

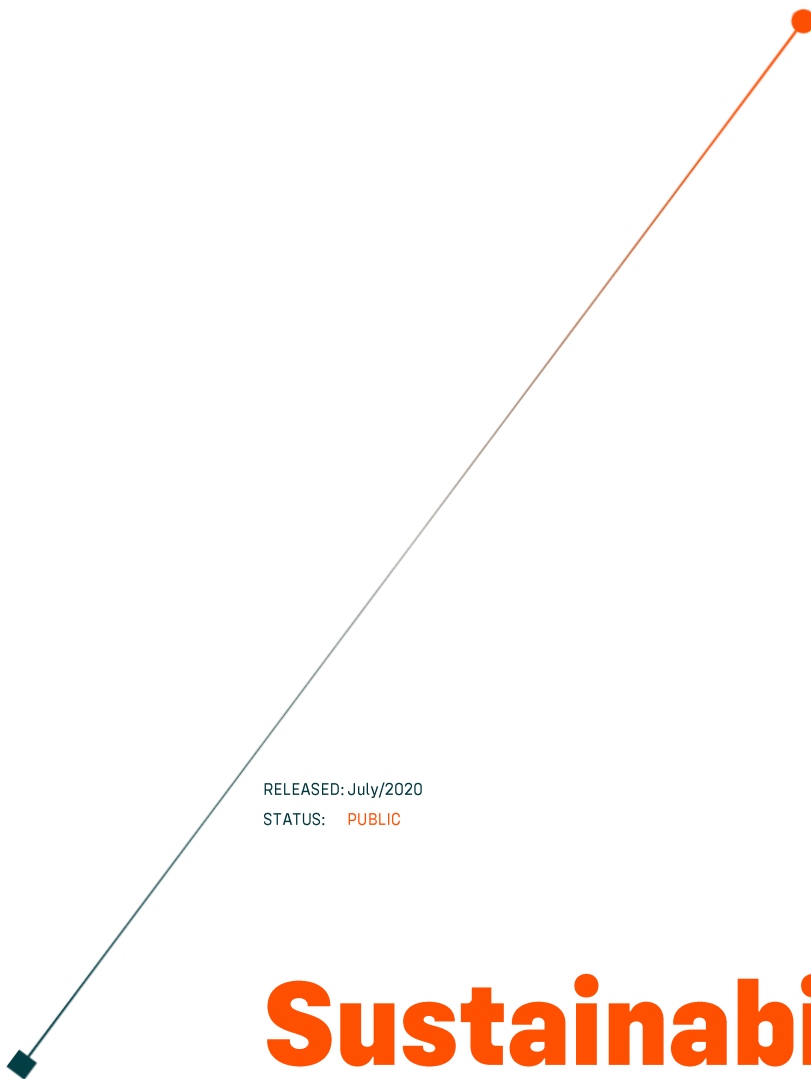
**EXPERT
PETROLEUM**

RELEASED: July/2020
STATUS: PUBLIC

Sustainability Report 2019



**EXPERT
PETROLEUM**



RELEASED: July/2020

STATUS: PUBLIC

Sustainability Report 2019

For the third year in a row, Expert Petroleum has shown itself to be a responsible and proactive organization by preparing a sustainability report on its activities to enhance transparency and provide its stakeholders with meaningful information related to its sustainability performance.

In order to be even more complete and detailed than the previous year, we have included in this year annual sustainability report information from all our main operation sites active in 2019: Timiș County and Țicleni area (which was not included in previous years). We have now, therefore, a comprehensive view about the development, performance, position and impact of our company's activities, related to environmental and social matters.

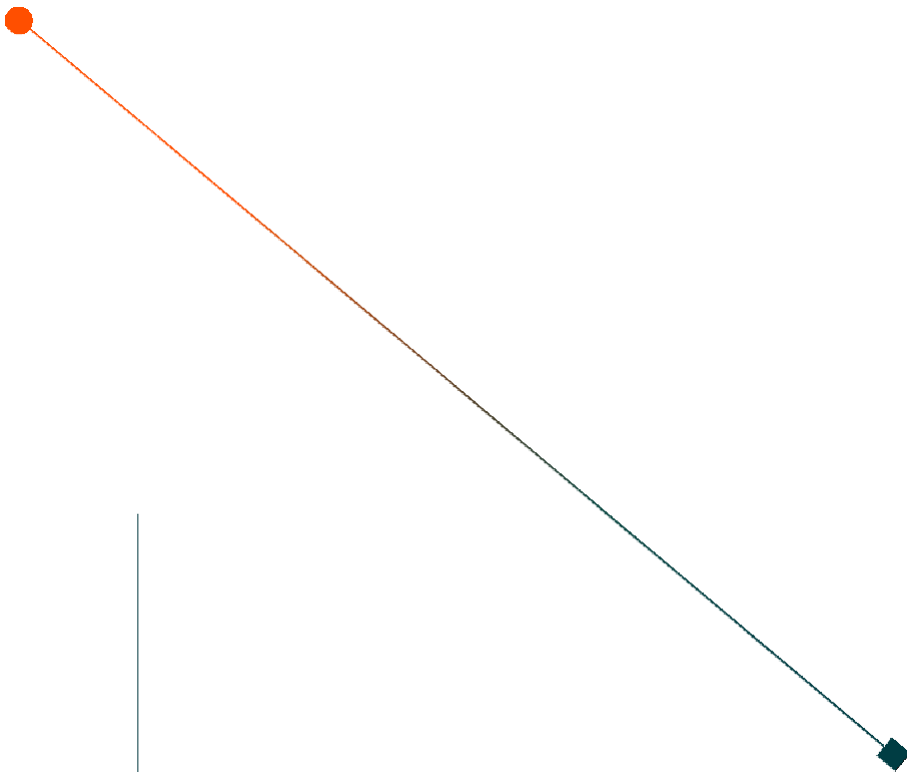




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ABOUT THE REPORT

Our Sustainability Report presents the non-financial information in conformity with the Ministry of Public Finance (MPF) Orders No. 1938/2016 and No. 3456/2018 for the companies Expert Petroleum Solutions S.R.L. and Expert Petroleum S.R.L.

Within this report we have decided to include information regarding both our companies even if the obligation to publish a non-financial statement refers only to one company, namely Expert Petroleum Solutions S.R.L.

The decision is based on our aim to allow all our stakeholders access to enough information necessary for understanding our development, performance, position and impact of both companies' activities relating to environmental and social issues. Thus, the report covers our operations from Timiș County and Țicleni area.

Having in view that this is the third Sustainability Report we are publishing, for its development we have initially conducted an analysis process to establish if the non-financial information previously identified is still material for us and for our stakeholders and if it is necessary to report on others, too. This report has been prepared in accordance with the GRI Standards: Core option and GRI G4 Oil and Gas Sector supplement. We have increased the detailed level of the information about each material topic, such as management approach, policies, impact and risks, as well as key performance indicators.

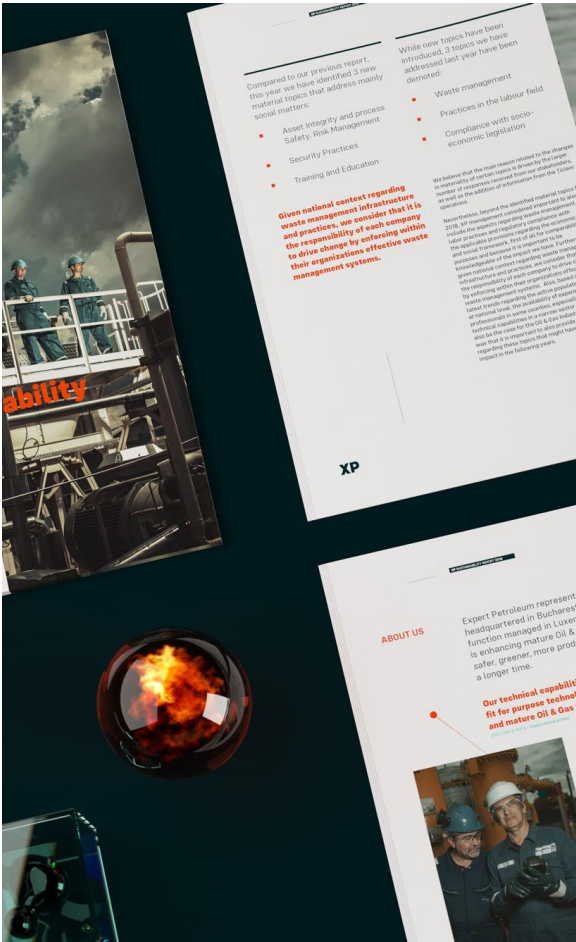
Each material topic is presented in a separate sub-chapter, including information regarding the performance as much as possible of each company, and where possible in a consolidated way. For more details, the report contains references to other documents that can be found on the website www.expertpetroleum.com, such as the 2019 Annual Report.

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

The previous Sustainability Report was published in 2019, reporting the results of the company's sustainability performance of 2018.



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



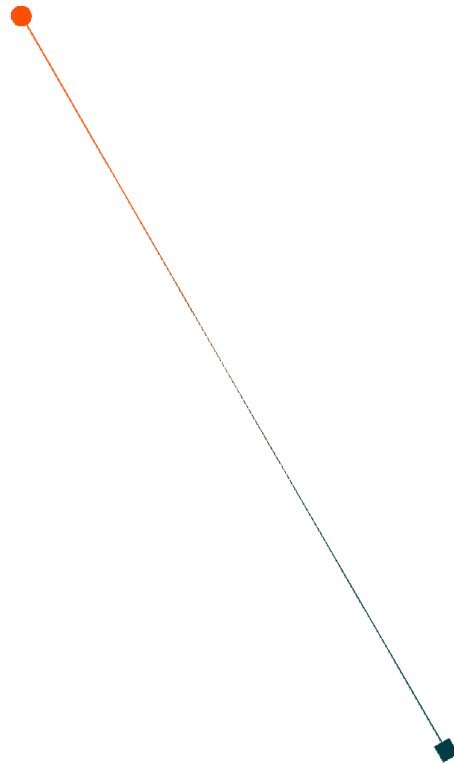
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Reporting period: January 1st – December 31st, 2019.

Date of publication: July 1st, 2020.

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



CEO STATEMENT

David MARTINON



DEAR READER,

At the time of concluding this report in July 2020, the world is still fully engaged fighting the Corona Virus pandemic, which has been probably one of the most disruptive events since World War II. In particular in our industry and more specifically in our organization: our field operations could not be performed from home and it became much more difficult due to the travel restrictions, social distancing measures and added field personnel protective procedures that we had to put in place for the safety of our employees.

However, despite this challenging environment, the company and its employees have demonstrated a tremendous level of resilience and relevance to our community. So far, we have managed to ensure the continuity of our operations in Romania and the safety of our employees, but we have also been awarded during this period the first ever Production Enhancement Contract in Ukraine and started to mobilize for it.

Furthermore, with the whole world activities frozen, oil and gas prices have dropped significantly during this period and this has further reduced investment commitments in exploration and development of new oil and gas fields. These investments were already seriously under threat due to the fact that the share of Oil and Gas in the energy supply mix will have to be reduced to comply with the Paris Agreement's goal to keep the increase in global average temperature to well below 2 °C above pre-industrial levels. This change of paradigm in our industry makes XP's activities even more relevant as, during the transition period, existing mature oil and gas fields will have to be modernized, rehabilitated and enhanced to make them safer, greener and more productive for a longer time.

I strongly believe that the foundation and explanations of XP's resilience, our activities' relevance to the oil and gas industry and our constructive relationship with our stakeholders can be found in this sustainability report.

