

# **UNITED ENERGY GROUP LIMITED**

## **聯合能源集團有限公司\***

*(Incorporated in Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 467)**

**2021**

### **Environmental, Social and Governance Report**

**Date: 31 May 2022, Hong Kong**

*\* For identification purposes only*

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## HKEX ESG Guidance Index

<b>UNITED ENERGY GROUP LIMITED</b> .....	1
<b>Directors' Statement</b> .....	3
<b>1. ABOUT THIS REPORT</b> .....	5
<b>2. REPORTING STANDARD</b> .....	5
<b>3. CONTACT INFORMATION FOR FEEDBACK</b> .....	5
<b>4. CORPORATE PROFILE</b> .....	6
<b>5. OUR ENVIRONMENT</b> .....	6
<b>A1 Emissions</b> .....	6
<b>A2 Use of Resources</b> .....	15
<b>A3 The Environment and Natural Resources</b> .....	19
<b>A4 Climate Change</b> .....	22
<b>6. OUR EMPLOYEES</b> .....	24
<b>B1 Employment</b> .....	24
<b>B2 Health and Safety</b> .....	26
<b>B3 Development and Training</b> .....	28
<b>B4 Compliance with Labor Standards</b> .....	33
<b>7. OPERATION</b> .....	34
<b>B5 Supply Chain Management</b> .....	34
<b>B6 Product Responsibility</b> .....	38
<b>B7 Anti-corruption</b> .....	39
<b>8. OUR COMMUNITY</b> .....	42
<b>B8 Community Investment</b> .....	42
<b>9. CONCLUSION</b> .....	59

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## Directors' Statement

United Energy Group Limited is an independent oil and gas upstream company. Adhering to the business philosophy of harmonious coexistence and win-win cooperation, we attach great importance to Health, Safety, Security & Environmental (“HSSE”). In the meantime, we actively fulfil our social responsibilities to provide quality, reliable and clean energy while promoting 3H concept, which are Harmony between people and nature, Harmony between enterprises and society, and Harmony between energy and environment.

We adhere to professional ethics and conduct our business based on principles of integrity, openness and transparency, so that we have gained trust of all stakeholders. We work individually and collectively to achieve our economic objectives while striving to achieve our Environmental, Social and Governance (“ESG”) commitments. We run our business safely and reliably for the interests of each stakeholder. And we continuously pursue sustainable development through new projects and technological innovations.

**Safety and health:** As the foundation of enterprise development, health and safety is of great importance to us. We have developed best-in-class health practices and safety policies to ensure a healthy and safe working environment for all our employees. Consequently, we have achieved remarkable HSSE results in 2021 with good record of various HSSE indicators. Under COVID-19 pandemic, we spared no effort to protect our employees, communities and partners while productivity remained at high level through digitalized office and remote working.

**Environmental protection:** We advocate energy conservation and emission reduction, practice low-carbon social responsibilities and carry out renewable energy projects to address global climate changes. Our investment in 99MW wind power project in Pakistan has been fully operational through the year of 2021. This wind power plant is the single largest wind farm in Pakistan which was established as one of the top priority projects under China Pakistan Economic Corridor. The project has generated more than 1.1 million gigawatts of clean energy thereby offsetting more than 700,000 tonnes of CO<sub>2</sub> emission. At Block-9, Iraq, we are promoting the implementation of the fuel substitution project in oil fields and have embarked on the development and construction of a 2.5MW+2.5MWh photovoltaic (“PV”) - energy storage hybrid project, which is one of the large off-grid solar hybrid projects in the area. The project is under commissioning stage and shall come into operation at the end of May 2022. In the operation phase, more than half of the electricity in the camp will be supplied through clean energy. At Siba, Iraq, we are establishing a national grid-connected Solar PV plant with an installed capacity of 200MW. The project is under final approvals from the concerned Iraqi authorities. Engineering Procurement Commission (“EPC”) phase is scheduled to start in last quarter of 2022 with commercial operations triggering in second quarter of 2024. The project

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will not only provide green energy to the national grid, but also contribute in off-setting more than 5.25 million tonnes of carbon emissions during its 25 years of operational life span. Besides our portfolio in renewable energy, we contributed to improvement of local ecological and municipal environment in construction of roads, power grids, water supply and drainage facilities. We improved living environment of local residents by introducing and promoting new technologies in energy-saving, drinking water purification, and harmless treatment of waste and sewage.

Humanistic care: Firstly, we contributed to local education, especially women education, by investing in the establishment of several women's universities and high schools that have trained tens of thousands of students. We rehabilitated school and college buildings. Secondly, we are committed to improving local health care. We have funded construction of several dispensaries, clinics and medical centres. Thirdly, we actively provided disaster relief and poverty alleviation assistance to local communities.

Community construction: We continuously worked with governments and credible non-governmental organizations to carry out projects of community construction. We cooperated with professional organizations to provide professional training for the youth where our assets operated.

Apart from its core business activities, UEG seeks to add value to all stakeholders amongst whom its international assets are operating. In the coming years, UEG will continue its commitment towards ESG while improving its economic performance.

By Order of the Board

*United Energy Group Limited*

Zhang Hong Wei

Chairman

Hong Kong, 31 May 2022

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## **1. ABOUT THIS REPORT**

Being a responsible corporate citizen, United Energy Group Limited (“United Energy” or the “Company”, and together with its subsidiaries, the “Group” or “UEG”) is not only responsible to our investors, but also to a wider spectrum of stakeholders including our customers, suppliers, creditors, debtors, employees, and the communities where we operate. In fact, investors nowadays are increasingly demanding responsible investment that takes into account social and environmental issues as well as the inseparable goal of return on investment. In addition, there is overwhelming evidence suggesting that the world we are living in is encountering an unprecedented climate change, such as rising carbon dioxide levels in the air, increasing global temperature, loss of mass of the earth’s polar ice sheets and the rising of sea level. This report is to strengthen our communication with our stakeholders on our management’s approach and performance on material environmental, and social and governance issues for the period of 1 January 2021 to 31 December 2021 (the “reporting period”).

## **2. REPORTING STANDARD**

This environmental, social and governance report of UEG (“ESG report”) is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“Reporting Guide”) issued by the Stock Exchange of Hong Kong. This ESG report is to be read in conjunction with the Company’s 2021 Annual Report that was published on the Stock Exchange of Hong Kong on 29 April 2022 in particular the Corporate Governance Report contained therein.

## **3. CONTACT INFORMATION FOR FEEDBACK**

Any feedback on this ESG report is most welcome for us to make improvements. Please feel free to send your comments or suggestions related to this ESG report by contacting us at the address below:

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United Energy Group Limited  
Suite 2505, 25<sup>th</sup> Floor, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong  
Email: [ir@uegl.com.hk](mailto:ir@uegl.com.hk)

## 4. CORPORATE PROFILE

The Group is principally engaged in upstream oil and natural gas business, including development of strategic energy reserves, focusing on the investment and operation of oil, natural gas and other energy related business. The Group has grown from a company based in China to one which is now a significant international independent energy company. As an international business, the footprint of the Group spans across many borders and nations, i.e., Pakistan, Iraq and Egypt. It is essential therefore for UEG to create impeccable operating standards and conscientiously self-regulate its business to build a strong and credible reputation as a global corporation and investor.

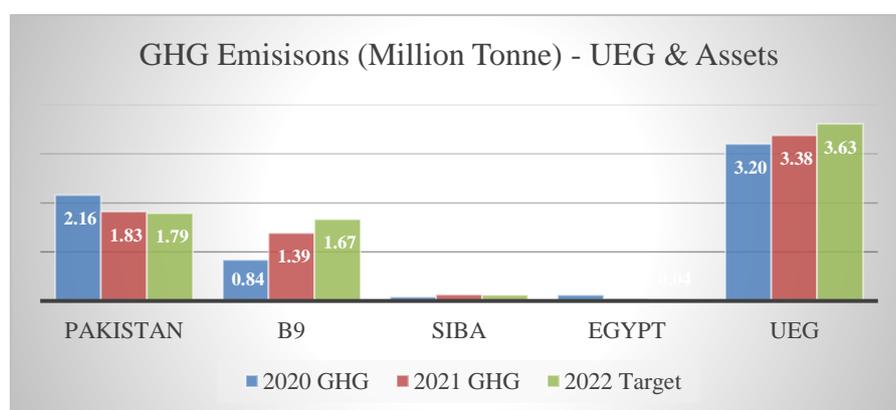
## 5. OUR ENVIRONMENT

### A1 Emissions

#### Overall Summary

At UEG, we work to protect the natural environment as one of our core principles. Our business activities encompass drilling, operation of plants, laying of flow lines etc. Such activities will consume energy, water and other resources. It is inevitable that our activities will make some imprints in the operation area. To reduce the impact of our operation, we systematically manage the business environment impact through an environmental management system ISO-14001 in Pakistan and Egypt and integrate environmental requirements into the operation system.

Greenhouse gas (“GHG”) emissions are high-priority topics among all stakeholder groups. As one of the fast-growing organizations, UEG is committed to leveraging scale and innovation to ensure that our future is environmentally responsible and sustainable.

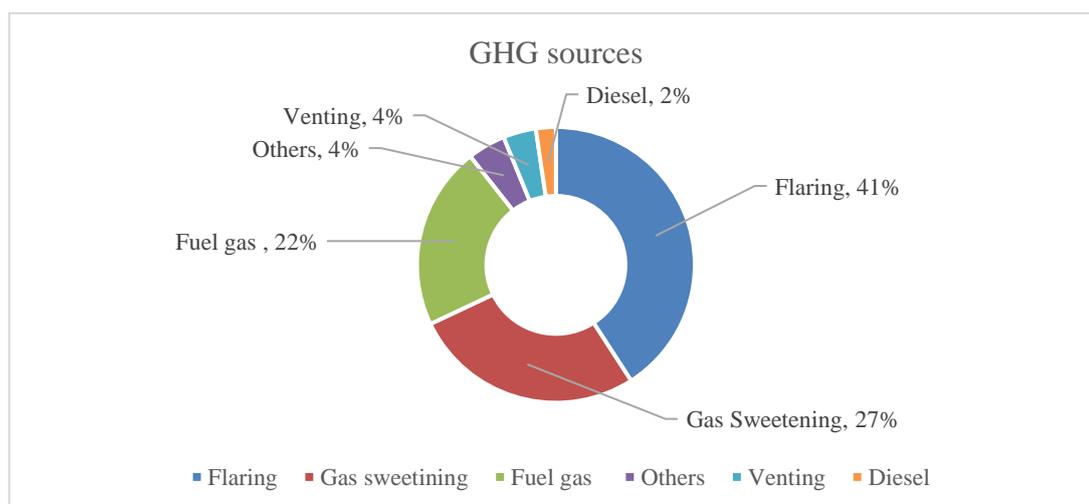


Our emissions in 2021 were slightly increased (approximately 6%) compared to last year. One key factor, which is quite long term, is the continuous flaring of associated gas in Block-9, which quite significantly contributed toward overall increase.

Our Operations in Pakistan and Egypt has demonstrated reduction in their emissions compared to 2020, which is the example to follow by other Assets of UEG.

### Source of Greenhouse Gas Emissions

The Group is involved in the extraction and processing of oil and natural gas, therefore, carbon dioxide is the major GHG emitted as a result of its operations. Electrical power at processing plants is produced by using natural gas, which emit negligible quantities of SO<sub>x</sub>, NO<sub>x</sub> and PM emissions. While utilization of diesel fuel contributes to SO<sub>x</sub>, NO<sub>x</sub> and PM emissions, it is only used in vehicles, at well sites for power generation and during drilling activities. Under the revised methodology, contribution to SO<sub>x</sub> emissions is made by burning of diesel fuel, NO<sub>x</sub> is contributed by burning of natural gas and diesel fuel, and PM is assumed to be generated by combustion of diesel fuel only. Following charts illustrates various sources of GHG emissions in UEG operations.



### Data Collection process

Compared to 2020, in 2021 more focused and integrated approach was adopted to calculate emissions across all Assets. While doing so, some areas where reporting was not comprehensive in previous year were also identified.

It is also important to mention that HKEX Guidelines for Environmental Reporting does not address specific streams of emissions of E&P industry (such as flaring and fuel gas use in the equipment, direct CO<sub>2</sub> discharge from acid gas sweetening etc.). To address these gaps guidelines followed by the E&P industry were referenced and made part of UEG Environmental Reporting Process.

## 2022 Outlook

As can be seen in the above bar-graph, 2022 GHG (and correspondingly other environmental parameters) are estimated to be increased marginally. This is due to few reasons but mainly enhanced activity set and new wells coming on-stream causing more flaring.

However, in little longer term, UEG can deliver significant reduction of its environmental emissions form once its gas plant is commissioned.

Below is a summary of the emission data for the reporting period.

