start of the year for approval and is endorsed by the Safety and Sustainability Committee before being rolled out.

In 2022, the HSEQ Plan included actions to embed further improvements to the HSEQ Management System, to continue to enhance process safety, provide ongoing training, and embed improvements to our air quality monitoring programme. As of 31 December 2022, we achieved a 98% completion rate of the actions we set out at the beginning of the year.

## Life Saving Rules

Gulf Keystone's Life Saving Rules are based on the International Association of Oil & Gas Producers' Life Saving Rules and provide all our people and contractors with practical lifesaving guidance required in the field. The Life Saving Rules, comprising nine Core Rules and 11 Supplementary Rules, are regularly discussed and reinforced at safety briefings, highlighted in various places around our facilities and are reviewed on an ongoing basis to ensure they remain front-of-mind for all our staff.

In 2022, the Life Saving Rules were reviewed and extended to include coverage of hydrogen sulphide (H<sub>2</sub>S), which we consider to be the most dangerous risk in our business. Two separate icons were also introduced for the prohibition of drugs and alcohol on site.

## GKP Life Saving Rules

### Core Rules

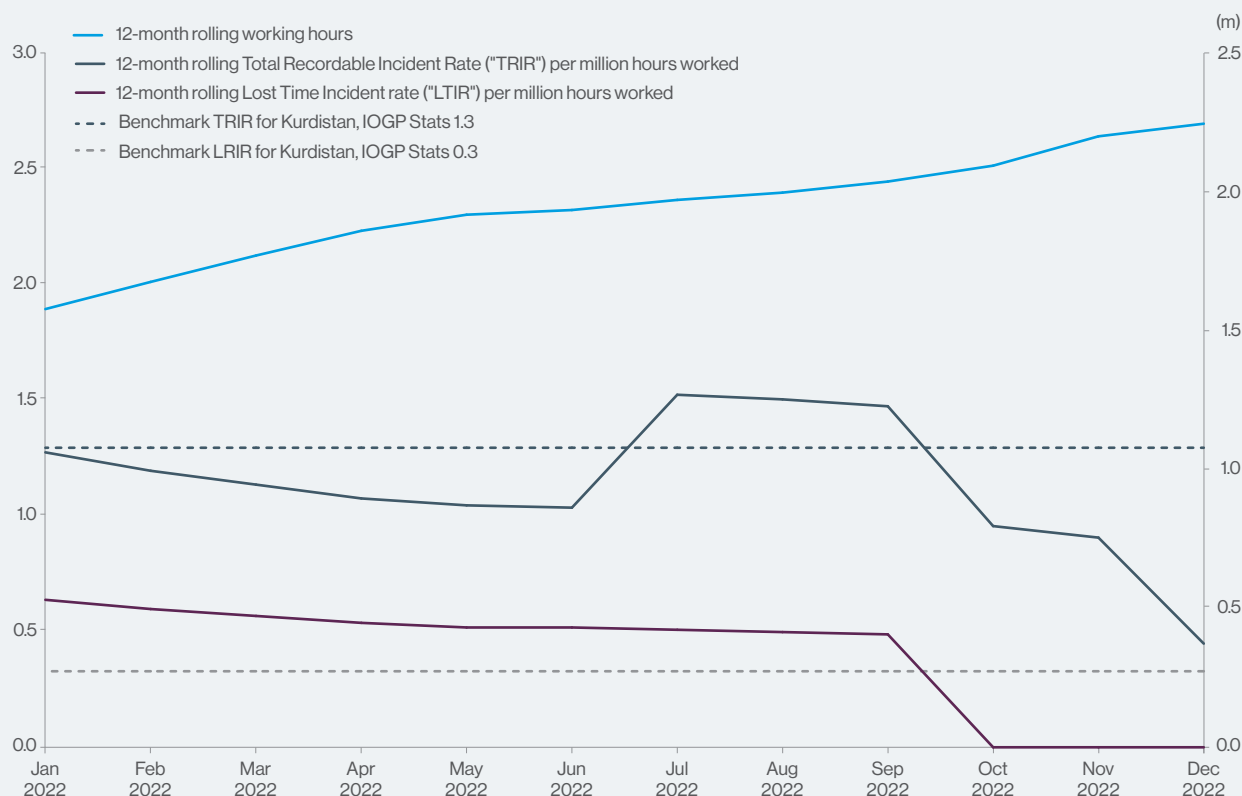
1	2	3	4	<b>Personal Safety</b>
5	6	7		
				<b>Driving</b>
				<b>Site Safety</b>
8	9			<b>Control of Work</b>