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



I strongly believe the foundation and explanations of XP's resilience, our activities' relevance to the oil and gas industry and our constructive relationship with our stakeholders can be found in this sustainability report"

This third Sustainability Report is clearly the most detailed and informative so far as we now have few years of reporting and analysing our sustainability performance behind us. Engaging once more in a dialogue with all our stakeholders have also refined further our priorities.

The report has been developed in line with the latest EU requirements for reports on the social and environmental impacts of our activities and according to the Global Reporting Initiative Standards (Core option and G4 Oil and Gas Sector supplement).

Our 2019 performance shows an important economic impairment of our assets due to the revaluation of our future revenues lowered by lower production and commodity prices forecast. This was a responsible adjustment to adapt to the current macro environment and ensure a realistic way forward for the company.

As compliance has been identified this year by our stakeholders as high impact and high importance category, I am pleased to report here that we had received no fines in 2019 from authorities for non-compliant activities. Zero routine gas flaring and venting is in particular a very important matter for the organization.

We are also extremely pleased that the efforts we have put to fix the gas pipeline leaks and spills over the last 2 years have paid off. Our spills intensity has been reduced by 27% compare to 2018 and our GHG direct emissions have decreased by 24% in 2019 vs. 2018, and our GHG Intensity has decreased by 21% in 2019 vs.2018.

We have also reduced our Flaring and venting by 20% and are getting close to our objective of Zero routine Flaring and Venting which we aim to achieve in 2021.

Our Overall Energy consumption decreased by around 10%, through the optimization we conducted for our operations and operated facilities but production decreased even faster during the period so the Energy intensity slightly increased. Our Freshwater withdrawal slightly increase by 3% due to an increase of well intervention and workover activity in Tileni.

We had an exceptional and significant increase in the volume of waste generated in 2019 due to an old sludge being removed from obsolete tanks and other materials from facility revamp, as part of the upgrading and footprint reduction activities.

Finally, an area of improvement for us is in a category which is considered of high importance and high impact for all stakeholders is on the Health and Safety side. Despite our efforts, in 2019, we recorded 3 Loss Time Incident (LTI). All incidents have been thoroughly investigated and valuable lessons learned out of the investigation. You will find more details about all this and much more information in the next pages of the report. Feel free to send us your comments.

While we are all mobilized to achieve our 2020 objectives, I am looking forward to review and report by the same time again next year on our 2020 sustainability performance.

Best regards,

David Martinon / CEO





**EXPERT
PETROLEUM**

COMPANY PRESENTATION AND
ECONOMIC PERFORMANCE
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COMPANY PROFILE

COMPANY PROFILE

**COMPANY
PRESENTATION
AND
ECONOMIC
PERFORMANCE**

Our company maximizes the potential and the sustainability of mature oil and gas fields by investing and modernizing these assets. Since 2013 we are present in the west part of the Romania, in Timiș county and from 2016 in Țicleni area where we took over Petrofac’s operations. We are operating on behalf of OMV Petrom based on Production Enhancement Services Contracts (“PEC”) for a period of 15 years in Timiș and until 2025 in Țicleni

XP takes execution and incremental production risks through long term Production Enhancement Contracts (PECs). XP’s technical capabilities and expertise are focused on fit for purpose technologies and modern processes required to improve wells’ productivity, reservoirs’ recovery factor and outdated surface facilities in order to make the fields safer, greener and more productive for longer time

**XP
OPERATIONS
PEC OMV
ROMANIA**



Our Romanian operational companies are owned by Expert Petroleum SPV SARL, our holding company based in Luxembourg which is part of the GMS Holdings group. The Luxembourg holding company helps consolidate all the international subsidiaries and is the place where the board takes its decision. Our management team is headquartered in Bucharest, Romania, enabling thus effective communication, active involvement and commitment towards the rapid adoption and implementation of potential updates related to our company corporate governance framework. We have a very long-term view on the business and we take great care to ensure our operations benefit the local community around us.

Compared with the information provided within our previous report, no significant changes regarding organization's structure and ownership have occurred.

Our main client has indicated its trust in us and its satisfaction during the last 7 years for our ability to address the different operational and social challenges that could occur in our sector. Due to our good internal control environment, strengthened by an experienced management and efficient internal audit team, we had reached an extensive level of credibility in front of our client and other stakeholders regarding our data prepared for various internal and external purposes. This was also demonstrated by the good results of the audit missions organized by our client, OMV Petrom, in our production areas, on various aspects such as environmental protection, process safety, employee's health and safety.

Our production areas, especially Țicleni area, are localized in communities developed around the exploitation of extractive industries, like oil and natural gas and mining, resulting in a significant degree of dependence of the population, but also of some of the local businesses on our company. The 9 Oil & Gas fields from Țicleni are in operation for over 60 years, and those from Timiș County for over 40 years.



For this reason, we extend our responsibility beyond our business and strive to promote responsible behavior throughout our sphere of influence and to create value for the communities in which we operate.

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

We want to remain a successful organization, but we want our success to return increasing value to our stakeholders while taking care of the environment to ensure our operations have less and less impact on the nature around us.

Expert Petroleum continued to be in 2019 the leading company for production enhancement services for mature fields in Romania. During the next period, we will continue to work diligently to ensure our business targets are met and plan to grow our business by entering new markets such as Ukraine. Consequently, our impact in communities will grow by enlarging the number of local suppliers and the amounts payed for taxes and salaries.

During 2019, Expert Petroleum has invested 15 million USD, (4.7 million USD Expert Petroleum SRL and 10.3 million Expert Petroleum Solutions SRL) improving the operations of the mature oil and gas fields in Timiș and Țicleni, out of which 3.1 million USD (1.9 million Expert Petroleum SRL and 1.3 million Expert Petroleum Solutions SRL) in investment remunerated at cost by OMV Petrom. Due to low commodity prices forecast and the impairment that had to be recorded accordingly, we have generated a loss of 0.9 million USD. Non-compliances with laws and regulations in the economic area have not been registered during the reporting period.

Economic Performance Expert Petroleum SRL

	2018	2019
	USD	USD
Profit (loss) before tax	4,508,606	(12,164,505)
Sales	29,727,017	25,777,068
Direct economic value generated (DEVG)	31,264,501	26,884,855
Economic Value Distributed (EVD)	20,239,324	18,681,422
Economic Value Retained	11,025,177	8,203,434

Economic Performance Expert Petroleum Solutions SRL

	2018	2019
	USD	USD
Profit (loss) before tax	10,875,358	11,240,828
Sales	34,967,204	37,560,773
Direct economic value generated (DEVG)	37,885,044	40,422,435
Economic Value Distributed (EVD)	26,237,335	25,244,514
Economic Value Retained	11,647,709	15,177,920

Economic Performance Overall

	2018	2019
	USD	USD
Profit (loss) before tax	15,383,964	(923,677)
Sales	64,694,221	63,337,841
Direct economic value generated (DEVG)	69,149,545	67,307,290
Economic Value Distributed (EVD)	46,476,659	43,925,936
Economic Value Retained	22,672,886	23.381,354

"Figures are stated and amended to present figures from statutory financial accounts, prepared in accordance with MFP 1882/2014"

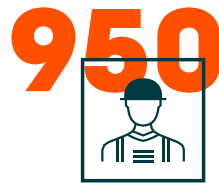


AT A GLANCE

We have long track record in our operations in Eastern Europe, in Romania (For OMV), Hungary (For MOL) of not only successfully increasing production and reserves but also reducing GHG emissions, Energy intensity and Freshwater withdrawal intensity. We are now about to start the same in 2020 in Ukraine for Naftogaz



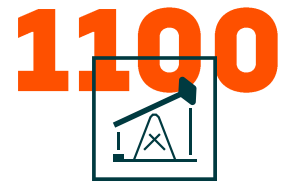
As of December 31st, 2019



Full-time employees



Operated mature assets



Operated wells



Million USD invested on the existing assets operated



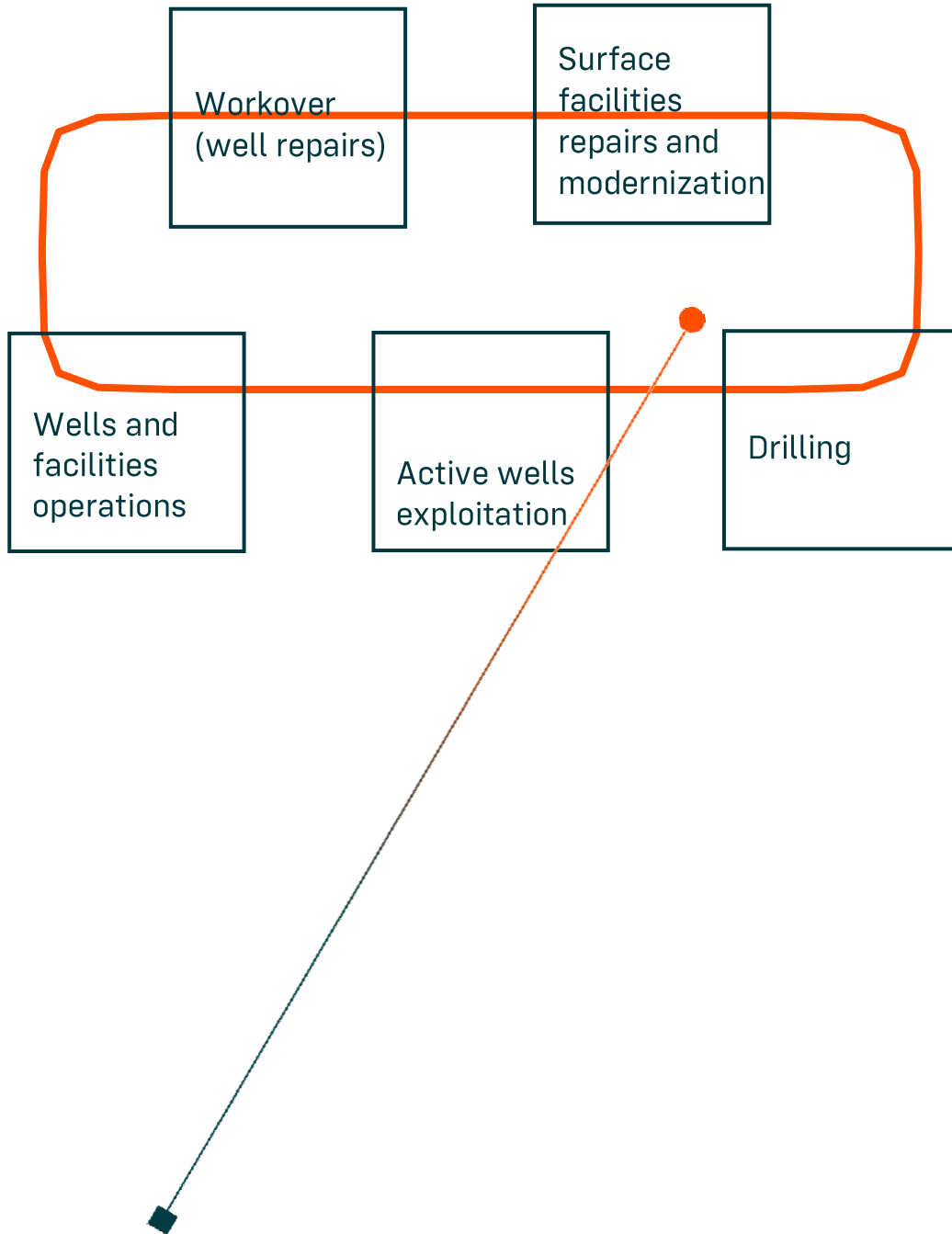
Boe/d 30% gas

ROU





**XP VALUE
CHAIN**







EXPERT PETROLEUM

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GOVERNANCE

GOVERNANCE STRUCTURE

The management of XP is split into two levels: the Board of Directors (BoD), based in Luxembourg, and Management Team in Romania. More information regarding our top management is available on the company's website.