	Nitrogen Oxides		Sulphur Oxides		Respiratory Suspended Particles	
	2021	2020	2021	2020	2021	2020
	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)
Pakistan	1,332	625	13	15	20	2
Iraq	<b>672</b>	<b>1,814</b>	<b>12</b>	<b>824</b>	<b>20</b>	<b>173</b>
-B9	632	1,796	9	17	15	173
-Siba	40	18	3	807	5	-
Egypt	428	2,060	6	228	9	140
<b>Total</b>	<b>2,432</b>	<b>4,499</b>	<b>31</b>	<b>1,067</b>	<b>49</b>	<b>315</b>

	Nitrogen Oxides Intensity		Sulphur Oxides Intensity		Respiratory Suspended Particles Intensity	
	2021	2020	2021	2020	2021	2020
	(tonne/ mboe)	(tonne/ mboe)	(tonne/ mboe)	(tonne/ mboe)	(tonne/ mboe)	(tonne/ mboe)
Pakistan	0.0526	0.0208	0.0005	0.0005	0.0008	0.0001
Iraq	<b>0.0290</b>	<b>0.1019</b>	<b>0.0005</b>	<b>0.0463</b>	<b>0.0008</b>	<b>0.0097</b>
-B9	0.0397	0.1828	0.0005	0.0017	0.0009	0.0176
-Siba	0.0055	0.0023	0.0004	0.1011	0.0006	-
Egypt	0.0532	0.2452	0.0007	0.0271	0.0011	0.0167
<b>Total</b>	<b>0.0430</b>	<b>0.0799</b>	<b>0.0005</b>	<b>0.0189</b>	<b>0.0009</b>	<b>0.0056</b>

	Direct GHG Emissions		Indirect GHG Emissions		Total GHG Emissions	
	2021	2020	2021	2020	2021	2020
	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)
Pakistan	1,825,046	2,163,878	-	-	1,825,046	2,163,878
Iraq	<b>1,514,728</b>	<b>917,665</b>	<b>57</b>	-	<b>1,514,785</b>	<b>917,665</b>
-B9	1,385,201	835,691	-	-	1,385,201	835,691
-Siba	129,527	81,974	57	-	129,584	81,974
Egypt	40,971	121,444	2,814	-	43,785	121,444
<b>Total</b>	<b>3,380,745</b>	<b>3,202,987</b>	<b>2,871</b>	-	<b>3,383,616</b>	<b>3,202,987</b>

	Direct GHG Intensity		Indirect GHG Intensity		Total GHG Intensity	
	2021	2020	2021	2020	2021	2020
	(tonne /mboe)	(tonne /mboe)	(tonne /mboe)	(tonne /mboe)	(tonne /mboe)	(tonne /mboe)
Pakistan	72.08	71.86	-	-	72.08	71.86
Iraq	<b>65.28</b>	<b>51.54</b>	-	-	<b>65.28</b>	<b>51.54</b>
-B9	86.94	85.04	-	-	86.94	85.04
-Siba	17.81	10.27	0.01	-	17.82	10.27
Egypt	5.09	14.46	0.35	-	5.44	14.46
<b>Total</b>	<b>59.76</b>	<b>56.87</b>	<b>0.05</b>	-	<b>59.81</b>	<b>56.87</b>

	Hazardous Waste Generated		Non-hazardous Waste Generated		Hazardous Waste Intensity		Non-hazardous Waste Intensity	
	2021	2020	2021	2020	2021	2020	2021	2020
	(tonne)	(tonne)	(tonne)	(tonne)	(tonne/ mboe)	(tonne/ mboe)	(tonne/ mboe)	(tonne/ mboe)
Pakistan	178	28	781	1,210	0.007	0.001	0.031	0.040
Iraq	<b>95</b>	<b>212</b>	<b>3,149</b>	<b>1,855</b>	<b>0.004</b>	<b>0.012</b>	<b>0.136</b>	<b>0.104</b>
-B9	53	172	2789	1,405	0.003	0.018	0.175	0.143
-Siba	42	40	360	450	0.006	0.005	0.050	0.056
Egypt	247	277	576	615	0.031	0.033	0.072	0.073
<b>Total</b>	<b>520</b>	<b>517</b>	<b>4,506</b>	<b>3,680</b>	<b>0.009</b>	<b>0.009</b>	<b>0.080</b>	<b>0.065</b>

2022 Emission and Wastes Targets						
	Nitrogen Oxides	Sulphur Oxides	Respiratory Suspended Particles	Target GHG Emissions	Hazardous Wastes	Non-hazardous Wastes
	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)
Pakistan	1,265	12	19	1,788,545	160	742
Iraq	<b>1,097</b>	<b>15</b>	<b>27</b>	<b>1,788,853</b>	<b>93</b>	<b>3,131</b>
-B9	919	13	23	1,665,748	53	2789
-Siba	178	3	4	123,105	40	342
Egypt	471	7	9	48,100	233	605
<b>Total</b>	<b>2,833</b>	<b>35</b>	<b>55</b>	<b>3,625,498</b>	<b>495</b>	<b>4,478</b>

2022 Emission and Wastes Intensity Targets						
	Nitrogen Oxides	Sulphur Oxides	Respiratory Suspended Particles	Target GHG Emissions	Hazardous Wastes	Non-hazardous Wastes
	(tonne/mboe)	(tonne/mboe)	(tonne/mboe)	(tonne/mboe)	(tonne/mboe)	(tonne/mboe)
Pakistan	0.0503	0.0005	0.0008	71.04	0.007	0.029
Iraq	<b>0.0406</b>	<b>0.0006</b>	<b>0.0010</b>	<b>66.28</b>	<b>0.003</b>	<b>0.116</b>
-B9	0.0450	0.0006	0.0011	81.50	0.003	0.136
-Siba	0.0272	0.0004	0.0006	18.79	0.006	0.052
Egypt	0.0714	0.0011	0.0014	7.29	0.035	0.092
<b>Total</b>	<b>0.0482</b>	<b>0.0006</b>	<b>0.0009</b>	<b>61.70</b>	<b>0.008</b>	<b>0.076</b>

We strive to comply with all internal and external (i.e. governmental regulatory authorities) policies regarding emissions and discharges resulting due to our operations.

### Management of Emissions and Wastes in Pakistan

In Pakistan, we comply with regulatory policies enacted by Sindh Environmental Protection Agency (Government of Sindh) through quarterly monitoring of emission using third party services. Furthermore, hazardous and non-hazardous wastes are handled through approved contractors with valid licenses and competent workforce conforming to Sindh Environmental Protection Act, 2014 and regulations made thereunder.

In Pakistan, GHG emissions in 2021 were lower compared to 2020, primarily due to a reduction in production, although drilling operations showed a marked increase this year. Emissions from the Badin blocks reported in 2021 were down by a quarter of those reported last year, in the Middle Indus blocks (“MIM”) they are down by 22%. A 10% decrease in

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emissions from Mirpurkhas and Khipro blocks (“MKK”) was observed as compared to last year. In comparison to the previous year, an overall 10% decrease in the quantity of fuel gas use was observed. Meanwhile, diesel consumption in facilities increased by approximately 30% as compared previous year primarily due to better inclusion of data from the fields. While diesel consumption in drilling activities saw three times increase due to a more mobilizations and aggressive drilling approach by the company. Stationary and mobile combustion from all processing plants have also been captured. Our operations in Pakistan (collectively named as “UEP”) does not purchase utilities such as electricity and gas, thus no indirect emissions have been reported.

Amount of hazardous waste was higher in 2021, owing to carbon replacement in MKK and H<sub>2</sub>S catalyst removal and replacement in MIM. The accumulated hazardous waste of previous years was also disposed-off, that was stored at sites, due to unavailability of authorized waste handling contractors. Non-hazardous waste was reduced due to variety of reasons, one of those is recycling of material as much as possible.

The reduction targets will be achieved through process optimization. In 2022, there is no specific project through which these reductions are targeted.

#### **Management of Emissions and Wastes in Iraq - Block-9**

In Iraq, we continue to comply with Ministry of Environmental Law No. 37 of 2008, Law No. 27 of 2009 for protection and improvement of environment and regulatory policies enacted by The Ministry of Environment (“MoE”) of Iraq. An Environmental Impact Assessment (“EIA”) baseline study and scoping report in line with the Field Development Plan (“FDP”) has been completed and is ready for MoE approval following a joint workshop carried out with the MoE. The statistics for emissions are currently under review awaiting MoE’s approval. Kuwait Energy Basra Limited (“KEBL”) has conducted two EIA studies. First EIA study was prior to starting the exploration and second for the early production facilities. These studies took full account of compliance with relevant laws, regulatory requirements and policies where significant impacts are considered in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In Iraq, Greenhouse gas emissions in year 2021 was mainly due to gas flaring during the exploration phase. As KEBL works towards field development and production facilities, it would greatly reduce the flaring of gas from wells. This is captured in the FDP as KEBL works with the relevant stakeholders with management having the following plans to mitigate gas flaring:

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- Stage 1: 100 mboed oil treatment, associated gas flaring, commissioning by end of 2022
  - Stage 2: 130 mmscfd gas treatment, commissioning before end of 2023

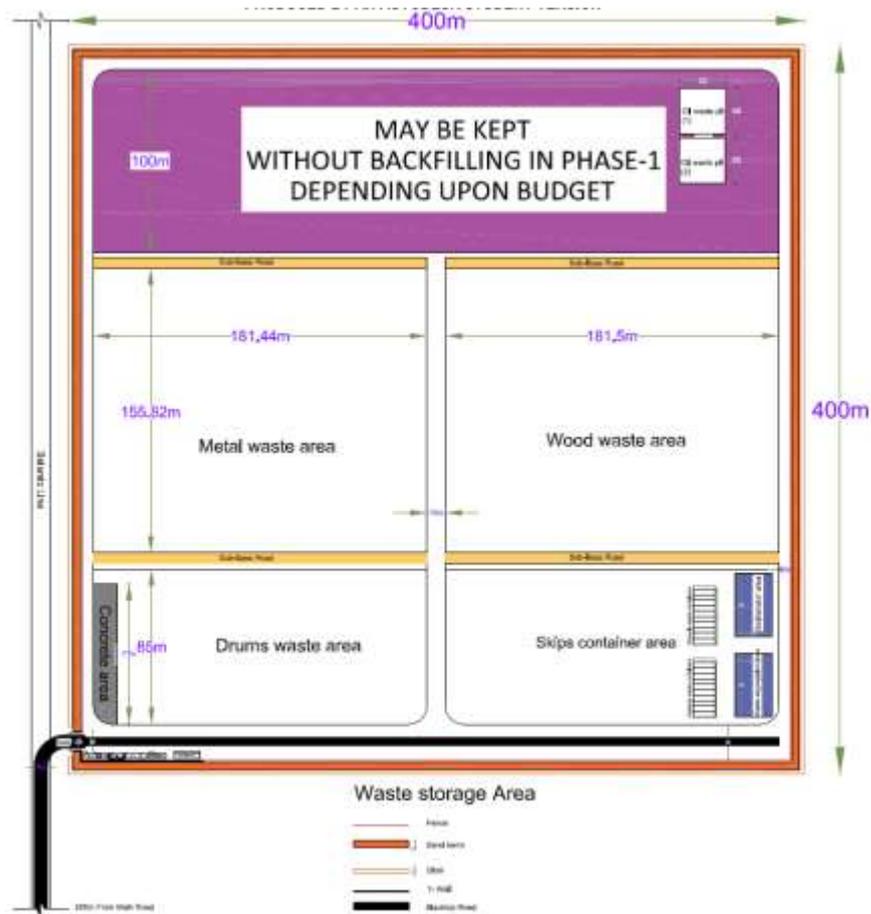
Most of the flaring will be eliminated by the end of 2023 as Gas Processing Facility is commissioned in 2023.

KEBL will be working with Basra Oil Company (“BOC”) and Basra University on a landscaping and Greenbelt project which is aimed at increasing the planted vegetation within the Block-9 concession. This project will greatly influence our GHG removal from newly planted trees.

In Block-9 concession, all hazardous and non-hazardous wastes are handled through approved local contractors, who dispose them at the approved local municipality facility. We continue to segregate the recyclable waste (scrap metal, batteries, etc.). Recyclable waste is collected, tracked, and transferred by BOC to the appropriate waste refuge for recycling.

In Block-9 concession, solar power plant with 2.5MW+2.5MWh capacity is under installation within the block, which is expected to supply the power for Block-9 camp by the end of May, 2022. This will result in a reduction of CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub>, VOC emissions as well as diesel consumption.

Waste Storage Area (“WSA”) has been identified, its design has been finalized (attached below) and it is under initial tendering phase for construction, that will be ready for use in the third quarter of 2022, which will be used as a temporary area for hazardous waste and recyclable non-hazardous waste storage, such as wood, scrap metal, empty barrels, consumed material, electronic waste, etc.



### Management of Emissions and Wastes in Iraq - Siba

To minimize air pollution, maximum care is taken in relation to put in process controls to maintain safe process operations with minimum flaring in Siba gas field.

The waste gas generated is incinerated in the thermal oxidizing system. To be safely discharged at a height of 76 meters, flue gas travels the height of the thermal oxidizer before going into the atmosphere.

