

# Responsive and Resilient

SUSTAINABILITY REPORT 2016



*At Crescent Petroleum, we deliver on our commitments and respond to the energy needs of the communities we serve and continue to remain a responsible corporate citizen in a dynamic business environment.*





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# Contents

CEO foreword	2
Sustainability highlights	4
About us	6
Our approach to sustainability	12
Creating shared prosperity	20
Building a resilient work culture	26
Safeguarding our people	32
Operating responsibly	36
About this report	41
GRI content index	44

2016 was a challenging year for the oil industry and Crescent Petroleum focused on making our business resilient to the prevailing market volatility.

Changing societal expectations, coupled with the geo-political instability and economic slowdown in the Middle East and North Africa, make adaptive measures in the sector a necessity. Hence, we focused in 2016 on building a resilient and responsive business that is capable of catering to volatile markets. Crescent Petroleum's second sustainability report provides updates on our sustainability progress and achievements during the year.

At Crescent Petroleum, we believe that implementing sustainable practices and having a successful business enterprise are inseparable.

Respecting our people, their safety, and the environment as well as empowering our local communities are a priority across our operations. We have embedded this in our organisation by formalising a performance scorecard that enables us to closely monitor and assess our performance.

During 2016, we made significant strides towards adopting a resilient and responsive business model. Despite uncertain market conditions and security concerns in the regions we operate in, we focused on optimising our operations with safety, security and well-being of our employees as a key focus, resulting in multiple process improvements and greater resource efficiency while continuing to retain our employees.





In today's changing energy market, agility is vital. The global fall in oil and gas (O&G) prices continued into its third year, hitting a record low of US\$30 per oil barrel (bbl) in February 2016 down from \$108/bbl in June 2014.

In our quest to being a responsive community partner, we have continued to deliver natural gas to two of the Kurdistan Region of Iraq's (KRI) major power plants-supplying four million KRI citizens with nearly uninterrupted power. We have further enriched the KRI economy by procuring from local suppliers and hiring local employees across our value chain.

We are determined to support countries in reaping the economic and environmental benefits of an affordable, secure and clean energy resource. Over the years, we have built a reputation of being a proactive advocate for policies and measures that encourage the MENA region to adopt natural gas as a bridge to a low-carbon economy, as it has the lowest carbon intensity and susceptibility to price fluctuations in comparison to other fossil fuels.

Our stakeholders' feedback is critical to our strategic decisions and long-term viability. To create lasting value for all, we actively engage with local communities through our environmental, educational and cultural initiatives. We also work with governments to meet the sustainability needs of our communities and focus on contributing to the UAE's progress on national targets related to the UN's Sustainable Development Goals.

We are committed to remain a trusted and responsive partner to our stakeholders and aspire to be recognised as change leaders in the MENA. We look forward to continuing our sustainability journey and reporting on our progress annually.

**Majid Jafar**  
Chief Executive Officer

## Sustainability highlights

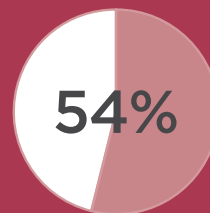
### Creating shared prosperity



Secured energy supply to

**4 million**

citizens in the KRI  
(over 70% of the population)



54%  
of our procurement spend on  
local suppliers

### Building a resilient work culture



Our workforce represents

**31**

nationalities



Investing in the future,

**22%**

of our workforce are between  
the ages of 22 and 30

### Safeguarding our people



**0**

Maintained a record of zero  
fatalities and occupational  
diseases across all operations



Reduced lost time injury  
frequency rate (LTIR) by

**33%**

to reach 0.27 from 2015

### Operating responsibly



**0**

Reported zero  
significant oil spills



Recycled

**330 kg**

of e-waste  
in 2015 and 2016



Local nationals represent  
**80%**  
of our workforce in the KRI



**US\$1.32 billion**

Investment in the KRI since 2007  
(Crescent Petroleum and affiliates)



**100%**

Increase in average training hours  
per employee from 2013



**29%**

Women representation in UAE  
workforce, a 6% increase from 2015



**1.8 million**

kilometres driven with

**zero** major accidents



Reduced near miss cases by

**63%**

from 2015 with our *Second  
Step Cards* reporting



Recycled

**40%**

of our hazardous waste



Avoided

**3.78 million**

tonnes of CO2 emissions in KRI  
by supporting its switch from  
diesel to natural gas

A low-angle photograph of an oil worker in a blue jumpsuit and white hard hat, carrying a large pipe on his shoulder. He is standing on a metal platform of an oil rig, looking up at the towering derrick structure against a cloudy sky. The image has a blue and green color grade.

## About us

*Crescent Petroleum's industry knowledge, strong relationships and cultural understanding of the Middle East and North Africa (MENA) region are unrivalled. These factors, combined with our reputation for agility and excellence, make us the partner of choice for regional resource-holders and international oil companies seeking to expand into the MENA.*

# Key Crescent Petroleum facts for 2016

## Production



**c.83,882**

Average total gross production  
of c.83,882 boepd\* a

**5%**

increase from 2013

\* Barrels of oil equivalent per day (BOE/D)

**Total reserves and resources: P-50**  
**Total risked in-place resources**



**75 Tcf\***

and

**7.32 billion**

barrels of oil

\* Trillion Cubic Feet

**Proven plus probable (2P) reserves**



**14.98 Tcf**

and

**305 million**

barrels of condensate

## Market presence

Expanded to new offices in **London** and **Erbil**



**The only international oil company to have maintained  
continuous presence in Iraq for more than**



**25 years**



**Has majority share in Dana Gas, the first and largest publicly  
listed natural gas company in the Middle East**

## Shared value



**624**

employees spanning the  
UAE and KRI



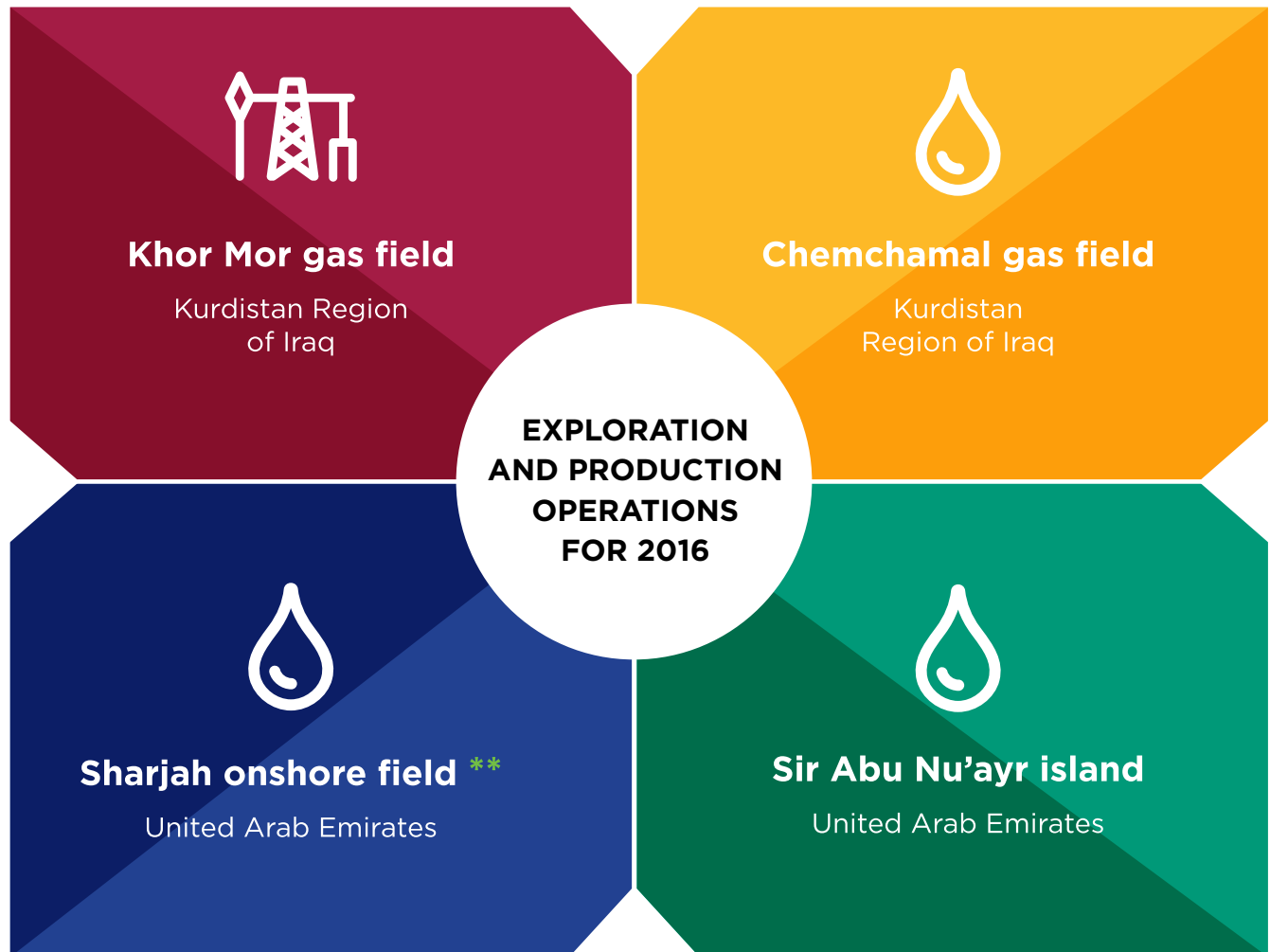
**4 million**

Gas produced in KRI  
supplies over four million  
citizens with electricity

Our strategy for growth involves leveraging our strengths to identify, develop and operate oil and gas projects throughout the MENA region and beyond.