The BoD reviews and approves Company's strategy, annual operational and financial plans. It also monitors management execution against established budgets, as well as alignment with the strategic objectives of XP.

Also, BoD regulates the corporate environment, ensuring timely-released financial statements, and provision of accurate data and documents for our shareholders to enable them to take informed decisions. The Board is formed of five directors, out of which four are shareholders representatives and one is an independent director. Board meetings are held at least twice a year and furthermore, all members are provided a detailed management report monthly.

BoD provides the management with valuable and consistent advice regarding the development of strategic priorities and plans that align with the mission of the organization and the best interests of key stakeholders, priorities that have an appropriate short, mid and long-term focus. The directors also actively monitor management's execution of approved strategic plans, as well as the transparency and adequacy of internal and external communication of strategic plans.

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

The Board of





RISK MANAGEMENT

Our management system includes practices and tools aligned with how we make business decisions to ensure the consistent identification and assessment of stakeholder-related risks.

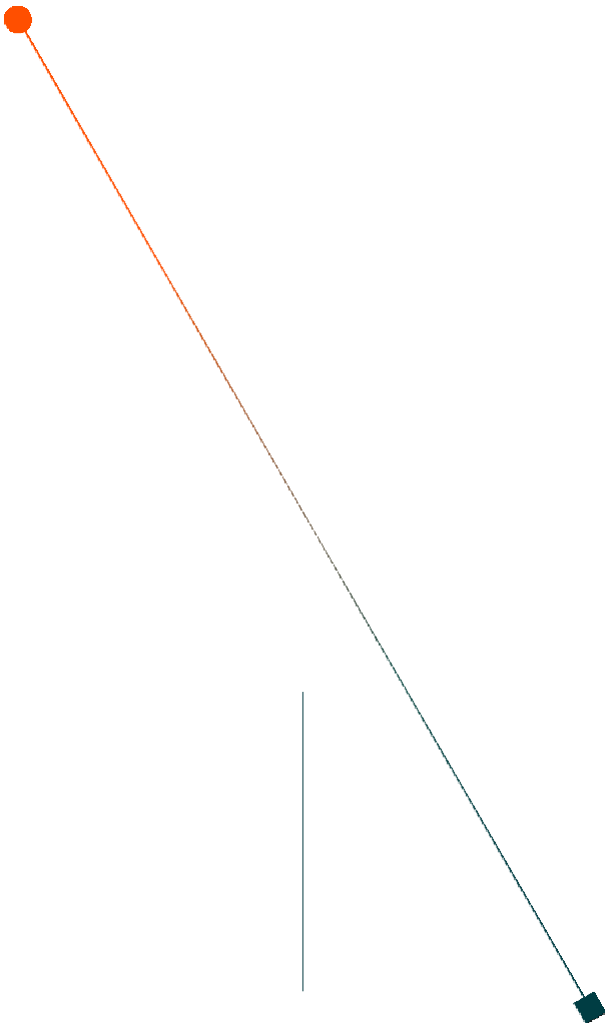
WE UNDERSTAND THAT EFFECTIVELY ENGAGING WITH OUR STAKEHOLDERS CAN REDUCE SOCIAL RISKS THAT MAY LEAD TO DELAYS OR DISRUPTIONS TO OUR ACTIVITIES.

Our stakeholder identification process is a key component of social risk assessment. Each of our companies is responsible for identifying stakeholders to understand their perspectives and concerns. The relationships with stakeholders and their priorities are considered to identify any potential points of collaboration or conflict.

We then prioritize key stakeholders and develop an engagement plan to address concerns and maintain our focus on developing mutually beneficial relationships. By having an open dialogue, we identify and address the potential impacts associated with our operations.

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

Our governance structure provides the board and management with oversight of our risk processes and ensures that appropriate mitigation plans are in place.





COMPLIANCE

At Expert Petroleum we act to improve operations and emphasis proactive work towards minimizing our environmental impact, as well as maximizing the social and economic impacts. We are focused on maintaining compliance with laws and regulatory requirements in force across all operations. We are conducting our business by promoting equal opportunities, transparency and mutual respect for all individuals without compromising on integrity.

**“Doing the right thing and being fair, Always!”
is our motto and the one that guides the way
we carry out our business.**

Values as transparency, excellence, trust and innovation are promoted within our company and our value chain. These are reflected in the effective system established by the company based on clear internal regulations, procedures and documents, like the Internal Regulation and the Collective Bargaining Agreement (CBA), which are conceived in accordance with the legislation in force. These are covering aspects of ethics, transparency, anti-corruption and business accountability for all employees. Their aim is to create a work environment focused on equal opportunities and mutual respect, as well as promoting transparency, where anyone can express their ideas freely without fear of reprisal.

Our personnel ensure that its activities always comply with all regulatory requirements and are aligned and exceed our clients' management requirements, our client and one of the largest companies in Romania.

Results that speak for themselves

Thanks to our culture, management system and dedicated employees we continued to conduct our business with high standards of legal, statutory and regulatory compliance. In 2019 there have been no fines or sanctions imposed on XP for non-compliance with laws, regulations or acts of corruption. During 2019 in Romania, we had 27 inspections performed by the environmental authorities at our locations of operation and no non-compliance has been identified.







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**NON-FINANCIAL
PERFORMANCE**

HOW ARE WE MANAGING SUSTAINABILITY

For us, Expert Petroleum, is an opportunity to create as many positive impacts as possible in terms of environmental, economic and social aspects for the communities in which we operate, and to lead the changes the oil and gas industry with the aim to better operate its mature oil and gas fields.

For this reason, starting with 2017, we have decided to publish each year a Sustainability Report, making a priority to maintain communication and continuously engagement with our stakeholders, presenting all the measures implemented for improving our economic, social and environmental performance. We have set a series of priorities for 2019, for which we have carried out several actions, so that we can achieve what we established to do.

2019 Priorities	2019 Performance*	2020 Priorities
Zero LTI	3 LTI (2XP, 1 Contractor)	Zero LTI
Keep a clean record regarding environmental regulatory breaches	Zero Fines or Penalties	Maintain 100% regulatory compliance
Reduce GHG emissions intensity by 10%	-26.76%	Reduce GHG Intensity by another 10%
Reach a 5% reduction of the energy intensity coefficient	+2.88%	Reduce Energy Intensity by 5%
Reduce waste generation by 10% compared with 2018	+51.34%**	Reduce waste generation by 5%
Reduce spills intensity (spills/boe ³) by 5%	-26.72%	Reduce spills intensity by 5%
Maintain a decreasing trend regarding freshwater withdrawal intensity	+6.25%***	Reduction of freshwater withdrawal intensity by 5%
Reduce Flared & Vented gas by 5%	-20.40%	Reduce Flared & Vented gas by 5%

* figures in % are comparison with 2018 performance.

**waste generated increased due to sludge removed from obsolete tanks and other materials from facility revamp, as part of the upgrading & footprint reduction activities. The entire amount has also been eliminated.

***water consumption intensity increased due to less production in Timiş and increased well operations in Țicleni



This year's report has a greater significance because, for its realization, we also considered the provisions of the legislation on non-financial reporting. Being in Romania one of the pioneering companies for this type of reporting, this year, we made every effort to increase the reporting degree of the GRI indicators and the relevance of the information presented. Thus, an important step that we took in the process of elaborating the report was the one regarding the identification and prioritization of the relevant stakeholders. The purpose of this activity was to establish the relevant stakeholders' categories based on two variables: our impact on stakeholders and the stakeholders' influence on EP. For the realization of this activities we organized two workshops, one in Țicleni and another one in Timișoara, with the participation of employees from all relevant departments.

Stakeholders categories identified:

- Employees
- Unions
- Mass-Media
- Peers
- Public Authorities
- R&D Institutes
- Clients
- Suppliers
- Community
- Educational Institutions

MATERIAL TOPICS

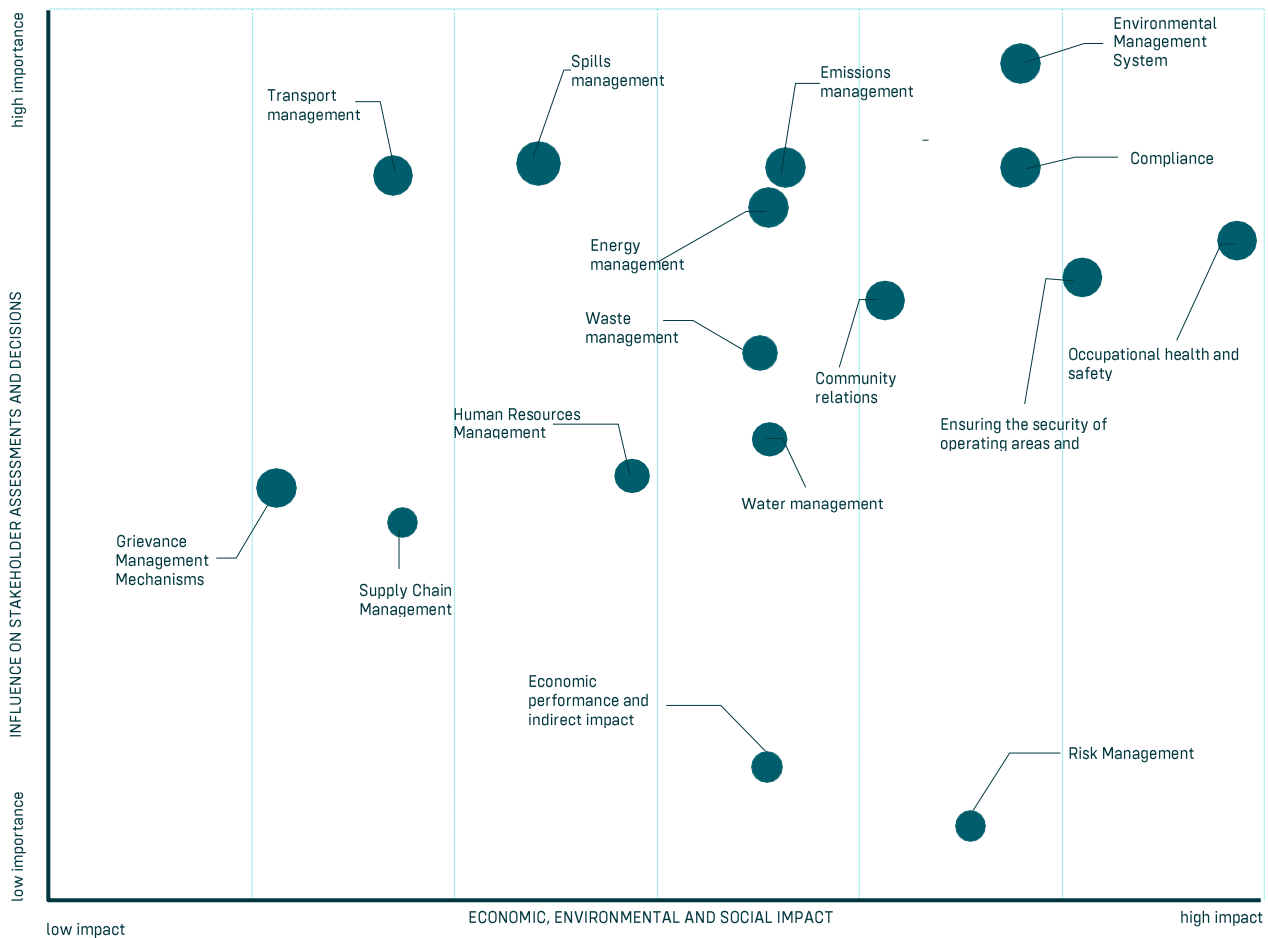
The last year consultation resulted in a list of material topics that helped us form a bigger picture regarding how our activity is viewed and understood by our client, employees and business partners. This year’s consultation allowed us to streamline the materiality analysis by identifying the most important sustainability issues, as we were able to better understand our most important stakeholders’ expectations.

