



X Company is a mid-sized independent oil and gas exploration and production company, primarily operating in onshore regions of North America (Permian Basin and Eagle Ford Shale) and select conventional fields in the Middle East. We focus on responsible hydrocarbon development while advancing environmental stewardship, social responsibility, and strong governance to create long-term value for stakeholders.

In 2025, X Company produced approximately 115 million barrels of oil equivalent (boe), with a strong emphasis on reducing environmental impacts and supporting energy security. Key ESG highlights include:

1. **Environmental Performance:** Achieved a 20% reduction in Scope 1 GHG emissions since the 2020 base year through flare minimization, methane leak detection, and electrification initiatives (total Scope 1: 5.2 million t CO<sub>2</sub>-e; intensity: 45 t CO<sub>2</sub>-e per thousand boe). Water management prioritized recycling, with 35% of 2,000 thousand m<sup>3</sup> produced water recycled and only 25% of withdrawals/consumption in high water-stress areas. Biodiversity efforts maintained zero net loss ambition, with no significant spills impacting sensitive habitats (3 minor spills totaling 15 barrels, 80% recovered) and low reserve exposure to protected areas (8-12%). No operations in Arctic or active conflict zones.

2. **Social Responsibility:** Maintained a strong safety record (low TRIR) and zero human rights violations. We implement Free, Prior, and Informed Consent (FPIC) for activities near indigenous lands (5-7% of reserves), with robust community engagement, grievance mechanisms (95% resolution within 60 days), and investments in local initiatives. Security practices align with Voluntary Principles on Security and Human Rights, with 100% personnel trained.
3. **Governance and Strategy:** Committed to transparency via GRI Standards (including sector-specific GRI 11: Oil and Gas), with interoperability to SASB Oil & Gas - Exploration & Production metrics. We pursue short-term reduction targets (e.g., 10% annual freshwater cut in stressed areas) and long-term goals (net-zero Scope 1 & 2 by 2050, zero net biodiversity loss by 2035). Investments totaled over \$115 million in low-emission technologies, water infrastructure, biodiversity restoration, and community/human rights programs.

## **[GRI Standard 305: Emissions (2016)]**

X Company is a fictional mid-sized oil and gas exploration and production firm operating primarily in North America and the Middle East.

This section of our ESG report focuses on emissions management for the fiscal year 2025, in alignment with GRI Standard 305: Emissions (2016). We report on our greenhouse gas (GHG) emissions, air pollutants, and reduction strategies to demonstrate transparency and commitment to environmental stewardship. Data is calculated using the GHG Protocol Corporate Accounting and Reporting Standard, with third-party verification where applicable. Boundaries include all operated assets (100% equity share approach), excluding joint ventures where we hold less than 50% control.

### **GRI 305-1: Direct (Scope 1) GHG Emissions**

- **Gross direct (Scope 1) GHG emissions:** 5,200,000 metric tonnes CO<sub>2</sub>-e.
  - Biogenic CO<sub>2</sub> emissions: 150,000 metric tonnes CO<sub>2</sub>-e (primarily from biomass combustion in remote operations).
  - Breakdown by gas: CO<sub>2</sub> (4,500,000 t), CH<sub>4</sub> (650,000 t CO<sub>2</sub>-e, equivalent to 26,000 t methane), N<sub>2</sub>O (50,000 t CO<sub>2</sub>-e).
- **Base year:** 2020, with emissions of 6,000,000 metric tonnes CO<sub>2</sub>-e (recalculated for consistency due to asset acquisitions).
- **Standards and methodologies:** Emissions factors from IPCC Guidelines (2006) and API Compendium (2021). Consolidation approach: Operational control.

### **GRI 305-2: Energy Indirect (Scope 2) GHG Emissions**

- **Gross location-based Scope 2 GHG emissions:** 800,000 metric tonnes CO<sub>2</sub>-e (from purchased electricity and steam for drilling and processing facilities).
- **Gross market-based Scope 2 GHG emissions:** 750,000 metric tonnes CO<sub>2</sub>-e (accounting for renewable energy certificates purchased for 10% of energy needs).
- **Base year:** 2020, with emissions of 900,000 metric tonnes CO<sub>2</sub>-e.
- **Standards and methodologies:** Location-based using regional grid factors (e.g., U.S. EPA eGRID); market-based per supplier-specific factors.