### Supplementary

10	11	12	13	14
15	16	17	18	
19	20			

## Social continued

2022 LTIR and TRIR versus working hours



### 2022 health and safety performance

We are pleased to report a continuation of our strong health and safety performance in 2022. We recorded zero Lost Time Incidents ("LTIs") in the year, despite increasing levels of activity and recording over 2.2 million working hours. One recordable incident was recorded relating to a snakebite, with the member of staff affected receiving rapid treatment and making a full recovery. As a result, our Total Recordable Incident Rate ("TRIR") decreased from 1.37 incidents per million working hours in 2021 to 0.45 in 2022.

Following our strong performance in 2022 and over 440 days without an LTI, we were disappointed to record an incident during drilling operations in January 2023. The incident occurred as our drilling team was preparing to move the drilling rig from the SH-17 well pad to the SH-18 well pad. We are pleased the member of the team is making a full recovery and we have put in place a series of remedial actions to prevent future incidents. As we continue our drilling campaign in the Shaikan Field, it is more important than ever we maintain a rigorous focus on health and safety.

### Emergency response planning

We have long-standing tiered emergency response plans in place on our sites, which are regularly tested through a combination of drills and response exercises covering different operational and security-related scenarios. In 2022, two emergency response exercises were held which involved the incident and emergency management teams within the Shaikan Field, the Erbil office and our London office.

### Land clearance activity

Whenever our operations expand into a new area, we ensure the land is safe by surveying it for unexploded ordnance and clearing it prior to any work commencement. This is a vital activity that not only helps to protect our staff and contractors, but also helps to reclaim the safety of the land for local communities.

In 2022, we surveyed 2,142,328m<sup>2</sup> of land in preparation for our future development activity and new well locations. Through this process, we identified two pieces of ordnance that were safely disposed of by a government agency.



Case study

## Health and safety training



In 2022, we developed an HSEQ Excellence Training course for members of our Executive Committee and senior leadership team. The training was undertaken by 25 leaders from across the business and included updates on topics such as legal health and safety stipulations, roles and responsibilities and advice for how leaders can embed HSEQ across the organisation.

For the wider organisation, a Behavioural Based Safety Campaign was rolled out in October 2022. The campaign was supported by an external organisation and consists of a general HSEQ audit, an HSEQ culture audit, interviews with employees and ongoing training and workshops relating to health, safety and wellbeing.

Furthermore, an incident response training module was provided to managers to encourage the regular reporting of near-misses and incident investigations. The training included modules specific to each manager's role as well as an overview of our standard organisational procedures. We apply the Based Systematic Cause Analysis Technique ("BSCAT") approach for incident investigations and investigation reports. This includes ensuring that all investigations are conducted by unbiased and impartial actors who are not directly involved in the incident.

### Wellbeing initiatives

In addition to upholding high levels of operational health and safety on site, we recognise the importance of helping our people live healthy and active lives in which their physical and mental health are prioritised.

In 2023 we introduced a wellbeing allowance paid monthly through payroll to all employees to encourage participation in wellbeing activities. We rolled out a new Employee Assistance Programme in the UK and promoted healthy lifestyles by encouraging staff to join online webinars and take part in fitness challenges. We also introduced on-site neck and shoulder massages in our London office, as well as weekly fruit deliveries in all our facilities and offices.