Additionally, before organizing the stakeholder consultation process, we have conducted an external analysis of the most important international reporting standards and methodologies and relevant sector sustainability leaders at global level, competitors and other similar companies. With this analysis we aimed to identify the list of the most important sustainability topics for the Oil and Gas sector based on the several global standards and methodologies for sustainability reporting (GRI Standards and GRI G4 Supplement – Oil & Gas Sector Disclosures, IPIECA - Oil and gas industry guidance on voluntary sustainability reporting 2015, etc) and to identify the aspects that are the most frequently reported by the main companies that operate in the Oil & Gas sector based on the sustainability or annual reports published in 2019 for 2018.

The result was a list of sustainability aspects that could be potentially relevant for our activities. The list was included in our stakeholder consultation process that had two components: internal – workshops with key employees in Țicleni, Timișoara and Bucharest and external – on-line survey with the most important internal and external stakeholders.

Consequently, the materiality process had a series of much more detailed results compared to the previous year, which required a reorganization of the information, by grouping the information in the following categories:

- | | |
|--|--|
| • Economic performance and indirect impact | • Spills Management |
| • Risk Management | • Environmental Management System |
| • Compliance | • Transport Management |
| • Supply Chain Management | • Human Resources Management |
| • Energy Management | • Occupational health and safety |
| • Water Management | • Grievance management mechanisms |
| • Emissions Management | • Community relation |
| • Waste Management | • Ensuring the security of operating areas and preparing for emergency |



Part of the last year sustainability topics were grouped into different categories, having in view that their importance has decreased or the information is better understood in correlation with other aspects: the aspect “Soil contamination” is addressed in “Waste Management” and “Spills Management”; the aspects “Employment”, “Employee assessment”, “Training and education”, “Non-discrimination”, “Freedom of association. Collective Bargaining”, “Forced or compulsory labor” and “Diversity and Equal opportunity” are addressed in “Human Resources Management”; the aspects “Tax transparency and income”, “Market presence” and “Indirect economic impact” are addressed in “Economic performance and indirect impact”; the aspects “Compliance with socio-economic legislation”, “Compliance with environmental regulations” and “Ethics, anti-corruption practices” are addressed in “Compliance”; the aspects “Supplier assessment environmental

performance”, “Raw materials”, “Supplier assessment - labour practices”, “Supplier assessment - human rights” and “Products/activity impact on customer health and safety” are addressed in “Supply chain management”.

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

We are determined to continuously improve our reporting practices and we would appreciate your feedback on this report, so we encourage you to share your opinions regarding this publication or any other sustainability related aspect of our activity at info@expertpetroleum.ro.com.

SUPPLY CHAIN MANAGEMENT

We follow fair, transparent and non-discriminatory procurement practices, obtaining an effective supply chain management that ensures our uninterrupted business activity and flexibility.

We expect and encourage our suppliers to act in a safe and responsible manner. We specify within our contracts the mandatory standards and regulations that suppliers must respect regarding human rights, labour rights, safety, health and environmental management, by the case.



The supply chain management is coordinated in an integrated system and applied at both Company's locations of operations (Timiș and Țicleni) by the Supply Chain Management (SCM) department whose activity is subject to continuous improvement, been characterized by leadership, integrity, innovation and teamwork. The scope of this department is to provide materials and services necessary for our company, ensuring the respect of certain requirements, like product quality, availability, delivery deadline and payment terms. The department is fulfilling our needs in terms of procurement, inventory management, warehouse, logistics and commercial aspects. Having in view the role of the SCM Department and the important impact on our company regarding the "Total Cost of Ownership", it is necessary to ensure a continuous improvement of its activities. One of the essential factors for SCM Department is to achieve the best business results through a cost-effective procurement and to identify saving opportunities. For this purpose, they are striving to drive down procurement costs, improve supplier terms and decrease product prices without affecting the product's quality. A cost-effective procurement process supports our organization to generate significant amounts of savings every year.

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

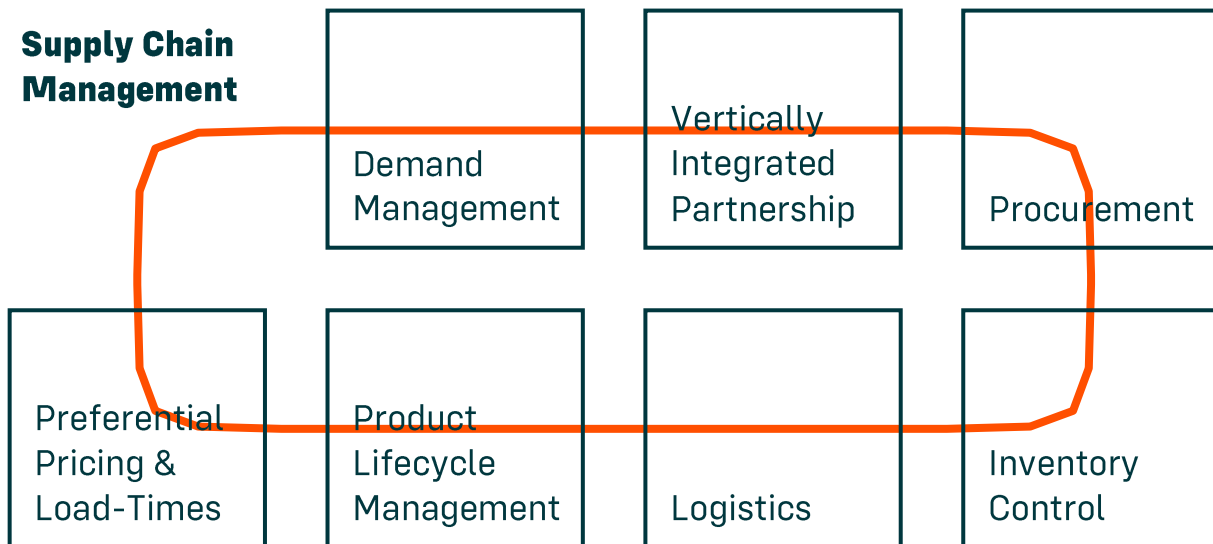
The management also carries out initiatives focused on creating a transparent, strong and long-term business relation with the suppliers of XP, with the purpose of strengthening of our risk management processes, as well as ensuring that no disruptions in our supply chain arise nor that several dynamics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

During 2019 significant changes regarding our supply chain have not intervened. For both of our operation sites, the local expenditures for goods and services in 2019 amounted over \$17,889,465 mn compared with \$26.8 mn in 2018. During 2019 we have cooperated with 341 suppliers all over Romania (336 local

suppliers in 2018) and took appropriate measures to monitor the contract implementation in order to avoid the appearance of any nonconformity. We have increased our portfolio by 85 new suppliers of materials and services and we are in a continuous market search to identify the best 'quality and cost-effective' solutions for XP.

With the support of our colleagues from the Operational departments, we have introduced new equipment (such as hydraulic submersible pumps (HSPS), new chemicals for oil treatment and flow assurance) with increased efficiency, being thus able to optimize the quality of the production processes and cut down our energy consumption.

The local expenditures for goods and services in 2019 amounted over \$17.9 mn compared with \$26.8 mn in 2018



ENVIRONMENTAL PERFORMANCE

Having in view our mission, we consider extremely important to face environmental challenges identifying and implementing new solutions that can lead to a reduction of our environmental footprint and improve the production capacity of the Oil and Gas fields we are managing.

We have implemented a rigorous environmental management system in our production facilities (Țicleni and Timiș) that is certified in accordance with ISO 14001 standard. This management system allows us to implement the best procedures to manage our environmental factors – energy, emissions, water, waste, spills – and identify in time possible risks that can negatively influence our environmental performance. Thus, we use an Environmental Risk Assessment Methodology based on which environmental risks are assessed in 100% of our working points to ensure the prevention and mitigation of the potential environmental damage that we might generate.

Following the results of our environmental performance, the environmental management system is assessed and revised if needed. The system is also verified each year by an external audit.

Zero environmental non-compliance cases in 2019

In 2019, at Țicleni operations, according to the Audit Program for 2019, we have conducted internal audits in all sectors/parks/compartments/departments included in the organizational chart. The internal audits were performed by staff with competencies on quality, environment and occupational health and safety. During the audit, some non-conformities were identified. For these non-conformities were established the causes, corrective and preventive measures and responsibilities.

In 2019, we carried out also an analysis regarding the compliance with legal requirements applicable to environmental aspects. The results were introduced within the Evaluation Report, which was discussed during the management meetings.

Due to our constant efforts to reduce our negative impact on the environment, in 2019 we had zero environmental non-compliance cases.

ENERGY MANAGEMENT

We are continuously looking for the best solutions to improve our energy performance, conducting regular analysis to reduce the energy consumption impact of our operations. Thus, we implement an efficient energy management to reduce the environmental costs of our operations and mitigate the effects of GHG emissions on climate change.



We have implemented a certified Energy Management System following the SR EN ISO 50001:2011 requirements. The Energy Management System allows us to achieve our commitments, prove compliance with internationally recognized standard requirements and the applicable legal requirements, as well as to act when necessary to improve our performance. In 2019, we successfully completed the surveillance audit of ISO 50001 for both our operations.

Our main source of energy is the electricity from the national grid. The other source of energy that we use for the implementation of our activities are natural gas, gasoline and diesel fuel. Along our value chain, the activity in which we register the main energy consumption is "Wells and Facilities Operation".

Since 2013, when we took over the management of Timiș operations, we have achieved an important reduction in energy intensity by approx. 42%. Over the past three years, we have decreased our energy consumption in Timiș by 26.6%.

In Țicleni operations, the energy intensity has decreased from 7.60 in 2018 to 7.13 in 2019, continuing the trend of decreasing intensity from 7.96 in 2016, at start of our operations.

Overall, our Energy Consumption has decreased in 2019 by 0.5% compared to 2018 and our Energy Intensity (amount of Energy consumed/Total production) has increased by 2.6 % to reach 11.75%, mainly affected by the decrease in production in PEC Timiș.

ENERGY CONSUMPTION [GJ] - Expert Petroleum SRL

	2017	2018	2019
Electricity	97,344.59	106,707.78	101,027.97
Natural Gas	368,132.12	324,754.09	237,460.97
Liquefied Petroleum Gas	30.29	16.31	7.88
Petrol/ Gasoline (vehicle fuel)	341.48	311.75	269.81
Diesel (vehicle fuel)	10,179.98	11,704.44	10,385.93
Total energy consumption	476,028.46	443,494.37	349,152.56

ENERGY CONSUMPTION [GJ] - Expert Petroleum Solutions SRL

	2017	2018	2019
Electricity	98,743.14	83,305.36	70,444.93
Natural Gas	274,727.20	331,774.71	358,484.10
Liquefied Petroleum Gas	-	-	-
Petrol/ Gasoline (vehicle fuel)	256.90	239.34	272.92
Diesel (vehicle fuel)	16,372.60	18,158.78	15,563.51
Total energy consumption	390,099.84	433,478.19	444,765.46

OVERALL ENERGY CONSUMPTION [GJ]

	2017	2018	2019
Electricity	196,087.73	190,013.14	171,472.90
Natural Gas	642,859.32	656,528.80	595,945.07
Liquefied Petroleum Gas	30.29	16.31	7.88
Petrol/ Gasoline (vehicle fuel)	598.38	551.09	542.73
Diesel (vehicle fuel)	26,552.58	29,863.22	25,949.44
Total energy consumption	866,128.30	876,972.56	793,918.02

ENERGY INTENSITY COEFFICIENT (%)

	2017	2018	2019
Expert Petroleum SRL	19.11	17.00	19.88
Expert Petroleum Solutions SRL	7.59	7.6	7.13
Overall	13.24	11.45	11.75



EMISSIONS MANAGEMENT

The main contributors of GHG emissions in mature oil and gas assets are methane leakages from old pipelines and facilities, flaring, venting and energy consumption.