### **GRI 305-3: Other Indirect (Scope 3) GHG Emissions**

- **Gross other indirect (Scope 3) GHG emissions:** 12,500,000 metric tonnes CO<sub>2</sub>-e.

- Significant categories: Category 11 (Use of sold products: 10,000,000 t CO<sub>2</sub>-e from downstream combustion of produced hydrocarbons); Category 1 (Purchased goods and services: 1,200,000 t CO<sub>2</sub>-e); Category 4 (Upstream transportation: 800,000 t CO<sub>2</sub>-e); Category 9 (Downstream transportation: 500,000 t CO<sub>2</sub>-e).
- **Biogenic CO<sub>2</sub> emissions:** Not applicable in Scope 3.
- **Base year:** 2020, with emissions of 14,000,000 metric tonnes CO<sub>2</sub>-e.
- **Standards and methodologies:** GHG Protocol Scope 3 Guidance; emissions factors from DEFRA (UK) and IEA databases.

## GRI 305-4: GHG Emissions Intensity

- **GHG emissions intensity ratio:** 45 metric tonnes CO<sub>2</sub>-e per thousand barrels of oil equivalent (boe) produced.
  - Organization-specific metric: Total Scope 1 and 2 emissions divided by net production (115 million boe in 2025).
  - Types of GHG emissions included: Scope 1 and 2 (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O).
  - Base year intensity: 52 metric tonnes CO<sub>2</sub>-e per thousand boe (2020).

## GRI 305-5: Reduction of GHG Emissions

- **GHG emissions reduced as a direct result of reduction initiatives:** 1,200,000 metric tonnes CO<sub>2</sub>-e (compared to base year 2020).
  - Scope(s): Primarily Scope 1 (e.g., methane leak detection and repair programs reduced CH<sub>4</sub> by 200,000 t CO<sub>2</sub>-e; flare minimization initiatives reduced 800,000 t CO<sub>2</sub>-e).
  - Base year: 2020.
  - Gases included: CO<sub>2</sub> and CH<sub>4</sub>.
  - Initiatives: Electrification of drilling rigs (Scope 2 reduction of 100,000 t); carbon capture pilot at one facility (200,000 t sequestered).
  - Standards and methodologies: Verified under ISO 14064-3; includes market instruments like carbon offsets for 100,000 t.

## GRI 305-6: Emissions of Ozone-Depleting Substances (ODS)

- **Production, imports, and exports of ODS:** None (X Company does not produce or trade ODS).

- **Substances:** Not applicable; historical use in refrigerants phased out by 2022.
- **Unit:** Metric tonnes of CFC-11 equivalent: 0.

## **GRI 305-7: Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions**

- **Significant air emissions** (in metric tonnes):
  - NOx: 12,000 t (from combustion in engines and flares).
  - SOx: 8,500 t (primarily from sour gas processing).
  - Persistent organic pollutants (POP): 0 t.
  - Volatile organic compounds (VOC): 15,000 t (from venting and fugitives).
  - Hazardous air pollutants (HAP): 2,000 t.
  - Particulate matter (PM): 3,500 t (PM<sub>10</sub> from dust and combustion).
  - Other: None material.
- **Source:** Stack monitoring and emission inventories.
- **Standards and methodologies:** U.S. EPA AP-42 factors; EU Best Available Techniques (BAT) Reference Documents.

X Company's emissions management strategy includes short-term targets (e.g., 10% Scope 1 reduction by 2027 via leak detection) and long-term goals (net-zero Scope 1 and 2 by 2050, aligned with Paris Agreement). We engage stakeholders through annual sustainability forums and invest \$50 million in low-emission technologies.

### **[GRI Standard 303: Water and Effluents (2018)]**

X Company, a mid-sized oil and gas exploration and production firm, operates in North America (e.g., Permian Basin, Eagle Ford Shale) and the Middle East, where water resources can be constrained.

