XP

SUSTAINABILITY REPORT 22

CONTENT

ABOUT THE REPORT

The relevance of the information to be included in this report was established based on an extended materiality process which we conducted with our stakeholders in Romania and in Ukraine where our main operations are.

As part of the process we took into consideration the IPIECA Sustainability reporting guidance, the stakeholders' expectations and the most relevant sustainability topics in the Oil & Gas industry.

Our material topics:


Economic performance


Business Ethics


Occupational Health and Safety


Community Relations


Energy Management


Water Management


Emission Management


Human Resource Management


Spills Management

Waste Management

Security in operating areas

We used IPIECA, API and IOGP Sustainability reporting guidance for the oil and gas industry 4th edition, 2020 (Revised February 2023) to prepare this report.

Previous sustainability reports:

2018 2019 2020 2021

CEO STATEMENT

David MARTINON

CEO

Our core business is to invest in and operate oil and gas fields to make them more sustainable. We achieve this through a unique data-driven and digital operational model which unlocks new sources of value and cost savings.

Therefore this report is extremely important for us to monitor our core business performance.

Our capacity to maintain our sustainability performance went through a real stress test in 2022 with the war in Ukraine.

Thanks to our strong values, our sense of purpose and our operations excellence management system, our team has safely managed to continue to deliver gas to the local community in West Ukraine during one of the most demanding and challenging winters in history.

This was even more remarkable that it was achieved while also implementing measures to reduce the methane emissions of our Ukrainian operations.

Our core business is to invest in and operate oil and gas fields to make them more sustainable

The resilience demonstrated by all our employees and our organization at large in 2022 is the foundation of our sustainability performance.

In 2022, we have continued our journey to become an industry leader in upstream operations decarbonization.

We strongly believe that reducing methane emissions from oil and gas operations is one of the best short-term opportunities to advance the goals of the Paris Agreement.

To lead this effort in May 2022, XP became the first Romanian company to join the Oil and Gas Methane Partnership (OGMP) 2.0. Also, in November, in a strive to reach near zero methane emissions from oil and gas assets that we operate by 2030, XP joined the Aiming for Zero Methane Emissions Initiative of the Oil & Gas Climate Initiative (OGCI).

Both memberships demonstrate the tangible commitment of XP to reduce methane emissions from its upstream activities and develop its Oil & Gas fields sustainably.

Within this 6th Annual Sustainability Report, we would like to continue to demonstrate our capabilities and report in a transparent way our performance as well as continue to engage in a dialogue with all our stakeholders.

The key take-aways from our 2022 Sustainability Performance are:

Environmental Performance:

Green House Gases (GHG) Emissions:
We managed to reduce our GHG emissions in 2022 vs 2021 not only in intensity but also in absolute terms. An important contribution to this reduction was the methane abatement solutions implemented in Ukraine and some old pipe replacement done in Romania. We also replaced some old steam boilers in the tank farms with modern steam boilers with a closed loop steam recovery system.

-87%
reduction in the GHG emissions scope 1 intensity of the fields under our management in the last 10 years

Energy Intensity:
Our energy intensity and total energy consumption were reduced in 2022, mainly due to the reduction of energy consumption in our water injection process, and replacing old production beam pumping units with HPS pumps (horizontal pumping systems).

-80%
reduction in the Energy intensity of the fields under our management in the last 10 years

Freshwater Withdrawal:
Our total freshwater withdrawal intensity has been reduced by 50% compared to 2021. This intensity decreased mainly thanks to more efficient water treatment equipment installed in the compressor stations and due to the new equipment for steam generation. The total water consumption has also been reduced in absolute number.

-94%
reduction
in the Freshwater Withdrawal intensity in the last 10 years

Waste Management:
In 2022 the total quantity of non-hazardous solid waste has shown an increase, while the total quantity of hazardous solid waste decreased by 48% compared to 2021. However, the total volume of hazardous liquid waste disposed of through authorized contractors increased in 2022, as a result of the cleaning of tanks in the production area, an operation that is performed periodically. The total quantity of waste recycled increased in 2022 by 42%.

-48%
reduction in total quantity of hazardous solid waste
in 2022 to 2021

Environmental Incidents:
We had another year with no serious spills in our operations. However, the number of medium and minor incidents increased compared to 2021, due to pipeline corrosion which was addressed with extensive pipeline replacement.

-87%
reduction in the spilled liquid volumes in the last 5 years

Compliance:

No fines or penalties were imposed on XP for non-compliance with laws, regulations or acts of corruption.

0
fines or penalties were imposed on XP in 2022

Health, Safety and Security:

We continued to strive to achieve our objective of zero incidents. However, we unfortunately had one incident in Romania but the root cause analysis has allowed us to put in place new procedures to reduce the risk in the future. The Total Recordable Incident Rate (TRIR) in 2022 was 1.91 compared to the year target of 2.0.

1.91
Total Recordable Incident Rate (TRIR) in 2022

Human Resources:

At the end of 2022, XP had 959 employees spread over 2 countries (2 management offices and 3 production assets). 16.5% of our employees were women. 60 employees joined our team in 2022 and on average each employee received around 16 hours of training and development. All had a performance review.

959
employees spread over 2 countries at the end of 2022

Economic Performance:

2022 confirmed our solid financial foundation, an essential condition for our sustainable growth and continuous investment.

+20%
Direct economic value generated (DEVG) in 2022 to 2021

We are proud of the 2022 progress in our sustainability journey. More projects and initiatives are underway to continue this positive development and realize our ambitions.

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

COMPANY PROFILE

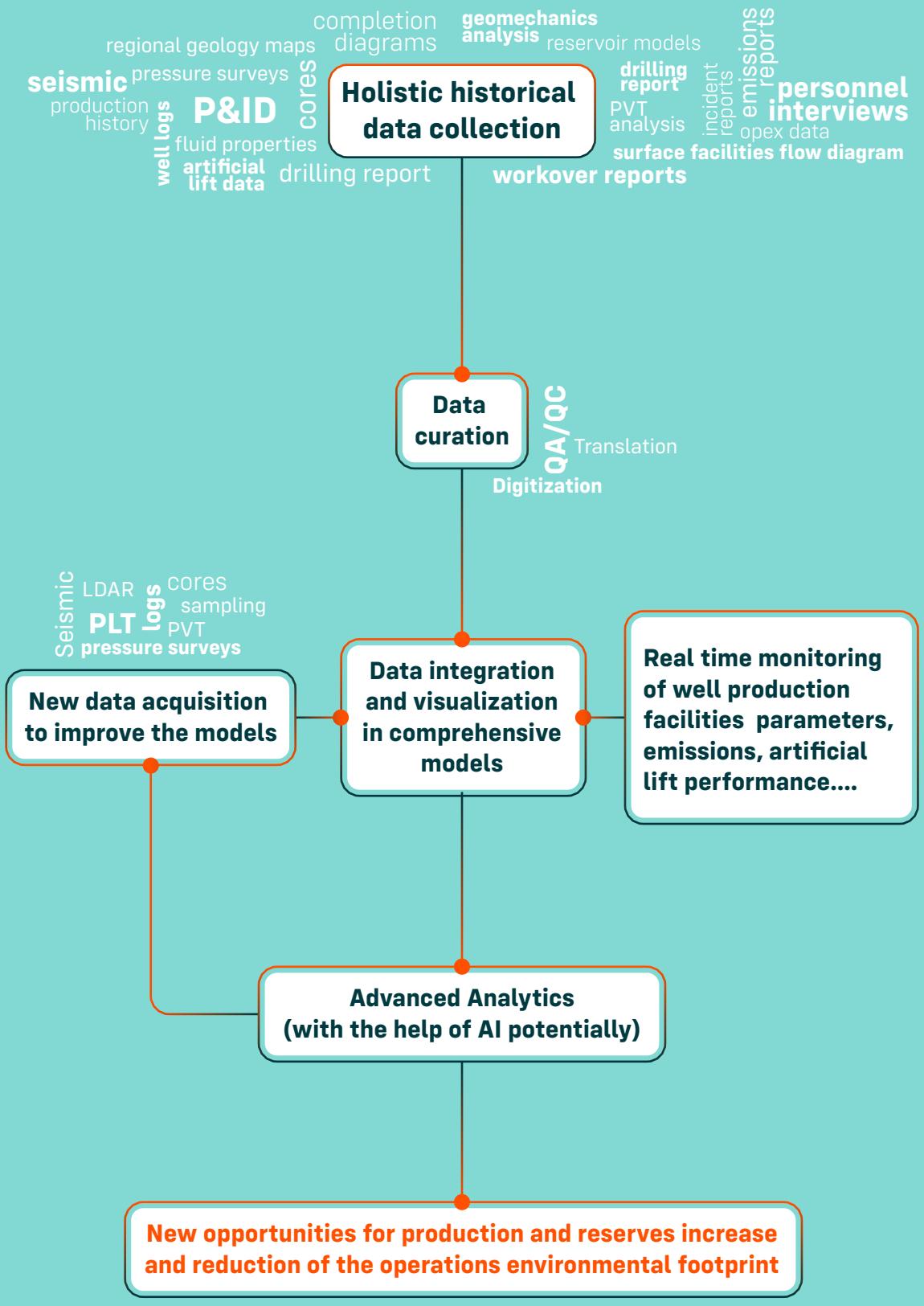
COMPANY PROFILE

Our vision is to be the preferred partner of oil and gas resources owners to maximize their asset's potential and reduce their environmental footprint to make them more sustainable.

To do that, we invest in the fields enhancement and deploys a unique operational model that will unlock new sources of value, generate cost savings and decarbonize the processes.

At the heart of our operational model is a digital transformation that include field data acquisition, digitization (including the historical data), integration and advanced analytics to enable faster and smarter decision making.