## Our operations



## A guide to Crescent Petroleum's 2016 activities in each field

### Hydrocarbon exploration:



- Processing and interpreting seismic data

### Production and processing:



- Developing, processing, marketing and selling petroleum mainly from Khor Mor as a joint-operator
  - Natural gas supplies to power plants.
  - LPG supplies to local market.
  - Condensate supply to local market.

Headquartered in the UAE, Crescent Petroleum has current operations in the Kurdistan Region of Iraq (KRI), the UAE and interest in Egypt through its affiliate Dana Gas.\*

\* This report focuses on Crescent Petroleum's performance and excludes Crescent Petroleum's affiliates unless otherwise stated.

\*\* Relinquished in February 2016.

## Our corporate governance



“

***We have clearly articulated the principles and standards of conduct that Crescent Petroleum expects from its employees, suppliers and contractors. These principles are reflected in our core values.”***

**Amelia Mibus**

*Legal Counsel, Crescent Petroleum*

Crescent Petroleum upholds the highest standards of accountability and integrity in the way it conducts business. The Crescent Group Board of Directors and Executive Committee exercise oversight and decision-making regarding the operational, commercial, technological and compliance risks associated with our business and projects. Similarly, our employees share a responsibility in preserving our accountability by complying with the corporate governance framework comprised of guiding policies, procedures and a set of ethics and compliance values.

### **Governance structure**

Crescent Petroleum is a subsidiary of Crescent Group and is governed by its Board of Directors. The Board, which meets at least once in a quarter, is vested with the responsibility for setting the overall strategy for both Crescent Petroleum and Crescent Enterprises and for the general management and oversight of strategic, financial and operational risks.

### **Crescent Petroleum Executive Committee**

The Executive Committee (ExCom) is responsible for strategic oversight, decision-making, reviewing strategic plan and mission, developing guidelines for the management of capital and setting company policies. The ExCom has further constituted committees for different functions with specific responsibilities. Membership of such committees is decided by the ExCom on an annual basis.

### **Human Resources Review (HRR) Committee**

The HRR Committee considers employee-related policy matters for Crescent Petroleum, its subsidiaries and joint venture operations. The committee oversees compensation and benefits policies, in addition to reviewing guidelines for recruitment and performance evaluation.

### **The Business Development Investment Committee (BDIC)**

The BDIC provides oversight on Crescent Petroleum's business development function by offering recommendations on specific investment opportunities. It stress-tests opportunities and decides whether to drop them or prepare for a final investment decision.

### **Joint Operating Committee (Kurdistan operations)**

The Joint Operating Committee comprises nominated representatives from Crescent Petroleum and Dana Gas (\*) who facilitate and monitor the execution of all key operational matters related to Kurdistan operations.

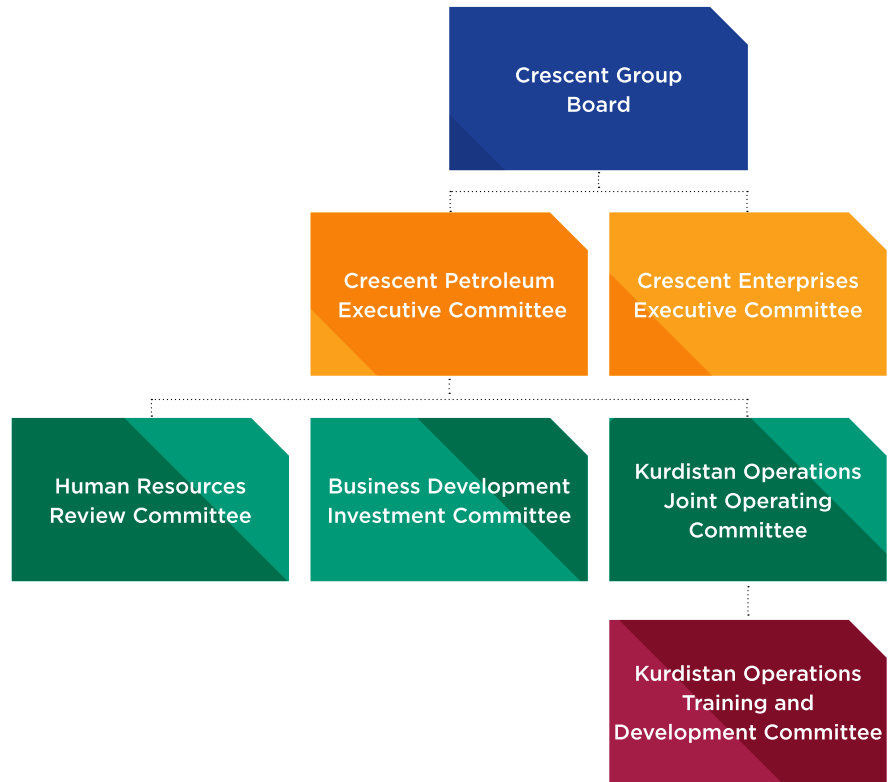
### **Training and Development Committee (Kurdistan operations)**

The Training and Development Committee provides advice and support for the implementation and monitoring of Kurdistan operation's internal and external learning and development activities. It also regularly evaluates the quality of internal and external training programmes.

\* Joint operators in Kurdistan operations



## Crescent Petroleum Corporate Governance Framework



**Hamid Jafar**  
Chairman <sup>1</sup>

**Majid Jafar**  
Vice Chairman, Crescent Group  
CEO, Crescent Petroleum <sup>1,2</sup>

**Badr Jafar**  
Managing Director, Crescent Group  
President, Crescent Petroleum <sup>1,2</sup>

**Razan Jafar**  
Director <sup>1,2</sup>

**Neeraj Agrawal**  
Chief Financial Officer <sup>1,2</sup>

**Abdulla Al Qadi**  
Executive Director, Exploration  
and Production <sup>2</sup>

**Ravi Kumar V**  
Executive Director, Corporate  
Affairs and Business Services <sup>1,2</sup>

**Mohammad Makkawi**  
Executive Director, Projects <sup>2</sup>

**Drazen Petkovich**  
General Counsel and Executive  
Director, Legal <sup>2</sup>

**Thomas Watts**  
Executive Director, Projects <sup>2</sup>

<sup>1</sup> Crescent Group Board member

<sup>2</sup> Crescent Petroleum Executive Committee member

### Setting the standard

Our stringent compliance with the applicable laws and regulations in the countries in which we operate is an integral part of our daily business operations. To continuously improve our governance structure, during 2016, we developed our Anti-Money Laundering (AML) and Anti-Bribery policies for the joint operations in the Kurdistan Region of Iraq in addition to our Code of Business Conduct.

The policies were raised for approval and will be formally adopted during 2017. These emphasise our zero-tolerance approach to bribery, corruption, fraud or kickbacks.

### Professional and fair conduct

Our Employee Handbook is our employees' guide on conducting business with integrity, competence and respect. The handbook helps us foster positive relationships between our employees and stakeholders by setting clear policies that shape the behaviour of Crescent Petroleum and its partners.

It mandates conducting due diligence on any third party before engaging in any business deal, in addition to outlining the rules for disciplinary action in case of misconduct and non-compliance by employees and external stakeholders.

Our values represent what our employees believe Crescent Petroleum's principles are: Ethics, Enterprise, Responsibility, Safety Conscious, Courage and Care.

### Our vision

"To creatively unlock the benefits of energy resources and have a transformative impact on the communities that we serve."

### Our values



#### Ethics

We maintain integrity in all our business dealings, remaining honest, professional and fair, even in the most difficult situations



#### Enterprise

We pride ourselves on our creativity, agility, initiative, and can-do attitude. We are guided by resourcefulness, not red tape.



#### Responsibility

We are accountable for our actions and follow through on our commitments. We admit our mistakes and make sure we learn from them.



#### Safety conscious

We adhere to strict safety standards. We anticipate and work to prevent risks before they materialise. We do not knowingly undertake actions that may endanger another person or adversely affect their health or well-being.



#### Courage

Our boundless ambition makes us passionate about undertaking new and daring projects. When put to the test, whether individually or as a team, we find solutions not excuses.



#### Care

We treat employees as family and are courteous and respectful towards one another. We embrace our social responsibility, committed to making the world a better place.

A full-page background image showing a male worker in profile, wearing a white hard hat, safety glasses, and a light-colored long-sleeved shirt. He is wearing orange and white work gloves and is reaching up to adjust a vertical metal beam on a large industrial structure. The structure consists of yellow-painted metal frames and various pipes. The scene is brightly lit, suggesting an outdoor or well-lit industrial environment.

## Our approach to sustainability

*To create lasting value for its business and stakeholders, Crescent Petroleum embeds sustainability in its strategic planning, long-term objectives and daily operations. Despite the challenges encountered in 2016, our sustainability framework enabled us to continue to support the UN Sustainable Development Goals for 2030.*



Our stakeholders include industry partners, governments, employees, suppliers and contractors.