This section of our 2025 ESG report aligns with GRI Standard 303: Water and Effluents (2018), focusing on our interactions with water as a shared resource, management of discharges, and quantitative performance for the fiscal year 2025. Data is based on operational control (100% equity for operated assets), using tools like the World Resources Institute (WRI) Aqueduct Water Risk Atlas for stress assessments. Fresh water is defined as having total dissolved solids (TDS)

## **GRI 303-1: Interactions with Water as a Shared Resource**

### **Management approach**

Water is managed through site-specific plans integrated into our Environmental Management System (EMS), assessing risks like scarcity, quality, and regulatory compliance. In high-stress regions (e.g., parts of the Permian Basin), we prioritize non-fresh sources (e.g., recycled produced water) and invest in infrastructure like storage ponds and treatment facilities. We engage communities via annual water forums and partnerships (e.g., with local operators for shared recycling). Goals include reducing freshwater intensity by 15% by 2030 (from 2020 baseline) and achieving 50% recycling of produced water by 2028.

Operations in arid areas (e.g., Middle East) compete with agriculture and municipal needs; we mitigate via efficient use and beneficial reuse pilots (e.g., treating produced water for non-potable applications). No significant conflicts reported in 2025.

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## **GRI 303-2: Management of Water Discharge-Related Impacts**

### **Standards and Guidelines**

Discharges comply with local regulations (e.g., U.S. EPA NPDES for onshore, MARPOL for offshore). Minimum standards include TDS <500 mg/L for surface discharges and hydrocarbon content <15 mg/L. We monitor for pH, salinity, and toxins, with treatment via separation, filtration, and biological processes. In 2025, zero non-compliance incidents; all discharges tested quarterly.

### **Impacts Management**

Potential impacts (e.g., salinity in receiving waters) are assessed via baseline studies and ongoing monitoring. Offshore discharges are treated to remove >95% hydrocarbons; onshore, we prioritize injection over discharge to avoid surface impacts.

## **GRI 303-3: Water Withdrawal**

**Total Water Withdrawn:** 3,200 thousand cubic meters (m<sup>3</sup>). **By Source:** Surface water (1,000 m<sup>3</sup>), Groundwater (1,500 m<sup>3</sup>), Produced water (600 m<sup>3</sup>), Third-party (100 m<sup>3</sup>).

**Fresh Water Withdrawn:** 2,500 thousand m<sup>3</sup> (78% of total).

**Withdrawal in Water-Stressed Areas:** 800 thousand m<sup>3</sup> (25% of total), all in regions with High or Extremely High Baseline Water Stress (per WRI Aqueduct).

**Standards and Methodologies:** Data from metered sources and estimates; consolidation: Operational control.

## GRI 303-4: Water Discharge

**Total Water Discharged:** 500 thousand m<sup>3</sup>. **By Destination:** Surface water (300 m<sup>3</sup>), Groundwater (100 m<sup>3</sup>), Third-party (100 m<sup>3</sup>).

**Fresh Water Discharged:** 200 thousand m<sup>3</sup>.

**Quality:** Hydrocarbon content averaged 10 mg/L; TDS <1,000 mg/L; no priority substances (e.g., heavy metals) above limits.

**Discharge in Water-Stressed Areas:** 150 thousand m<sup>3</sup> (30% of total discharges), treated to meet or exceed local standards.

**Produced Water and Flowback:** Volume generated: 2,000 thousand m<sup>3</sup>; 5% discharged (100 m<sup>3</sup>, with 10 tonnes hydrocarbon content), 60% injected (1,200 m<sup>3</sup>), 35% recycled (700 m<sup>3</sup>).

**Standards and Methodologies:** Monitored per API guidelines; no untreated discharges.

## GRI 303-5: Water Consumption

**Total Water Consumed:** 2,700 thousand m<sup>3</sup> (withdrawal minus discharge). **Fresh Water Consumed:** 2,300 thousand m<sup>3</sup>.