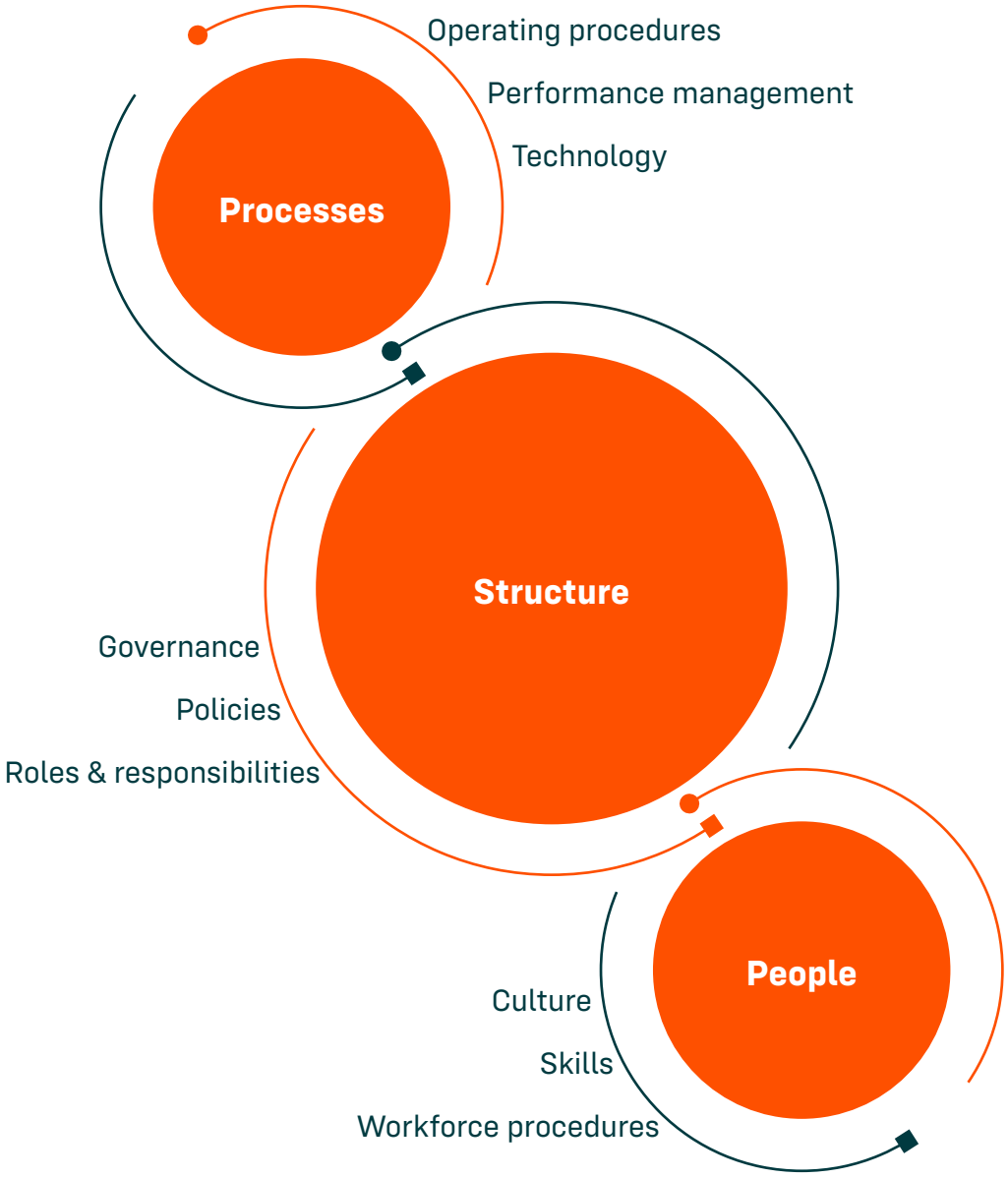
XP unique data mining approach



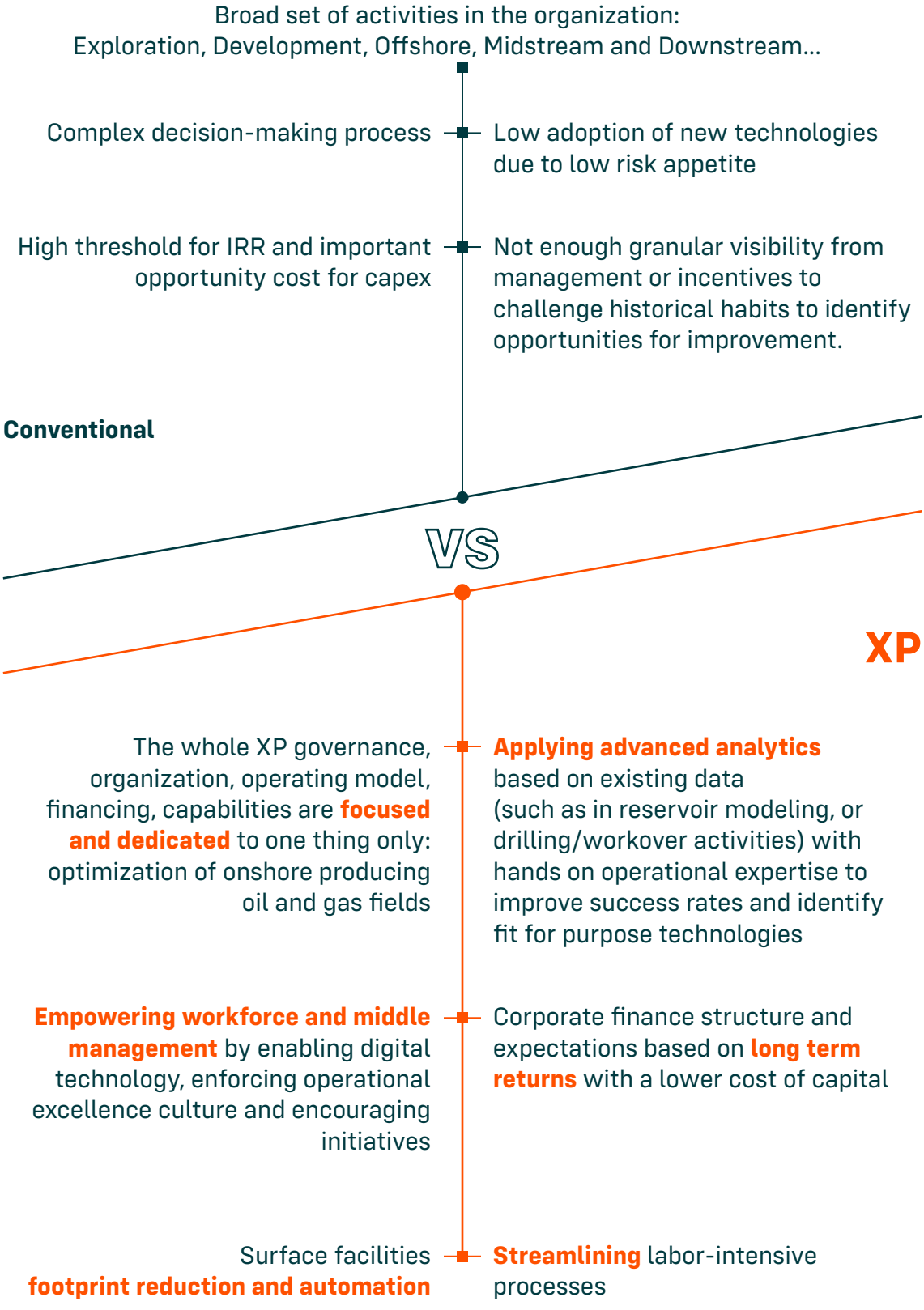
OPERATING MODEL

To achieve results, changes have to happened in all elements of the operations.

Our operating model is a radical change at all level of the organization



We are focus on deploying a unique and agile operating model



OUR OPERATIONS IN 2022

28
fields under management in 2 countries

959
full time employees

~11,000 Boe/d
production operated

~1,300
active and inactive wells under management

~6 mln Boe
of hydrocarbons incremental generated by our investment

~40%
of opex reduction in average per project

~130 MM USD
investment made in the fields under contract

-87%
Green House Gas intensity (tCO_2eq/toe) reduction since 2013

ENHANCING UPSTREAM OIL AND GAS OPERATIONS

REDUCING UPSTREAM OIL AND GAS OPERATIONS ENVIRONMENTAL FOOTPRINT

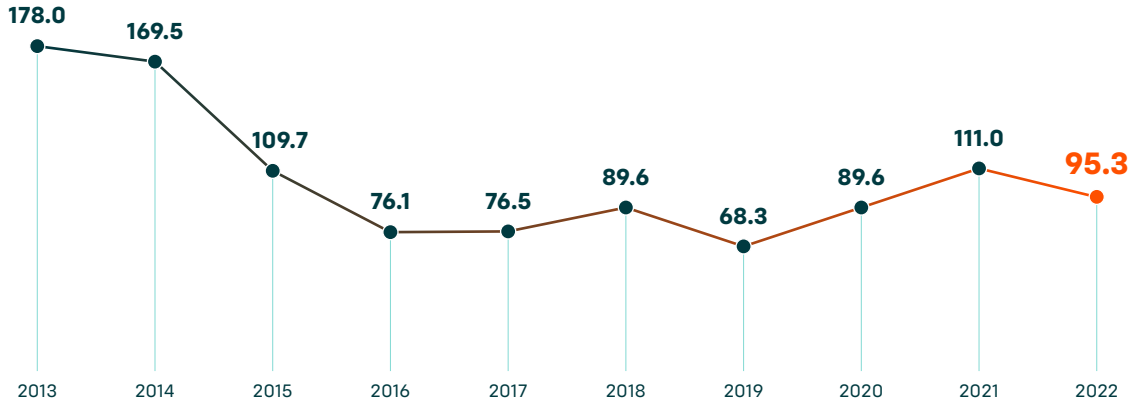
Reducing Green House Gas (GHG) Emissions from our operations (Scope 1 and 2)

The Oil and Gas Industry is confronted with increased pressure to lower its environmental footprint. According to the objectives of the Paris Climate Conference and other similar inter-governmental agreements, the carbon dioxide and methane emissions from the Oil and Gas operations must and can be reduced significantly.