## Social continued

### Our people

Our team of over 500 staff and contractors in Kurdistan and the UK are the lifeblood of our organisation. Their dedication and expertise help us to deliver, improve and grow our business every day. To support them, we are focused on fostering a safe, diverse and inclusive working environment that enables our people to thrive and develop their careers. We are also deeply committed to enhancing employment opportunities for local people in Kurdistan and we place a strong emphasis on hiring directly from our local communities in the Shaikan Field.

### Our purpose and values

As a purpose-driven business, GKP exists to develop natural resources for the benefit of all stakeholders by delivering social and economic benefits by working safely and sustainably with integrity and respect.

Our culture is underpinned by six core values which provide the building blocks for how we operate and get things done as a team. It is by embodying these values that we can deliver our purpose and meet our strategic objectives.

To ensure we live these values every day, we hold regular meetings, briefing sessions, town hall sessions, as well as “coffee chats” and surveys, to give our people the opportunity to share their views, listen to our progress and understand our shared direction.

Our employee retention rate remains excellent, and our voluntary turnover level in 2022 was 3%. We are also proud that close to 50% of our local workforce has been with the Company for over five years in 2022. This is a strong endorsement of our positive culture and workplace values.

### GKP's values



#### Safety

Safety comes first. No job is so urgent or important that it cannot be done safely.



#### Social responsibility

We are committed to meeting high standards of corporate citizenship by protecting the wellbeing of our employees, by safeguarding the environment and by creating a long-standing, positive impact on the communities where we do business.



#### Trust through open communication

We understand the importance of listening and open communication with employees, our business partners, stakeholders and shareholders – our success depends on everyone. We encourage an environment of open and continuous communication and build our relationships on trust.



#### Innovation and excellence

We are committed to a high-performance culture and to ensure sustained long-term value for not only our external stakeholders but also our employees through learning, mentoring and career development.



#### Integrity and respect

Doing the right thing. We are always guided by the highest standards of ethical conduct, integrity and fairness. Respect is: ensuring diversity and equal opportunities in the business with our partners, stakeholders and contractors, and seeking to conduct our business openly and to mutual benefit of all.



#### Teamwork

Positive and constructive collaboration and relationships between all employees is vital to deliver outstanding performance in everything we do.

### Diversity and inclusion

At Gulf Keystone, we seek to create a strong culture in which the principles of diversity and inclusion are promoted across the business. As detailed in our Diversity and Equal Opportunities Policy, we treat all people fairly, equally and without prejudice irrespective of their gender, sex, age, race, disability, sexual orientation or any other attributes.

We work hard to build an inclusive culture that creates a strong sense of belonging and purpose. We believe our individual differences and unique cultural perspectives add value to our expertise and

enable us to find innovative solutions to solve challenges. As at 31 December 2022, we are proud to report that our workforce is made up of 25 different nationalities.

We also recognise we operate in an industry with low rates of female participation. As a result, we make a concerted effort to attract and retain female talent, improve the balance of our workforce and to create opportunities for the development and promotion of women into senior leadership roles. In 2022, we increased the proportion of women in our workforce to 14%, a figure which we hope to build momentum on into 2023 and beyond.

## Employee testimonial: Asuda Tahir



My name is Asuda Tahir and I started working at GKP in late 2019. I am extremely grateful to be working in a company that promotes both equal opportunities and clear career progression for all genders. Since joining the organisation, I have held several roles and I am now a Junior Drilling Engineer.

Currently I'm working at the SH-18 rig site, assisting the Drilling Supervisor and Well Engineers with all aspects of Well Engineering and daily drilling operations. Safety is a key focus of a successful operation, that is why our priority each morning is to conduct pre-job safety meetings. The thing I enjoy most about my role on the rig is that each day differs to the day before and there are always new challenges."