Only a minor continuous flaring equivalent to less than 0.05mmscfd for High Pressure (HP) flare and 0.02mmscfd for Low Pressure (LP) flare is required for purging flare header and stack, to keep the positive pressure and avoid air ingress into the flare header carrying hydrocarbon gases. The quantity of continuous purging gas is controlled through the American Petroleum Institute (“API”) approved code and standard (API - 521). The main purpose of flaring during operation is for the following scenarios:

- Emergency shutdown with depressurization (blowdown).
- Safety Valve relief due to high pressure of vessel or equipment.
- Controlled relieving of excess gas associated with piping and vessels, when the pressure exceeds normal operating pressure envelope.

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- Maintaining production during process upsets to provide time for operation personnel to resolve the problem.

The air modeling has been undertaken for all stacks in Central Processing Facilities (“CPF”) during the EIA study before the production phase. Also, our plan is to carry further air monitoring during the production phase. An Environmental Monitoring contract has been signed in 2021 with an authorized Contractor to:

- Provide a database from which the environmental impacts of the project can be assessed.
- Provide an early indication should any of the environmental control measures or practices fail to achieve the acceptable standards.
- Monitor performance of the project and effectiveness of the mitigation measures.
- Determine project compliance with regulatory requirements, standards and government policies and EIA study.
- Take remedial actions if unexpected problems or unacceptable impacts arise.

In Siba, we are using Ozone friendly R-410A for the purposes of air conditioning and preventing the use of Hydrochlorofluorocarbon (HCFC) gas types that are detrimental to the Ozone layer.

All hazardous and non-hazardous wastes are handled through approved local contractors and disposed at approved local municipality facilities.

Waste Management Area (“WMA”) has been selected and approved by the BOC, which will be used as a temporary area for hazardous waste and non-hazardous waste disposal, such as wood, scrap metal, empty barrels, consumed material, electronic waste, etc. Contractor has been selected for the construction phase which is expected to be completed in 2022.

Kuwait Energy Iraq Limited (“KEIL”) has agreed with BOC to transport, dispose and recycle the hazardous wastes via the Iraqi Ministry of Science and Technology (“MoST”).

### **Management of Emissions and Wastes in Egypt**

In Egypt, the Group complies with regulatory policies enacted by Egyptian Environmental Affairs Agency (“EEAA”). Furthermore, hazardous and non-hazardous wastes are handled through approved contractors with valid licenses and competent workforce conforming to EEAA by Law No. 4/1994 for protection of environment amended by Law 9/2009. We minimize the volume of toxicity wastes generated, reuse or recycle wastes, implement treatment methods and waste disposal options. Operational

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changes are implemented to minimize the total volume of waste generated. Routine inspection and pressure testing of tanks, vessels, gathering lines, and flow lines are scheduled.

Greenhouse gas emission decreased in year 2021 at East Abu Sennan (“EAS”) mainly due to avoided flaring by continuing gas shipping through 11 km gas line launched in March 2020 from Jahraa oil station to Ghardik gas plant (Khada Co.) and 21 km gas line launched in January 2021 from Abu Sennan - H (“ASH”) to El-Salmiya gas plant, and replacement of localized rental generators by three centralized power stations with panels, cables. Gas emissions are also expected to decrease in year 2022 due to implementation of second phase of power generation.

Major amount of wastes were generated from EAS asset. Hazardous waste increased at EAS due to the rehabilitation of the mud pits of the drilling wells in addition to routine generated wastes. Non-hazardous waste increased due to civil work activities.

## **A2 Use of Resources**

The Group’s business nature includes drilling, seismic acquisition, operation of plants, laying of flow lines etc. This results in the consumption of energy, water, and other resources. We are committed to limit the impact to the environment from our operation and to do so, we have a comprehensive HSSE system of managing every aspect of our operation. To minimize any negative impact on environment, regular monitoring and testing activities are conducted to ensure harmful emissions and discharges are not released in the environment prior to treatment. To reduce the reliance on fresh water, treated domestic wastewater is used for gardening purposes in residential camps. No unprocessed wastewater leaves the sites, since it is evaporated in evaporation ponds to prevent any water seeping into the ground.

The Group endeavors to utilize the natural resources judiciously. We do consider equipment’s energy efficiency rating and energy consumption data at the time of evaluation and ordering to ensure the equipment is cost-effective from operational point of view. In case of drilling rigs, we ensure all contractors have equipment that are compliant with the regulatory requirements for emissions and efficient use of energy.

The Group is involved in the production of crude oil, condensate, natural gas and LPG and none of these products are packaged. Natural gas is sold to the customer via gas flowlines / pipelines. Crude oil/condensate is transported via bowsers/transmission pipelines to the refineries/export terminal. LPG is sold to the LPG marketing companies via bowsers.

	Electricity		Direct Non-renewable Fuel [Fuel gas & Diesel]		Water Consumed	
	2021	2020	2021	2020	2021	2020
	(MW)	(MW)	(Tonne)	(Tonne)	(m <sup>3</sup> )	(m <sup>3</sup> )
Pakistan	-	109,110	270,324	292,651	871,600	571,186
Iraq	<b>64</b>	<b>8,263</b>	<b>31,611</b>	<b>24,775</b>	<b>222,636</b>	<b>81,329</b>
--B9	-	6,685	8,532	4,513	76,127	51,460
--Siba	64	1,578	23,079	20,262	146,509	29,869
Egypt	3,127	2,431	7,413	13,531	88,257	93,407
<b>Total</b>	<b>3,191</b>	<b>119,804</b>	<b>309,348</b>	<b>330,957</b>	<b>1,182,493</b>	<b>745,922</b>

	Electricity Efficiency		Direct Non-renewable Fuel Efficiency		Water Consumed Efficiency	
	2021	2020	2021	2020	2021	2020
	(MW/mboe)	(MW/mboe)	(Tonne / mboe)	(Tonne / mboe)	(m <sup>3</sup> /mboe)	(m <sup>3</sup> /mboe)
Pakistan	-	3.623	10.676	9.718	34.423	18.968
Iraq	<b>0.003</b>	<b>0.460</b>	<b>1.362</b>	<b>1.391</b>	<b>9.594</b>	<b>4.570</b>
--B9	-	0.680	0.535	0.459	4.778	5.237
--Siba	0.009	0.198	3.174	2.540	20.146	3.744
Egypt	0.389	0.289	0.922	1.611	10.972	11.120
<b>Total</b>	<b>0.056</b>	<b>2.127</b>	<b>5.469</b>	<b>5.877</b>	<b>20.904</b>	<b>13.245</b>

	2022 Energy Use Efficiency Targets		
	Electricity	Direct Non-renewable Fuel	Water Consumed
	(MW/mboe)	(Tonne /mboe)	(m <sup>3</sup> /mboe)
Pakistan	-	10.200	32.889
Iraq	<b>0.002</b>	<b>1.370</b>	<b>12.475</b>
--B9	-	0.621	9.663
--Siba	0.009	3.707	21.247
Egypt	0.427	1.124	12.042
<b>Total</b>	<b>0.049</b>	<b>5.126</b>	<b>21.172</b>

### Management of Resources in Pakistan

In Pakistan, UEP does not consume electricity from the national grid, and electrical power is self-generated, thus it is not considered as a factor in environmental efficiency. Diesel consumption observed a sharp increase of around three times as compared to the previous year, of which the major increase was attributed to drilling and completion activities with a threefold increase followed by 30% increase at UEP processing plants and associated

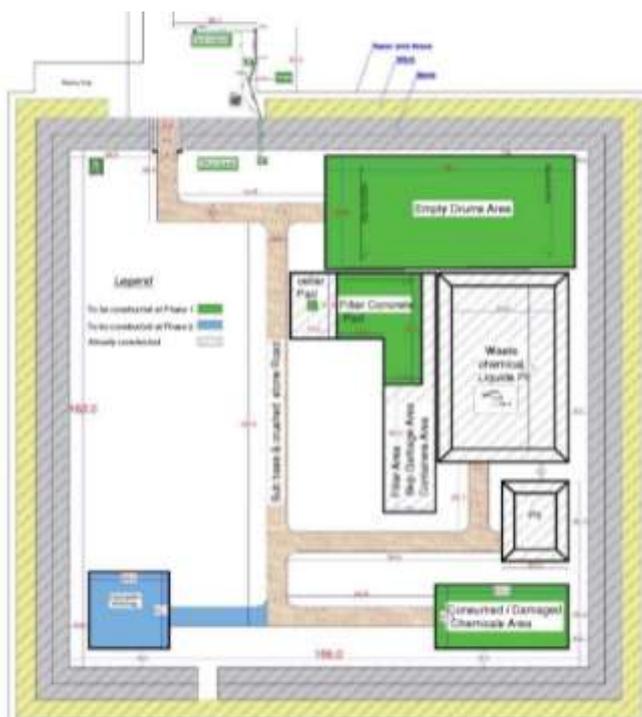
facilities. This was primarily due to a greater number of rig deployments and increased consumption in transportation as compared to last year when operations were diminished due to impacts of the COVID-19 pandemic. Fuel gas usage decreased by 1,337 mmscf in 2021 compared to 2020, which offsets the impact of increased diesel consumption. Therefore, in terms of non-renewable fuel consumption, UEP performed better in 2021 despite higher consumption of diesel. While substantially less water was utilized in UEP facilities in 2021, three times increase in water consumption was witnessed in drilling operations because of greater number of wells drilled and engagement of more rigs. Generally, water consumption in 2021 increased by 50% in comparison to the previous year.

UEP has set its reduction targets keeping in view the context of its operations and future expansion goals. UEP will endeavor to achieve its targets by adoption of novel processing technologies and efficient use of resources.

### **Management of Resources in Iraq**

To run oil and gas operations, various resources are used. Our management and operational teams are continuously identifying opportunities to reduce the use of above-mentioned resources by identifying innovative solutions to improve company's environmental performance.

In this regard, a new solar power plant in Block-9 is to be commissioned in 2022, which will reduce the reliance on diesel power generation for the base camp location and the new east village by providing 100% electricity generation during daylight hours. The solar power plant is expected to reduce diesel consumption significantly.



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In Siba, we are planning to install flare gas recovery unit at flare stack. This will be positively impacting the overall GHG emissions, and simultaneously other environmental emissions will also be reduced.

Consistent with our HSSE Policy, on the development and implementation of strategies to promote environmental sustainability, we ran a series of impactful environmental campaigns to encourage our employees and contractors taking an active role in environmental stewardship through better management of our waste, water, land, and energy resources. These campaigns targeted the following areas:

- Q1: Water conservation
- Q2: Energy reduction
- Q3: Waste reduction
- Q4: Environmental impact

Siba surface facilities is self-sufficient and produces electrical power through three gas turbine generators, providing power to the plant, Permanent Staff Accommodation (“PAC”) and laydown area. Siba wellhead areas use solar power packs.

There is no treated piped water available in our contract area in Iraq, with general non potable water being provided by local vendors via road tankers and decanted into storage tanks. All drinking water is provided by local vendors in 0.5L plastic bottles, delivered as required to meet demands. At the well site, water wells have been drilled to provide water for drilling activities only.

In Block-9, wastewater treatment facilities have been planned for implementation in 2022, and wastewater from the main camp will be treated and sent to an evaporation pond.

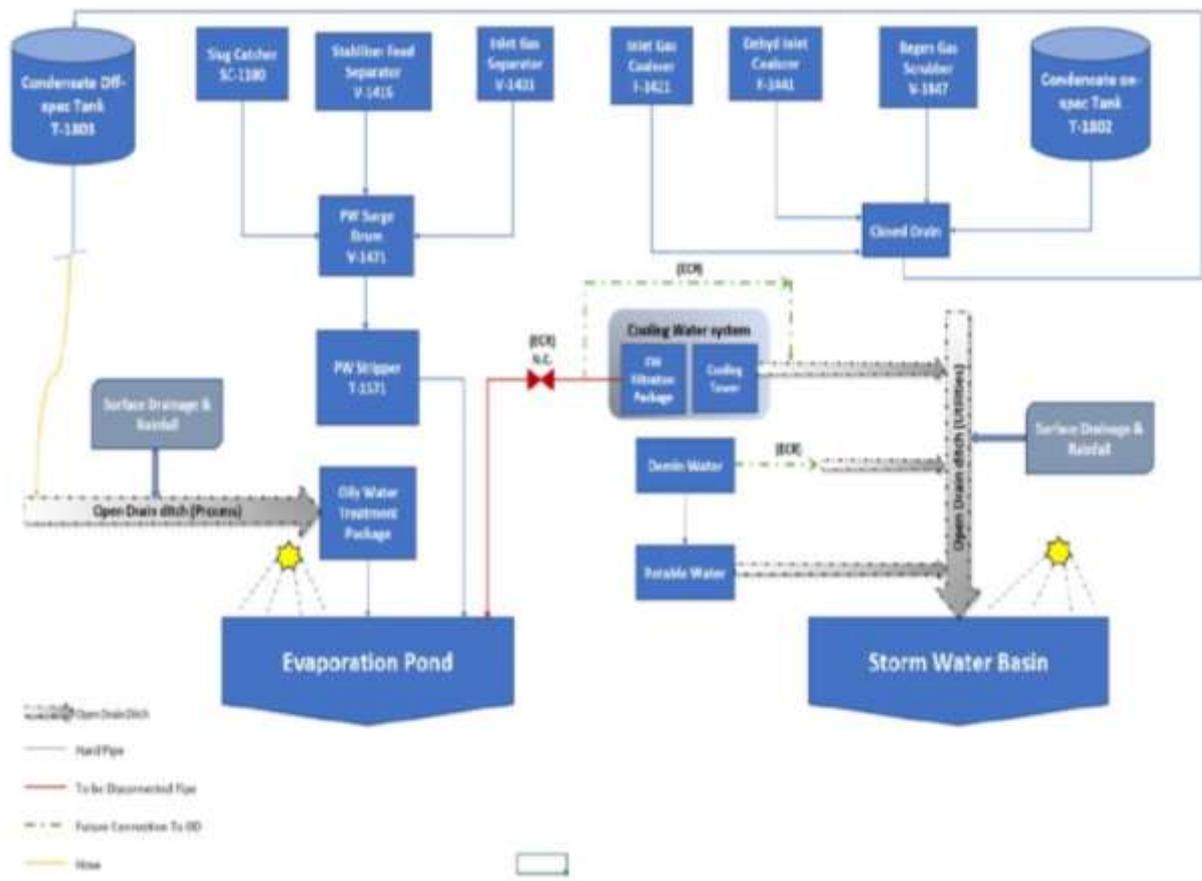
In Siba, the Reverse Osmosis (RO) water is provided by local vendors and decanted into PAC water tanks. Water from the CPF Storm Water Basin is reused in irrigation. Recycled PAC wastewater is also used in irrigation after treatment.