*We are responsive and resilient today, moving towards an impactful and prosperous tomorrow as we continue to implement our business plans."*

**Faruk Ak**

Senior Petroleum Economist, Crescent Petroleum

#### Setting our sustainability context: Responsive and resilient

Despite facing a lacklustre business landscape in 2016 defined by low oil prices, political upheaval and internal operational challenges, we overcame such obstacles and continued to deliver secure energy for the people we serve.

We concentrated our operational resilience efforts in 2016 on maximising our efficiency, emphasising the safety of our people, increasing our share of local national employees, developing local infrastructure and capabilities as well as prioritising local businesses within our supply chain.

Our sustainability efforts are derived from Crescent Petroleum's key strategic sustainability priority areas for 2016, which are aligned with our business model and with the United Nations Sustainable Development Goals (SDGs). These are Creating Shared Prosperity, Building a Resilient Work Culture, Safeguarding Our People, Empowering Our Communities and Operating Responsibly.



# OUR SUSTAINABILITY FRAMEWORK

Supporting the UN's 2030 Agenda for Sustainable Development in the following areas:



## Creating Shared Prosperity

Read more on page 20

We contribute to the economic and social welfare of the countries we operate in by:

- Delivering clean energy
- Aligning our operating vision with the country's vision
- Employing locals and developing their skills
- Prioritising local businesses and suppliers



## Building a Resilient Work Culture

Read more on page 26

We attract, retain and motivate top talent to nurture operational excellence by:

- Embracing diversity in our work environment
- Promoting corporate values across all departments
- Investing in capacity building and career development



## Safeguarding Our People

Read more on page 34

We strive to maintain the highest standards in health and safety by:

- Keeping our people and assets safe and secure
- Monitoring our health, safety and environment key performance indicators closely and preventing near miss cases
- Raising awareness on health and safety



## Empowering Our Communities

Read more on page 23

We aim to leave a positive impact on our communities by:

- Improving local infrastructure, energy and healthcare access
- Promoting cultural diversity and preserving heritage
- Enhancing education for nationals

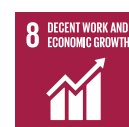


## Operating Responsibly

Read more on page 38

We establish comprehensive Environmental Management System by:

- Contributing to the reduction of greenhouse gas emissions
- Delivering affordable and cleaner energy in an efficient manner
- Reducing and recycling our waste
- Monitoring, tracking and reducing our emissions



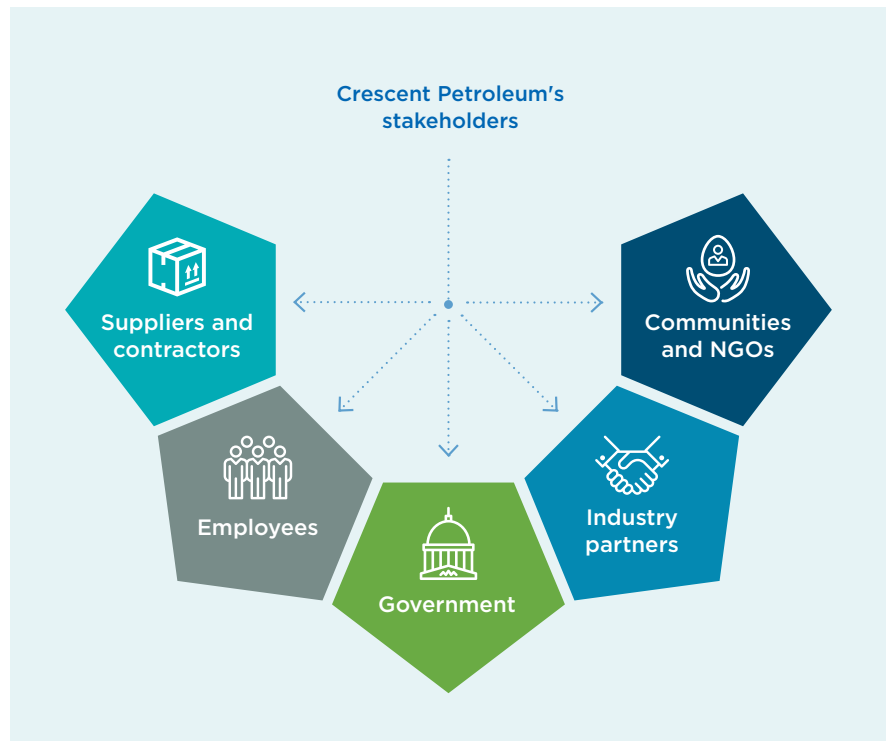
## Stakeholder engagement

G4-24, G4-25

We strive to build lasting relationships with our stakeholders through mutual trust and openness. This approach enhances our understanding of their needs and our response to their expectations of the company.

We identified our stakeholders across our value chain as those who could affect or be affected by our operations. We engage our stakeholders at the corporate, country and project levels.

To learn more on how we engage and maintain our relationships with them, please visit page 44.



## Defining Crescent Petroleum's most material issues

G4-18, G4-19, G4-20, G4-21

### Step 1

#### Updating our material topics

Crescent Petroleum updated its list of 18 topics through exploring new material topics, reviewing the Global Reporting Initiative (GRI) Oil and Gas Sector Supplement and sustainability reports for national and international peer companies.

### Step 2

#### Prioritising topics through a stakeholder engagement workshop

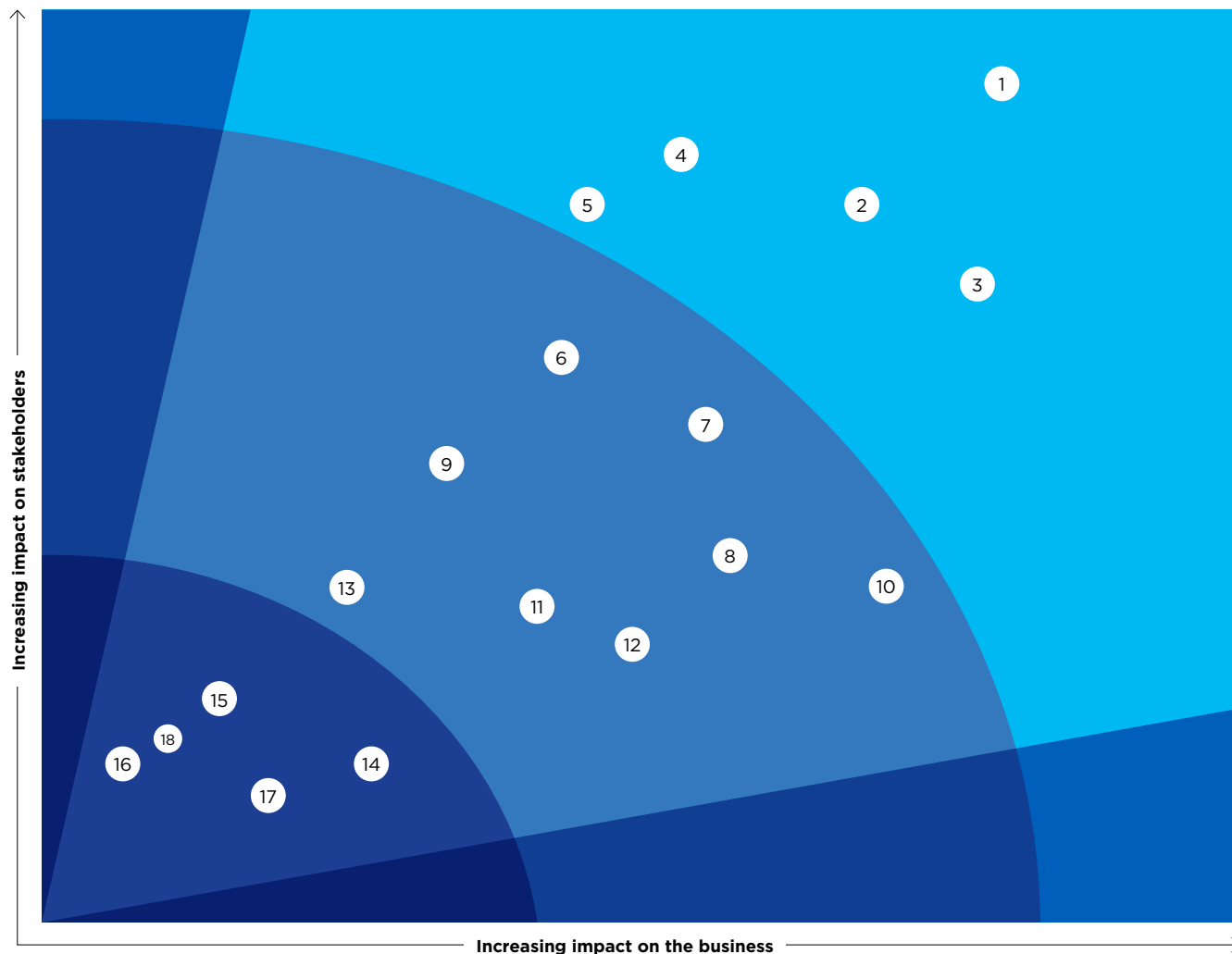
Crescent Petroleum conducted a stakeholder engagement workshop that was attended by participants from different business functions. Participants reprioritised each topic as it related to the company's business based on a low, medium and a high priority rating scale.

### Step 3

#### Consolidating and validating the results in a materiality matrix

The results were consolidated and reviewed by our executive management to ensure the topics were balanced, accurate and in line with the company's business strategy before arriving at Crescent Petroleum's materiality matrix.