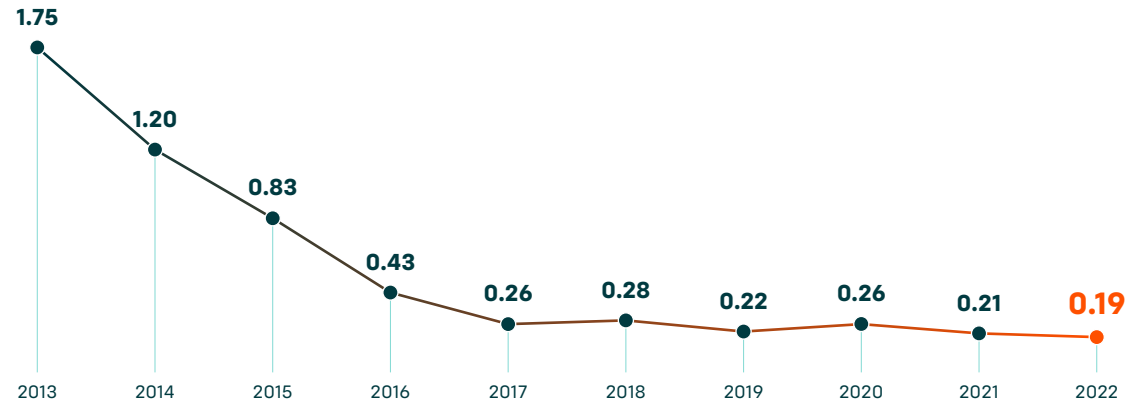
Regulatory frameworks like the upcoming EU Methane Regulation and voluntary initiatives such as UN SDG, OGMP 2.0, or the World Banks Zero Routine Flaring, are tangible evidence of the strong political and social persuasion.

Through our investment and deployment of a new operating model, **in the last 10 years, we have reduced the GHG scope 1 intensity (GHG emitted in tCO2eq vs. the total hydrocarbon produced) of the fields under our management by 87%.**

Total GHG (scope 1) emissions,
ktCO2eq



GHG emissions (scope 1) intensity,
tCO2eq/toe



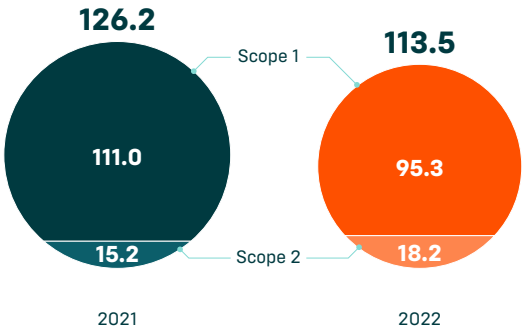
To achieve this, we firstly have established an emissions baseline, followed by identification and prioritization areas for abatement. We then design and implement solutions to upgrade the processes, infrastructure, SOP's and IT solutions such as:

- Installing and operating Gas to Power installation.
- Replacing old heaters or boilers with new fit for purpose and efficient boilers.
- Replacing old gas treatment process with new Low Temperature Separator.
- Replacing old corroded pipeline.
- Real-time monitoring system pipeline pressure to reduce leaked volume with a faster detection, intervention and repair.
- Reducing Process facilities footprint (consolidation) and pipeline length.
- Leak Detection And Repair Campaign (LDAR).

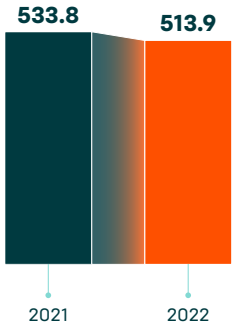
Since 2021 we have included **GHG Scope 2** (indirect emissions from imported energy) in our reporting.

Comparing 2022 vs. 2021:

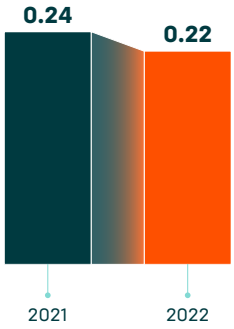
GHG emissions Scope 1+2, ktCO2eq



Hydrocarbon Production, ktoe



GHG emissions (1+2) intensity, tCO2eq/toe



Despite an increase in scope 2 emissions due to our electricity supplier increased emissions in Romania, we managed to reduce our GHG emissions in 2022 vs 2021 not only in intensity but also in absolute terms.

An important contribution to this reduction was the methane abatement solutions implemented in Ukraine as well as some old gas pipeline replacement (3km) done in Romania. Additional actions to reduce the emissions included the reengineering of the gas route in Romania to have less leaks and the replacement of some old steam boilers from the tank farms with new boilers provided with a closed loop steam recovery system.

Methane Emissions

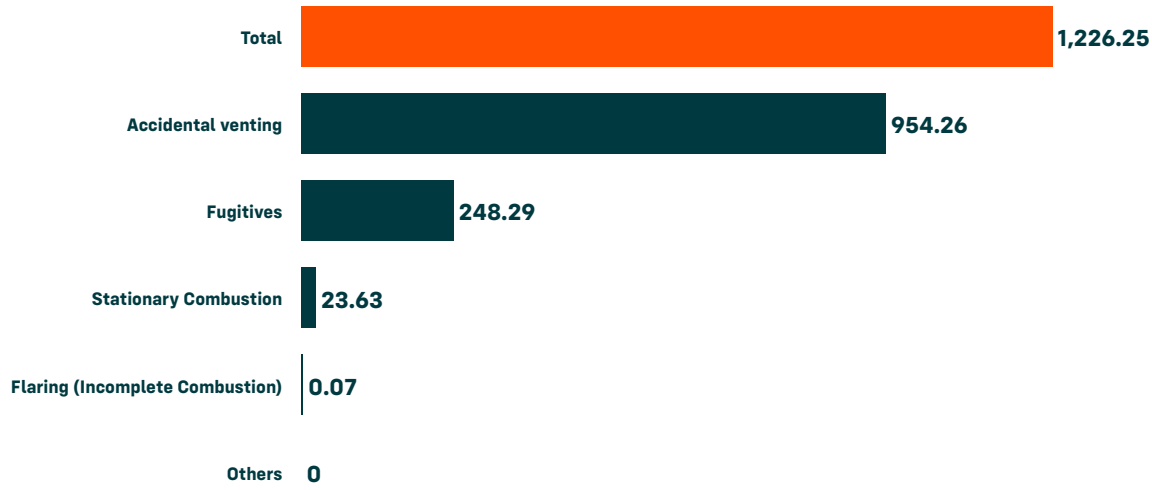
In 2022 methane (CH4) was still the main contributor of our GHG scope 1 emissions.

Structure of GHG scope 1 emissions in 2022, %

To continue our effort to become an industry leader in operations decarbonization, XP became in 2022 the first Romanian company to join the Oil and Gas Methane Partnership (OGMP) 2.0, which is the United Nations Environment program's flagship oil and gas reporting and mitigation program.

OGMP 2.0 is the only comprehensive, measurement-based reporting framework for the oil and gas industry that improves the accuracy and transparency of methane emissions reporting. In the last 5 years we have already achieved a 38 % reduction in methane intensity (defined by XP until 2022 as methane emitted vs total hydrocarbon production).

Methane emissions reported in consolidated, simplified sources categories from XP Group in 2022, metric tonnes CH4



The above table represents CH4 emissions as per OGMP 2.0 technical guideline for level 2 reporting.

Furthermore, **in November 2022, XP joined the Aiming for Zero Methane Emissions Initiative of the Oil & Gas Climate Initiative (OGCI),** in a strive to reach near zero methane emissions from the oil and gas assets that we operate by 2030.

Our goal is to achieve by the end of 2030, 0.20% methane intensity (defined by OGCI and XP from 2022 as methane emitted vs total gas marketed) which is now frequently referenced as the industry standard to strive for, which represent another 68% reduction compared to our 2022 methane intensity.

To accomplish this, we have already implemented or in the process of implementing a range of technologies, initiatives and best practices, including for example:

1

Leak Detection and Repair (LDAR) Program:

We have implemented an LDAR program in Ukraine at the end of 2021 and will start one in Romania in 2023, utilizing advanced technologies such as OGI cameras, Laser Methane Detector, and Hi-Flow Sampler surveys to identify and repair methane leaks promptly.

OGI cameras

Laser Methane Detector

Hi-Flow Sampler

2

Venting abatement technologies:

XP designed and built a mobile well-test/ clean-up skid which allows for all gas wells to be unloaded through a separator, thus preventing the natural gas from being released temporarily into the atmosphere and instead to be directed through the normal gas production flow.

Separator discharge automation: automated system to discharge separators from the accumulated liquid during the gas treatment process. This mechanism prevents gas releases to the atmosphere by always keeping a water cushion in the vessel.

3

Methane emissions source inventory, monitoring and reporting:

We have enhanced our monitoring and reporting mechanisms to track methane emissions accurately. Transparent reporting enables us to identify areas for improvement continuously. A new Emissions Monitoring Tool is being implemented to help us in this perspective. At the same time, a comprehensive emissions sources inventory is being put in place in order to allow us to properly quantify methane emissions.

4

Stakeholder Engagement:

We actively engage with our stakeholders, including suppliers, partners, and communities, to promote awareness of methane reduction strategies and foster a collective commitment to sustainability.

Reducing Energy Intensity

Decreasing our energy consumption represents a crucial objective economically for the sustainability of the field as well as from an environmental point of view.

Through our investment and deployment of a new operating model, in the last 10 years we have reduced the Energy intensity of the fields under our management by 80%.