CPF Chemical Lab in Siba: All hydrocarbon waste is reintroduced into the processing system in order to recover hydrocarbons (reuse) after the periodic analysis, where the condensate waste returns to off-spec condensate tank, and amine waste returns to amine system.

CPF Oil Recovery and Drainage System: A closed drainage system is provided to collect hydrocarbon fluids from the process equipment, piping items, closed loop sample points, etc. These drains are routed to the Closed Drain Vessel. This vessel is vented to the low-

pressure flare header. The collected liquids from the vessel are pumped back to the off-spec condensate tank.

An oily water treatment package is designed to recover traces of oil from open drains. Recovered oil is pumped back to the off-spec condensate tank. Treated water is routed to the evaporation pond.



### Management of Resources in Egypt

Kuwait Energy Egypt (“KEE”)’s electricity consumption increased during the past few years mainly due to using of the GPC electrical station and the national grid of electricity instead of diesel generator to reduce consumption of diesel and consequently emissions.

### A3 The Environment and Natural Resources

Oil and gas exploration and production activities may result in land subsidence and damage to the environment of the concession areas. Pursuant to the relevant regulations and laws, the Group is required to restore the concession areas back to acceptable conditions. We conduct independent monitoring through third party contractors during project activities in environmentally sensitive areas to ensure compliance to the regulatory approvals granted and safeguard the environment less from any negative impacts. The Group provided accumulated provisions of decommissioning costs of HK\$608,171,000 (2020:

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HK\$494,925,000) as of 31 December 2021 and incurred relevant actual costs of HK\$25,786,000 (2020: HK\$7,202,000) during 2021. The amounts provided in relation to the decommissioning costs are reviewed at least annually based upon the facts and circumstances available at the time and the provisions are updated accordingly.

We consistently seek ways to promote environmental sustainability ensuring that strategic plans are put in place to prevent the degradation of environment due to activities associated with oil and gas operations. These activities in Block-9 include some key initiatives as follows:

- We identified all the documented cultural heritage sites as per the Basra Antiquities and Cultural Inspectorate in order to preserve these sites which bear historical significance to the community.
- We also developed Land Use Agreements (LUA), a standard documented process for obtaining approvals from all relevant stakeholders prior to engagement in any construction activities within the asset to avoid encroaching onto cultural heritage sites or privately owned land without obtaining the relevant approvals.
- The General Services Department is involved in the Greenbelt Project, which is a beautification and reclamation project planting drought resistant native species around camps and permanent facilities.
- Installation of a sewage treatment plant in the permanent accommodation camp for treating and recycling black and grey water generated from the camp for use in the Greenbelt Project.
- Reclamation of borrow pits into water collection ponds taking advantage of water runoff during the rainy season.

In Block-9, the EIA study of the early production has considered the impact of operational processes on the surrounding communities. Air sampling (Air Diffusion) analysis has been undertaken by a third party before and during the early production phase. Groundwater contamination is prevented by using High-density polyethylene (“HDPE”) liners in cutting pits at the well sites.

During the Front End Engineering Design (“FEED”) stage of CPF, engineering designs for spill containment will be incorporated by tertiary containment, such as bunded areas, and spill prevention managed by level controllers with alarms and executive action. During the EIA study for production phase, the impact of the main aspects (Thermal Oxidizer, Evaporation Pond and Flare) along with air modeling study will be considered.

The Siba CPF, metering stations and well sites have a number of failsafe systems in place to minimize adverse environmental damage. These are documented in the HSSE Safety

Case, Hazard Identification (“HAZID”), EIA and Environment Risk Assessment (“ERA”) studies are undertaken. The consequential effects are minimized by having, as a minimum, spill kits (absorbent booms and blankets available), bunds for secondary containment, Material Safety Data Sheet (“MSDS”) and a 24/7 Emergency Response Team.

The EIA and ERA studies have considered the surrounding communities and the impact the operational processes could place upon them. Air modeling and air sampling (Air Diffusion Tubes) have been undertaken and analyzed before the production phase and during the production phase by a third party. A CPF flare radiation study was undertaken to ensure compliance.

Environmental protection and monitoring regarding air pollution are outlined in the EIA studies undertaken by KEIL. The HAZID report stipulates engineering controls for the production phase. The Flammable and Toxic Risk Assessment and the Quantitative Risk Assessment (“QRA”) report also consider on-spec and off-spec tanks venting and dispersion and is being followed by KEIL.

EIA studies have been approved by the Iraqi MoE for Drilling and Production Phases in 2021.

#	Siba Environmental Impact Studies	Contractor Name	Description	Completed Date	EIA Status
1	First Environmental Impact Study	RSK	Phase 1: 3D Seismic, Drilling, Workover and Baseline	Apr-13	Approved by MoE: SOC letter 48071 dated 08th July 2014
			Phase 2: Construction Production Facilities, Pipeline, Laydown Yard and Accommodation Camp	08th October 2013	Approved by MoE: SOC letter 58369 dated 19th August 2014
2	Second Environmental Impact Study	Dome International	Production Facilities	11th June 2018	Approved by MoE letter No.1474 dated 25.Oct.2021
			Drilling Well Sites	11th June 2018	Approved by MoE letter No. 1155 dated 16.Aug.2021
	ERA FDP	Dome International	Drilling Well Sites	29th December 2019	

Groundwater contamination is prevented by using HDPE liners in cutting pits at the well sites, and evaporation ponds at the CPF. Spill containment is managed by tertiary containment, such as banded areas, and spill prevention is managed by level controllers with alarm voting and executive action. Maintenance work resulting in breaking the containment is managed by the O&M Hazard and Effect Management Process.

There are no activities within Siba field that could impact the nearest main water source (Shatt Arab) and pollute the water.

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KEE strived to improve its environmental performance. One major step taken was minimizing flaring of its unutilized gas. For this purpose, flowlines were laid to transport unutilized gas to another gas plant. It positively impacted overall GHG emission and simultaneously reduced other environmental emissions. KEE used creative ways to reduce environmental impact of its operations, such as recycling inhouse waste to avoid disposal and installing integrated power generator to minimize diesel consumption.

#### **A4 Climate Change**

The Group endeavors to utilize best available technologies to curb emissions and reduce its overall environmental footprint. Regular monitoring and testing activities are conducted to ensure harmful emissions and discharges are not released in the environment prior to treatment.

UEP intends to align itself with the Government of Pakistan's climate change mitigation and adapt targets as streamlined in the Nationally Determined Contributions 2021 with transparent and robust ESG reporting and benchmarking so that emission reduction targets could be streamlined.

The climate in Iraq is mainly continental, sub-tropical, semi-arid type, with the north and north-eastern mountainous regions characterized by a Mediterranean climate and the southern desert region characterized by hot, dry summers and cool winters. Roughly 90% of the annual rainfall in Iraq occurs between November and April. May to October remains relatively dry. The influence of the Arabian Gulf on the climate of Iraq is very limited. In the winter this region receives brief violent rainstorms (approximately 10 cm) and subsequent flash floods. The mean annual rainfall in the southern region is approximately 180 millimeters ("mm") and happens between December and February.

During this period, the total evaporation is less than 150 mm/month which may result in the overflow of the cutting and flare pits at the drilling rigs, and the oil contaminated water in the process facilities EWTU 1/2/3 which is temporarily stored in the wastewater pits. The following controls have been implemented in Block-9 by taking into consideration of the significant climate changes in the region:

- An oil recovery system installed in the process facilities to recover the residual oil and reduce the pit levels in the process facilities.
- The residual water is transferred to evaporation ponds lined with HDPE to facilitate the evaporation process reducing the pit levels.
- All pits are maintained at 70% capacity to avoid overfilling arising from precipitation and flash floods.

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- The design philosophy ensures that facilities and well pads are constructed on an elevated surface with a ditch and berm perimeter fence which mitigates the risk of flash floods and rainwater runoff into the pits on location.
  - Periodic transfer of residual oil contained in the flare pits as associated with well testing operations, to the oil recovery pits in the process facilities.

Water will be abstracted from the Shatt Al Arab River to meet the freshwater demand for Block-9 CPF desalting and utilities (i.e., not for injection purpose), which is approximately 70 kilo barrels of water per day (“KBWPD”). A Source Water Plant (“SWP”) of 70 KBWPD will be built close to the Shatt Al Arab River towards the south-west of Block-9 during phase 1. We have obtained approval from Ministry of Water Resources through BOC for the abstraction of fresh water from Shat Al Arab river. At present, water for operations demand is trucked to the site by an approved contractor until the SWP is commissioned.

The project plan of Block-9 includes installation of a weather forecast station or device within the project facility to monitor the wind speed, wind direction, ambient temperature, and humidity etc., as well as installation and calibration of air quality monitoring stations or device.

Additionally, the scenario of the collapse of the bund wall of the water channel along the Iraq-Iran border, causing large quantities of water to flow in from the Iranian side of the reservoir to Iraqi side affecting the drilling activities, early production and CPF, is also part of Block-9 preventive plan in 2022.

During the FEED stage of the Siba CPF, it has been considered in the HAZID report the main elements of Climate Extremes such as temperature, high wind, dust, flooding, sandstorms, earthquakes, erosion, heavy rain, subsidence, etc. Based on this report, concrete piles have been driven in all facilities, lightning poles have been installed in different areas, weather indicator devices, storm water basins have been constructed to collect water from heavy rains, and the stability of the thermal oxidizer and microwave tower against the high wind speed was also ensured.

A soil berm has been built in the Shatt Al-Arab River shoulder from Siba field side to prevent any flooding to the field and Siba City.

### **Notable contribution towards Climate Change commitment**

Climate change presents a long-term strategic focus for UEG. Despite the fact that in 2021, GHG emissions marginally increased, UEG continues to focus on renewable energy. Following is summary of key projects that UEG is managing at this stage.

- **Wind Power Plant in Pakistan:** UEG thought its associate is operating a 99 MW wind power project in Pakistan. Wind turbines average just 11 grams of CO<sub>2</sub> emission per kilowatt-hour of electricity generated, comparing with 450 grams for natural gas and 1,000 grams for coal.
- **Solar Power Project:** Block-9 is promoting the implementation of the fuel substitution project in oil fields and has embarked on the development and construction of photovoltaic energy storage project.

## 6. OUR EMPLOYEES

### B1 Employment

Employees are the core assets of the Group and we offer competitive remuneration package to retain the best people. Remuneration of our employees is commensurate with their capabilities, duration of service, education and prevailing market competition. It is reviewed annually with reference to employee's performance and prevailing market practices. We are promoting diversity in the workplace by recruiting a diverse workforce from different races, ethnicities, religions etc. We are an equal opportunity employer, and do not discriminate based on gender, color, race, religion, disability, nationality etc. In those countries with our Projects, priority is given to Local Nationals in hiring if required qualification and experience are available in such countries.

The Group has put in place a robust HR Management system that comprises of several policies, processes and workflows covering all aspects of the Human Resource Management. All HR policies have been formulated in compliance with the applicable local labor and Social Security laws. HR Delegation of Authority provides further clarity and guidance on the decision-making process regarding all HR activities. The Human Resources Committee ("HRC") is composed of senior management.