We are aware of our role in the fight against climate change. For this reason, we continuously strive to reduce our GHG emissions in production processes by reducing leaks and their volume, not allowing routine flaring and venting and increasing energy efficiency. All that by implementing latest technologies.

We focus our investments in reducing the impact of these four contributors by upgrading, modernizing and reducing the footprint of the surface facilities. The implementation of Laser Methane detectors connected to our real-time monitoring system helped to reduce the leaked volume with a faster detection, intervention and repair. As a confirmation of our actions, the number of leaks decreased from 717 in 2018 to 516 in 2019, a decrease of 28%. **Our GHG direct emissions have decreased by 24% in 2019 vs. 2018, and our GHG Intensity has decreased by 21% in 2019 vs.2018.**

GHG Emissions Scope 1 [t CO2 eq.]

	2017	2018	2019
Expert Petroleum SRL	57,882	55,404	46,143
Expert Petroleum Solutions SRL	18,576	20,530	22,134
Total GHG emissions	76,458	89,576	68,276

GHG Intensity [t CO2 eq./ toe]

	2017	2018	2019
Expert Petroleum SRL	0.535	0.568	0.416
Expert Petroleum Solutions SRL	0.101	0.110	0.113
Total GHG intensity	0.262	0.284	0.223

During the years, we have realized significant investments to improve the environmental performance of the production fields we are managing on behalf of our client. For example, in Timiș, since 2013, we have reduced the GHG intensity by 75%. In 2019, in our operation in Timiș, we have registered a substantial decrease in the amount of vented gases due to the use of a leaks detection device and also to the optimization of maintenance and repair works especially in the gas compressors activity **Overall, our Flared Vented gas has decreased by 20% in 2019 vs 2018.**



Volume of gas flared [m³]

	2017	2018	2019
Expert Petroleum SRL	51,000	0	402,400
Expert Petroleum Solutions SRL	0	0	26,200
Total	51,000	268,000	428,600

Volume of gas vented [m³]

	2017	2018	2019
Expert Petroleum SRL	2,252,400	2,860,174	2,171,840
Expert Petroleum Solutions SRL	143,370	60,253	75,377
Total	2,395,770	3,093,753	2,247,217
Total F&V	2,446,770	3,361,753	2,675,817

WATER MANAGEMENT

We consume water to perform well workover, maintenance activities and process oil and gas. Also, we produce water having in view it is naturally present in the reservoirs that contain oil and gas and is extracted along with the oil and gas as produced reservoir water.

Water represents one of the most important resources for the implementation of our activities.



In all our activities, we responsibly manage this resource to limit our negative impact on the environment. During the last years, the modernization of water installations has been carried out with the main purpose of raising the efficiency of processes and minimize water consumption.

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

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



All wastewater from our facilities is managed according to the Environmental Management Plan to ensure that effluent discharge complies with legal and standard requirements. All the produced water is reinjected by either technological or residual reinjection.

Water consumption [megalitres]

		2017	2018	2019
Expert Petroleum SRL	Freshwater	108.62	76.95	71.40
Expert Petroleum Solutions SRL	Freshwater	393.47	279.32	295.06
Total water consumption	Freshwater	502.09	356.27	366.46

In 2019, in Timiș we managed to reduce our water consumption. This is mainly due to the optimization of the boiler operation program and oil treatment process optimization, hot water and steam pipelines repairs, which enabled us to reduce leaks. Freshwater Intensity coefficient has increased however due to decrease in production.

In Țicleni Freshwater consumption slightly increased due to an increased well intervention and workover activity.

Freshwater withdrawal intensity [m³/toe]

	2017	2018	2019
Expert Petroleum SRL	0.54	0.59	0.64
Expert Petroleum Solutions SRL	2.14	1.49	1.51
Overall Freshwater withdrawal intensity	1.55	1.12	1.19

SPILLS MANAGEMENT

Oil and gas spills represent a negative event that can affect our operational activities and the environment of the community in which we operate. Thus, we are committed every day to correctly manage the risks of spills through well-designed prevention actions and reduce the environmental impact through specific intervention procedures in case of these events occurred.

Our capabilities are focused on reducing the number of spills as well as the spill detection and intervention time. We have established specific and clear procedures to solve any kind of incident linked to the oil and gas spills within our fields. Furthermore, we have developed a real-time leak monitoring system that improves intervention time and also analyses the trend to help us predict future problem areas where we can do preventive maintenance.

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

In 2019, at Timișoara operations, we registered a spill intensity of 51.59 spills/boe down on last year (2018: 60.07spills/ boe) and at Țicleni operation we registered a spill intensity of 7.66 spills/boe (2018: 12.22 spills/boe).

In the last years, the main causes linked with oil and gas spills were: increased production volumes, higher gross fluid volumes, higher pressure in the grid, higher fluid temperature; all these factors contributed to the increased number of spills especially in PEC Timis – Lovrin area.

During 2019, the total number of spills has decreased in both our operation sites.



Number of spills

Expert Petroleum SRL

	2017	2018	2019
Medium incident	260	553	410
Minor incident	25	6	2

Expert Petroleum Solutions SRL

	2017	2018	2019
Medium incident	6	26	20
Minor incident	130	132	84
Total	421	717	516

For each spill, the environmental authorities were notified in less than 24 hours, consequently no environmental regulatory breach was registered and no penalty has been imposed by the authorities, as they considered that we properly managed the incidents. Our efforts paid off and as a result we managed to reduce our number of spills by 28% (2019 vs. 2018).

WASTE MANAGEMENT

By implementing our activities, we generate non-hazardous and hazardous wastes. Both types of wastes are responsibly managed, as per legal requirements. We mainly generate sludge, drilling mud, paraffin, used oils, contaminated soil, iron scraps and household waste. To ensure the appropriate management of the wastes generated we have established specific procedures that are strictly applied by our workers, which allow an efficient management and recovery of the generated wastes, in accordance with the regulations in force.

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



In order to minimize the quantities of waste generated by the production activity, we are concentrating our efforts:

- downsizing to fit for purpose surface facilities footprint;
- reducing materials losses by observing the discipline, prescriptions and technological specifications;
- performing the preventive maintenance program to reduce the losses due to technical failures/incidents;
- use of “first come, first gone” rule for raw materials used;

Our waste generated quantity has increased in 2019 due to our successful efforts to accelerate the facilities footprint reduction. The quantities are resulted mainly from pipelines, pipeline coatings, and also from the sludge removed from inside the tanks that were decommissioned. Having a strong driver to achieve decommissioning and moving from the old oversized facilities to fit-for-purpose facilities will result in safer, cleaner and more sustainable operations.

WASTE - Expert Petroleum SRL

	2017	2018	2019
Sewage (generated) [m ³]	0	0	0
Total solid waste disposed (inert/non-hazardous) [kg]	229,030	440,830	246,010
Total hazardous solid waste disposed [kg]	208,550	101,620	505,420
Total hazardous liquid waste disposed [L]	0	0	0
Total Waste Recycled [kg]	42,320	31,202	36,860

WASTE - Expert Petroleum Solutions SRL

	2017	2018	2019
Sewage (generated) [m ³]	5,475	5,475	5,475
Total solid waste disposed (inert/non-hazardous) [kg]	315,250	241,900	227,060
Total hazardous solid waste disposed [kg]	564,480	726,440	787,460
Total hazardous liquid waste disposed [L]	0	34,400	0
Total Waste Recycled [kg]	0	12,020	183,740

OVERALL WASTE

	2017	2018	2019
Sewage (generated) [m ³]	5,475	5,475	5,475
Total solid waste disposed (inert/non-hazardous) [kg]	544,280	682,730	473,070
Total hazardous solid waste disposed [kg]	773,030	828,060	1,292,880
Total hazardous liquid waste disposed [L]	0	34,400	0
Total Waste Recycled [kg]	42,320	43,222	220,600

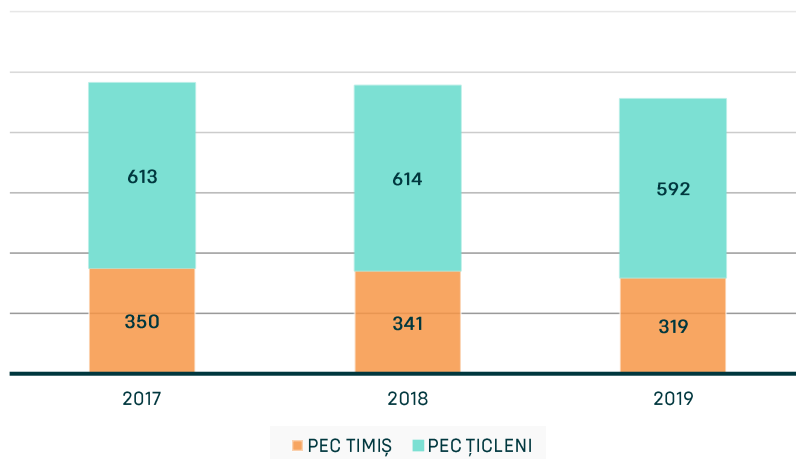
HUMAN RESOURCES MANAGEMENT

We are a responsible organization, being concerned with the wellbeing of our employees, taking all necessary measures to protect their health and safety, including the prevention and mitigation of professional risks and to create a work environment focused on equal opportunities and mutual respect, as well as promoting transparency, where anyone can express their ideas freely, without fear of reprisal.

Because we are operating in an area with a long tradition in the oil & gas exploitation, most of our employees have or come from families with significant expertise in this field. In 2019, in both operating locations and the main headquarters in Bucharest, a number of 950 employees worked, which positions us among the relevant companies in this sector.

TO THESE NUMBERS ARE ADDED, FOR EACH AREA, THE EMPLOYEES OF OUR CONTRACTORS, WHO SUPPORT US IN THE EFFICIENT DEVELOPMENT OF THE ACTIVITIES.