Energy intensity, %

To achieve this, we typically conduct a thorough energy audit of the fields we take over which help us identify areas where energy is being wasted and highlight opportunities for improvement. We then design and implement solutions to upgrade the processes, infrastructure, SOP's and IT solutions such as:

- **Data Management:** Monitoring and analysis of our Energy Consumption. This data helped identify trends, measure the impact of efficiency initiatives, and set realistic goals for further improvement.
- **Upgrading the lighting systems:** Replace traditional incandescent bulbs with energy-efficient LED lights.
- **Optimizing the water disposal process** by injection locally in newly identified disposal well to eliminate long distance water pumping. Replacing gas lift system with ESP system.
- **Replacing old heaters or boilers** with new fit for purpose and efficient boilers.
- **Replacing old gas treatment process** with new Low Temperature Separator Resizing pump and compressors to the new production environment Installing level controller on bean pump system.
- **Fleet management program** to plan and track logistics in an optimum manner.
- **Encouraging employee engagement:** Raised awareness among employees about energy-saving practices and encouraged their participation in energy conservation efforts.

Compared to 2021, in 2022 we have achieved an Energy intensity Coefficient of 4.56% compared to 5.23% recorded in the previous year. Main contributors for this are reduced gas consumption (-16%) and reduced electricity consumption (-15%).

For effective energy management, we realize an annual analysis of our energy consumption to identify and prioritize the opportunities to improve our energy performance. The results of the energy analysis help us to establish the objectives and targets related to the energy intensity of our operations that are detailed within our Energy Management Plan.

In this plan are established measures, deadlines, resources and responsibilities. The implementation of the Energy Management Plan is annually monitored to determine if the objectives are achieved.

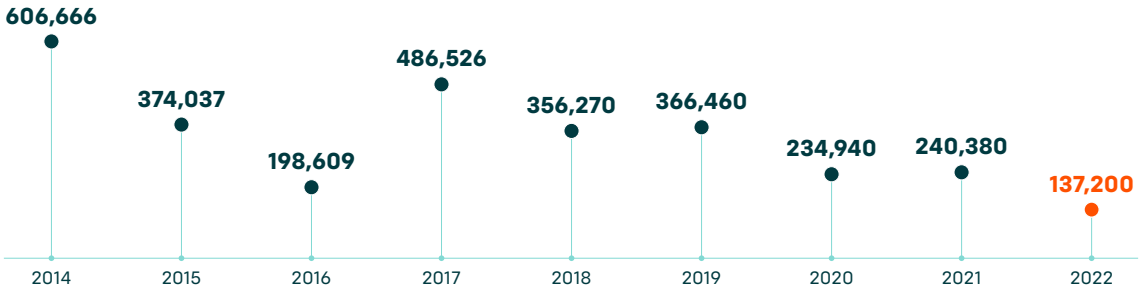
Reducing Freshwater withdrawn

Freshwater is a vital resource for XP's operation as well as for the communities in the areas we carry out our activities.

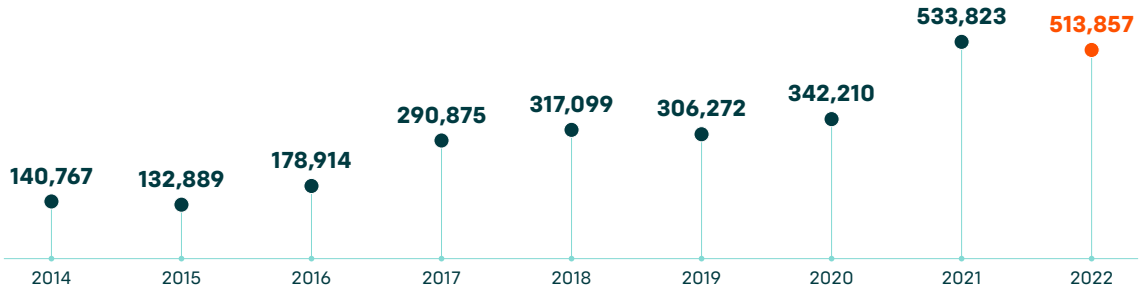
Freshwater is used not only for domestic purposes like washing, but also to produce technological steam, to supply the network of hydrants, as well as to prepare fluids used for well operations.

In the last 10 years we have reduced our Freshwater Withdrawal Intensity by -94%.

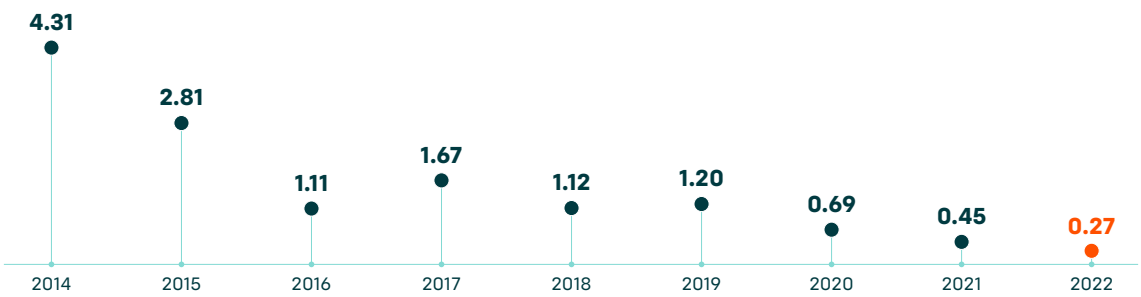
Frehswater withdrawn, m3



Hydrocarbon Production, toe



Frehswater withdrawal intensity, m3/toe



We have achieved that by:

- Reducing the number of steam boilers and upgrading the remaining ones.
- Data management: Implementing better monitoring and analysis of water usage with installation of metering system on all water pipe.
- Replacing old gas treatment process with new Low Temperature Separator.
- Replacing gas lift artificial system with ESP system which allowed us to remove the water cooling towers.

In 2022 we have reduced the Freshwater withdrawn for our operations compared to 2021 by 43% in absolute terms and 40% in intensity.

This is mainly due to investment made in Romanian operations to upgrade the oil treatement process by reducing the number of steam boilers required and installing closed loop steam boilers for the remaining ones.

Finally the wastewater from our facilities is managed according to the Environmental Management Plan to ensure that effluent discharge complies non only with legal local requirements but also with our own standards. The technological wastewater coming from the washing of the installations, the condensation coming from the steam produced within the boiler battery and possible leaks from the equipment, are collected through our internal sewage systems and directed to the decanters.

The produced (formation) water is used for technological or residual injection. The injection of produced water is made through injection distributors or directly from tanks farms to the injection wells. In decanters, technological wastewater is mixed with produced water, and then directed to injection.

All the formation (produced) water is reinjected by either technological or residual reinjection. The quantities of formation water injected are measured daily.

Process of the wastewater management

Production process

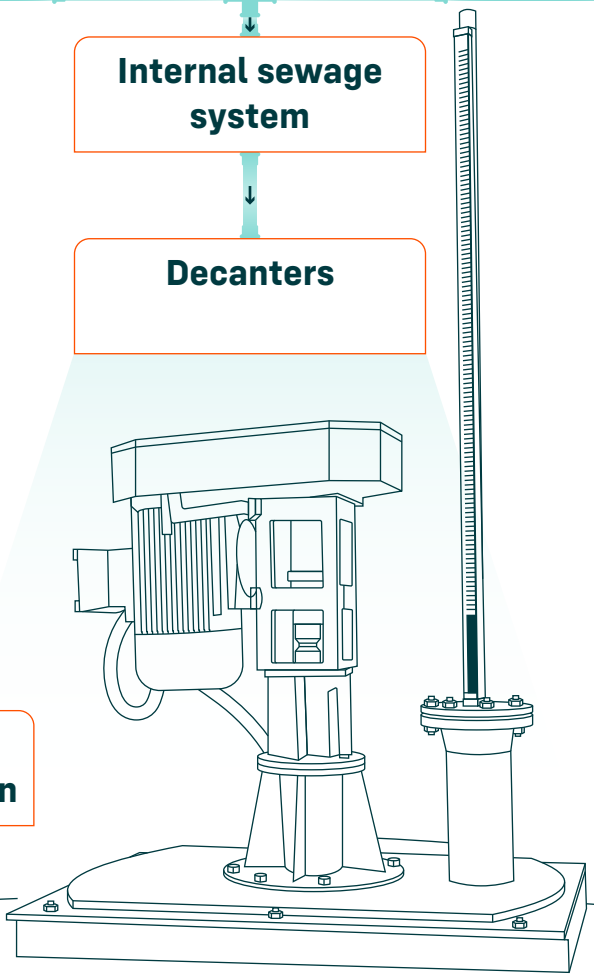
The technological wastewater
from the washing of the installations