As 31 December 2021, the Group employed 1,910 full time employees (2020: 2,058) in Pakistan, Iraq, Egypt, China, and The United Arab Emirates ("UAE"). Below is a summary of workforce and employee turnover rate (Turnover Rate represents the number of dismissed, retired and work-related deaths employees in the year divided by the total employees).

**Total workforce by Age Group:**

	Total Workforce		Turnover Rate	
	2021	2020	2021	2020
Below 20 years	1	1	0%	-
20 to 24 years	39	45	21%	-
25 to 34 years	576	654	12%	5%
35 to 44 years	683	722	6%	3%
45 to 54 years	462	478	4%	2%
55 years and above	149	158	11%	14%
<b>Total</b>	<b>1,910</b>	<b>2,058</b>	<b>8%</b>	<b>4%</b>

**Total workforce by Gender:**

	Total Workforce		Turnover Rate	
	2021	2020	2021	2020
Female	166	171	8%	11%
Male	1,744	1,887	8%	4%
<b>Total</b>	<b>1,910</b>	<b>2,058</b>	<b>8%</b>	<b>4%</b>

**Total workforce by Geographical Region:**

	Total Workforce		Turnover Rate	
	2021	2020	2021	2020
PRC (Include Hong Kong)	140	144	11%	13%
Pakistan	999	1,212	10%	2%
Iraq	584	512	6%	7%
UAE	21	21	11%	-
Egypt	166	169	2%	8%
<b>Total</b>	<b>1,910</b>	<b>2,058</b>	<b>8%</b>	<b>4%</b>

**Total workforce by Education Category:**

	2021	2020
Masters and Above	410	414
Bachelor	879	914
Junior College	195	252
Technical Secondary School & High School	304	330
Junior High School & Below	122	148
<b>Total</b>	<b>1,910</b>	<b>2,058</b>

## B2 Health and Safety

Upstream oil and gas operation requires specialized technical skills, and it could have widespread impact on health and safety if employees are not equipped with the required skills and knowledge. The Group has inherited an international health, safety and environmental management system. It is committed to conduct its business activities in a safe and efficient manner, and care for everyone involved or impacted by its activities. All HSSE operations are conducted in accordance with the management system, considering and focusing on standards, such as, but not limited to ISO 55001, OGUK, OGP 343, OHSAS 18001:2007, OHSAS 18002:2007, ISO 45001, ISO 14001:2015, ISO 9001:2015 and ISO 31000:2015. These standards are considered the minimum standards of compliance. In 2021, UEP was recertified against ISO 14001:2015.

Personal safety	2021	2020	2019
Number of work-related fatalities			
- employee	-	-	-
- contractor	-	-	1
Rate of work-related fatalities*			
- employee (per 200,000 hours worked)	-	-	-
- contractor (per 200,000 hours worked)	-	-	0.009
Lost days due to work injury	75	98	25

\*A rate based on 200,000 hours worked indicates the number of work-related fatalities per 100 full-time workers over a one-year timeframe, based on the assumption that one full-time worker works 2,000 hours per year.

### Occupational Health and Safety in Pakistan

In Pakistan, we complied with the provisions of the Petroleum Act (1934), Petroleum Rules (1937), OGRA Ordinance (2002), the Mineral and Industrial Gases Safety Rules (2010), the Oil and Gas (Safety in Drilling and Production) Regulations (1974), Mines Act (1923), Consolidated Mines Rules (1962), LPG Rules (2001), Sindh Occupational Safety & Health Act (2017) and Sindh Occupational Safety & Health Rules (2019).

In Pakistan, the organization has well elaborated processes and systems to ensure a healthy and safe working environment throughout the lifecycle of its operations. This begins with fitness for work assessment of employees at the time of hiring and then providing them the required training and competency so that they can adequately understand and comply with organization's safety standards. The inherent risk associated with our operations are mitigated through a robust risk assessment program followed by stringent control of work protocols. All employees are provided with required safety gear to protect them from any eventuality. Moreover, UEP details its health and safety protocols to all our contractors through a dedicated program of Contractor Safety Management System ("CSMS"). Besides ensuring that our activities throughout our entire assets are conducted safely, risks that arise

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during transport of its staff, contractors as well as products are managed through an intricate program of Road Transport Management System (“RTMS”). All the changes within the organization are carried out after a thorough review and approval process under the Management of Change protocol. With the help of all these systems, UEP strives to protect the health and safety of not only its employees but everyone who is directly or indirectly associated with its business activities including the community at large.

### **Occupational Health and Safety in Iraq**

In Iraq, we complied with the provisions of Public Health Law No.89 of 1981, Instruction No. 4 of 1989 Safety in Storing and Handling Chemical Materials, and The Environmental Regulations for Project Constructions and Monitoring the Safety of its Implementation No. 3 of 2001, etc.

Directed by the Leadership Team, a HSSE Management System has been implemented in Iraq. This system is being continually improved to meet the evolving needs of the field development and the associated hazards and risks.

The HSSE Department organizational structure is evolving to meet the needs of the organization by adding key technical positions in line with the HSSE personnel recruitment plan through to 2025.

All HSSE operations are conducted in accordance with the management system, considering and focusing on internationally recognized standards, including, but not limited to API, National Fire Protection Association (NFPA), Occupational Safety and Health Administration (OSHA), British Standard (BS) and Europe Standard (EU). These standards are considered the minimum standards of compliance.

HSSE assurance is monitored and validated through self-verification audits and inspections based on international standards and best practices. This is complemented by the scheduled leadership visits to various sites and work faces to demonstrate visible HSSE leadership commitment.

HSSE Assurance Plan including KPIs developed for 2021, has been successfully executed helping to drive HSSE focus, assurance, and continual improvement during the year. The focus continues, and the similar plan has been extended with improved approach based upon the learnings from 2021, to ensure even better HSSE compliance.

Our operation in Iraq was challenged with the spread of COVID-19 pandemic during 2020 and the challenge continued during 2021. The response from the HSSE and leadership was to implement numerous control measures to manage and mitigate risks, enabling

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continuous operation of the assets. Implemented controls include:

- Sites were operated with reduced essential manpower only.
- Covid Management Committee remained focused to mitigate the Covid challenges to sustain the business continuity.
- Pre-defined COVID-19 procedures and protocols were upgraded as needed to meet both Iraqi and various international requirements.
- External 3rd party quarantine camps were utilized for Covid control.
- Exhaustive PCR and antigen/antibody testing were implemented for effective screening of incoming employees, contractors as well as visitors.

In order to assist the business to continue uninterrupted, there was a requirement to rotate personnel in and out of Iraq and our concessions; at the same time we complied with laws, regulations, and the company HSSE policy. Considering the long incubation period (14 days) and high contagiousness of the COVID-19 virus, we obtained the approval from Iraqi Ministry of Health to have a quarantine in our Iraq asset and later we received a certificate of compliance for the quarantine from Iraqi Ministry of Health.

All operations are controlled by utilizing an Asset Integrity/Safe System of work methodology via policies, procedures, and instructions, culminating from an integrated HSSE Management System by:

- Fostering an environment of transparency and empowerment, where all employees have the authority to STOP any operation, if they feel that the situation is unsafe or that the work is being performed in an unsafe manner.
- Each employee must, regardless of position, accept and whole heartedly execute their responsibility for HSSE.
- Ensuring total adherence to the HSSE standards, procedures, and regulations.

### **Occupational Health and Safety in Egypt**

In Egypt, we complied with the provisions of the Egyptian Labor law (Occupational Health and Safety section 12/2003), the Mineral Resources (145/2019), the Oil and Gas (Safety in Drilling and Production) Regulations (1974).

### **B3 Development and Training**

Training & development is an essential part of the corporate strategy. We believe that organizational performance and growth can be achieved through proper and systematic implementation of employees' training and development initiatives. The Group has clearly defined processes that assess employees' training needs. Training is provided to bridge the

gaps in technical and soft skill competences ensuring well-rounded professional and personal development of all employees. The Group also aims to train local employees with necessary skills and expertise to support localization program ensuring their progression for the future growth of the organization and their countries.

During the previous year, 1,354 employees, which account for 68% of UEG personnel, took part in training. The table below outlines a summary of the trainings we have provided to our employees during the reporting period.

Training Area	Year 2021 (Hours)	Year 2020 (Hours)
Management Skills	1,083	5,046
Legal	215	100
Technical	11,027	14,054
Language	466	304
Personal Effectiveness	1,870	3,916
Competence	1,284	3,718
<b>Total</b>	<b>15,945</b>	<b>27,138</b>

**NOTE:** Due to the Covid-19 pandemic, there was budget curtailment across the organization because of which the training hours in 2021 have taken a significant dip. Majority of investment was still devoted towards technical training.

Training	Percentage		Average Training Per Employee (Hours)	
	2021	2020	2021	2020
Employees trained by gender				
- Female	7%	12%	16	15
- Male	93%	88%	12	26
Employees trained by category				
- Senior Management	2%	3%	19	27
- Middle Management	6%	11%	18	38
- Others	92%	86%	12	23

In Pakistan, training is done through assessments using our competency management system with the consultation of management to ensure budgets are allocated effectively in line with the needs of the business.

Most of 2021 was still under the pandemic era, and so the focus remained around virtual training programs / certifications. In the last quarter, however, as the pandemic situation improved, it allowed us to resume classroom trainings for smaller groups. Greater investment was attributed toward technical training, while utilizing internal resources and

facilitators for personal effectiveness sessions. Two exclusive leadership development programs were also concluded for both senior and emerging leaders in collaboration with Centre for Creative Leadership (CCL) institute.

2021 also saw a record uptake in e-learning courses with over 3,000 course completions; 85% of which are tagged to technical e-learning curricula. There has also been an increase in technical certifications and software-related courses. All of this is in line with the needs of the business to bridge the gaps and enhance competency levels across the organization.



*Post Pandemic, Financial Management Training at Pakistan Society for Training & Development (PSTD)*

In Block-9, Performance Management System, in consultation with management team, is used to identify needs of the training & development areas. Adequate budgets are allocated effectively in line with project requirements. List of certification and awareness sessions conducted during 2021 are as follows:

- |                             |   |
|-----------------------------|---|
| 1. PTW and COW              | 21. Confined space entry and rescue                                     |
| 2. Energy isolation / LOTO  | 22. Working at height   |
| 3. Heat stress              | 23. SCABA Safety  |
| 4. Ground disturbance       | 24. IWCF Certificate Level-4  |
| 5. Venomous creatures       | 25. English training  |
| 6. Slips, trips & falls     | 26. Corrosion and its prevention in oil & gas systems                   |
| 7. Hands and finger safety  | 27. PLC introduction and application                                    |
| 8. Management of change     | 28. New well startup  |
| 9. Hazardous substances     | 29. Introduction to instrumentation                                     |
| 10. Security response       | 30. Vibration analysis  |
| 11. Health & Fitness        | 31. 3 Phase induction motors/starting current, star delta, DOL starters |
| 12. Diet & Healthy eating   | 32. Soft-starter, RTD, PTC utilized in motor                            |
| 13. Safe lifting            | 33. Toolbox talk  |
| 14. Environmental awareness |   |
| 15. Emergency response      |   |
| 16. PPE awareness           |   |

- |                                |   |
|--------------------------------|---|
| 17. H2S awareness              | 34. Fiscal metering                         |
| 18. First Aid & CPR            | 35. SAP plant maintenance end user training |
| 19. Defensive driving training | 36. Valve maintenance                       |
| 20. Incident investigation     |   |



*Some picture from training session during 2021 in Block-9 concession*

In Siba, detailed policies, processes, and procedures were put to guide employees on their development path and lead their career development with their training needs. A full map of training needs analysis was clarified to all to build up an integrated effective training plan linking the company’s overall objectives with employees’ tasks and activities.

Trainings were conducted to local employees as part of localization plan. A wide range of courses were applied mainly by in-house efforts due to the current situation of COVID-19. Siba was successful to provide all its employees with various types of courses ranging from technical to non-technical (soft skills and language).

Siba initiated the in-house training modules during the COVID-19 shutdown period. This innovative approach involved efforts from multiple departments and various layers of employees with HR taking the lead. The trainings took online, virtual, face-to-face classrooms, videos, phone application tutorials and software curriculums. In 2020 KEIL has organized substantial online training courses, whereas in 2021 it was reduced due to the limited free online training resources, and offline training was still suspended due to COVID-19 situation.

In Egypt, absence of employee training due to COVID-19 conditions, HR department came out with an initiative to carry out internal knowledge sharing workshops across the company. These workshops aim at increasing employees' awareness with the different functions across the company in addition to increase the level of engagement, communication, and presentation skills for employees. In 2021, we delivered 2 Knowledge Sharing Workshops as follows:

- Department Objectives and Scorecard (Planning Department)

*Survey Results Showing what employees have learnt the most during the Subsurface Knowledge Sharing Workshop*



*Part of Department Objectives and Scorecard Workshop*

- Subsurface & Exploration



*Mohamed Farouk – Senior Specialist - Geology receiving a thank you gift for his efforts as a presenter in the Subsurface Workshop.*



*Fareed Ali – Area A Asset Subsurface Manager receiving his thank you gift as being a valuable presenter in the Subsurface Workshop.*

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In addition, as part of the Competency Management Project, KEE has introduced the E-learning Training to cope with the current conditions. This e-learning platform links the training material with the assessment results and helps employees close their development gaps accordingly. The training material available on the platform varies between technical (Oil & Gas, Finance, Safety, HR, etc.) and non-technical training material (Leadership, Soft skills). HR monitored the progress of employees on the e-learning and send regular updates to ensure the needed development gaps are closed. In 2021, KEE assigned 5% in the performance appraisal form for all employees with development plans to encourage them finalizing their plans.