## Learning and development

We are committed to attracting, retaining and developing talented individuals. To achieve this, we provide ongoing training and development opportunities for all our employees to help build the skills we need for today while also supporting them with their long-term career ambitions.

Among our training opportunities, we provide a bespoke Gulf Keystone Management Development Programme together with a Coaching and Mentoring Programme for our managers and supervisors. We also offer a mini-MBA programme to our employees to learn more about our business and the oil and gas industry in general. In 2022, we introduced Situational Leadership training, as well as English and Kurdish language training to build further cohesion among our teams. We also offer local classroom training to our Kurdish employees in courses such as Excel and report writing.

For more specialised areas of focus, we provide structured technical training programmes for our employees working in areas such as subsurface or HSEQ positions. We also have strong commitments in place to develop our local workforce by providing them with the technical and non-technical management training programmes required to support their development.



## Case study

# Global Women's Network



In a milestone step for gender diversity and inclusion at GKP, we established our Global Women's Network ("GWN") in 2022. The purpose of the GWN is to create additional growth opportunities for women within the business and to help us drive inclusivity and representation. The network is sponsored by our Chief Executive Officer and will focus on:

- delivering opportunities to enhance and upskill leadership skills;
- fostering an inclusive environment where women can support one another through a strong network;
- achieving a positive impact and contributing to GKP's gender diversity and inclusion efforts; and
- demonstrating our core values of safety, social responsibility, trust through open communication, innovation and excellence, integrity and respect, and teamwork.



## Social continued

### Case study

## Generating economic value for Kurdistan



### 2022 highlights

**>600**

local workers employed through GKP contractors

**\$64m**

spent with local suppliers

**\$514.9m**

generated for the KRG

Kurdistan is part of Gulf Keystone's DNA. Since our entry into the region in 2007, we have continued to generate significant economic value in partnership with our host government, the KRG. Our focus on creating local jobs, investing in local suppliers, generating revenues from the Shaikan Field and supporting our local communities means the benefits of our operations continue to be shared with the people of Kurdistan.

#### Commitment to local employment

We are committed to creating a skilled and localised Kurdistan workforce to ensure the safe, effective and ongoing development of the Shaikan Field. We have several strategies in place to help deliver, including a localisation programme aligned to our business objectives and commitment to developing our Kurdistan workforce both technically and professionally.

As of 31 December 2022, we employed 349 local employees in Kurdistan, or 74% of our total workforce in the region. In addition to direct employment, our operations are also responsible for significant economic activity and indirect employment through the engagement of local contractors. In 2022, major Gulf Keystone contracts supported over 600 jobs among local communities. We also collaborate with local stakeholders on an ongoing basis to ensure that direct and indirect employment is shared across the villages surrounding our Shaikan operations.

#### Supporting regional businesses

In 2022, \$64 million of our purchasing and contracting was spent with local suppliers, a 20% increase versus 2021. Nine new contracts were signed with local Shaikan companies during the year. While the proportion of local purchasing and contracting as a percentage of total spending decreased from 58% in 2021 to 35% in 2022, due to increased spending with international suppliers on development and drilling activity, we see material levels of expenditure with local suppliers in future years.

#### Creating economic value for Kurdistan

Since commercial production began in 2013, the Shaikan Field has generated significant revenues for our host government, the KRG, and the Kurdistan region, through ongoing production entitlements, royalties and capacity building payments. In 2022, we generated a total of \$514.9 million net for the KRG, a 53% increase versus 2021 as both realised prices and production increased. For additional information, please refer to the Report on Payments to Governments for 2022 on page 161 in the annual report.

## Local community engagement

Our relationships with the communities located in the Shaikan area are critical to our licence to operate. By listening and responding to their needs and by supporting valuable community initiatives, we are making a lasting impact (see "Sustainable community initiatives").