The third quadrant in the materiality matrix presents our most material topics, which require our active engagement and management.



### Defining Crescent Petroleum's most material issues

**G4-18, G4-19, G4-20, G4-21** (Continued)

During the preparation of our second annual sustainability report, we solicited the feedback of internal stakeholders regarding our sustainability performance by inviting them to a Materiality Assessment workshop held in our head office in Sharjah. Representatives from various business functions participated in the workshop to help identify, manage and report on the issues that are crucial to our business.

Our materiality assessment included the selection of topics related to the oil and gas sector, their prioritisation through the stakeholder engagement workshop, and the consolidation and validation of the results in a materiality matrix to demonstrate our priority areas.

Going forward, our intention is to expand our materiality assessment process to include a broader sample of both internal and external stakeholders and to revisit further issues that may impact our business.

The table below provides a mapping of Crescent Petroleum's (CP) sustainability issues identified in the report, their respective GRI G4 Materiality Aspects and respective stakeholders.

Rank	Crescent Petroleum's Material Issue	GRI Aspect(s)	Stakeholder(s)
<b>Materiality - Extremely Important</b>			
1	Occupational Health and Safety	Occupational Health and Safety	CP and employees, Governments, Industry partners, Suppliers and Contractors
2	Corporate Governance and Transparency	Compliance, Governance, Ethics and Integrity	CP, Governments, Industry partners, Suppliers and Contractors
3	Process Safety and Asset Security	Emergency Preparedness, Occupational Health and Safety	CP and employees, Governments, Industry partners, Suppliers, Contractors and Communities
4	Economic Performance	Economic Performance, Indirect Economic Impacts	CP, Industry partners, Suppliers and Contractors
5	Information Security	Customer Privacy	CP, Governments, Industry partners, Suppliers, Contractors and Communities
<b>Materiality - Very Important</b>			
6	Community Engagement	Local Communities	CP, Governments, Communities and NGOs
7	Energy Efficiency and GHG Emissions	Energy and Emissions	CP, Governments, Industry partners and Communities
8	Local Content	Nationalisation and Local Procurement	CP, Governments and Communities
9	Emergency Response / Crisis Management	Emergency Preparedness	CP and Communities
10	Risk Management	Compliance, Emergency Preparedness, Employment, Security Practices, Local Communities	CP
11	Innovation	N/A	CP
12	Waste Management	Waste and Effluents	CP, Governments and Communities
13	Employee Training and Development	Employment, Training and Education, Diversity and Equal Opportunity, Equal Remuneration for Women and Men	CP, Governments and Communities
<b>Materiality - Important</b>			
14	Biodiversity	Biodiversity, Local Communities	CP and Communities
15	Sustainable Supply Chain	Supplier Assessment for Environment, Labour Practices, Impacts on Society	CP, Governments, Suppliers and Contractors
16	Water Consumption	Water, Waste and Effluents	CP and Communities
17	Geopolitical Conflicts	Emergency Preparedness	CP, Governments, Industry partners, Suppliers and Contractors
18	Workforce Diversification	Diversity and Equal Opportunity	CP, Governments, Suppliers and Contractors



### Our sustainability management approach

We recognise that working towards a sustainable future is an ongoing journey. Currently, the Executive Director of Corporate Affairs and Business Services oversees our sustainability issues within the organisation and provides leadership and thrust to various initiatives. This validates our focus on sustainability and reinforces our ownership over it.

The Executive Director cascades responsibilities for the material sustainability topics, KPIs, targets and initiatives down to the concerned business functions. The latter measure, monitor and track our sustainability indicators and present reports to the senior management for us to appreciate the impact of our operations and to gauge areas of improvements.

We do acknowledge the need for further emphasis on strategic planning and the implementation of innovative sustainability solutions. We aim to address this gap in the coming years.

## Introduction of new KPIs in our scorecard including sustainability targets

To evaluate our operational progress against our business strategies and plans, we objectively assess our performance against certain key performance indicators (KPIs).

During 2016, we expanded the remit of our KPI reporting by formalising a scorecard for our joint operations in Kurdistan. The scorecard includes the following:

**An entity-level performance scorecard** with a rating scale ranging from performing above expectations to not meeting expectations.

**An individual-level performance scorecard** with a rating that links the employee's performance level with the entity's performance KPIs. It helps the management determine the employee's eligibility for progression and development.

### The scorecard KPIs cover the following areas:

- Health, safety and environmental performance
- Production
- Operational excellence, including production efficiency and technical integrity

- Revenue, cost and cash flow performance
- People management, localisation and CSR activities

Target achievements were set at a scale of low, on target and stretch for our entities and employees. For the latter, we have put in place a rewards scheme to recompense those who perform outstandingly well.

The outcomes of this year's scorecard process will enable us to enhance our targets as appropriate.





## Creating shared prosperity



*Crescent Petroleum seeks to create shared prosperity for the communities it serves. Our joint ventures with governments in the Middle East and North Africa (MENA) enrich local economies. Our public-private partnerships revitalise infrastructure, promote sound public policy and address youth unemployment in the MENA.*

*Helping the countries we serve achieve their SDG targets*



## 2016 Highlights



Increased our market share of LPG supply in the KRI to

**90%**

from 33% in 2013

Suppliers rated our supply chain performance as 4.2 out of 5



**4.2**

Overall rating of 4.2 on scale of 5

### Advocating for public policy initiatives in the World Economic Forum

Crescent Petroleum plays a pivotal role in the socio-economic development of the MENA region by spearheading youth employment and infrastructure improvements for the oil and gas industry.

We further promote regional development by participating as a steering committee member in several councils for the World Economic Forum (WEF), regional energy forums and by being a Global Shapers Community Forum Partner.

### WEF Future of Human Capital (Oil and Gas) working group

Crescent Petroleum was part of WEF working group that was tasked to identify solutions to the talent shortage experienced by the oil and gas industry. The working group was comprised of 22 companies representing the oil and gas industry members of WEF with Crescent Petroleum being the only independent company participating.

They identified the lack of gender equality as the primary reason behind the talent gap. A summary of the group's discussions and conclusions were shared in two documents: a white paper on key findings; and an open letter commitment to focus on gender equality.

### Global Shapers initiative

Crescent Petroleum is actively supporting the UAE and Erbil Hubs of the Global Shapers Community initiative by providing leadership and administrative support. We nominated our young employees as "shapers" to drive the initiative in the region. Our senior executives participate in Hub events to share their experiences and knowledge with the young shapers who work on numerous initiatives.

The Global Shapers Community is a network of Hubs developed and led by young people who are exceptional in their potential, their achievements and their drive to contribute to their communities and make the world a better place through ethical means.

### Contributing to the overall development of the Kurdistan Region of Iraq

The Kurdistan Region of Iraq is undergoing a period of economic and political transition. Prior to 2008, the economy suffered from intermittent power due to energy supply shortages and outages. With limited access to energy, businesses and communities relied on expensive diesel generators as their source of fuel.

Since 2007, Crescent Petroleum and its affiliates have invested in the development of the region by providing fuel for two major power plants, empowering KRI to meet its electricity demands.

Our initiative has also encouraged the substitution of diesel for an affordable, reliable and cleaner source of energy. This has enabled the KRI government to achieve financial savings of US\$19.4 billion from 2008 to 2016, allowing it to invest more in the development of local infrastructure, businesses and industries.

### Crescent Petroleum and its affiliates: Continuing project benefits during 2016

#### Infrastructure development



Providing gas to **two major power stations**



Increased the **availability of electricity from eight hours in 2008 to 22 hours** in 2012 within the KRI

#### Economic benefits



**Financial savings of US\$1.56 billion to the KRI in 2016** as a result of gas-for-diesel substitution

### Prioritising local procurement and businesses

As one of the largest private investors in KRI's energy sector, our contracting and procurement processes are critical to local businesses. Wherever possible and practical, we select local suppliers to support our activities in the country. We also encourage our joint ventures in the UAE and KRI to maximise opportunities for local businesses across their supply chain.

In 2016, we spent over half (54 per cent) of our procurement budget on local suppliers.

We spare no efforts in evaluating our suppliers in a fair manner and maintaining transparency in our bidding process. In 2016, we conducted a supplier engagement survey to help evaluate and improve our supply chain performance, where 40 per cent of our suppliers responded to the survey.

Overall, we received a high level of positive acknowledgement on our performance with an average rating of 84 per cent. The efficiency of our inspection process was recognised as one of our greatest strengths. Our suppliers have shared some areas for improvements, particularly regarding the efficiency of our payments and claims process. In 2017, we will look to improve our supply chain process taking into consideration the constructive feedback provided by our suppliers.



**“Working with local suppliers has created new market opportunities for downstream businesses across our value chain and also helped build a strong knowledge economy in the KRI.”**

**Subramanian Sankaran**  
Supply Chain Manager,  
Crescent Petroleum

### Improvements in invoice processing

The feedback we received from our suppliers through our 2016 engagement survey helped us reassess and improve our invoice receiving and payments processes. We identified two main shortcomings with our invoicing process: tracking of invoices, caused by issues in receiving invoices from suppliers; and delay in approval cycle as a direct result of the above.

To address these issues, we introduced an invoice tracking system that was developed in-house, *iTrack*, which was implemented by the Supply Chain and Accounting Departments. It helped us reduce our turnaround time for approval by approximately 25 per cent to 30 per cent. We are continuously monitoring the process and aim to improve our suppliers' perception of these areas in our engagement process planned for 2017.