XP Employees



Number of employees – Expert Petroleum SRL

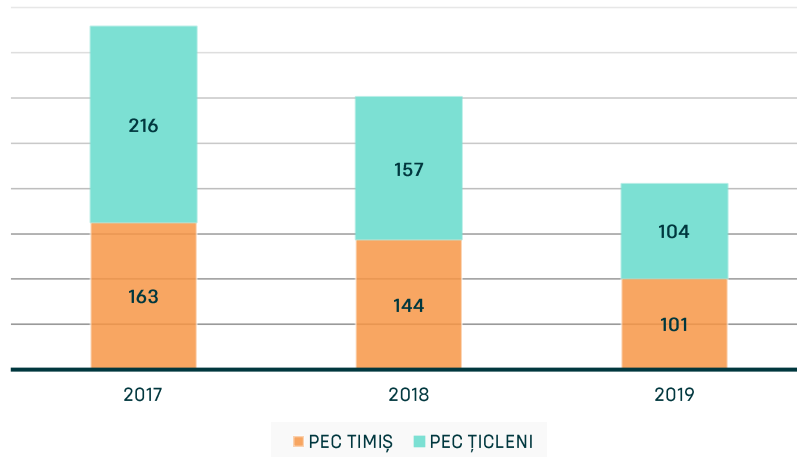
	2017	2018	2019
Total number of employees	350	341	319
<i>of which women</i>	64	63	57
Total number of employees with ILC, undetermined period, full time	348	340	318
<i>of which women</i>	63	63	57
Total number of employees with ILC, undetermined period, part time	2	1	1
<i>of which women</i>	1	0	0
Total number of employees with ILC, determined period, full time	2	0	1
<i>of which women</i>	0	0	0
Total number of employees with ILC, determined period, part time	0	0	0
<i>of which women</i>	0	0	0



Number of employees – Expert Petroleum Solutions SRL

	2017	2018	2019
Total number of employees	613	614	592
<i>of which women</i>	136	127	120
Total number of employees with ILC, undetermined period, full time	613	614	592
<i>of which women</i>	136	127	120
Total number of employees with ILC, undetermined period, part time	3	3	4
<i>of which women</i>	0	0	0
Total number of employees with ILC, determined period, full time	1	1	0
<i>of which women</i>	0	0	0
Total number of employees with ILC, determined period, part time	0	0	0
<i>of which women</i>	0	0	0

XP Contractor Employees





Within XP we established a number of internal procedures and regulations dealing with different aspects of the human resources management which present in detail processes such as staff recruitment, training, rights and obligations, work conduct and other relevant aspects of working in our company. All the employees comply with these procedures, being encouraged to inform the management of any proposal of improvement considered necessary.

Like every company that activates in the Oil & Gas industry, Expert Petroleum tries to adapt to an ever-changing workforce market. In 2018 we had a decrease in our headcount, compared to the previous year, due to a continuous restructuring process that started in 2014 and the efficiency progress registered, 2019 followed the same trend. This demonstrates our continuous focus on efficiency programs, but also the level of maturity of the company.

Considering the relative scarcity of Oil & Gas trained personnel, turnover levels are lower than the level recorded in the previous years, as we made all efforts to retain our highly qualified professionals with capabilities in the production and maintenance areas.

TRAINING AND DEVELOPMENT

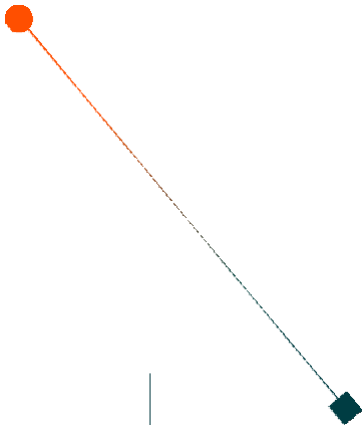
At Expert Petroleum, we recognize that our performance is strictly connected to the performance of our employees as individuals and groups.

Our drive is to maintain a productive and healthy organization, employ and develop talented people, strengthen our leadership, and enhance employee performance.

Our company ensures a regular professional evaluation of the employees, in order to adequately monitor the efficiency of the activities carried out by each one and to determine the level through which it contributes to the achievement of the business objectives. To ensure that each employee has a good performance, thus registering positive results in the evaluation process, we pay special attention to the recruitment process, but also to the training one.

According to the procedures in place, we take all necessary actions to ensure that our employees are provided with appropriate training to maintain the competency level required for each role, as well as to enhance their current capabilities. A Job-Related Safety Training Matrix, which defines the levels of competency required by personnel to meet health, safety and environment requirements, is in place, and this instrument is used to identify the mandatory training needs.

Furthermore, our employees have access to the best available training courses so as to continue building the safety culture within the company. Such programs are either developed "in-house" or in cooperation with renowned certified training providers. In 2019, such training courses were held for both our locations of operation, as well as in Bucharest and covered the aspects such as: first-aid, technical topics specific to various positions, and guidance on the completion of the documentation required for the issuance of different types of permits or authorizations. For the first time, we organized with the support of our external consultant a training course in sustainability reporting, involving employees from Țicleni, Timiș and Bucharest. The training aimed to increase the awareness level of our employees about the importance of integrating sustainability within our business, but also to deepen their knowledge about non-financial reporting.



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

For certain training courses that require a certification, the activity is done every 4 years or as

many times, as necessary. Having in view the type of activities performed, 30-40% of employees require such specific accredited periodic training.

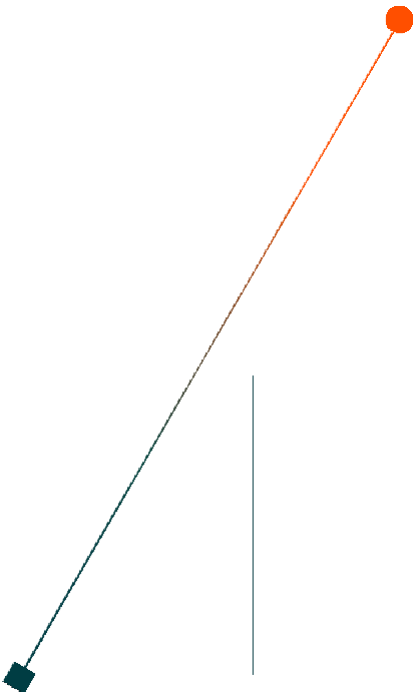
Certain training and certification items have a validity higher than one year, hence the variation in training hours from one year to another. Also, our HR representatives have meetings and exchange experience with similar oil and gas organizations, as well as with HR professionals from CIPD (Chartered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



HUMAN RIGHTS

In line with our commitment of being a responsible member of the community and our determination of respecting the economic, social, cultural, political and civil rights of individuals involved in and impacted by our operations, the management has approved the Internal Regulation comprising measures regulating all these aspects. XP's labor practices are very strict in terms of engaging minors for performing our activities. Therefore, none of our employees is under 18 years old.

XP contributes to the fulfilment of human rights through compliance with local human rights legislation wherever it has operations, aligning its internal procedures and documents accordingly. We condemn human rights abuses and we promote and create a working environment where human rights are respected without prejudice.



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





FREEDOM OF ASSOCIATION

We ensure a healthy work environment for all our employees while offering comprehensive packages of benefits in conformity with their expertise level and performance. All these benefits and regulations are comprised within the Collective Bargaining Contract that all permanent employees have adhered to.



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

We established various channels for our employees to report anonymously, potential breaches of the Code of Conduct, Internal Regulation, laws and procedures, as well as other concerns such as labor practices, discrimination issues, conflicts of interest, unethical actions, etc. Thus, we implemented a whistleblowing mechanism, with a special e-mail address that can only be accessed by a member of our senior management, in charge of overseeing that our governance systems are always observed. Any employee that issues a complaint or reports a breach of regulations will receive a written confirmation from the management representative, ensuring that there will be no consequences following the action. The individual submitting a complaint is informed regarding the investigation of the issue addressed and measures are taken to not impair confidentiality along the entire process.

EQUAL OPPORTUNITIES AND NON DISCRIMINATION

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

IN 2019, WE CONTINUED TO RAISE AWARENESS AND EDUCATE OUR EMPLOYEES ABOUT THESE ISSUES AND THEIR POTENTIAL CONSEQUENCES IN ORDER TO AVOID SUCH SITUATIONS

We maintain and apply throughout our organization the principle of equal opportunities and fair treatment. Therefore, any form of discrimination is unacceptable, whether it is direct or indirect, based on sex, sexual orientation, genetic characteristics, age, membership nationality, race, ethnicity, religion, political option, social origin, handicap, situation or material responsibility, membership or trade union activity. Our internal procedures establish that each manager has THE responsibility to ensure discipline within their sector, in compliance with the law and the decisions of XP and there is not discrimination on any criterion, or sexual harassment.

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

HEALTH, SAFETY & SECURITY

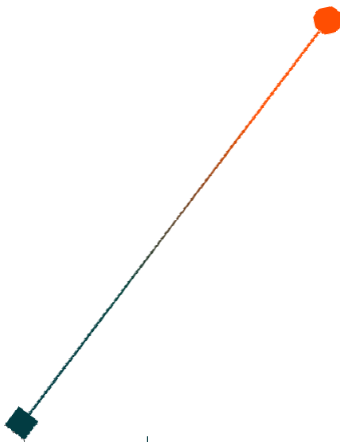
Ensuring the health and safety of our employees, business partners and community is always our first priority and we have constantly recognized and valued business conduct with responsibility to safety, society, and the environment.

For this purpose, we established a robust health and safety management system, striving to create a strong safety culture among our company within all production areas.

The management system was developed in line with industry- specific methodologies and instruments (e.g. the Guidelines of International Association for Oil & Gas Producers - IOGP) enabling us to improve performance and further enhance our efforts in tackling aspects such as: occupational safety, risk management, emergency preparedness and environmental protection, and have a strong focus on process safety.

To achieve our Health, Safety and Security ("HSS") targets, we developed and implemented a series of procedures and norms to raise awareness among employees and other stakeholders considering the priorities and performance of Expert Petroleum. For preventing harmful risks associated with machinery, sites, or work procedures we are implementing various measures. One of the most important measures is monitoring specific indicators related to occupational health and environment using both HSS monthly reports and a monitoring tool through which we are managing all aspects regarding Health, Safety, Security and Environmental Management. This tool is used also for reporting purposes, as it is designed to allow data collection regarding all types of hazards, unsafe working conditions and behaviors.

Other measures we implemented refer to organizing specific working procedures for all production areas, organizing regular audits and site visits to ensure the effective implementation of the health and safety procedures, including the correct usage of the protection equipment, identification of the hazardous and associated risks and verification of work processes for preventing and remedying environmental impacts that could have an



impact on our employees, contractors and other community members. In this respect, XP periodically conducts HSS assessments and audits in all locations, which also cover the operations of its contractors. In 2019, were performed HSE audits on all our contractors' sites, all of them being connected to our operations in Timiș and Țicleni.

An instrument we use for establishing the overall framework regarding discipline at work is the Internal Regulation, which comprises basic information and sets out guidelines regarding health and safety. Within our company, we have established according to the law in force HSS Committees which also includes employee representatives, responsible for conducting analyses on occupational safety and health policy and proposing preventive measures.

To reach our goal of zero safety incidents, in 2019 we implemented several safety awareness campaigns: "Permit to Work", "Contractor Management", "Risk Assessment" and "Electrical Safety", addressing mainly safety issues such as civil works supervision, lifting operations, working at heights, safety aspects with regards to electrical maintenance. XP was subject to 2 HSE Management System audits conducted by a reputable 3rd party auditor and 2 Process Safety Audits conducted by OMV Petrom.



All audit reports showed consistent improvements vs previous year, achieving an increased audit score and all Action Items closed in due time.

To maintain our management connected to the activities run in all production facilities, we implemented a program called "Management Walk-Around" ("MWA"), gaining also insight on the correlations between the HSS data recorded and the actual status in the field. MWA is basically an assessment led by a manager or supervisor, and it involves an open and constructive dialogue with staff at all levels. Based on the results of the assessment conducted in relation to work practices and conditions, and employees' approach and understanding of the risks associated with assigned work tasks, XP identifies recognition practices and the areas where improvements need to be made to follow the HSE vision: ZERO Losses and NO harm to the environment. In 2019 the management of XP, including the general manager, have conducted a total of 787 assessments of this type (329 in Timiș and 458 in Țicleni).

Occupational health and safety are key elements of our business performance and are fully aware of the advantages a functional HSE management system that goes beyond the regulatory requirements has, therefore we are always acting considering the general principles of prevention of work accidents.