As part of the initial phases of development and drilling activity, we identify and assess any possible impact our operations and projects may have on the local community, and we communicate these with regional stakeholders and local authorities to mitigate any issues or 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.

We have a formal procedure in place 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.

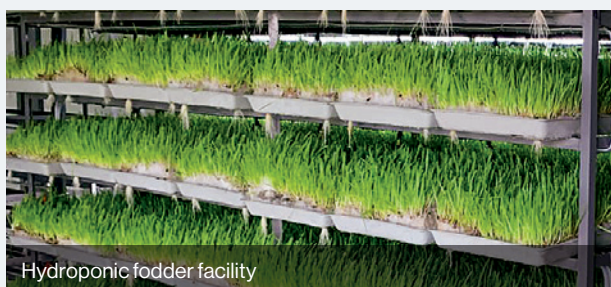
## Sustainable community initiatives

We work in close collaboration with our local communities to identify programmes that promote economic growth, social development and shared prosperity. Our community focus is split into three core areas: Firstly, we support regional agriculture – the second largest sector of Kurdistan's economy after oil and gas. Secondly, we support local education and enterprise projects. And thirdly, we support Good Neighbour projects that provide vital community infrastructure, such as power and water.

In 2022, we supported 18 villages within the Shaikan area via sustainable community projects across the areas of agriculture, education, water, electricity and healthcare. In total, over \$1 million gross in community support was provided by Gulf Keystone and our partner MOL to fund these projects, representing a 20% increase from 2021 and underlining our continued commitment to providing meaningful support.



Olive oil extractor



Hydroponic fodder facility

Some of the key project highlights from 2022 are as follows:

## 1. Agriculture initiatives

Gulf Keystone continued its support of local farmers and livestock breeders in 2022 by providing valuable tools, resources and training to support regional agricultural development.

- Olive tree donations:** We delivered 5,600 olive trees to local farmers to provide a productive method of sequestration for the area outside our production facility and to support farmer livelihoods. As well as providing year-round greenery, the olives can be converted into olive oil via an extractor donated by GKP in 2021. Of the 5,600 trees, 1,500 were planted close to our production facility and the olive oil extractor produced 70 tonnes of olive oil. Training sessions and site visits were held to teach farmers how to maintain the trees and we will hire a cohort of workers to manage the unit for the harvesting season;
- Beekeeper support:** We continued to support 60 local beekeepers within the Shaikan block by distributing 180 boxes of live bees, 120 wooden beehives, honey extractors, other beekeeper materials, as well as hands-on training and site visits during the year. As a result, honey production increased from 5kg/bee hive to 8kg. The project is inspiring a new generation of beekeepers, with many of the local participants newcomers to bee husbandry;
- Sustainable fodder for livestock:** We opened an innovative hydroponic fodder facility at Kani Falla, close to the Shaikan Field. Hydroponic farming enables plants and crops to be grown without soil, which is very valuable in an area that is often impacted by drought. With a little water and power that is part generated by solar panels, the facility can produce up to one tonne of fodder per day, which is enough to feed around 500 sheep, goats and other local livestock;
- Milk machine donations:** We donated milking machines and stainless-steel containers to 62 local livestock breeders to enable quicker and more hygienic milking of their sheep and goats. The machines will process milk for collection and transportation to local dairy factories and ice cream shops, with any extra milk used for home consumption to make yogurt and cheese; and
- Wheat seed and fertiliser donations:** We distributed 265 metric tonnes of certified wheat seeds, DAP, and urea fertilisers to over 500 local farmers in the Shaikan area to support them through the poor crop yields of recent years. The event, which took place in September, was attended by the Shaikan Mayor, as well as officials from the Shaikan area and agriculture departments, local village mukhtars and farmers.

## Social continued

### 2. Educational projects

We provide education provisions to children and young people in the surrounding area, including skills development programmes, healthcare initiatives and school supplies.