### Securing KRI's requirements for liquefied petroleum gas (LPG)

Up until 2013, KRI struggled to meet the LPG demands in Sulaimaniya, Erbil and Dohuk as its LPG suppliers, located outside of its borders, faced technical and maintenance issues.

In response, Crescent Petroleum increased Khor Mor plant's share of LPG supply in KRI's market from 33 per cent in 2013 to 90 per cent in 2016. Over time, Crescent Petroleum and its affiliates became the sole supplier of LPG with a daily production of 1,000 metric tonnes. The product is lifted by private lifters and delivered to the market.

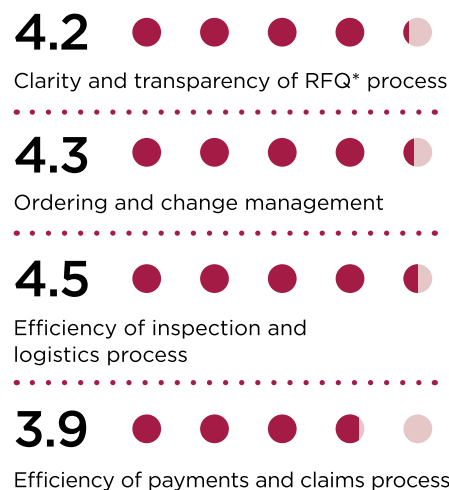


The availability of sufficient local supply of LPG in KRI improved the LPG business landscape by creating job opportunities for condensate trucks and bottling plants.

Consequently, the number of LPG bottling plants in the region doubled from around 40 bottling plants in 2008 to 86 bottling plants by 2016. This boom encouraged local businesses to trade LPG outside the KRI, creating new jobs for the residents of Qadir Karam area.

Currently, investors are exploring the potential use of LPG in small-scale businesses and in vehicles instead of petrol.

How happy are our suppliers with our procurement and contracting processes?



\* Request for quotation



## Empowering our communities

In addition to developing the energy infrastructure across the UAE and KRI, Crescent Petroleum works towards enhancing the well-being of local communities by improving their access to healthcare infrastructure, promoting cultural events and sponsoring educational initiatives.

In 2016, Crescent Petroleum supported the following community initiatives:



### Improving access to healthcare and the well-being of local communities

Donation to the Rashid Paediatric Therapy Centre (UAE)

Advertisement for Emirates Goalball Championship (UAE)



### Sponsoring local and regional forums and conferences

Sponsorship of MENA Energy Conference (UK)

Sponsorship of Global Energy Forum (global)

Sponsorship of the UN Global Compact Forum (UAE)

Strategic Partnership Association with WEF (global, please refer to page 21 for more details)



### Sponsoring educational initiatives and young local talents

Sponsorship of MOOCs (Massive Open Online Courses, global)

Membership in Young Global Leaders (global)

Institutional sponsorship for American University of Sharjah (UAE)

Gold membership at the Global Business Coalition for Education (global)

Sponsorship of Mosaic International Leadership Programme (KRI)

## Developing Khor Mor's trucking business

Crescent Petroleum's Khor Mor plant field has grown operationally since its beginnings in 2007. By 2016, the project created a new market for LPG transportation and logistics.

The demand for LPG and its transportation from Khor Mor to various locations in the KRI required the service of over 800 trucks, which helped generate income for hundreds of families in surrounding villages.

As certified truck fleets lacked in the KRI, Crescent Petroleum conducted awareness sessions on the HSE and technical safety standards for condensate truck drivers.



**The number of certified truck drivers jumped to over**

**300**

in 2016 from zero in 2011

The drivers hence felt motivated to apply for a legal certification provided by the internationally recognised body SGS.



Our transportation and logistics contracting activities has provided social and economic benefits to drivers from the KRI areas, including **Qader Karam, Khor Mor, Doz, Kalar, Chemchamal and Kirkuk.**

## Success stories of local truck drivers



*“The project gave me the opportunity to provide a stable income for my family.”*

Goran Mahmoud Aref collaborated with his brother to run the NGL Truck business in the KRI.

**Supporting Crescent Petroleum since 2009.**

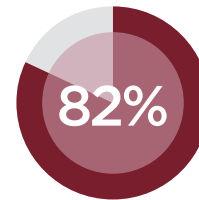


*“We are very grateful for the existence of such a project. It enabled us to have a stable source of income in these difficult times.”*

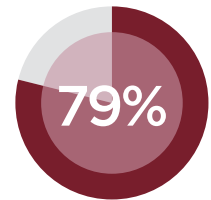
Masaoud Muhammed Marouf bought three truck heads with other partners and offered them for towing NGL tanks to various destinations.

**Supporting Crescent Petroleum since 2009.**

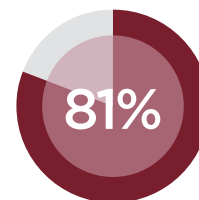
## Nationalisation in KRI (%)



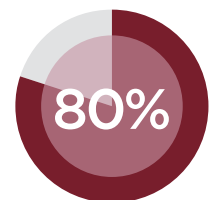
2013



2014



2015



2016

## Building a strong national workforce in the oil and gas sector

In line with the UAE vision 2021, we place a strong emphasis on building a knowledge economy in our countries of operations through attracting, developing and retaining local national talent.

With the falling global O&G prices, maintaining our training activities proved to be challenging. The economic and political upheaval in the KRI further accentuated this situation. However, Crescent Petroleum continued to invest in its people by offering them training courses and in-house training sessions to develop their skills and competencies.

Our training and development programmes are tailored to meet the capacity development requirements of local nationals and highlight leadership qualities. Our leadership programme Astera, which means “star” in Kurdish, empowers KRI nationals to excel in their careers.

The programme focused on improving their English communication skills, annual succession planning, performance assessments and career development plans over eight months. To date, this programme has benefited over 120 local national employees. We are currently improving this programme to make it more intuitive for our employees.

In 2016, we kept a consistently high representation (80 per cent) of nationals in our KRI operations, through attractive employment benefits and development programmes.

In the UAE, where we face greater market competition for local professionals, we continue to make efforts to attract and retain such talent.



**“To deliver on our commitment of creating shared prosperity and maintaining strong relationship with governments, we make every possible effort to ensure our workforce reflects the local population where we operate.”**

**Sanjeev Sharma**

Director Business Services,  
Kurdistan operations, Erbil, Kurdistan







## Building a resilient work culture

*As our employees are our greatest asset, we seek to provide them with a healthy and safe environment to work in by building an empowering corporate culture. In 2016, we introduced internal measures that further promote well-being and self-fulfillment.*



Helping the countries  
we serve achieve their  
SDG targets



## 2016 Highlights



Investing in the future:

**22%**

of our workforce are between the ages of 22 and 30



Developing our employees' capacities:

Launched an interactive online system for performance and development



Diversifying for resilience:

our workforce represents **31** nationalities



Securing long-term jobs:

**96%**

of our employees have permanent job contracts



Empowering women in the UAE business scene:

Women account for

**29%**

of our total workforce, a 6% increase from last year



Training for excellence:

Average training hours/employee increased by

**100%**

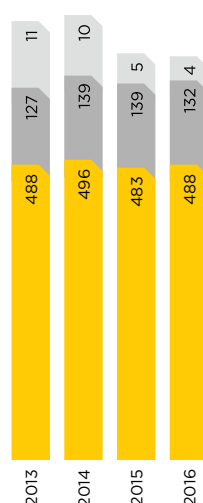
from 2013

In 2016, we employed 624 professionals, 78 per cent of whom were based in KRI, with the remaining split between Sharjah and international locations such as the UK. We are proud to provide 96 per cent of our employees with job security in the form of permanent contracts.

Crescent Petroleum believes in the potential and capabilities of the younger generations. Attracting young talented people is critical to Crescent Petroleum's sustained success. Currently, 22 per cent of our workforce is comprised of professionals aged from 22 to 30 years.

We also celebrate the loyalty of our long-serving employees by rewarding them for their commitment and contribution. The benefits of our incentive schemes increase with the number of completed years of service and are applicable to those completing five to 30 years of tenure at Crescent Petroleum.

Our workforce by country (#)



■ KRI  
■ UAE  
■ Other

Employment by contract (#)



■ Permanent  
■ Temporary

Our workforce by age groups (%)



■ Less than 30  
■ Between 30 to 50  
■ Over 50





“

**We empower our employees to develop their careers by offering on-the-job training, focus groups and capacity development workshops apart from classroom training courses.”**

**Donald Murray**

*Plant Manager, Kurdistan operations,  
Khor Mor, Kurdistan*

#### Developing our people

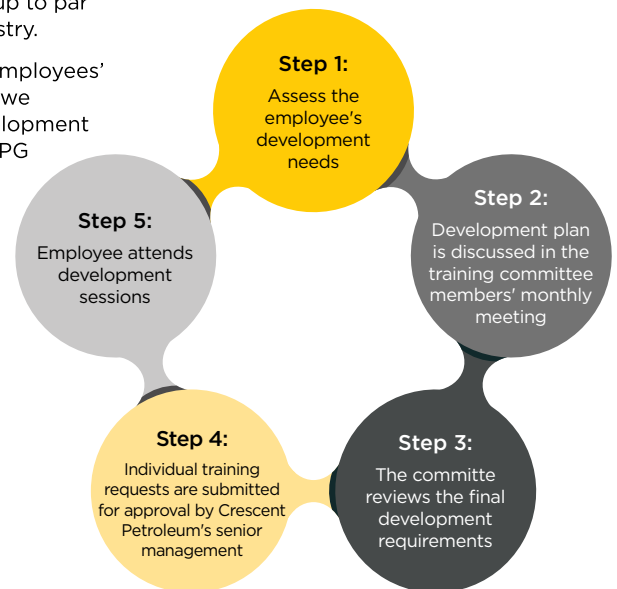
The oil and gas sector is rapidly evolving with emerging technologies, higher performance efficiency measures, and stringent health, safety and environment (HSE) standards.