The condensations
from the steam produced within the boiler battery

Possible leaks
from the equipment

Internal sewage system

Decanters



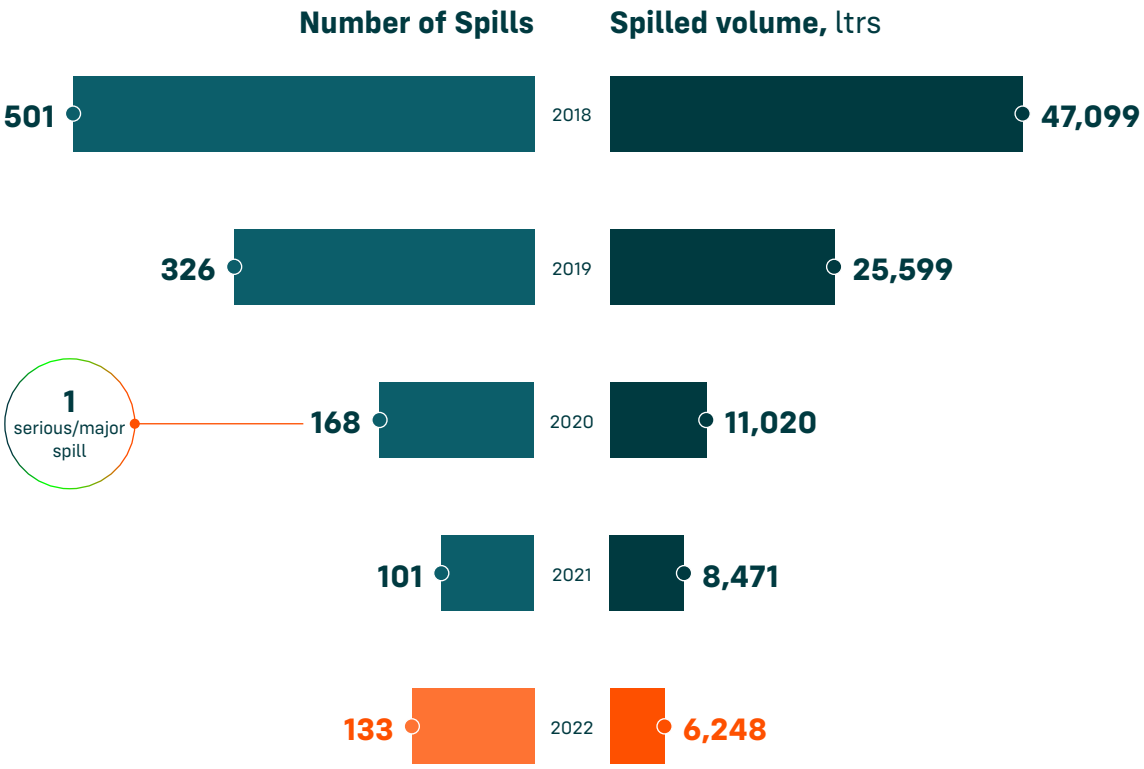
Technological or residual reinjection

Formation (produced) water
Technological wastewater is mixed with produced water

Reducing liquid spills

We are working continuously to reduce our operational footprint, upgrade our infrastructure and perform preventive maintenance of our assets in order to significantly reduce as much as possible liquid spills.

In the last 5 years we have reduced the number of liquid spills by 73% and the volumes spilled by 87%.



This was achieved by developing an Environmental Incident Reduction Plan, which includes both technical and organizational measures to reduce both the number of incidents and the amount of fluid leaked.

This plan includes preventive actions such as:

- State of the art well design and construction to ensure redundancy in barriers to ensure secured seal between hydrocarbon and the external environment.
- Pipeline anti-corrosion maintenance and replacement if possible, with corrosion-resistant materials such as high-density polyethylene or fiberglass.

And measures to reduce the environmental impact in case a spill happens:

- All the facilities are provided with collecting basins to capture any accidental spills. In the case of an unwanted event, the liquid is captured and then transported to the central warehouse, for disposal.
- For the pipelines, we have developed internally **a real-time leak monitoring system** that improves intervention time as well as analyses the trend to help us predict future problem areas where we can do preventive maintenance.
- On long pipelines, sectioning valves are mounted to isolate a certain section of the pipe in case of accidental damage. In areas where oil or saltwater pipes cross watercourses, the pipes are mounted in protection tubes connected to leak observation chambers. The pipeline section that crosses the watercourse is provided, at the ends, with sectioning valves that can be closed manually in case of damage to avoid the influx of oil product on the damaged section.
- In the parks and oil tank-farms, each tank is provided with a bunding (diked) area which, in accidental or emergency situations, can contain more than the oil volume in the tank. The hydrocarbon will be then drained in the park's decanter, should such an incident occur.

In 2022 compared to 2021 the number of spills has slightly increased, the main reason being some incidents on the water injection pipelines. The main cause of these incidents remains pipeline corrosion. However, the volume spilled has decreased overall due to high awareness in leak identification, this also allowing to better recuperate part of the spilled liquid in some events.

REDUCING, RECYCLING AND DISPOSING OF OUR WASTES

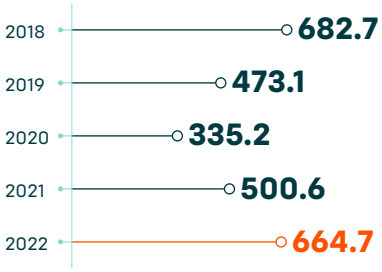
Waste Management

The main wastes from our operations are sludge, drilling mud, paraffin, used oils, contaminated soil, iron scraps and household waste.

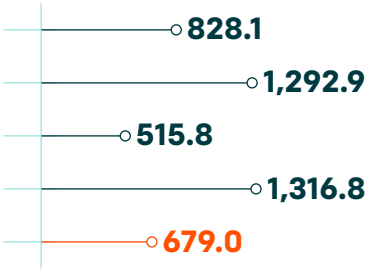
Over the last 5 years the trend of our hazardous solid waste intensity is a reduction but there are still exceptional clean-ups, disposals or decommissioning that are impacting the KPI's.

Our goal is to reduce these wastes, reuse or recycle as much as possible and finally dispose of what is remaining in an environmentally friendly manner.

Total solid waste disposed, tonnes

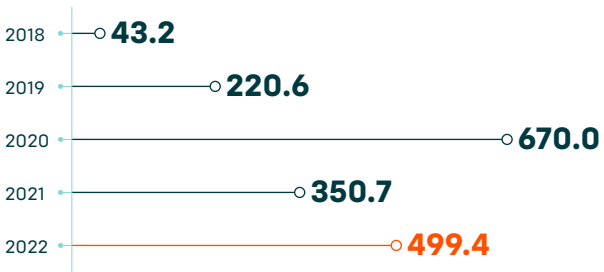


Total hazardous solid waste disposed, tonnes

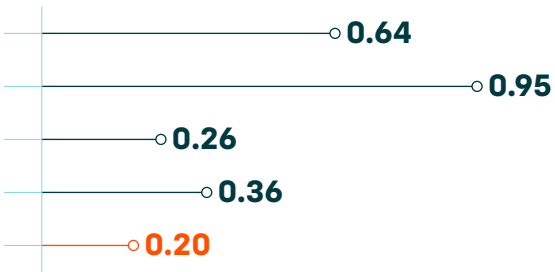


Total hazardous liquid waste disposed, m3

Total Waste Recycled, tonnes



Hazardous solid waste Intensity, kg/boe



To minimize the quantities of waste generated by our production activity we concentrate our efforts on:

- The reduction of raw materials losses and materials uses by observing the prescriptions and technological specifications.
- Carrying out the preventive maintenance program in order to reduce the losses due to technical defects/incidents.
- Use of the "first come — first served" rule for the raw materials used.

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

- Prohibiting the mixing of different categories of hazardous waste or hazardous waste with non-hazardous waste.
- Selective collection of waste for reuse / recycling / disposal.
- Avoiding the generation of additional pollution through uncontrolled discharges / abandonment of waste in the environment.
- Facilitating the timely taking of the necessary measures for the disposal of waste to proceed according to the legal provisions.
- Record of types, quantities of waste and routes followed by waste.

Compared to 2020 and 2021, in 2022 the total quantity of nonhazardous solid waste has shown an increase trend, generated by scrapped workover workshop machineries, pumping rods and tubing.

The total quantity of hazardous solid waste decreased significantly compared to 2021, due to the fact that during the year 2021, approx. 700,000 kg of sludge were generated by upgrading a reservoir for disposal.

Compared to previous two years, in 2022 the total volume of hazardous liquid waste increased, because of cleaning of tanks of drilling fluid collected, especially fluids used at the workover special operations and disposal.

The intensity of hazardous solid waste generated in total in 2022 decreased by 44% and 23% respectively compared to 2021 and 2020.

Downsizing and Decommissioning

In general, the facilities we take over are no longer fit for purpose for two reasons:

1. The volume of hydrocarbon production that is being processed is different compared to the one achieved at the peak of the production and very often the facilities have not been resized since.

2. The process and technologies used are obsolete, most of the time energy inefficient, unsafe, not environmentally friendly, with high maintenance and operating cost.

Furthermore, surface facilities with large footprint consume a lot of resources, such as, energy and water.

By redesigning, modernizing and downsizing the surface facilities, XP reduces the strain on natural ecosystems and conserves valuable resources for future generations.

Since 2013, we have reduced our operations surface facilities footprint by nearly 300,000 sqm. This is equal to a 55% reduction from the initial footprint to current-day operations.

KEEPING OUR PEOPLE AND ASSETS SAFE

Due to the war in Ukraine, our main focus in 2022 has to been to keep our Ukrainian personnel safe and secure. Thanks to our Ukrainian employees' resilience and the genuine solidarity demonstrated by XP employees outside Ukraine, we managed to sustain our Ukrainian operations without any safety incident.

To support our employees, we have implemented the following activities:

- Create discussion forums to let employees know support is there. The war is acknowledged, and compassion and an inclusive, supportive workplace are essential.
- Create a psychologically safe environment for employees to discuss what they're experiencing by encouraging workplace conversations about real-world issues affecting employees and helping workers feel supported. Setting clear ground rules for civil discourse at work: anti-discrimination policies, mutual respect, listening and reflecting understanding for each other's positions before jumping in with one's perspective).
- Educate the workforce to recognize signs of distress in colleagues and follow up further.
- Remind managers to check in with their teams and know that the war may impact employees. If they know employees experiencing distress, remind managers of the importance of being flexible with workloads and deadlines and ask a team member about additional support needs.
- Encourage managers to listen and empathize with team members directly impacted by the war, be aware of company and community resources available for supportive referrals, and check with managers on how the company can support them while supporting their teams during difficult times.
- Remind employees about the medical insurance benefit offered by the company and conditions to be used.

Workforce Health

The supervision of XP's workers' health condition is ensured by professional third party occupational medicine doctors. Medical examinations are performed based on the identification sheets of occupational risk factors prepared by specialists in the field of Occupational Health and Safety.

In 2022, 1,173 medical examinations were performed for 959 employees. The medical examinations included: medical examinations at employment, periodic medical examinations, re-evaluations at 1, 3, 6 months or at other time intervals. Checks are performed on time for all workers. Those who exceed the due date are not accepted for work.