#### **B4 Compliance with Labor Standards**

UEG offers equal opportunity employment to all qualified employees and do not discriminate against any individual on grounds of race, gender, age, marital status etc. This is to ensure that every employee has the same chance to realize their potential and it is also our responsibility to provide a workplace that is free from harassment, violence and discrimination of any kind. As a multinational company, each employee is recognized as an important member of the team. We respect the rights and dignity of all employees and create a work environment of mutual trust and respect, in which diversity and inclusion are valued.

During 2021, the Group complied with all relevant laws and regulations regarding employment of workforce. The Group complies with the Labor Law, the Labor Contract Law, the Social Insurance Law and relevant regulations of the PRC in respect of the work schedule of employees, the staff diversity, the labor relations and the administration for social insurance. For Hong Kong operation, the Group also complies with the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance to provide relevant remuneration, benefits, insurance and working environment to our employees. Besides, the Group complies with the Immigration Ordinance during employment of new employees. The Pakistan operation also complied with all relevant labor laws including the Mines Act, the Sindh Terms of Employment (Standing Orders) Act 2015 and the Sindh Shops and Commercial Establishment Act 2015. For Iraq operations, we complied with all relevant laws and regulations regarding employment of workforce and payment of Social Security Contribution. These laws include the Labor Law No. 37 of 2015, Social Security Law No. 39 of 1971, instructions issued by Local Employment Bureaus in Basra and Baghdad, instructions from Ministry of Oil regarding recruitment of Iraqi Nationals and approval of recruitment policies, compensation package, etc. by the Joint Management Committee of Block-9 Contract Area.

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In addition, the Group has a full suite of policies related to all aspects of Human Resources Management including Code of Conduct and Disciplinary Action Procedures, Recruitment Procedure, Resignation & Termination Procedure, etc. These policies are readily available on our intranet site for employees to download.

In Iraq, all these policies and procedures are designed in accordance with the related Iraqi laws with the necessary consultation and submission to Basra Oil Company. Based on the frequent change of actual situation in Iraqi Labor Market and the Project, all policies are reviewed periodically to ensure they meet the requirements.

In Egypt, we make sure all internal policies comply with Egyptian Labor Law and all employees comply to KEE policies and procedures. In addition to the policies related to Attendance, Leave, Performance Management, Salary Administration and Training, we also have policies tackling Harassment and Grievances.

The Group also maintains clear policy of no child and/or forced labor which is clearly outlined in our Code of Conduct (“CoC”). All employees are expected to be aware of and abide by these commitments and to report any abuses in operations within or linked to the business. In addition, we may highlight that UEG is fully committed to implement its CoC and shall provide necessary trainings to all managers and major subcontractors to ensure compliance with the code and adhere to the restrictions related to no child/forced labor. We strictly follow the minimum age requirement of 18 years for any new recruitment. At the time of hiring, we ask for an age proof to be provided, to confirm its adherence to the policy. This is also a condition of every service and contract that enters into with third parties, and any violation of this requirement will automatically disqualify the sub-contractor from doing any further business with UEG.

## **7. OPERATION**

### **B5 Supply Chain Management**

The Procurement and Supply Chain Management (“PSCM”) function is guided by Company values, policies, and procedures. PSCM envisions creating “Sourcing Success” through strategic planning, effective governance, optimized processes, technological integration, and exceptional customer service. PSCM is structured primarily into specialized procurement category teams - Wells, Engineering Services, Operations and Maintenance, and indirect procurement - with support from Materials Management, Procurement Operations and Excellence, and Logistics. PSCM continues to identify areas for continuous improvement and opportunities for maximum value creation for the business and our stakeholders.

Number of Suppliers by Geographical Region	2021	2020
PRC	162	66
Pakistan	393	516
Iraq	172	144
Egypt	207	173
Others	295	287
<b>Total</b>	<b>1,229</b>	<b>1,186</b>

### **Procurement and Supply Chain Management in Pakistan**

In Pakistan, throughout the supply chain, focus remains on delivering value through quality of material and services at competitive prices, while continually incorporating industry best practices. PSCM continues to leverage technology and functional best practices to improve efficiency of procurement while addressing a larger and more specialized pre-qualified supplier pool, locally and internationally. A rigorous procurement evaluation system, called Contractor Performance Management (“CPM”) is established to assess the performance of our contractors in the key business areas of health, safety & environment, deliverability, quality and capability, and identifying potential areas of improvement. CPM model also enables us to provide our contractors with fair, transparent and competitive opportunities of doing business with us. PSCM focuses on operational efficiency and excellence through a robust performance management system, in its primary objective of deriving best overall value. This takes into account total cost, delivery and timely completion, suitability and quality of goods and services, health, safety and environmental protection, financial and legal implications of contractual obligations, continuous improvement, compatibility with existing equipment and processes, and reliability.

PSCM carries out a department risk assessment semi-annually analyzing the impact to the risk mitigation plan as well as identifying any new risks to the department risk matrix. This exercise takes a holistic look at the potential risks including Supply Chain risks such as Contractor Management, Inventory, Logistics, Compliance as well as other risks associated with HSSE, Quality, Environmental, Social, Financial, and Legal.

The Contractor Performance Management Procedure is applied to the High Risk (nearly 22) and Medium Risk (around 40+) Suppliers/Contractors.

It is a formal method to identify and document Contractor performance levels and improvement opportunities through assessments against established KPIs (Key Performance Indicators). The Contractor Performance Reviews are conducted, and a scoring mechanism is followed to continuously monitor the performance of Contractors/Suppliers.

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The risks are monitored, and subsequent action plan is developed to mitigate the risk. The specific list of action items is then regularly tracked for implementation by respective sector teams.

### **Procurement and Supply Chain Management in Iraq**

In Iraq, PSCM function is very well established, and since acquisition radical changes were made to ensure that procurement activities are adequately authorized and efficiently completed to meet operational objectives. As per requirement of EDPSC/GDPSC, there exists an approved Contracts Procurement Procedures (“CPP”) by the Joint Management Committee and various layers of authority are established to ensure compliance with CPP. In addition, these hierarchies are established to ensure competitiveness, fairness, transparency in bidding process and give preference to Iraqi entities and local goods if they meet the technical specifications, availability, prices and delivery time is comparable to those available in international market. It is an obligation to procure goods and services on a competitive basis unless otherwise agreed by the Joint Management Committee or BOC as special approvals are required for single source procurements.

We have developed comprehensive practices on procurement and supply chain management with clear assignment on roles and responsibilities of PSCM, user departments, finance, HSSE and other stakeholders throughout the complete Procurement to Payment (“PTP”) process including budget allocation, business requirement verification, bidder nomination, Invitation to Bid (“ITB”) documents preparation, bidding process, technical and commercial evaluation, award approval, contract execution, till payment to contractor for service/material supplied.

We maintain a vendor database by conducting necessary prequalification process, while vendors on BOC’s vendor database will be automatically qualified as our supplier. Except under special circumstances, such as procurement of OEM Equipment and Proprietary Services on single source basis, all the procurement activities are conducted on competitive bidding basis. Bidders list for each tender is jointly nominated by user department and PSCM and submitted to BOC for approval when the estimated cost exceeds US\$500,000.

During tendering phase, contractors’ competence on both technical and commercial aspects are evaluated by the designated evaluation committee according to criteria approved in the contracting strategy to ensure that they have the required and necessary competence to complete the job. Contractor’s performance is closely monitored throughout the whole execution phase on HSSE, quality, schedule, and overall cost of the contract. Contractors with poor performance may result in early contract termination after thorough assessment and may be blacklisted from participating in future business with us. Contractors with good

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performance will be invited for new tenders and be considered for long term relationship with the Company which is beneficial for both parties. This practice has been applied to all bidders participated in tendering process with more than two hundred successful suppliers/contractors.

Environmental and social risks will be identified and taken into consideration at the initial stage whenever a business requirement is raised. All work requirements as part of ITB documents are developed by user department and reviewed and commented by HSSE department before being finalized for tender issuance.

Bidders' proposal is evaluated by the designated evaluation team based on pre-approved strategy and criteria to ensure bidders' proposals are in compliance with our requirements on all aspects including technical, commercial, environmental etc. before qualified bidders are finally selected for the work.

All the contract documents, after award recommendation has been approved, will go through an internal vetting process by all relevant departments to ensure the most updated clauses and requirements are properly incorporated prior to being officially issued to the successful bidder for contract execution.

KEBL have processes in place to ensure vendors and suppliers conduct the business ethically, in line with UEG Code of Conduct and in compliance with HSSE requirements derived from best industry practice. Any noncompliance identified or reported will be strictly dealt in accordance with the Code of Conduct.

In addition, to achieve high class HSSE and quality performance through lifecycle, strict policies and procedures are applied while working with suppliers and vendors, by conducting kick off meetings during onboarding to verify compliance and outline essential reporting requirements, and by evaluating their HSSE capability and performance prior to tender award stage. Finally, minimum HSSE requirements are provided in detail for all contracts. Contractors' HSSE performance during project execution is evaluated through a detailed internal and external assurance processes, which is in accordance with Iraqi national laws and KEBL requirements.

KEBL's Quality Assurance and Control Procedure specifies the requirements and provides recommendation for Quality Management Systems ("QMS") applied to Projects and/or product / service contractors. The objective is to ensure that orders are placed with the company approved supplier / vendor, and materials / equipment are provided with correct specification on time.

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We conduct Corporate Social Responsibility (“CSR”) projects every year in Iraq by working closely with BOC CSR Committee. The CSR projects are mainly infrastructure projects on roads, bridges, treatment facilities, buildings, education and healthcare for local communities. All the CSR projects are processed on open tender basis with announcements in the local newspapers for interested local contractors to participate. The bidding process strictly follows the tender procedure to ensure competitiveness, fairness, and transparency. We contribute to the local community by improving the environmental conditions and by providing opportunities to develop local contractors.

### **Procurement and Supply Chain Management in Egypt**

In Egypt, the PSCM model is split into specialized sector-wise procurement teams along with dedicated support from Customs & Logistics, Materials Management and Contract teams. At the end of the procurement process cycle, our Inventory Management teams are responsible for ensuring conformity and quality of products procured by following applicable best industry guidelines and procedures. They are also responsible for ensuring availability of materials and spares to support the company’s maintenance programs.

A policy of managing environmental and social risks has been established in KEE to control risks related to government regulation and compliance by requesting suppliers and contractors to approve related terms and conditions in contracts.

The suppliers are registered in company vendor list through a pre-qualification procedure covering Finance, Legal, HSSE, registration and previous experience. They get engaged in business through competitive bidding with different procedures according to the volume of work. Sealed envelope tender procedure is requested for tenders exceeding US\$50,000. The regional bid committee consists of 7 executive managers. Head Office Tender Committee to review and approve tenders above US\$200,000. There is a procedure to evaluate vendors' performance annually.

### **B6 Product Responsibility**

Products of the Group are oil, natural gas and liquefied petroleum gas. Regarding customer health and safety, labelling and privacy issues related to the products we offer, we comply with relevant laws and regulations that have a significant impact on the Group. We are firmly committed to ensure production storage and delivery as per all relevant local, international safety standards and government norms & regulations. The Group is ISO 14001:2015 & ISO 45001:2018 holder. Our Code of Conduct emphasizes the importance of safety of all stakeholders which is a value to which we strictly adhere. All products storage tanks at our facilities are designed as per applicable API codes and undergo engineering design, hazard, and operability review. In addition, the Group implements a

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comprehensive set of standards and operating procedures to ensure operational safety in all facilities. We regularly monitor the specifications of oil and gas to ensure that our products meet all the requirements from sales agreements with various parties. Through monitoring and flexible operations, any deviations in product specification are identified and rectified immediately.

Robust emergency response procedures and incident management procedures are in place and regular drills are conducted to ensure safety of all stakeholders. We maintain high level of HSSE standards. In 2021, no product was recalled by the buyer based on any safety and health reasons. No buyer complaints received either. We maintain a high level of quality assurance system. All products conform to American Society for Testing Materials and API standards, and the criteria as per EDPSC/GDPSC. Quality assurance is backed by lab analysis, fiscal metering and 3rd party meters proving.

### **B7 Anti-corruption**

The Group has clear-cut policies to prevent employees from corruption, theft, fraud and embezzlement. Our Employee Handbook clearly states that employees should not offer, solicit or accept anything of material value to or from a fellow employee, customer, supplier or other business associate in relation to the Group's affairs without the knowledge and consent of the Company. The contravention of these policies will be subject to disciplinary action and may lead to termination of employment.