Our Learning and Development Department (LDD), based in the UAE, is dedicated to identifying the competency training requirements for all employees to help the organization stay up to par with the worldwide O&G industry.

To consistently develop our employees' capacities across operations, we founded a Learning and Development Committee in our Khor Mor LPG plant in KRI.

*Our newly formalised process for developing and approving training courses for our employees in the KRI.*

The committee is responsible for extending LDD's functions and programmes to our KRI operations. In addition, it delivers competency trainings aligned with the local nationals' needs and the need to promote localisation. The diagram below illustrates the training and development process of our employees in the KRI.



In 2016, LDD introduced numerous initiatives that reinforced Crescent Petroleum's effective learning and development strategy. The initiatives included the following:



#### Launch of online performance and development review management system

At Khor Mor, Crescent Petroleum replaced its paper-based performance review process with an online performance system developed by our IT Department. The interactive platform facilitates employees' goal setting, goal-related feedback communication with supervisors, performance expectations and proposed trainings. The employees gain access to their annual review for greater transparency and performance improvements.



#### Launch of IMTEYAZ Graduate Sponsorship programme (UAE)

Investing in education is a priority for Crescent Petroleum. Our IMTEYAZ programme is created to sponsor our high achievers in pursuing an advanced degree and/or qualification in a relevant field. The programme enables our top talent to fulfil their career goals at Crescent Petroleum.

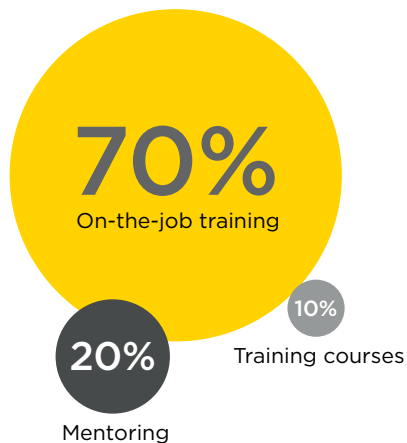


#### Initiation of a Study Leave policy (UAE)

Employees seeking to pursue their higher education are granted 15 working days of study leave per annum.

The LDD plans to implement a Crescent Learning Week in 2017, which will engage the employees in interactive workshops and focus groups to facilitate knowledge transfer among the departments of Crescent Petroleum.

#### Crescent Petroleum's training model



The 70:20:10 model describes our approach for training, where on-the-job training is considered the optimal source of learning. In 2016, our training programmes covered such wide-ranging topics as on-boarding, security, leadership, interpersonal skills, team-building, technical training, individual coaching, mentoring and English language education.

#### Average hours of training provided per employee



**“Crescent Petroleum recruits talent that shares its belief in teamwork, ethical business practices, diversity, and inclusion.”**

**Farahnaz Farooq**

Senior Specialist - Talent Acquisition,  
Crescent Petroleum

#### Embracing diversity, inclusion and equal opportunities

An inclusive workforce that enables employees to reach their full potential is vital to Crescent Petroleum's continuity. Therefore, we seek to foster an environment where all employees are respected and treated fairly.

We proudly represent a workforce comprised of 31 nationalities and various backgrounds. Each individual offers unique skills and insights, which enable us to work creatively.



In 2016, women accounted for 29 per cent of our total UAE workforce. Women representation has increased by six per cent from 2015 and surpasses the oil and gas industry average of 20 per cent\*. This exemplifies our commitment to empowering women in the local business scene. We encourage women employees to occupy technical roles and support their growth into leadership positions.

In 2016, we set several policies that cement our commitment to inclusiveness, equal opportunities and a healthy working environment. These allow for further flexibility and work-life balance amongst our staff.

*\* Sourced from the World's Economic Forum report on "Closing the Gender Gap in Oil & Gas sector".*



### Mother and Wellness policy

It enables greater work flexibility for our expecting and new mothers. It includes the following benefits:

- 90 calendar days of leave
- Part-time work schedule following the delivery
- Telecommuting



### Business Travel policy

The policy provides guidelines for travel booking, benefits and per diems for work-related purposes, locally and internationally.



### Employee Referral programme

Employees recommending successful job candidates are eligible for a monetary reward.



### Employee safety handouts

Includes safety details on how to respond to emergencies in case one needs to evacuate the building. Shows the emergency exit, assembly points and important instructions for our employees and visitors. At Khor Mor LPG Plant, SPACER (safety, purpose, agenda, code of conduct, expectations, roles) safety brief is provided before starting any meeting.

### Engaging with our employees

As keeping an open dialogue with our employees is vital to understanding their concerns, we involved them in company-wide events and team-building activities that foster a trusting and collaborative working environment. Such initiatives have contributed towards our low employee turnover rate of five per cent in 2016.

### Percentage of employees receiving performance and career development review

93%

Receiving review appraisal

7%

Not eligible for appraisal

### Health and Wellness Programme

Thirty employees from Crescent Petroleum participated in a research programme that aimed to determine the effect of brief daily physical exercise on the stress levels and productivity of our employees. We implemented the programme in partnership with HRinspireMe and Middlesex University.

Prior to participating, our employees underwent various tests to determine their current health status and fitness level. These were then tracked over six weeks to record any improvements.

At the end of the project, we provided each participating employee with an individual health report to enable them to assess the results of the programme.

We tracked all sports activities through a dedicated fitness application and distributed questionnaires that measure stress levels, which participants completed on a weekly basis.

The study findings corroborated the fact that increasing exercise levels decreases stress levels.



### Multiple health check-ups

We conducted several health and wellness initiatives in partnership with medical insurance providers and leading hospitals in the UAE.

Our initiatives included the following activities:



General health check-up



Breast cancer awareness campaign for women



Coordinated spot fitness checks for all our employees by an established hospital at Crescent Group's Sharjah offices

### Conducted employees' surveys to improve policies and procedures

#### Employee travel survey

To assess our employees' satisfaction with our travel services, we launched a short anonymous survey for our head office employees in the UAE. The rating scale questions related to the assistance we offer prior to traveling, at the airport and upon return.

The survey results indicated a high level of satisfaction with our travel services as 95 per cent of our sampled employees rated our services from good to excellent.

Based on the survey results, we identified a few areas for improvement in the management and monitoring of employees' travel bookings. These included the need for more trainings on travel requisition forms and the travel system, establishing a feedback system for travelers, and developing a travel handbook for all our employees. We aim to address this feedback in 2017.

## 95%

of our sampled employees rated our services from good to excellent

### Employee insurance survey

To gauge our employees' level of satisfaction regarding our insurance provider, we invited them to share their experience with the latter through an anonymous evaluation survey.

The survey results suggested that our employees were satisfied with the services provided by our insurance company.

Only eight employees faced challenges in claiming reimbursement, which were mostly related to services that were not covered by the medical policy.

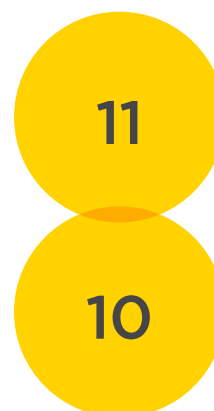
### Information Security Awareness surveys

In 2016, we conducted two surveys in the UAE to assess employees' awareness of Crescent Petroleum's IT security as well as the soundness of their online behaviour.

Questions related to Crescent Petroleum's current security measures as applied to USB, Internet and email usage, cyber-attacks and data sharing with a third party. Around 30 per cent\* of our employees completed the second survey.

The survey results indicated a need to conduct a series of workshops in 2016 to raise our employees' awareness on our security procedures and processes.

### Number of sessions covered



### Attendance

## 75%

Availed from 143 invited employees

## 74%

Availed from 102 invited employees

\* This number includes the employees from Crescent Enterprise and Crescent Petroleum in the UAE.



## Safeguarding our people

*Our stakeholders emphasised health and safety as the most material issue for our operations during our materiality assessment workshop. It remains our primary focus area.*

*Helping the countries  
we serve achieve their  
SDG targets*





## 2016 Highlights



Reduced lost time injury frequency rate (LTIF) by

**33%**  
to reach 0.27

Launched a Competency Assurance Programme for our operational employees

Achieved total recordable injury frequency rate (TRIF) of 0.80 (representing an increase in TRIF of 19%)



Drove 1.8 million kilometres with

**ZERO**  
major accidents on road



Reduced our number of near miss cases by

**63%**  
from 2015 with our *Second Step Cards* reporting



Maintained a record of

**ZERO**  
fatalities and occupational diseases across all our operations



Worked

**1,461,998**  
man-hours, comprised of:

Employee man-hours

978,619

Contractor man-hours

483,379

*Our performance highlights reflect our indicators and operations in KRI only.*

The nature of our operations poses various inherent risks and challenges. For instance, the processes of gas production and processing expose our employees to hazardous material.