Together with our medical services contractor, we have implemented different health campaigns among our employees:

- First aid campaign.
- Diabetes awareness and prevention measures.
- Flue vaccination campaign.
- Fit to work – awareness campaign.

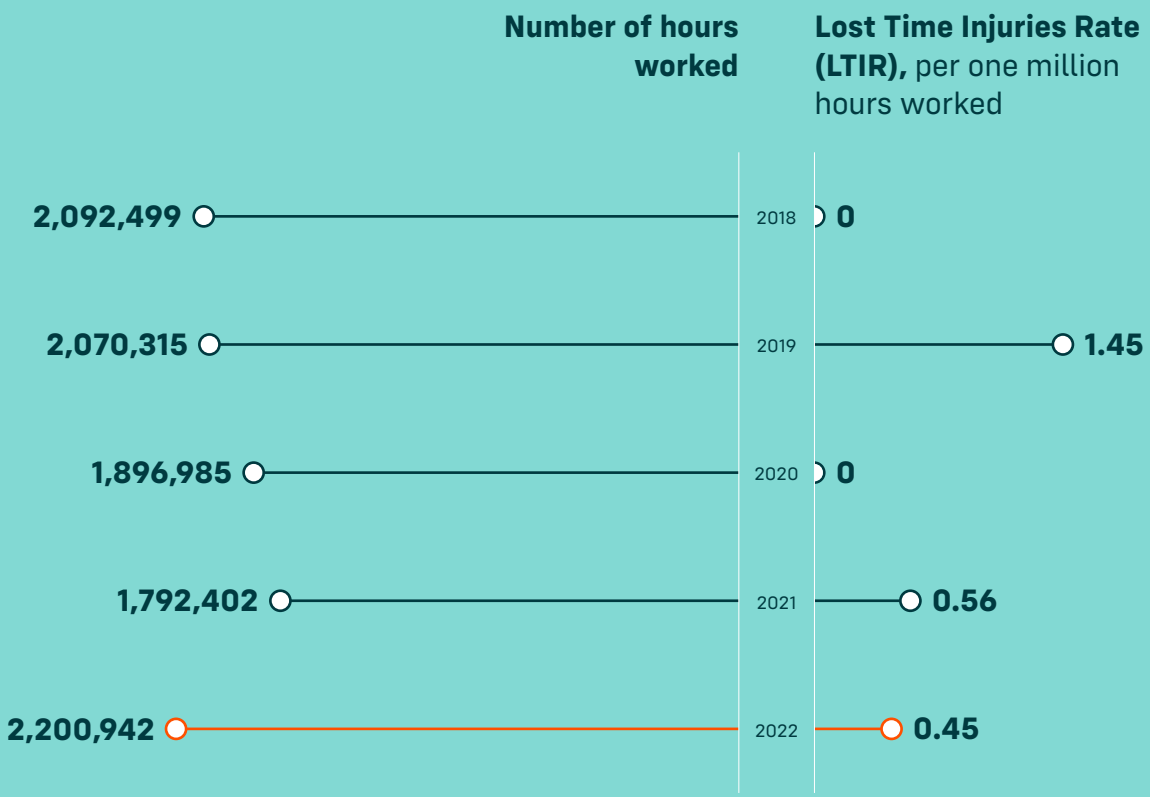
Occupational injury and illness incidents

Our Operational Excellence Management System (OEMS) is our framework to ensure continuous improvement, efficiency, and safety in all our operations.

XP management plays a crucial role in engaging with their teams to effectively apply XP's OEMS. The system empowers employees, fosters accountability, optimizes resource utilization, minimizes waste, enhances productivity, and maintains high standards of quality and safety. By doing so we aim to exceed stakeholder expectations.

The company OEMS regularly updates its procedures based on yearly Health, Safety, and Security (HSS) performance analyses. After an incident occurs, thorough investigations are conducted to identify root causes, and procedures are improved accordingly. Specific indicators related to occupational health, safety, and security are set annually to monitor performance and guide improvements. These indicators are reported monthly through a management tool that collects data on hazards, unsafe conditions, and behaviors.

Over the last 5 years, the trend of our Lost time injury rate is going down but our goal is to achieve ZERO Incidents by recognizing best practices and areas needing improvement.



Despite the efforts, in 2022 we recorded an undesired event as we had 1 Loss Time Injury (LTI) incident. One of our workers was injured in the eye by a metal splinter during a small maintenance work on an excavator. Following the incident investigation, a comprehensive action plan has been put in place in order to eliminate and prevent further similar events to take place in our organization. Now there is an enhanced and strict control on machinery maintenance programs and only certified consumables are used within our facilities.

High-risk areas are identified, and actions to implement measures from risk assessments have priority in the prevention and protection plan.

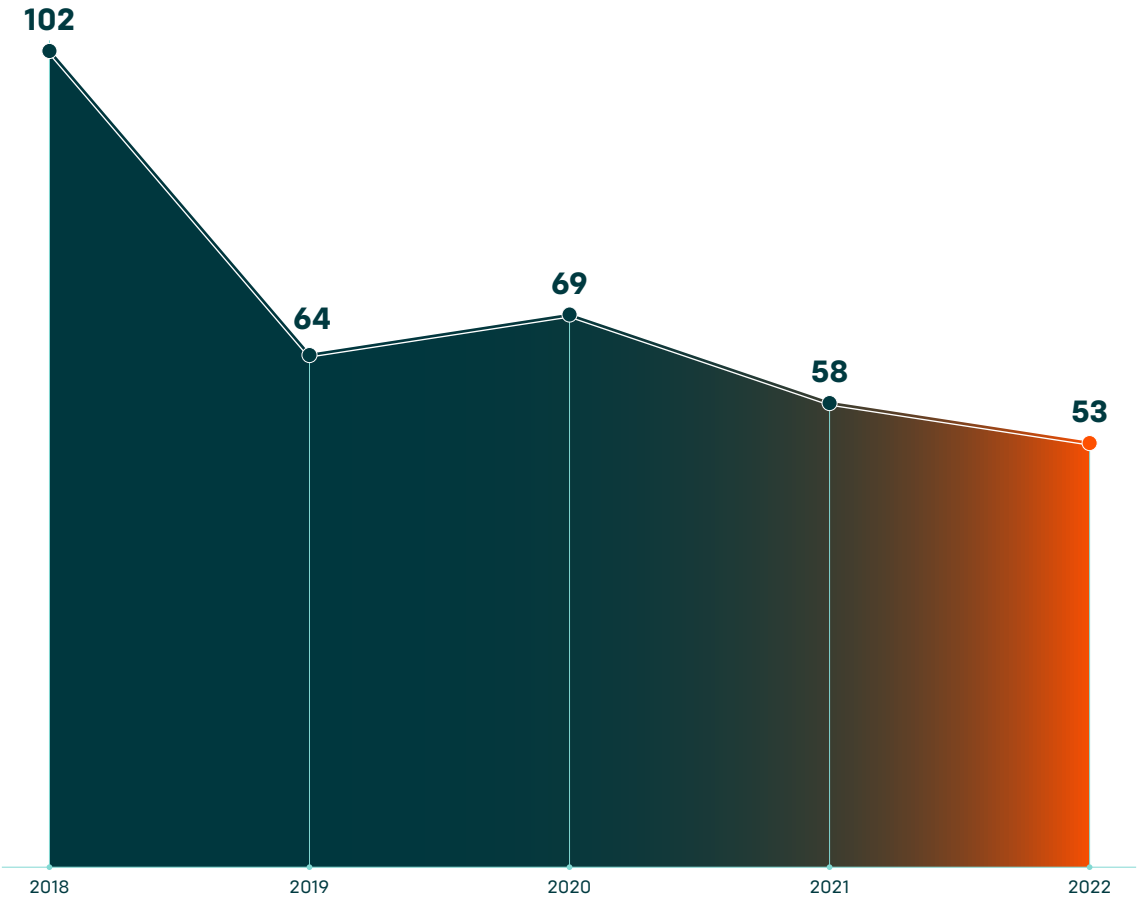
In 2022, 509 MWAs were conducted, except in Ukraine due to safety reasons.

Security (including Cyber)

In all our facilities the security services are provided by a 3rd party selected after a comprehensive qualification process. The security services are made of pedestrian guards, mobile patrols, and real time monitoring control rooms. On yearly basis, XP is allocating resources to upgrade and extend our technologies used to secure the assets we are operating.

Our main challenged in terms of security consists of thefts: Oil thefts and minor thefts targeting small metal equipment such as abandoned pipelines, well head fencing or electrical cables. All the oil thefts are normally quickly identified thanks to our online pipeline monitoring system which alerts our employees whenever a decrease in pressure occurs along the pipeline.

Number of security incidents



In 2022 we had a slight decrease of security incidents compared to 2021 thanks to an increase in the operating security budget and despite a sharp increase in oil price which tends to stimulate additional thefts attempts.

From a legal compliance point of view, all our security plans have been approved by the local authorities.

1

Cyber Security and Data Privacy

At XP Group, we recognize the importance of data privacy and cybersecurity in today's digital landscape. We are committed to proactively protecting our data assets, respecting privacy in accordance with EU General Data Protection Regulation (GDPR) and fostering a culture of heightened security awareness among our users.

2

Operation and Security Frameworks

We adhere to industry-leading security frameworks and good practices to ensure the confidentiality, integrity, and availability of our data. These frameworks include but are not limited to COBIT, NIST Cybersecurity Framework and ITIL.

3

Data Protection and GDPR Compliance

We prioritize the protection of personal data entrusted to us by our stakeholders. As part of our commitment to GDPR compliance, we implement appropriate technical and organizational measures to safeguard personal data against unauthorized access, disclosure, alteration, or destruction.
We also ensure that our data processing activities are conducted in a transparent manner, with explicit consent obtained where required.