Health and Safety Performance

		2017		2018		2019	
		Employees	Contractors	Employees	Contractors	Employees	Contractors
Expert Petroleum SRL	Fatalities	0	1	0	0	0	0
	Lost workday injuries	0	2	0	0	0	1
	Lost workdays (calendar days)	0	46	0	0	0	40
	LTIR per one million hours worked	3.67	N/A	0	0	1.28	N/A
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Expert Petroleum Solutions SRL	Fatalities	0	0	0	0	0	0
	Lost workday injuries	2	0	0	0	2	0
	Lost workdays (calendar days)	175	0	0	0	97	0
	LTIR per one million hours worked	1.38	0	0	0	1.55	0



In order to increase the awareness of safety and to sediment the importance of this concept at the level of each individual within our operational area, we implement almost every year safety behavior program for our employees, in particularly for the frontline personnel, as well as those working in supervisory positions. We ensure implementation of specific initiatives, like Process Safety Standard; SCE Management: Safety Critical Elements (SCE) – identification, maintenance & inspection plan; Asset Integrity Programs: inspections, repairs and replacement of equipment (tanks, pumps, etc.); Specific Computer- Based Process Safety training courses.



Part of our safety program is our internal procedure that allows us to manage any particular situation efficiently. Once a safety concern is identified, it is the supervisor's responsibility to take the appropriate measures to eliminate the risks and ensure the site is safe before resuming the activities. If such a situation occurs, it must be reported and investigated as an incident using the methods outlined in the incident investigation methodology available at company level.

Despite our efforts, in 2019, we recorded 1 LTI in Timiş (contractor) followed by 2 LTI and 3 HiPo incidents in Ţicleni. All incidents have been thoroughly investigated and valuable lessons learned out of the investigation. Immediate actions have been put in place to ensure no similar incidents will occur within our organization. Efficient safety programs resulting from the investigation findings have been rolled out. Even though the HSS results are not as good as in 2018, during the investigations of the 2019 incidents it was noticed a much-improved behavior and open-minded from our employees; a willingness in finding the root causes and learning from those incidents, which demonstrates maturity in our safety culture. There is a visible strong commitment at all levels in the organization to achieve our common goal of ZERO LOSSES.

We are committed to develop a proactive safety culture across the entire organization!

This is why our line managers are expected to demonstrate involvement and commitment, every day, as our people deserve and our client demands.

EMPLOYEES HEALTH

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



During 2019, a number of 1,031 medical examinations were performed. During the year, the medical examinations included: medical examinations at employment, periodic medical examination, re-evaluations at 1, 3, 6 months or at other time intervals. Checks are performed on time for all workers. Those who exceed the due date are not accepted for work.

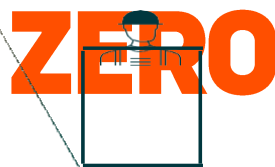


ENSURING THE SECURITY OF OPERATING AREAS AND PREPARING FOR EMERGENCIES

Expert Petroleum assumes the responsibility that derives from its oil and gas operations and is highly aware of the severity of consequences in case of potential operation failures. We strive to reduce risks and minimize the potential impact of any incident, aiming to continuously improve our safety performance, working towards supporting our ultimate goal: ZERO SAFETY INCIDENTS.

Our goal is to ensure the commitment and accountability at all organizational levels for health, safety, security, and environment (HSSE) matters. It applies throughout EXP organization and we also require our contractors to fulfil this aim and legal requirements. To ensure the accomplishment of this goal, it is very important to understand which are the most sensitive areas for emergencies, identify the major hazards associated with our activities and analyze the consequences of these hazards. We establish feasible and viable mitigation measures to minimize the consequences of accidents to people and environment regardless of the likelihood of occurrence. Line management is accountable to ensure that the framework for Risk Management is incorporated into our specific activities and for the existence and the efficiency of the emergency management plan. For all these aspects, we are implementing specific measures that allows us to have a robust and effective management system. If our HSS procedure and regulations support us for the proper identification of the hazardous areas and the related risks, the collaboration with the responsible public authorities and our dedicated personnel enable the realization of a strong Emergency Management Plan (EMP).

Thus, in 2019 we continued to apply our EMP, based on which we have managed and improved our approach regarding incidents in operational areas, and reduce significant environmental effects and impacts on the health and safety of our employees, as well as to strengthen the relation we have with the communities in which we operate.



Zero Safety Incidents, our ultimate goal.



The objectives set in this plan were achieved in 2019 by applying the highest HSSE standards, acting responsibly and promoting value for the benefit of all stakeholders. For the coordination of this plan, our management team is in charge, being supported for its implementation by a responsible team. The provisions of this plan are brought to the attention of the persons involved by organizing specific training activities, and the efficiency of the measures included in the plan, but also of their level of knowledge among the employees, are verified regularly by organizing emergency drills

In 2019, in Țicleni area, we organized 12 simulations and 18 in Timiș. Another result of these simulations is identifying the potential needs in terms of updates to the plan. Additionally, we organize internal audit and we receive from the public authorities controls regarding emergency situations on our premises. In 2019, we had 3 controls in Timiș and 1 in Țicleni and there weren't identified any major non-compliances.

During 2019, for both our operations, we recorded zero unplanned or uncontrolled releases of any material, including non-toxic and non-flammable materials from a process that results in a Tier 1 or Tier 2 process safety event, as defined by API Recommended Practice 754). However, a total of 329 Tier 3 events consisting mainly of spills due to aged and corroded pipelines occurred in 2019. In Timiș we have a decrease of 24%, by comparison with 2018 when we recorded 428 Tier 3 incidents having also an increase in Țicleni mainly due to oil pipeline from Colibași to Țicleni.

No. of process safety events, by business activity

		2017	2018	2019
Expert Petroleum SRL	Tier 1	0	0	0
	Tier 2	0	1	0
	Tier 3	138	428	328
Expert Petroleum Solutions SRL	Tier 1	0	0	0
	Tier 2	0	0	0
	Tier 3	16	3	1

COMMUNITY RELATIONS

OUR CURRENT AND FUTURE APPROACH TO COMMUNITY RELATIONS IS GUIDED BY OUR COMMITMENT TO EMPOWER COMMUNITIES, TO SHARE WITH IT THE VALUE WE CREATE AND WORK FOR TOGETHER FOR AN INCLUSIVE DEVELOPMENT.

We are committed to leverage the resource development that we can redirect to the communities, increasing our involvement in social investments and interventions. We plan to better focus in the following years the understanding of the specific needs of the communities from the areas where we operate, by creating specific communication bridges.

Within each area of intervention, we have created cooperation relations with the public authorities, establishing dedicated persons for maintaining and developing it.

They are responsible for providing necessary advice and insights for specific initiatives that could be of interest to the community. In particular, during winter season we support the local public authorities in the snow removal process by using the vehicles and equipment from our company.

In the vicinity of our operations, we pay a special attention to the environment impact implementing all the necessary measures to avoid any damage that could influence the living-by community. Having in view our efficient management and working procedure, in 2019 we did not receive any environmental complaints from the community.

Sometimes, our activity involves either the execution of works near the properties owned by different members of the community, or the access on these properties. A good relationship and communication with these people, but also the efficient procedures for the execution of the works, allow us to avoid the appearance of some ambiguities that could escalate into conflicts of a legal nature. For the occurrence of these situations, we provide community members with tools for submitting complaints or organizing hearings with the local management of the company and dedicated departments responsible for receiving and registering all the complaints.

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







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**EXPERT
PETROLEUM**

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APPENDICES

MEMBERSHIP

Expert Petroleum is one of the founding members of ROPEPCA – the Romanian Petroleum Exploration and Production Companies Association.



Members of this trade association hold most of the petroleum concession agreements for the onshore development and production blocks in Romania.

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

ABBREVIATIONS

BoD	Board of Directors
BOE	Barrels of Oil Equivalent
CBA	the Collective Bargaining Agreement
CIPD	Chartered Institute of Personnel and Development
CO ₂	Carbon Dioxide
CO ₂ eq	Carbon dioxide equivalent
EU	European Union
F&V	Flared & Vented
GHG	Greenhouse Gas
GJ	Gigajoule
GRI	Global Reporting Initiatives
HiPo	High Potential
HR	Human Resources
HSPS	hydraulic submersible pumps
HSS	Health, Safety and Security
HSSE	Health, Safety, Security and Environment
IFRS	International Financial Reporting Standards
IOGP	International Association of Oil & Gas Producers
IPIECA	International Petroleum Industry Environmental Conservation Association
ILC	Individual Labor Contract
Kg	Kilogram
l	liters
LTI	Lost time incident
LTIR	Lost time injury rate
m ³	Cubic meter
MPF	Ministry of Public Finance
MWA	Management Walk-Around
No	Number
PEC	Production Enhancement Services Contracts
SCE	Safety Critical Elements
SCM	Supply Chain Management
SHL	Stepping Handling and Lifting
SIMOPS	Simultaneous Operations
toe	Tonne of oil equivalent
USD	American Dollar
XP	Expert Petroleum



GRI Content INDEX

	GRI Indicator	General description	Reference	Comments
GRI 102: General Disclosures	Organizational profile			
	Disclosure 102-1	Name of the organization	P05	
	Disclosure 102-2	Activities, brands, products, and services	P11	
	Disclosure 102-3	Location of headquarters	P6	
	Disclosure 102-4	Location of operations	P11	
	Disclosure 102-5	Ownership and legal form	P12	
	Disclosure 102-6	Markets served	P11	
	Disclosure 102-7	Scale of the organization	P13	
	Disclosure 102-8	Information on employees and other workers	P48-49	
	Disclosure 102-9	Supply chain	P33,34	
	Disclosure 102-10	Significant changes to the organization and its supply chain	P12	
	Disclosure 102-11	Precautionary Principle or approach	23	
	Disclosure 102-12	External initiatives	N/A	
	Disclosure 102-13	Membership of associations	P69	
Strategy				
Disclosure 102-14	Statement from senior decision-maker	P07,08		



	GRI Indicator	General description	Reference	Comments
→ GRI102: General Disclosures	Ethics and integrity			
	Disclosure 102-16	Values, principles, standards, and norms of behaviour	P25	
	Governance			
	Disclosure 102-18	Governance structure	P21	
	Disclosure 102-22	Composition of the highest governance body and its committees	P21	
	Stakeholder engagement			
	Disclosure 102-40	List of stakeholder groups	P31	
	Disclosure 102-41	Collective bargaining agreements	P55	
	Disclosure 102-42	Identifying and selecting stakeholders	P31	
	Disclosure 102-43	Approach to stakeholder engagement	P31	
Disclosure 102-44	Key topics and concerns raised	P31		

→ GRI INDEX

	GRI Indicator	General description	Reference	Comments
→ GRI 102: General Disclosures	Reporting practice			
	Disclosure 102-45	Entities included in the consolidated financial statements	P05	
	Disclosure 102-46	Defining report content and topic Boundaries	P05	
	Disclosure 102-47	List of material topics	P32	
	Disclosure 102-48	Restatements of information	Where necessary and possible, restatements are explained in footnotes	
	Disclosure 102-49	Changes in reporting	P32	
	Disclosure 102-50	Reporting period	P06	
	Disclosure 102-51	Date of most recent report	P05	
	Disclosure 102-52	Reporting cycle	P05	
	Disclosure 102-53	Contact point for questions regarding the report	P06, 32	
	Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	P05	
Disclosure 102-55	GRI content index	P71-84		
Disclosure 102-56	External assurance	P06		