Moreover, operating plants in areas witnessing socio-political upheaval in the KRI make our employees susceptible to security risks.

We strive to overcome these challenges by maintaining the integrity of our assets and by implementing our disciplined risk management approach.

This includes a Health, Safety and Environment (HSE) policy, near miss case reporting, adherence to OHSAS\* 18001 guidelines and, most importantly, our emergency response plans (ERP).

\* Occupational Health and Safety Assessment Series is an internationally applied British Standard for occupational health and safety management systems.

Crescent Petroleum entrusts the HSE Department with the responsibility for ensuring that all employees are trained on safety policies and procedures. It develops and monitors our annual HSE plans, which are shared across our departments to prompt company-wide proactivity towards building a safe workplace.

Our efforts towards minimising risks in 2016 helped reduce our Lost Time Injuries (LTIs) by 33 per cent to reach 0.27 while the total recordable injuries frequency (TRIF) rate increased by 19 per cent to 0.8 though still below the industry average of 1.40.

**Formalising a near miss case reporting system *Second Step Cards***



**“*Second Step Cards aims to uncover the erratic behaviour that lies behind every unsafe act or condition. It helps us address the root causes of safety concerns to avoid hazardous scenarios and workplace accidents.*”**

**Kevin Leigh Boyd**

**HSE Manager, Kurdistan Operations, Khor Mor, Kurdistan**

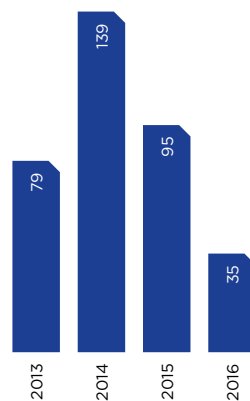
In 2016, we formalised the *Second Step Cards* reporting system as an essential risk management tool that helps us maintain our safety culture. It encourages our employees to raise their concerns on unsafe acts or work conditions. The employees report their concerns and hand them over to their supervisor for immediate corrective action. By end of 2016, we resolved all the reports raised within 24 hours of reporting and reduced our near miss cases by 63 per cent from 2015.

Besides reporting unsafe conditions, our employees have an opportunity to acknowledge those who demonstrate remarkable "safe acts", which helps to promote a safe work culture.

It is equally important that we recognise the employees contributing most to the *Second Step Cards* initiative. At the end of each month, we select three employees with the highest contribution and award them with a letter of appreciation.

#### Number of near miss cases

Reduced our number of near miss cases by 63% from 2015 with our *Second Step Cards* reporting



■ Near miss cases

The number of near miss cases reporting in our KRI operations.



Two of our employees, Zayar Rafeeq Saeed, Process Operator and Omed Ali Omar, Technical Assistant, receiving a certificate of appreciation for their *Second Step Cards* contribution.

#### Ensuring the safety of our drivers

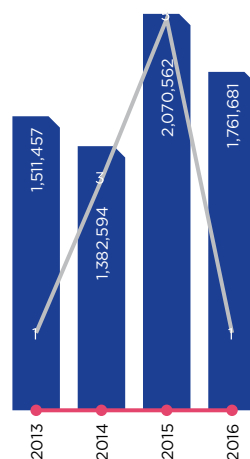
Vehicle accidents form one of the highest threats to our employees' safety in the KRI. Training is key in ensuring our drivers operate within the recommended speed limits and working hours.

All company vehicles that operate outside the facility are fitted with a monitoring device, Track24. This device enables us to monitor our drivers' locations and behaviours, allowing for immediate dispatch of medical attention or help in cases of emergency.

We hosted awareness sessions to familiarise our drivers with the benefits of Track24. Consequently, we managed to maintain a record of zero major accidents while reducing the number of our minor road accidents to one in 2016.

#### The distance travelled (hours) and number of major and minor road accidents

We maintained our record of zero major road accidents and reduced our number of minor accidents to one



■ Distance travelled (hours)

— Number of minor road accidents

— Number of major road accidents

The distance travelled, number of major road accidents and number of minor road accidents represent our operations in KRI only.

#### Developing a strong Emergency Response Plan

It is critical to have a comprehensive Emergency Response Plan (ERP) across our operations, particularly as we have plants located in areas with unstable socio-political conditions. Our Khor Mor gas plant provides firefighting capabilities, a medical clinic and an ambulance, which operate around the clock, seven days a week.

Our ERP system guides emergency preparedness, effective response and business continuity. It ensures that we have well-trained personnel, well-maintained facilities and adequate equipment to respond to and recover from disruptive events.

We maintain an incident register to record all health and safety cases. We also have a 24-hour medical assistance team specialising in emergency response.

In 2017, we plan to improve our ERP drills through compiling all possible emergency scenarios and identifying preparation requirements.

## Fire warden training in Sharjah

As part of the company's commitment to maintaining the safety of all our employees, in 2016 we conducted a fire warden workshop in Sharjah.

The main objectives of the workshop were to:

- Raise awareness on the emergency and fire risks of our employees.
- Provide information, instructions, training and supervision on safe working methods.

Fire wardens are responsible for the effective evacuation of our employees in case of an emergency or fire. Our employees are requested to follow their specific instructions.

Details on the evacuations procedures, the assembly points and exit routes were also discussed during the workshop. Fire wardens' names are displayed on notice boards in each floor.

For 2017, we plan to conduct regular fire drills to ensure our fire procedures are effective and that all the employees are familiar with them.



## Improving our HSE performance is an ongoing process

In previous years, we prioritised the development of HSE initiatives and programmes as well as the monitoring of our yearly performances. Moving forward, we seek to introduce more quantifiable metrics and targets in our reports, which directly relate to our safety performance and community impact.

In 2017, we plan to complete an internal review and gap analysis of our existing ERP system and to comply with the standards of leading international organisations such as Occupational Safety and Health Administration (OSHA) and British Safety Standards (BSI).

## Training and preparing our employees for safety

### Progressed our Competency Assurance Programme for operational site employees

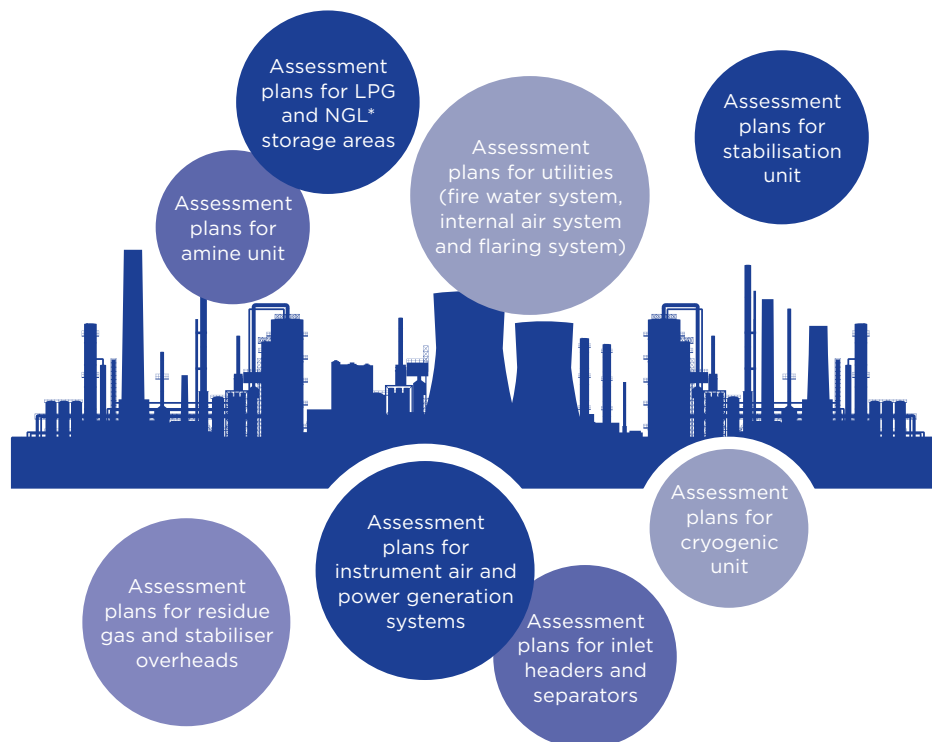
Crescent Petroleum hired an operations support specialist to focus on developing our Competency Assurance Programme (CAP) and policy. The objectives of the CAP are the following:

- Increase our operational employees' HSE competency skills and enhance preparation for any emergency.
- Ensure that we meet or exceed our safety targets, reduce costs and measure our employees' level of competency.
- Support the capacity development needs of our local nationals.

### Developed a policy for in-house HSE training

We developed an HSE training policy and a list of training courses to be provided by our in-house HSE professionals in early 2017. The policy sets guidelines on the proposed in-house HSE courses and how employees can contribute to delivering them. We also mapped the courses to each of our employees' CAP.

In 2016, several local nationals from the Operations Department undertook assessment plans, which included the following:



\* Natural gas liquids

## Operating responsibly

*Crescent Petroleum constantly strives to minimise its environmental footprint to help mitigate climate change and water scarcity. Our achievements for 2016 include introducing recycling at our facilities and considerably reducing our water and electricity consumption.*

*Helping the countries  
we serve achieve their  
SDG targets*





## 2016 Highlights



# 47%

We recycled 47% of our hazardous waste



# ZERO

We reported ZERO significant oil spills



# 330 KG

We recycled 330 kg of e-waste in 2015 and 2016



***Across the lifecycle of our operations, we ensure the efficient delivery of reliable, affordable and clean energy. This reduces our demand on natural resources and helps us operate responsibly.***

**Paul Brown**

Plant Manager,  
Kurdistan operations, Khor Mor, Kurdistan

Our HSE team is responsible for managing our environmental performance as well as ensuring our stringent compliance with Crescent Petroleum's HSE policy and applicable environmental legislation.