- **Plumbing and sewing courses:** Working in partnership with local NGO Armand, we delivered skills-based training to local people who have had a difficult start in life. By providing skills-based training in areas such as plumbing and sewing, we have been able to support several young people in starting their own ventures or finding employment. As of 2022, 30 young people have used the plumbing skills learned to find subsequent employment opportunities, and 15 girls from local villages have started their own home-based sewing businesses;
- **School donations:** We distributed 20 water tanks, 40 whiteboards and other visual educational materials to 14 schools within the Shaikan block during the year; and
- **Eye tests for local pupils:** We hired a mobile team of ophthalmologists and optometrists to perform eye examinations for more than 1,700 students across 16 schools in the area. Following the tests, we distributed 230 eyeglasses to students.

### 3. Good Neighbour projects

We provided extensive infrastructure support to local communities in 2022 via our Good Neighbour projects programme. Through the actions implemented, over 3,000 residents in the Shaikan block have benefited from improved access to water and electricity.

- **Water pipes:** We built over 14,000m of water pipes across nine villages to improve access to clean water;
- **Water tanks and wells:** We constructed five water tanks in five villages with a total volume of 340m<sup>3</sup>. We also drilled a 200m water well to enable members from a local village to access a new fresh water supply; and
- **Electricity support:** We ran and installed more than 15,000m of power lines across two villages to get them on the grid.



Local school eye examinations



Milk machine donations

#### Local testimonial:

##### Adnan Mirza



My name is Adnan Mirza. I am a farmer and livestock breeder living in the village of Kani Fala. Thanks to GKP's support, I have been able to improve my livelihood. Before GKP's contribution, I was struggling to cultivate my land due to the scarcity of seeds, drought, and lack of support. Today, all of that has changed, thanks to the tools and training offered by GKP. Throughout the years, what seemed impossible to achieve is now a reality.

#### Local testimonial:

##### Ghariba Salih



My name is Ghariba Salih and I am a villager from Musaka. I have a physical disability in my legs which has made finding employment hard. As a person with special needs, I was extremely happy to have been selected to participate in the sewing training programme. After completing the training, I now have my own sewing machine and can sew different types of Kurdish clothes for women and girls. The training has benefited me financially, socially and psychologically. Words can't express my joy and gratitude for your support.



# Governance



## Our focus

Outstanding governance, ethical conduct and compliance are the foundation of GKP's business and underpin our purpose as a responsible energy company. We have taken significant steps to establish robust oversight and management of our sustainability strategy and climate-related risks and opportunities. We also continue to embed a focus on ethical conduct and compliance at all levels of the organisation, including the launch in 2023 of GKP's Code of Business Conduct and training programme.

## SDG alignment

### SDG 8: Decent work and economic growth

We are passionate about generating economic value for Kurdistan, creating local jobs, supporting regional suppliers and generating revenues for the region through production from the Shaikan Field (see page 16).

## Target:

Outstanding governance and compliance

Annual workforce compliance with Code of Business Conduct

## Key performance highlights

Material factor	Indicator	Unit	2020	2021	2022
<b>Board oversight</b>	Proportion of independent Directors on Board <sup>(1)</sup>	%	57%	57%	<b>63%</b>
	Proportion of independent Directors on Nomination Committee	%	100%	100%	<b>100%</b>
	Proportion of independent Directors on Audit and Risk Committee	%	67%	100%	<b>100%</b>
	Proportion of independent Directors on Remuneration Committee	%	100%	100%	<b>100%</b>
	Proportion of female Directors on Board	%	14%	14%	<b>25%</b>
	Director Board meeting attendance	%	98%	100%	<b>100%</b>

(1) Includes independent Non-Executive Chairman.

## Board and management oversight of GKP's sustainability strategy

GKP's Board meets regularly to consider and discuss the Company's strategy, policies, major capital expenditure and all aspects of the Company's activities and business operations. This includes active involvement and ultimate accountability for matters relating to safety, sustainability and climate change through oversight of GKP's sustainability strategy.