**Consumption in Water-Stressed Areas:** 650 thousand m<sup>3</sup> (24% of total).

**Changes:** 10% reduction from 2024, driven by increased recycling (up 15% via new pond infrastructure).

**Standards and Methodologies:** Calculated as evaporation, incorporation into products, and non-returned volumes.

In 2025, we invested \$40 million in water technologies, including a pilot for produced water treatment in the Permian (recycling 200 thousand m<sup>3</sup>). Short-term targets: Reduce withdrawal in stressed areas by 10% annually; long-term: Net-positive water impact by 2040 through restoration projects. Performance is reviewed quarterly by our ESG Committee.

[GRI Standard 304: Biodiversity 2016]

X Company, operating in diverse regions including the Permian Basin (USA), Eagle Ford Shale (USA), and select onshore areas in the Middle East, recognizes biodiversity as a material topic due to potential impacts from exploration, drilling, hydraulic fracturing, and infrastructure development.

This section of our 2025 ESG report aligns with GRI Standard 304: Biodiversity 2016, reporting on our management approach and key impacts. We use tools such as the Integrated Biodiversity Assessment Tool (IBAT), World Database on Protected Areas (WDPA), and site-specific biodiversity baseline assessments (conducted pre-development and monitored ongoing). Our approach follows the mitigation hierarchy: avoid, minimize, restore, and offset. Third-party audits support key data, with boundaries based on operational control (100% for operated assets). No operations in Arctic regions in 2025.

### **GRI 304-1: Operational Sites Owned, Leased, Managed in, or Adjacent to, Protected Areas and Areas of High Biodiversity Value Outside Protected Areas**

**Description:** We assess all active sites against protected area databases (e.g., IUCN categories I-VI, Ramsar sites, Key Biodiversity Areas) and high biodiversity value areas (e.g., habitats for endangered species per IUCN Red List).

**Quantitative Summary:** Of 120 active operational sites (production facilities, well pads, pipelines), 18 sites (15%) are within 5 km of protected areas or high biodiversity value areas. Examples include proximity to wildlife management areas in Texas (USA) and sensitive desert ecosystems in the Middle East.

**Management:** Pre-activity biodiversity impact assessments (BIA) are mandatory; we implement avoidance measures (e.g., rerouting pipelines) where feasible.

### **GRI 304-2: Significant Impacts of Activities, Products, and Services on Biodiversity**

**Significant Impacts:** Primary risks include habitat fragmentation from roads/pipelines, potential spills affecting wildlife, and water use in sensitive areas. No irreversible impacts reported in 2025; indirect impacts (e.g., from supply chain) are monitored via supplier ESG audits.

**Actions Taken:** Habitat restoration at decommissioned sites (e.g., reseeded native vegetation on 500 acres); wildlife corridors maintained in onshore operations.

### **GRI 304-3: Habitats Protected or Restored**

**Habitats Protected or Restored:** 1,200 acres restored in 2025 (e.g., post-drilling reclamation in Permian Basin); 300 acres designated as protected buffers around sensitive sites (e.g., near wetlands).

**Status:** All restored areas monitored for 5 years post-restoration; success measured by vegetation cover (>80% native species) and wildlife presence.



## **GRI 304-4: IUCN Red List Species and National Conservation List Species with Habitats in Areas Affected by Operations**

**Species:** Operations overlap habitats of 12 IUCN Red List species (e.g., endangered desert tortoise in USA operations, vulnerable migratory birds in Middle East). No critical habitat impacts; mitigation includes seasonal restrictions on activities.

### **Management Approach (Aligned with GRI 304 Requirements)**

X Company's environmental management policies and practices for active sites include:

Integrated Biodiversity Management Plans (IBMPs) for all new projects, incorporating baseline surveys, impact modeling, and monitoring.

Application of the mitigation hierarchy, with biodiversity offsets where residual impacts occur (e.g., partnerships with conservation NGOs for habitat banking).

No-go zones in high-sensitivity areas; mandatory spill prevention (e.g., secondary containment, pipeline integrity programs).

Collaboration with stakeholders (e.g., local NGOs, governments) and participation in industry initiatives (e.g., Ipieca biodiversity working groups).

**Targets:** Zero net loss of biodiversity by 2035 (aligned with TNFD and industry guidance); annual biodiversity risk assessments.