4

Proactive Data Security Measures

To ensure the security of our data infrastructure and systems, we employ a range of proactive measures, including Encryption, Access Controls and Monitoring and Incident Response.

5

Security Awareness and Training

We recognize that a strong security culture is essential in safeguarding data privacy.
We are committed to increasing security awareness among our users through Training Programs, Communication and User Empowerment.

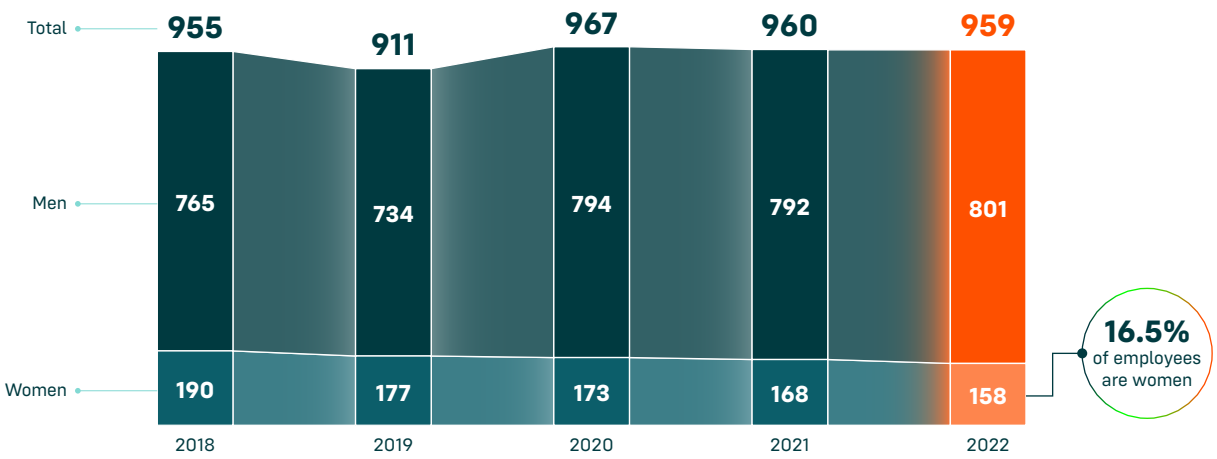
BEING A SOCIALLY RESPONSIBLE ACTOR IN OUR COMMUNITY

LABOR PRACTICES

By the end of 2022, the company employed a total of 959 employees out of which 158 are women.

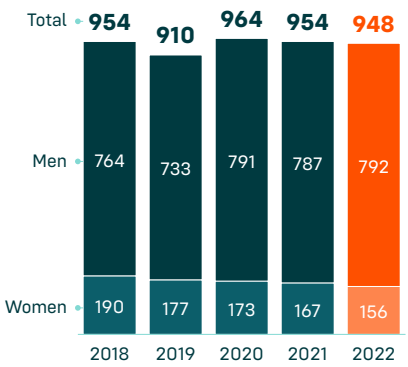
Our ambition is to increase further our diversity in the coming years.

Total number of employees

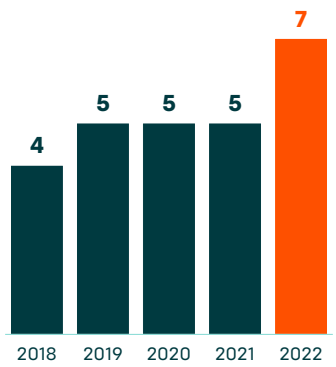


Total number of employees with ILC

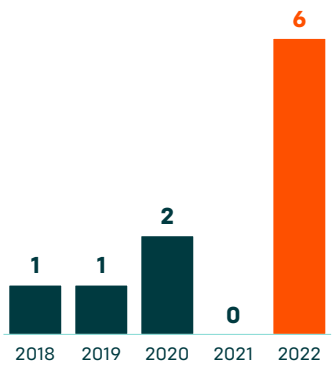
Undetermined period, full time



Undetermined period, part time



Determined period, full time



Equal Opportunities:

XP strives to provide a diverse and equitable environment regardless of gender, ethnicity, sexual orientation or physical abilities that upholds our core values of collaboration and respect, and provides all employees opportunities for growth and development.

XP's internal procedures mandate that each manager is responsible for ensuring compliance with the law and XP's decisions in their respective sectors, and they must prevent discrimination and sexual harassment in any form.

Freedom of Association:

We prioritize the freedom of our employees to form associations and engage in lawful activities, considering it an essential human right. Our Collective Bargaining Agreement (CBA) includes comprehensive benefits and regulations for permanent employees.

At the XP level in Romania we have one labor syndicate with four branches overseeing employees' concerns and actively participating in CBA negotiations. We are committed to maintaining a healthy work environment and providing competitive benefits based on expertise and performance.

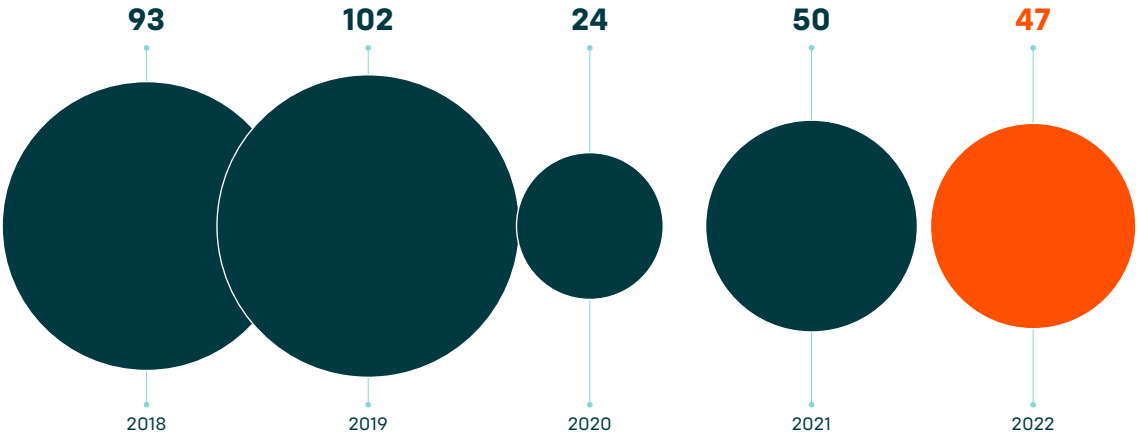
Employees Complaints management:

The complaint methodology requires the secretariat to provide the necessary support to employees so that they can lodge their complaints in writing, which are registered and answered within 30 days as set out in the rules of procedure. The answer is formulated by the HR department after consulting the managers responsible for the department concerned in the letter. If necessary, an internal group is formed to elucidate all the circumstances and provide an answer that benefits both the employee and the company.

WORKFORCE TRAINING AND DEVELOPMENT

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

Average number of training hours per employee



Mandatory training is performed to maintain company licenses and certifications as required by applicable laws.

All XP employees undergo an introductory HSSE training to reinforce core values, and additional training is provided based on job positions, ensuring competencies for safe and responsible duties. Specialty job functions receive specific training like Well Control, Electrical Safety, Mechanical Lifting, etc.

Contractors and subcontractors are actively involved in the training programs to understand our safety culture and practices while working on our sites.

Computer-based training (CBS) system is being implemented.

In the initial phase, the first targeted group of personnel will be the supervisors and middle management.

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

Also, our HR representatives have meetings and exchange experience with similar oil and gas organizations, as well as with HR professionals from CIPD (Chartered Institute of Personnel and Development), a professional association for human resource management professionals. Thus, our employees get continuous updates on common best practices and ensure relevant benchmarking.

LOCAL COMMUNITY IMPACTS AND ENGAGEMENT

We not only strive to work ethically but also proactively seek ways to support individuals and communities in benefiting from our work.
We aim to have a positive social impact wherever we operate.

In 2022 we have supported our Ukrainian community in Lviv with a broad range of support, from housing our employees family that needed it to providing vehicles requested by the local authorities and we provided donation to the Charity fund “Children of Heroes”.

Recognizing the education challenges in Romania, our human resources team collaborates with various NGOs to contribute to the improvement of the education system. They participate in the selection process for educational programs for school principals, provide coaching for teachers applying for principal positions, and act as mentors for those attending the mini-MBA program.

In addition, XP also provided funding for building a bridge over the local river in Ticleni, bridge that allowed for better interconnection between the surrounding villages and Ticleni town.

PROVIDING A SYSTEMATIC APPROACH AND TRANSPARENCY TO OUR OPERATIONS

OPERATIONAL EXCELLENCE MANAGEMENT SYSTEM

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

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

1. Demonstrate commitment and leadership at all organization levels and at all the time to conduct our business in a safe, secure, injury-free, environmentally responsible, and sustainable manner.
2. Comply with all laws and regulations applicable to our facilities and business activities.
3. Identify hazards and threats to prevent, control or reduce risks to an acceptable level.
4. Minimize our impact on the environment through pollution prevention, reduction of emissions and efficient use of energy and natural resources.
5. Actively engage in stakeholder dialogue to welcome the input of our employees and contractors, regulatory agencies, our communities, our customers, and other interested stakeholders.
6. Continuously learn from audit, near misses, incidents and best practises to improve the way we operate.

Our Operational Excellence Management System (OEMS) is the integrated framework set of principles specifically designed for our operations that will explain to everyone in the organization how to perform their tasks, assess and manage risks, set goals for improvement; and, rigorously audit our performance against objectives and compliance requirements.

Our OEMS is based on the following elements:

Leadership
and accountability

Engineering, Technology and
knowledge management

Organization
and competencies

Near Misses, Incidents
and Accidents

Compliance

Contractor Management

Risk management

Community and
Stakeholder relations

Operations

Assessment and Improvement

PREVENTING CORRUPTION

XP has a strict zero tolerance policy for bribery and corruption.