The Group has established whistleblowing channels. We have communicated the Whistleblowing Policy to all employees and vendors. Any person can report improper conduct through whistleblowing hotline. The Group promotes a culture of compliance and ethical behavior by offering protection to whistleblowers to ensure the reporting of improper conduct. All reports are to be investigated by the Ethics Committee and results will be communicated with the reporter.

No legal cases regarding corruptions were brought against the Group or its employees during the reporting period.

### **Anti-corruption Management in Pakistan**

In Pakistan, apart from adopting the Group's Code of Conduct and holding mandatory trainings on its application for all employees, a modified Code of Conduct is also annexed to all contracts that the business executes, and contractors are required to comply with its terms. The Code of Conduct specifically prohibits payment of any bribe or facilitation payments to any government official or to and by any employee of UEP and requires compliance with anti-corruption and anti-money laundering laws of Pakistan. Adherence

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is also strived to the legislation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the United Nations Convention against Corruption. The contractors, sub-contractors, agents or consultants are required to comply with anti-extortion and anti-money laundering laws and to apply effective disclosure controls and procedures to provide reasonable assurance that non-compliance is prevented, detected and deterred. Breach of the UEP Code of Conduct by a contractor or its employees is considered a material breach of contractor's obligations and may lead to termination of the contract. To date, no litigation has been filed against UEP in relation to alleged corrupt practices either.

### **Anti-corruption Management in Iraq**

In Iraq, we are following the policies of the Group including Code of Conduct and UEG Compliance & Ethics Committee and Whistleblowing Policy, to prevent corruption, theft, fraud and embezzlement. All employees sign the acknowledgement form of Code of Conduct when he/she joins the Company and are expected to abide by Code of Conduct and report with credible evidence, any serious wrongdoings related to fraud, bribery, other illegal practices, violation of adopted policies/procedures, or any act related to intentional breach of law/contract with the objective to seek personal benefits. Employees can report such acts either via email or phone and we ensure that the employee is protected from harassment of any kind or victimization because of reporting any inappropriate act. KEIL has included appropriate provisions in its standard contract templates requesting contractors to abide by all applicable laws or regulations concerning anti-corruption or bribery.

In addition, we include a clear-cut clause in all contracts with sub-contractors and expect them to comply with its terms. All contracts stipulate the Company's right to terminate a contract with immediate effect in case of any violation of general business ethics. Article 43 of EDPSC specifically prohibits payment of any bribe or facilitation payments (e.g., gifts or entertainment) to any government official or to and by any employee of the Company. EDPSC further requires that parties of contracts shall follow the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

### **Anti-corruption Management in Egypt**

KEE is committed to high-standard ethical behaviors and values, it has clear-cut policies to prevent the company from corruption, theft, fraud and embezzlement. Our Code of Conduct, duly issued on 25 April 2019, defined the Bribery and Corruption and detailed examples, and stipulated explicitly that prohibition of corruption practices whether committed directly or indirectly as per our Code of Conduct and confirmed the company compliance with related local laws in this regard. All KEE employees signed Acknowledgement Forms for

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the Code of Conduct to confirm their awareness, understanding and compliance with the code.

Further, KEE included in all contracts with suppliers and contractors several clauses that governs the Business Ethics which covers the areas of anti-corruption, anti-money laundering, fraud, sanctions etc.

Egypt office has an Internal Audit Department that has a dual reporting to the Country Manager & Head of UEG Internal Audit Department, the local Internal Audit Department's goal is to review and audit the business practices and to ensure the compliance with all policies and procedures in place.

KEE has taken several measures and controls to implement the preventive measure and whistle-blowing Policy:

- An updated Whistle Blowing Policy was issued early in 2021, emphasizing that Company does not tolerate any improprieties, including corruptions/briberies, frauds, unlawful conducts, and misbehaviors by employees and/or business partners.
- The Whistle Blowing Policy nominated the Compliance and Ethics Committee members, specified their responsibilities, announced reporting channels, and confirmed the protection of whistleblowers.
- Both the Code of Conduct and the Whistle Blowing Policy were shared with all our employees both in field and office.
- Further, all our contracts contain clauses that govern the Business Ethics which covers the areas of anti-corruption, anti-money laundering, fraud, sanctions etc., and both the Code of Conduct and the Whistle Blowing Policy are enclosed to all our contractors.
- The Internal Audit Department is continuously reviewing and auditing the business practices to ensure the compliance with all policies and procedures in place.

We launched a competition between employees to activate the Code of Conduct awareness by raising questions of what constitutes an acceptable behavior and what constitutes a prohibited behavior, and the answers of such questions were available in the Code of Conduct. We offered incentive gifts to employees who managed to answer correctly and quickly.

We are aware of all applicable laws that have significant impact on us in relation to bribery, extortion, fraud and money laundering, which are:

- Penal Code No. 58 of 1937 Articles 103 to 111 which address bribery.
- Prime Ministerial Decree No. 1883 of 1993 which sets out the conditions for any

governmental agency to receive any gifts, grants or donations.

- Anti- Money Laundering Law No. 80 of 2002, as amended by Law No. 78 for 2003.

Our Code of Conduct standards are to some extent higher than the standards of the applicable laws mentioned above.

## 8. OUR COMMUNITY

### B8 Community Investment

The Group remains committed to contributing to the development of local communities.

#### Social and Local Community in Pakistan

All E&P companies in Pakistan are obligated to spend on social welfare projects based on production. We not only deposit the obligatory social investment amount but also earmarks a sizeable budget for discretionary CSR projects. This report covers CSR projects undertaken from our obligatory and discretionary funds in 2021. We invest in CSR projects focusing on four key areas: healthcare, education, potable water for local communities and capacity building for sustainable income generation.

#### Health

Throughout the coronavirus pandemic, UEP kept energy supplies to Pakistan flowing while keeping its employees and contractors safe. The company introduced remote working wherever possible, developed and implemented stringent health protocols to protect the health of onsite staff and conducted extensive onsite vaccination campaigns. We also participated in the awareness and execution of vaccination drives for the local communities in District Sanghar.



*Employee vaccination drive at UEP Karachi Office*

Continuing our efforts to provide quality healthcare for local communities, UEP constructed 3 Government dispensaries in district Sanghar, and renovated the Shaikh Hamdan Hospital Building of Taluka Khanpur Mahar in District Ghotki through the Social Welfare obligation program.



*Newly renovated Shaikh Hamdan Hospital Building, in District Ghotki*

### **Education**

In 2021, UEP funded construction of another secondary school in district Badin, in partnership with The Citizens Foundation (“TCF”) schools. TCF is a leading Non-Government Organization (“NGO”) focused on imparting quality education to underprivileged communities.

To facilitate the students and teachers, we also repaired the road access to TCF Tariq Khamisani Campus, and installed solar panels at TCF Kathore and TCF Sikandarabad in district Khairpur.

Through our Social Welfare Obligation funds, UEP provided financial assistance to construct a school building at Government Boys Primary School in Village Dost Muhammad Baloch and a fully equipped science lab at Government Boys High School Shah Abdul Latif of District Sanghar, constructed a public Library and Computer Center in Nasarpur city of district Tando Allahyar and rehabilitated a Government College in district Dadu. We also carried out repair & renovation works, built additional classrooms and equipped around 20 various government schools in districts Sujawal, Hyderabad, Sanghar, Jamshoro, Mirpurkhas, Matiari, Dadu, and Khairpur. Besides, UEP’s financial assistance to support our four Community-Based Schools, one in Matiari, two in Sanghar and one in district Tando Allayar was also continued.

Further, in Sukkur we continued to support two ongoing scholarship programs in the year, one for the 18 Army Public School boys in Pano Aqil, and the other for 6 girls for higher secondary / college education.



*Public Library & Computer center at Nasarpur, District Tando Allahyar*

### **Potable Water**

To increase local communities' access to potable water, we constructed 3 solar powered Reverse Osmosis ("RO") water treatment plants in districts Sanghar, Badin and Tando Allahyar on a discretionary budget. Through the districts' Social Welfare Obligation budget, 7 additional RO plants were also installed in various union councils of district Sanghar and district Tando Allahyar, including a RO plant for the patients in district Tando Allahyar's main civil hospital.



*Solar powered Reverse Osmosis water treatment plant installed in our concession districts*

### **Social and Local Community in Block-9, Iraq**

To help build a mutually supportive society, we have been heavily involved in philanthropic activities in the Block-9 area over the past few years to show gratitude to the local community for the development of the business in the area.

### **CSR Projects**

The foundation of effective CSR activities is a strong management system that allows the company to identify potential risks arising from operations early, respond strategically to minimize and manage negative impacts, and gain maximum potential benefits for the company. The main factor is to have a clear process that is understood by all stakeholders involved, to address any issues that may arise.

Currently, most CSR projects for Block-9 are given by BOC, which requires several internal processes to be completed before any project is initiated. The projects are always for the benefit of the community and focus on the around areas of infrastructure (road works, sewage systems etc.), education and healthcare.

CSR Phase 3 had commenced successfully which consists of 10 projects awarded under 6 contracts. All CSR projects are solely targeted to the benefit and development of local communities covering wide range of sectors such health, education, infrastructure and social welfare. Three contracts were successfully completed and the remaining three contracts are substantially completed and at various stages of completion status as exhibited hereunder:

1. Rebuilding and refurbishing of schools and implementation of water network with project value of US\$146,400 have been 100% completed.



*Alnashwa water Network - Al Nashwa  
Sub-district*



*Mustafa jawad School - Shat Al Arab  
District*



*Salah Al Harak School - Al Dier  
District*

2. Restoration of schools and building new school classrooms with project value of US\$378,700 have been 100% completed.



*AlMuthana Boys School – Alharta  
District*



*Altalía Girls School – Alhartha District*

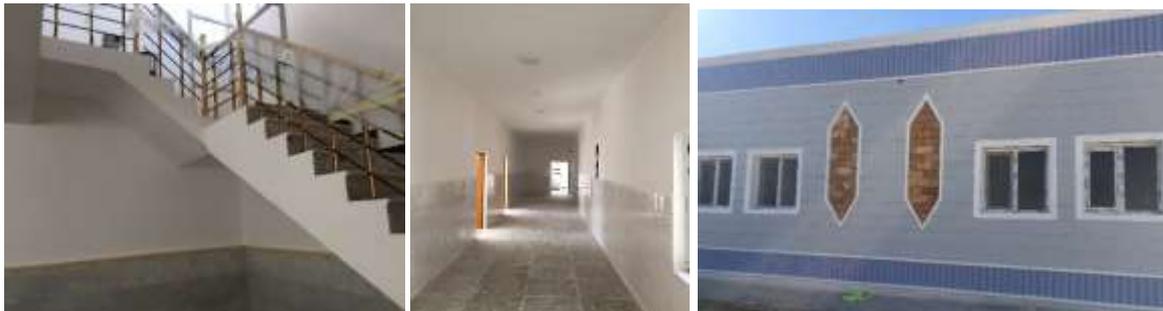


3. Construction of Medical Centre and supply of medical equipment with project value of US\$887,500 have been 94% completed.

4. Construction of Medical Breathing Center with project value of US\$953,400 has been 97% completed.



*Raspatory Health Center - Al Hartha District*



*Medical Center in Al Lateef Area - Al hartha District*

5. Demolition and construction of Al Zwain Health Centre with project value of US\$1,121,750 has been 73% completed.



*Al Zwain Health Center - Al Deir District*

6. Building of Rest House for fathers and mothers in Basra Judicial Palace with project value of US\$79,300 has been 100% completed.



*Rest House- Basra Governate*

## Infrastructure Projects

1. Zubair New Bridge: US\$10 million was paid in October 2021 towards the Zubair new bridge crossing Basra Stream.
2. Infrastructure Fund: US\$25 million was transferred to BOC as second payment for Infrastructure Fund projects.

## Donations

1. Iraq Pavilion in Dubai Expo 2021: US \$50,000 was paid in November 2021 as donation to the event.



*Iraq Pavilion Dubai Expo 2021*

2. School Uniform Donation: Donation of school uniforms for Almathana Boys School and Altalia Girls School.



*School Uniform Donation*

3. School Supplies: School supplies to the beneficiary (Ahmed Ismail Alsary Primary school) was donated.



*School Supplies*

4. Ramadan Baskets: 1500 Ramadan Baskets were distributed to the local community



*Ramadan Baskets*

around Block-9.

### **Social and Local Community in Siba, Iraq**

There are three communities located around the Siba Gas Field. These three communities are based in the Siba District, Al Faw District and Abu-Al Khaseeb District. KEIL has been supporting these three communities as a part of its Corporate Social Responsibility through two categories of assistance: Community Welfare Activities (non-recoverable costs) and Community Infrastructure Projects (recoverable costs).