**Governance:** ESG Committee oversees performance; reported incidents reviewed quarterly.

In 2025, we invested \$25 million in biodiversity initiatives, including habitat mapping and restoration projects. No material fines or non-compliances related to biodiversity.

### **[GRI 410: Security Practices 2016 and GRI 411: Rights of Indigenous Peoples 2016]**

X Company operates in politically stable regions, primarily onshore in the United States (Permian Basin and Eagle Ford Shale) and select areas in the Middle East (onshore conventional fields). We recognize human rights, including the rights of indigenous peoples, as a core element of responsible operations, especially in exploration and production activities that involve land access, community interactions, and security arrangements.

This section of our 2025 ESG report aligns with GRI 410: Security Practices 2016 and GRI 411: Rights of Indigenous Peoples 2016, supplemented by related disclosures from GRI 412: Human Rights Assessment 2016 where relevant. We apply the UN Guiding Principles on Business and Human Rights (UNGPs) and Voluntary Principles on Security

and Human Rights (VPSHR) as foundational frameworks. Data boundaries cover all operated assets (operational control approach), with third-party human rights impact assessments conducted biennially.

## **GRI 410: Security Practices 2016 – Management Approach and Key Disclosures**

- **Policies and Practices:** Security personnel (company employees and third-party contractors) receive mandatory training on human rights policies, including the VPSHR, de-escalation techniques, and prohibitions on excessive force. In 2025, 100% of security personnel (including contractors) completed at least 8 hours of human rights training annually.
- **Risk Management:** We conduct security risk assessments for all sites, screening for human rights risks (e.g., potential for conflict with communities). No incidents of security-related human rights violations reported in 2025.
- **Supplier Screening:** Security contractors are screened for human rights compliance during procurement; contracts include clauses requiring adherence to our Human Rights Policy.

## **GRI 411: Rights of Indigenous Peoples 2016**

- **Incidents of Violations:** 411-1 – No incidents of violations involving the rights of indigenous peoples in 2025 (or in the past five years). This includes no reported cases of forced displacement, lack of free, prior, and informed consent (FPIC), or cultural heritage damage.
- **Engagement Practices:** Where operations are near indigenous lands (primarily in the U.S.), we implement FPIC processes aligned with IFC Performance Standard 7 and national laws (e.g., U.S. tribal consultation requirements under the National Historic Preservation Act). We maintain ongoing dialogue through community liaison officers and joint monitoring committees.

## **Management Approach: Human Rights, Indigenous Rights, and Operations in Areas of Conflict**

X Company's Human Rights Policy commits to respecting internationally recognized human rights, conducting due diligence, and remediating adverse impacts. Key elements include:

- **Human Rights Due Diligence:** Annual enterprise-wide risk assessments identify high-risk operations; site-specific Human Rights Impact Assessments (HRIAs) are required for new projects or expansions. In 2025, HRIAs covered 100% of new drilling sites.

- **Indigenous Rights:** We seek FPIC for activities on or affecting indigenous lands, provide cultural sensitivity training to employees, and support indigenous-led initiatives (e.g., education and economic development funds).
- **Operations in Areas of Conflict:** We avoid high-risk conflict zones; where geopolitical tensions exist (e.g., certain Middle East border areas), we implement enhanced due diligence, including third-party conflict risk monitoring and contingency planning.
- **Engagement Processes:** Stakeholder engagement follows a structured framework: Identify stakeholders → Assess interests and impacts → Engage via formal/informal channels (e.g., town halls, grievance mechanisms) → Monitor and report outcomes. Grievance mechanisms are accessible 24/7, culturally appropriate, and anonymous where requested. In 2025, we resolved 95% of community grievances within 60 days.
- **Governance and Targets:** The ESG Committee oversees human rights performance; we aim for zero human rights violations and full FPIC compliance by 2030. We participate in industry initiatives (e.g., Ipieca Human Rights Task Force) and report progress transparently.

In 2025, we allocated \$15 million to community and human rights programs, including indigenous partnerships and security training enhancements. No material fines, legal actions, or reputational incidents related to these topics occurred.