Not only XP employees must strictly follow all laws relating to anti-bribery and corruption in all the jurisdictions in which we operate, as well as the EU anti-corruption framework, but they must also apply XP ethical conduct and compliance standards reflecting our core values of Integrity and Respect. To ensure transparency and accountability, we have established channels for employees to anonymously report suspected violations of various codes, laws, and unethical behavior.

We have a whistleblower mechanism in place, allowing employees to submit complaints without fear of repercussions. A member of our senior management team oversees the governance systems and ensures confidentiality throughout the investigation process. Employees who report violations receive written confirmation and are kept informed of the investigation's progress.

ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE

Our continuous solid economic performance is one of the foundations of our sustainability and our continuous growth validate the relevance of our value proposition to our partners.

Direct economic Value Generated (DEVG), mln USD

Economic Value Distributed (EVD), mln USD

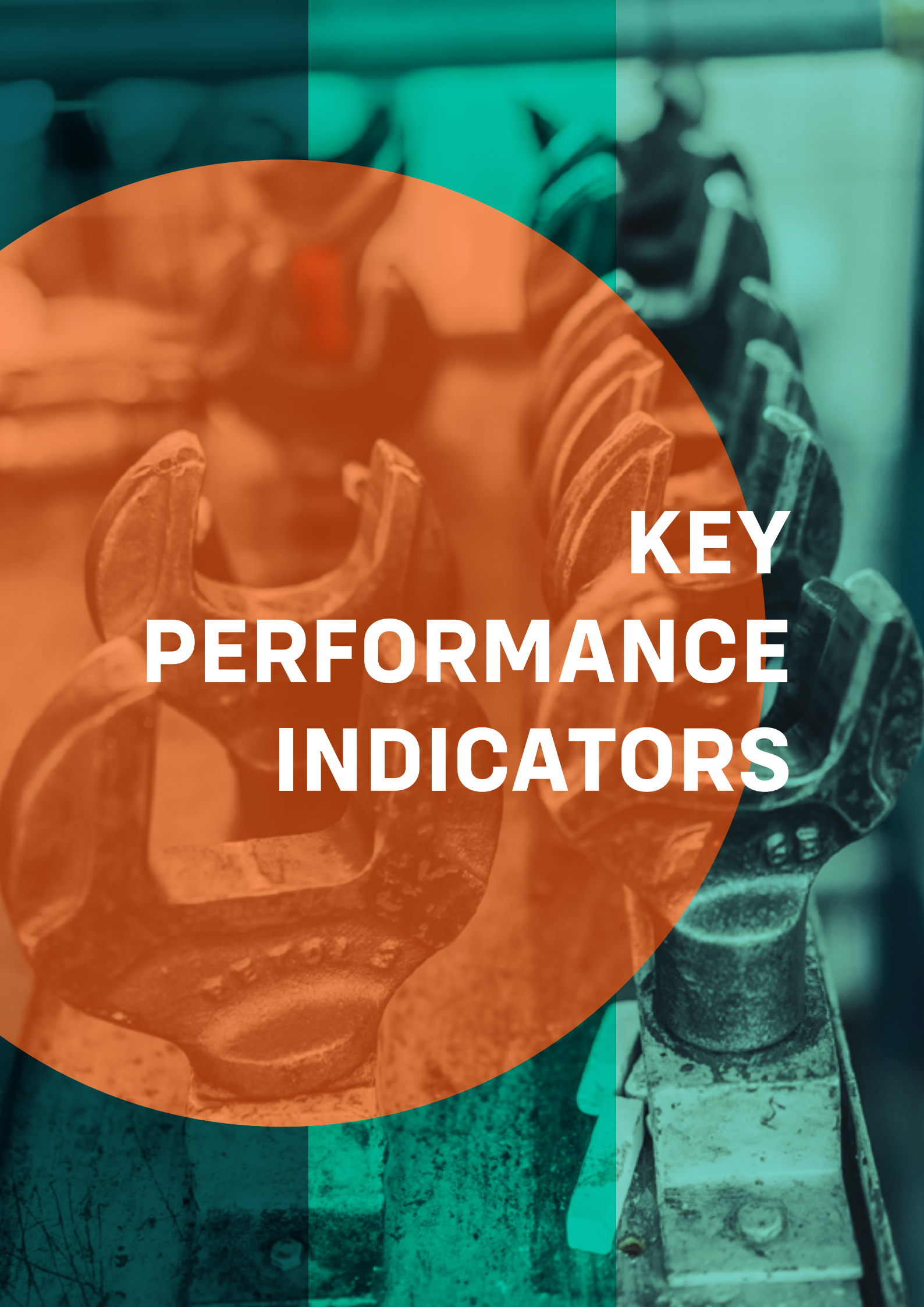
Economic Value Retained for further investment, mln USD

Direct economic value generated:

- Revenues.

Economic value distributed:

- Operating costs.
- Employee wages and benefits.
- Taxes to governments.
- Community investments.
- Payments to providers of capital.



KEY PERFORMANCE INDICATORS

Table 1. Page 16

Year	**Total GHG (scope 1) emissions,** ktCO2eq	**GHG emissions (scope 1) intensity,** tCO2eq/toe
2013	**178.0**	**1.75**
2014	**169.5**	**1.20**
2015	**109.7**	**0.83**
2016	**76.1**	**0.43**
2017	**76.5**	**0.26**
2018	**89.6**	**0.28**
2019	**68.3**	**0.22**
2020	**89.6**	**0.26**
2021	**111.0**	**0.21**
2022	**95.3**	**0.19**

Table 2. Page 17

Year	**GHG emissions Scope 1+2,** ktCo2eq			**Hydrocarbon Production,** ktoe	**GHG emissions (1+2) intensity,** tCO2eq/toe
	Scope 1	Scope 2	Total		
2021	**111.0**	**15.2**	**126.2**	**533.8**	**0.24**
2022	**95.3**	**18.2**	**113.5**	**513.9**	**0.22**

Table 3. Page 18

Structure of GHG scope 1 emissions in 2022, %	
CH4	**54%**
CO2	**46%**
Others	**<1%**

Table 4. Page 18

Emissions reported in consolidated, simplified sources categories from XP Group in 2022, metric tonnes CH4	
Stationary Combustion	**23.63**
Flaring (Incomplete Combustion)	**0.07**
Fugitives	**248.29**
Accidental venting	**954.26**
Others	**0.00**
Total	**1,226.25**

Table 5. Page 21

Year	**Energy intensity,** %
2013	**22.7%**
2014	**20.4%**
2015	**15.1%**
2016	**14.8%**
2017	**8.7%**
2018	**8.6%**
2019	**9.1%**
2020	**7.7%**
2021	**5.2%**
2022	**4.6%**

Table 6. Page 24

Year	**Frehswater withdrawn,** m3	**Hydrocarbon Production,** toe	**Frehswater withdrawal intensity,** m3/toe
2014	**606,666**	**140,767**	**4.31**
2015	**374,037**	**132,889**	**2.81**
2016	**198,609**	**178,914**	**1.11**
2017	**486,526**	**290,875**	**1.67**
2018	**356,270**	**317,099**	**1.12**
2019	**366,460**	**306,272**	**1.20**
2020	**234,940**	**342,210**	**0.69**
2021	**240,380**	**533,823**	**0.45**
2022	**137,200**	**513,857**	**0.27**

Table 7. Page 27

Year	**Number of Spills**	**Spilled volume,** ltrs
2018	**501**	**47,099**
2019	**326**	**25,599**
2020	**167**	**11,020**
2021	**101**	**8,471**
2022	**133**	**6,248**

Table 8. Page 29

Year	**Total solid waste disposed,** tonnes	**Total hazardous solid waste disposed,** tonnes	**Total hazardous liquid waste disposed,** m3	**Total Waste Recycled,** tonnes	**Hazardous solid waste Intensity,** kg/boe
2018	**682.7**	**828.1**	**34.4**	**43.2**	**0.64**
2019	**473.1**	**1,292.9**	**0.0**	**220.6**	**0.95**
2020	**335.2**	**515.8**	**45.1**	**670.0**	**0.26**
2021	**500.6**	**1,316.8**	**28.1**	**350.7**	**0.36**
2022	**664.7**	**679.0**	**157.5**	**499.4**	**0.2**

Table 9. Page 34

Year	**Number of hours worked**	**Lost Time Injuries Rate (LTIR), per one million hours worked**
2018	**2,092,499**	**0**
2019	**2,070,315**	**1.45**
2020	**1,896,985**	**0**
2021	**1,792,402**	**0.56**
2022	**2,200,942**	**0.45**

Table 10. Page 36

Year	**Number of security incidents**
2018	**102**
2019	**64**
2020	**69**
2021	**58**
2022	**53**

Table 11. Page 40

	Total number of employees			**Total number of employees with ILC,** undetermined period, full time			**Total number of employees with ILC,** undetermined period, part time	**Total number of employees with ILC,** determined period, full time
Year	Total	Men	Women	Total	Men	Women		
2018	**955**	**765**	**190**	**954**	**764**	**190**	**4**	**1**
2019	**911**	**734**	**177**	**910**	**733**	**177**	**5**	**1**
2020	**967**	**794**	**173**	**964**	**791**	**173**	**5**	**2**
2021	**960**	**792**	**168**	**954**	**787**	**167**	**5**	**0**
2022	**959**	**801**	**158**	**948**	**792**	**156**	**7**	**6**

Table 12. Page 42

Year	**Average number of training hours per employee**
2018	**93**
2019	**102**
2020	**24**
2021	**50**
2022	**47**

Table 13. Page 50

Year	**Direct economic Value Generated (DEVG),** mln USD	**Economic Value Distributed (EVD),** mln USD	**Economic Value Retained for further investment,** mln USD
2020	**53.95**	**39.13**	**14.82**
2021	**74.23**	**49.50**	**24.73**
2022	**89.16**	**50.14**	**39.02**

Download 2022 Sustainability report:

2022

Previous sustainability reports:

2021

2020

2019

2018

XP

Towards Sustainable Upstream Operations