### **Community Welfare Activities**

KEIL focuses on areas of education, poverty, health care and environmental concerns in the local communities. During 2021, KEIL spent about US\$240,000 as non-recoverable cost for the community welfare activities, providing assistance to the poor and needy families in the communities surrounding Siba Field is the core aim of the annual welfare program. In 2021, due to the ongoing COVID-19 pandemic, KEIL had dedicated lots of resources and efforts to the communities. Below are the activities that illustrate the Welfare program:

1. Supporting needy families:
  - 1) Provision of 150 packages with household goods (heaters, blankets and mattress) for use during the winter.



*Household materials supply*

- 2) Provision of 2000 food packages during the Holy month of Ramadan.



*Ramadhan Food Packages*

- 3) Provision of 500 cubic meters of Potable Water to the three local communities.

2. Community support during COVID-19 pandemic: Provision of related Personal Protection Equipment (“PPE”) against COVID-19. All materials have been delivered to communities’ hospitals and health care centers.



*Communities support during COVID-19 pandemic*

3. Community service facility support: Provision of furniture, electrical devices, electronics, and maintenance services to Siba National ID Building.



*Roof Repair & Portable WC supply*



*Cabin , AC , TV Supply and Electrical Works*



*Furniture Supply*

4. Education Support: Siba continuously follows up with the communities for their needs regarding schools and education. Siba has delivered the following activities to support education:

- 1) Provision of 1,900 school bags with 10 items of stationary for 1,900 students in Siba community, covering 8 schools and 1 kindergarten.
- 2) Rehabilitation of toilets in 26 schools of Siba, Al Faw and Abu Al Khaseeb.
- 3) Maintenance of Siba school buses.



*School Bags Supply with stationary*

## Community Infrastructure Projects

In addition to the above-mentioned welfare activities, KEIL also made efforts for community infrastructure projects by allocating US\$5 million annually on execution of infrastructure projects in the three districts surrounding Siba field.

1. Phase 1, 2 and 3 of CSR projects: KEIL has successfully completed three phases of CSR Projects during 2018, 2019 and 2020. The following projects were completed and handed over to the district beneficiaries:
  - 1) Repair & Maintenance of 3 schools - Al Faw
  - 2) Repair & Maintenance of 2 schools - Abu Alkhaseeb
  - 3) Repair & Maintenance of 6 schools - Siba District
  - 4) Water and lighting network - Siba District
  - 5) Pipeline network and Maintenance of pumping station - Abu Alkhaseeb
  - 6) Provision of earth works to prevent flooding - Siba District
  - 7) Repair and maintenance of Al Faw entrance road & Corniche street
  - 8) Construction of 2 steel structure bridges and box culvert
  
2. Phase 4 CSR projects:
  - 1) Steel bridge, 3 box culverts and 15 km roads, started in October 2020 and completed during 2021. Awaiting the final handover to the beneficiary.



*Steel Bridge, 3 Box culverts and 15 km roads*

- 2) Fish Market building, started in May 2021 and completed 63% by the end of 2021.



*Fish Market*

- 3) Restoration of Education Department building, additional classrooms as indicated below:



*Construction of 4 Classroom at Hamdan Secondary School*



*Rehabilitation of Al Sayab School*



*Rehabilitation of Education Department - completed*

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3. On-going CSR projects (KEIL initiated Phase 5 projects in 2021):
    - 1) Tender for Siba Area included three packages as below:
      - Package 1 - Construction of a fully equipped Meeting Hall with reception, 4 mini stadiums (team of 5 football players) and a stadium with artificial grass and admin building.
      - Package 2 - Needs from Siba Electricity Directorate, Siba Agricultural Department, Siba Municipality Directorate and Siba Area Directorate.
      - Package 3 - Roads construction for 5.3 km.
    - 2) Tender for Al Faw Area included asphalt pavement of miscellaneous roads.
    - 3) Tender for Abu Alkhaseeb Area included three packages as below:
      - Package 1 - A School construction of 3 story building with 18 classrooms, Al Amal School fence rehabilitation, Abu Alkhaseeb Education Store rehabilitation, Hamdan Primary School (for girls) rehabilitation, TAAZ Primary School (for girls) rehabilitation, and Dates Marketing project for guidance / education.
      - Package 2 - Construction of a plant for producing garbage bags, and supply of 10,100 trash bins.
      - Package 3 - Supply, installation and operation of X-ray machine (C-ARM) and elevator for children ward, and construction of 4 rooms and toilet in Abu Alkhaseeb Hospital.
    - 4) Tender for construction of two turns on the Basra-Faw Road.

### **Social and Local Community in Egypt**

KEE is committed to improve the lives of the local communities. Our strategy is to position the local social issues at the core of the company's strategy and operations, create shared value and implement the triple bottom line: People, Planet, Profits. The strategy supports the delivery of the company's vision and strategic objects via:

1. Creating stable environment by promoting a stable operating environment in the areas where we operate and belong to.
2. Being a responsible corporate citizen by positioning KEE as a socially responsible leader and citizen.
3. Showing commitment by engaging and empowering our employees and local communities.

We are committed that our operations create value and opportunity for local communities. We develop progress and support sustainable development by considering and following the United Nations' Sustainable Development Goals ("SDGs").



We are dedicated to investing a high-end budget to achieve our CSR sustainable goals. In 2021, our focus area was as follows:

**Goal-1: No Poverty** - to improve people’s lives and end poverty.

**Goal-3: Good Health & Well-Being** - to ensure healthy lives and promote well-being.

**Goal-4: Quality Education** – to ensure inclusive and equitable quality education and promote lifelong learning opportunities.

**Goal-5: Gender Equality** - to achieve gender equality and empower women and girls.

Our purpose is to make an effective and sustainable difference in the communities where we operate and add value to the Company’s brand.

### Goal 1 – No Poverty

#### 1. Ramadan boxes in Ras Gharib & surrounding Cairo office

In March, Ramadan boxes were distributed during the Holy month to more than 1,400 families in Ras Gharib and Cairo office surrounding areas to ensure and provide basic food needs and essentials. Each box contains basic food staples such as rice, sugar, lentils, pasta, dates, tomato paste, flour, and ghee. We believe that community service is a reminder of all the blessings we take for granted in our lives.



*Number of Beneficiaries: 1400 +  
Indirect Impacted Beneficiaries: 4200*

#### 2. Families’ meals & bags

SPE cares students visited elderly residents offer them assistance and care as well as providing them with basic everyday need food, clothes, and COVID-19 protection equipment during April.



*Number of Beneficiaries: 360*

### **GOAL 3 - Good Health & Well-Being**

#### **1. Installation of full intensive care at Shefa El Orman Hospital**

KEE is honored to establish Intensive Care Unit at Shefa El Orman Hospital providing free cancer treatment to sufferers in Upper Egypt & Red Sea governorates. The unit is fully equipped with the latest medical devices and respirators to receive all critical cases. In February 2021, we continued our financing to Shefa Al Orman Hospital as phase 2 of the project. We are proud to actively take part in building bridges towards a brighter and healthier future.



*Number of Beneficiaries: 122*



**2. Provision and installation of 5 medical motherhood and childhood clinics at Ras Gharib**  
KEE has initiated construction and provision of 5 medical motherhood and childhood clinic at Ras Gharib in collaboration with Misr El Kheir Organization aiming to reduce child mortality and improve maternal health. Starting from February 2022 onwards, the provision & furnishing of the clinics is under processing with latest technology, equipment, and furniture to achieve strategic outcomes.

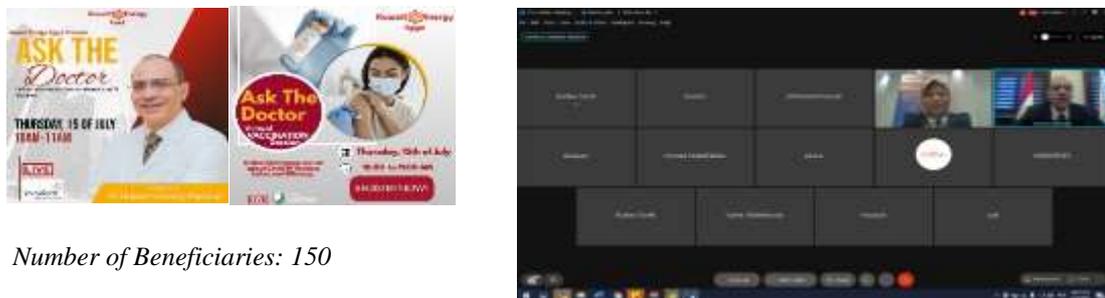


*Number of Beneficiaries:( To be determined in 2022)*

### 3. Ask the Doctor Virtual Vaccination Session

KEE designed and sponsored an informative live session free and available for everyone titled “Ask the Doctor Virtual Vaccination Session” on 8th July, in collaboration with Health Specialists of Al-Salam International Hospital.

The session covered several topics about COVID-19 vaccination and has provided guidance for the attendees during the Q&A conversation which challenged some of the misconceptions about the safety of the vaccine, alongside answered frequently asked questions.



*Number of Beneficiaries: 150*

## GOAL 4 - Quality Education

### 1. Marketing Sponsorship of SBS 2- virtual conference “SPE Business Summit”

Considering the changes that encompassed all countries due to the impact of the Coronavirus, social media marketing sponsorship of SBS, which took place during January, is essential to target & reach fresh graduates entering the workforce during COVID-19 pandemic. The virtual conference offers attendants several topics in various fields (marketing, freelancing, programming, etc.) aiming to facilitate the graduates’ job search and give them the potential to choose their career path.



*Number of Hours: 6,992*

*Number of Beneficiaries: 437*

## 2. Education Week Sponsor with SPE Young Professional

KEE sponsored the SPE Egypt YP’s Educational Week as main sponsor, the participants are involved in a reality-oriented experience. The event is specially designed that connects theory with practice, including Drilling Engineering, Reservoir Engineering, Production Technology, Geology and Geophysics and Processing Engineering. The program aims to reduce gaps between theoretical studies and practical applications and provide better understanding of a project sequence and the importance of integration between different disciplines.



*Number of Hours: 4,455*

*Number of Beneficiaries: 165*

## 3. School Fees Support students at Ras Gharib

In September, as part of Kuwait Energy Egypt’s role in CSR, the company has helped the most needful students at Ras Gharib schools to have the chance to receive education by paying the school fees on behalf of 842 students. We have also provided light school kits to 765 students aiming to share the joy and fulfill their right to receive education. Each kit contains supplies such as back bag, reading book, drawing, and coloring set, and reusable water bottle, etc.



*Number of School Fees Impacted*

*Beneficiaries: 842*

*Number of School kit Impacted*

*Beneficiaries: 765*

#### 4. Sustainable refurbishment and Re-building for School Buildings

It is important for schools to have good infrastructure to improve the attendance and interest of students in learning. KEE will contribute to the development of sustainable refurbishment of Omar Ibn Khattab School at Ras Gharib in two phases. We believe our contribution can extend school building's service life and enhance comfort and safety of the students.



*Number of Beneficiaries:*

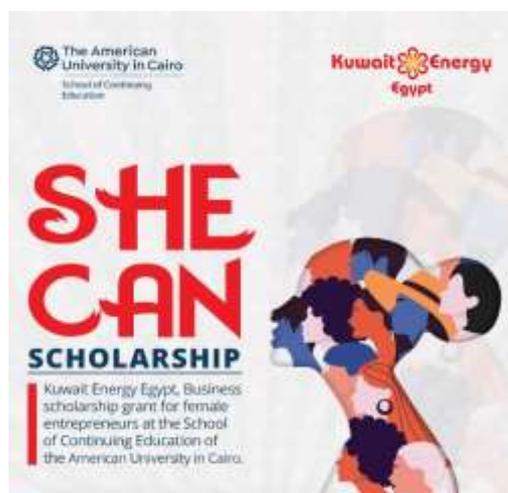
*(To be determined in 2022)*



#### GOAL 5 - Gender Equality

KEE Business Scholarship, “SHE CAN”, in cooperation with American University in Cairo

KEE partners with American University in Cairo, School of Continuing Education (“AUC SCE”), to launch the inaugural “SHE CAN” Business Scholarship that grants to women entrepreneurs enabling them to acquire the essential knowledge and skills to successfully start-up and develop their own businesses. “SHE CAN” Business Scholarship is funded for 50 Egyptian women participants, who are based in Egypt, aged between 25 to 40. The scholarship receives applications from women entrepreneurs and provide them an intensive program of microenterprise development training, mentoring, development support and business networking with in-depth coaching. The program spans from February to April 2022. The graduates of the program will receive the AUC SCE certificate after successfully fulfilling the requirements.



*Number of Beneficiaries: (To be determined in 2022)*

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## 9. CONCLUSION

The Board of Directors (“the Board”) of UEG is responsible for evaluating and determining the Group’s environmental, social and governance risks, the formulation of the corresponding strategies, and ensuring that appropriate effective environmental, social and governance risk management and internal control systems are established and maintained. Through regular analysis and independent assessments by the internal audit function, the Board also determines whether the aforesaid systems are sufficient and effective.

UEG Group understands the importance of ESG report and is committed to make continuous improvements in incorporating social responsibilities into business to better meet the changing needs of an advancing society.