The Safety and Sustainability Committee has primary responsibility for ensuring appropriate systems are in place to manage health, safety, security and environmental risks, including climate-related risks and opportunities, as well as implementing and monitoring appropriate safety and sustainability-related governance processes across the Company. This includes the development of relevant KPIs and making recommendations of improvement where appropriate. The Safety and Sustainability Committee meets four times per year and reports all matters discussed into the Board.

All significant decisions affecting sustainability matters and climate-related risks and opportunities are considered by the Board upon the recommendations of the Safety and Sustainability Committee.

Gulf Keystone's Chief Operating Officer ("COO") is executive sponsor for sustainability and climate-related risks and opportunities 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 in turn supported by a dedicated Sustainability Manager. The COO, Safety and Sustainability team and other members of the Executive Committee and senior management team are part of the Sustainability Panel, a new body created in 2022 with a mandate of facilitating the execution of GKP's sustainability strategy.

Further information on the Board's role and responsibilities, as well as the oversight and management of climate-related risks and opportunities in the organisation, can be found in the Corporate governance report on pages 80 to 89 and in our TCFD report on pages 52 to 65 in the annual report.

## Governance continued

### GKP Sustainability Champions

In 2022, 44 dedicated employees from across GKP, from operational staff through to IT, and from London to Erbil, volunteered to be Sustainability Champions. This unique role will provide departments from across the business with a dedicated sustainability representative who can identify, present and deliver new environmental, social and governance-related ideas to the Safety and Sustainability Committee.

Our Sustainability Champions come from a wide range of backgrounds with diverse skill sets, and each bring their own perspectives on GKP's sustainability needs. The initiative will also empower our Champions to develop their own careers by giving them the power to take on actions that have the potential to impact our future for the better.

Moving forward, our Sustainability Champions will hold regular meetings together, with the best ideas being voted on and taken to the Safety and Sustainability Committee for implementation on the ground.

### Ethics and compliance

We are committed to operating as a responsible business that upholds the highest standards of ethics and compliance wherever and however we operate. Failure to do so could endanger our licence to operate and result in significant legal and financial losses.

To reinforce our commitment to ethics, we recently launched GKP's Code of Business Conduct (see case study). The document contains an overview of our policies and procedures relating to anti-bribery and corruption, conflicts of interest, competition and anti-trust, data and information security, diversity, harassment, human rights, modern slavery and HSEQ.

We operate a zero-tolerance approach to bribery and corruption. It is essential that the Company maintains transparent relationships free from corruption with our 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. To monitor our activity, we operate an independent whistleblowing service in the event any employee wishes to raise a concern, either online or over the phone, anonymously and without fear of reprimand.

### Case study

## Code of Business Conduct

We recently developed and launched the GKP Code of Business Conduct ("COBC" or "the Code") to act as a guide to doing the right thing for all our employees, as well as contractors, suppliers and other third parties. Our COBC lies at the heart of everything we do and underlines our absolute commitment to safety, compliance, ethics, caring for others and working together as one team. The Code is essential to maintaining our integrity, and our integrity is essential to maintaining our future success.

In early 2023, we rolled out mandatory training on the Code to all 500+ members of staff, ensuring that all our internal stakeholders are upholding the highest standards on matters of business ethics while safeguarding our assets. Following completion of the training, GKP staff are required to sign a certificate, confirming their compliance with the Code of Conduct in 2022 and commitment to complying in 2023.

The Code also includes a newly developed Human Rights and Modern Slavery Policy which outlines our commitment towards upholding, protecting and advancing human rights within our business and across the supply chain in line with the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights and the International Labour Organisation Core Conventions, including those related to child and forced labour, human trafficking, non-discrimination, freedom of association and collective bargaining.









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can be found on our website.**

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