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	GRI Indicator	General description	Reference	Comments
GRI 200: Economic standard series				
Economic performance				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P13	
	Disclosure 103-3	Evaluation of the management approach	P12	
GRI 201: Economic Performance	Disclosure 201-1	Direct economic value generated and distributed	P12	
Procurement practices				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P33-34	
	Disclosure 103-3	Evaluation of the management approach	P33-34	
GRI 204: Procurement practices	Disclosure 204-1	Proportion of spending on local supplies	P34	



→ GRI INDEX

	GRI Indicator	General description	Reference	Comments
Anti-corruption				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P25-26	
	Disclosure 103-3	Evaluation of the management approach	P25-26	
GRI 205: Anti-corruption	Disclosure 205-3	Confirmed incidents of corruption and actions taken	P26	
Anti-competitive behaviour				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P25-26	
	Disclosure 103-3	Evaluation of the management approach	P25-26	
GRI 206: Anti-competitive behaviour	Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	In 2019 were registered zero legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	



→ GRI INDEX

	GRI Indicator	General description	Reference	Comments
GRI 300: Environmental Standards Series				
Energy				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P35, 36	
	Disclosure 103-3	Evaluation of the management approach	P35, 36	
GRI 302: Energy	Disclosure 302-1	Energy consumption within the organization	P37	
	Disclosure 302-3	Energy intensity	P37	
Water				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P35, 41-42	



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	GRI Indicator	General description	Reference	Comments
	Disclosure 103-3	Evaluation of the management approach	P35, 41-42	
GRI 303: Water	Disclosure 303-1	Water withdrawal by source	P 42	
Emissions				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P35, 39-40	
	Disclosure 103-3	Evaluation of the management approach	P35, 39-40	
GRI 305: Emissions	Disclosure 305-1	Direct (Scope 1) GHG emissions	P39	
	Disclosure 305-4	GHG emissions intensity	P39	
Effluents and waste				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P35, 44, 45	



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	GRI Indicator	General description	Reference	Comments
	Disclosure 103-3	Evaluation of the management approach	P35, 44, 45	
GRI 306: Effluents and Waste	Disclosure 306-2	Waste by type and disposal method	P46	
	Disclosure 306-3	Significant spills	P44	
GRI G4: Oil&Gas Sector Disclosures	Disclosure OG6	Volume of flared and vented hydrocarbon	P40	
Environmental compliance				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P25-26, 35	
	Disclosure 103-3	Evaluation of the management approach	P25-26, 35	
GRI 307: Environmental Compliance	Disclosure 307-1	Non-compliance with environmental laws and regulations	P26, 35	



→ GRI INDEX

	GRI Indicator	General description	Reference	Comments
GRI 400: Social standards Series				
Employment				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P50	
	Disclosure 103-3	Evaluation of the management approach	P50	
	Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Oil Man bonus or other fixed bonuses as per CLA provisions which are linked to the date of employment or the period of employment and such conditions might not be fulfilled by temporary employees or part-time employees.	



	GRI Indicator	General description	Reference	Comments
GRI 400: Social standards Series				
Labor Management Relations				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P50	
	Disclosure 103-3	Evaluation of the management approach	P50	
GRI 402: Labor Management Relations	Disclosure 402-1	Minimum notice periods regarding operational changes	Minimum notice period as per our Collective Labor Agreement (CLA) provisions is 30 days, but not less than 21 working days.	
Occupational Health and Safety				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P57-58, 63-64	
	Disclosure 103-3	Evaluation of the management approach	P57-58, 63-64	



→ GRI INDEX

	GRI Indicator	General description	Reference	Comments
GRI 403: Occupational Health and Safety	Disclosure 403-1	Workers representation in formal joint management-worker health and safety committees	P58	
	Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	P59	
Training and Education				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	The management approach and its components	P51-52	
	Disclosure 103-3	Evaluation of the management approach	P51-52	
GRI 404: Training and Education	Disclosure 404-2	Programs for upgrading employee skills and transition assistance programs	P52	



→ GRI INDEX

	GRI Indicator	General description	Reference	Comments
Non-discrimination				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	P31-32	
	Disclosure 103-2	Programs for upgrading employee skills and transition assistance programs	P56	
	Disclosure 103-3	Evaluation of the management approach	P56	
GRI 406: Non-discrimination	Disclosure 406-1	Incidents of discrimination and corrective actions taken	P56	
Human Rights Assessment				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	31-32	
	Disclosure 103-2	The management approach and its components	P53	
	Disclosure 103-3	Evaluation of the management approach	P53	
GRI 412: Human Rights Assessment	Disclosure 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	P53	



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	GRI Indicator	General description	Reference	Comments
Local Communities				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	31-32	
	Disclosure 103-2	The management approach and its components	P65	
	Disclosure 103-3	Evaluation of the management approach	P65	
GRI 413: Local Communities	Disclosure 413-1	Operations with local community engagement, impact assessments and development programs	P65	
	Disclosure 413-2	Operations with significant actual and potential negative impacts on local communities	P65	
Socio-Economic Compliance				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	31-32	
	Disclosure 103-2	The management approach and its components	P26	
	Disclosure 103-3	Evaluation of the management approach	P26	



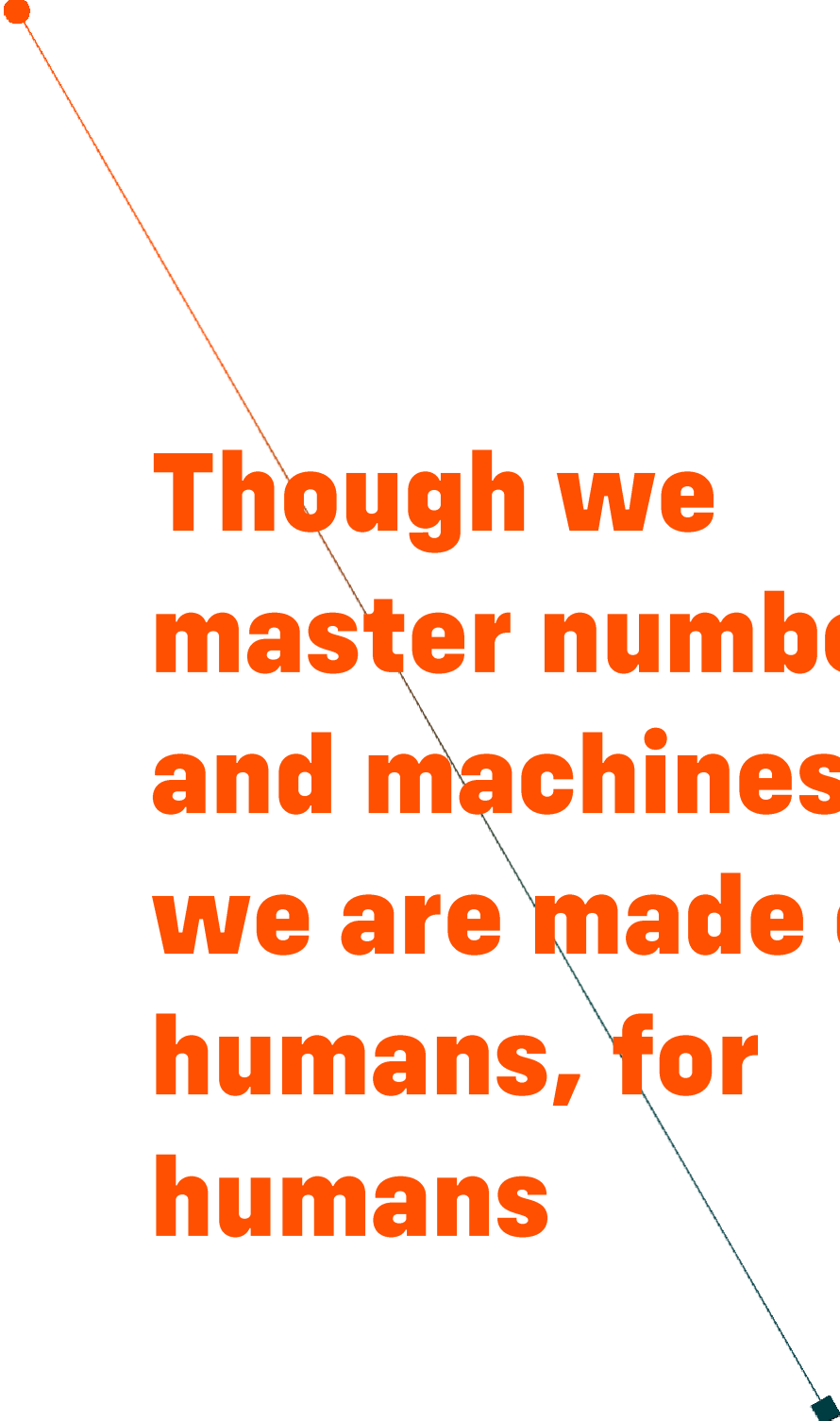
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	GRI Indicator	General description	Reference	Comments
GRI 419: Socio-economic compliance	Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	P26	
Asset integrity and process safety				
GRI 103: Management Approach	Disclosure 103-1	Explanation of the material topic and its boundary	31-32	
	Disclosure 103-2	The management approach and its components	P64	
	Disclosure 103-3	Evaluation of the management approach	P64	
GRI G4: Oil&Gas Sector Disclosures	Disclosure OG13	Number of process safety events, by business activity	P64	

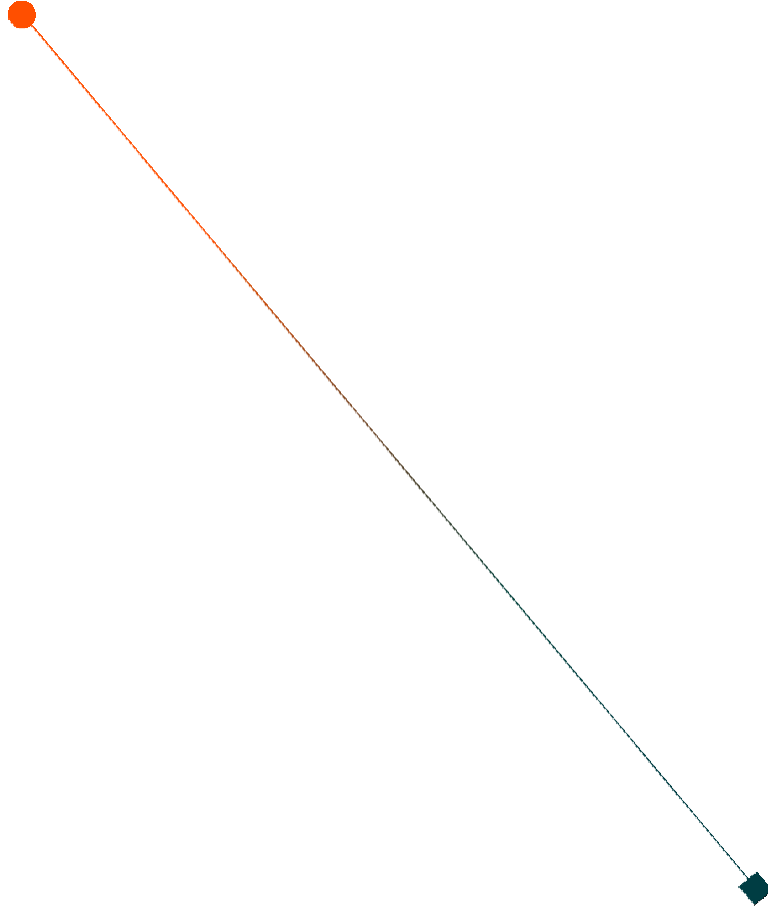




**EXPERT
PETROLEUM**



**Though we
master numbers
and machines,
we are made of
humans, for
humans**



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