To uphold our environmental commitments, we complement our policies with relevant procedures and initiatives across our operational departments.

### Our energy footprint

Given the nature of our energy-intensive industry, we focus on optimising operations with the least energy resources and costs required. This similarly reduces our environmental and carbon footprint. To achieve this, we promote energy efficiency initiatives including optimising processes at our facilities and improving our employees' energy awareness.

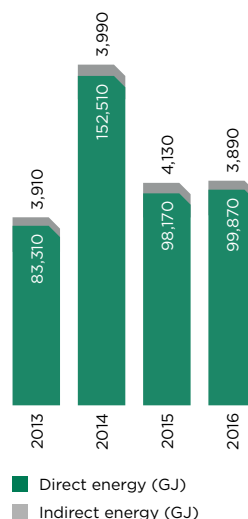
Our business mainly consumes two forms of energy: direct energy, such as natural gas, which we combust to generate electricity for our processes and indirect energy, which refers to electricity purchased from the local grid.

Most of our direct energy consumption is natural gas supported by a lower portion of benzene and diesel used in our generators and pumps. All our corporate offices and our offshore supply base in the UAE use imported indirect energy from local grids. Our energy consumption has been relatively consistent\* in 2015 and 2016.

\* In 2014, we had an onshore well drilling operation in Sharjah. This resulted in a significant increase in our direct energy consumption. Our remaining consumption is comparable and subject to minor increases.

**Our energy consumption has been consistent in 2015 and 2016**

Energy (in GJ)



Our direct energy consumption takes into consideration the electricity generated in our Khor Mor captive power plant that is sourced from natural gas.



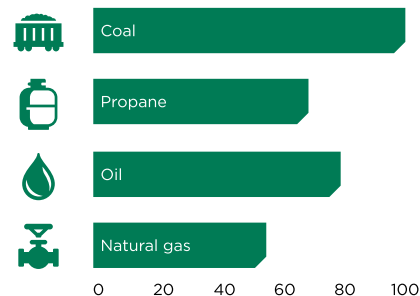
At a regional scale, we continue to promote the shift to natural gas from heavy fuel oil to encourage the sustainable development of our countries of operation. Our project in KRI replaces older diesel-powered plants with gas-fired electricity production at Erbil and Chemchamal power stations.

### Reducing emissions by promoting sustainable practices

Since 2008, Crescent Petroleum has been operating natural gas project in the KRI to enable it to run more efficiently on gas rather than on heavy fuel oil. Upon combustion, natural gas releases the lowest greenhouse gases (GHG) emissions in comparison with any other fossil fuel; when burnt in an efficient power plant, it emits 50 to 60 per cent less carbon dioxide emissions in comparison with a typical coal plant\*.

### Carbon dioxide emissions

Emissions (in kg per GJ)



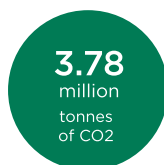
0 20 40 60 80 100

Quantity of emissions

\* As per the Union of Concerned Scientists article on the Environmental Impacts of Natural Gas. Accessed at: <http://www.ucsusa.org/clean-energy/coal-and-other-fossil-fuels/environmental-impacts-of-natural-gas#bf-toc-2>

By helping the government to replace diesel fuel with natural gas, Crescent Petroleum provided a lasting impact on KRI's environment, which includes:

Avoided CO2 emissions during 2016:



Inception to date,  
avoided CO2 emissions:



Represents carbon  
absorbed over a period  
of 10 years by:



622 million  
trees

Inception to date,  
avoided social cost of  
carbon:\*\*



Average annual avoided  
social cost of carbon:\*\*

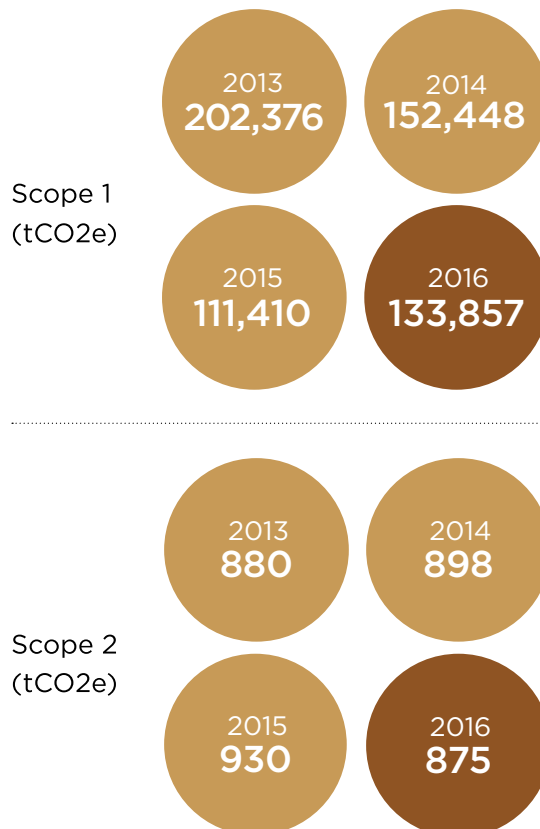


\*\* As per the United States Environmental Protection Agency's definition, the social cost of carbon is a measure, in dollars, of the long-term damage done by a tonne of carbon dioxide (CO2) emissions in a given year. It is meant to be a comprehensive estimate of climate change damages.

Due to the organic growth of our operation, our GHG emissions increased by 20 per cent from 2015. Our emissions include scope 1 emissions, comprised of direct emissions from controlled sources (natural gas, diesel and benzene) and scope 2 emissions (indirect emissions from electricity).

### Greenhouse gas emissions (equivalent tonnes of CO2)

Total GHG emissions (tCO2e)



### Managing our waste

Our HSE supervisor monitors and categorises our waste generated on a monthly basis. We handle, store, dispose and recycle our generated waste in compliance with applicable environmental regulations.

Our facility at Khor Mor has an onsite landfill and a sewerage treatment plant that removes contaminants from waste streams using physical, chemical and biological processes to ensure they are either disposed of safely or reused.

In 2016, we introduced an initiative to divert waste from our onsite landfill near our KRI operations. We started separating our waste according to their respective stream disposal requirements. Several companies were contracted in KRI to collect and recycle the following items from our Khor Mor plant:

- Worn out tires from ground padding and road repairs
- Engine oils
- Empty barrels
- Used filters

We also separate our steel belts from rubber for reuse in mats, asphalt and other areas on site. We have provided clear signs for our employees on where the industrial and domestic waste needs to be separated and collected.



*Our designated waste disposal sites in the Khor Mor plant area.*

### Hosting a Womble Day in KRI

We organised a one-day initiative called "Keep our sites clean," where our employees in Khor Mor plant split into groups and picked up waste from the site. It created a collaborative work environment as all employees worked together to keep our sites clean.

The initiative has also raised awareness amongst our employees of our responsibility for preserving the environment for future generations. The Womble Day is now a regular event at Khor Mor.



In 2016, the total weight of hazardous waste generated at Khor Mor was 373 tonnes, of which 40 per cent was recycled by vendors. Our hazardous waste included waste oil, depleted batteries, medical waste and fluorescent light tubes. We store them in designated sites at our Khor Mor plant until a local waste vendor collects them for disposal or recycling.

Our total weight of non-hazardous waste generated from Khor Mor was 1,082 tonnes, of which 55 per cent was sent to our onsite landfill for safe disposal. Our non-hazardous waste is comprised of wood, metal, glass, cardboard, and electrical goods.

It is temporarily stored onsite and then collected by a local waste vendor for either reuse or recycling. We recycled 14 per cent of our non-hazardous waste and sent the remaining waste to the local municipality.

### Our office recycling initiatives

#### E-waste recycling in the UAE

We contracted a company called EnviroServe to recycle electrical and electronic appliances that are no longer required in our offices. In the past two years, we have recycled around 330 kg of e-waste. We are now encouraging all employees to use this service for their personal e-waste.

#### Encouraging a paperless office

We have deployed a new software application named *Diligent Board*, which is a secure platform that enables our management to share documents and material for various board meetings. It eliminates the need to print meeting material as well as the chances of having a data leak. The platform also acts as a repository for all data used during meetings.

#### Separating waste for recycling

In 2016, we rolled out a recycling programme in the UAE in partnership with waste management company Bee'ah by placing recycling bins for plastic and aluminum on each of our office floors.



### Managing our water impact

Effective water management is pivotal to the oil and gas industry, particularly in countries where freshwater is scarce such as the UAE and Iraq. Crescent Petroleum uses water for production and cooling purposes, and municipal water for our offices.

In 2016, we extracted 54,689 m<sup>3</sup> of water from wells to support our operations, which is a four per cent reduction from 2015. This is a result of introducing water-saving initiatives such as improving our evaporative cooling system, reducing watering of landscape plants from daily to once every five days and installing water metering systems across all our operations.

In 2016, we generated 2,370 m<sup>3</sup> of produced water as a by-product of our operations. Produced water is subsurface water that is released during oil and gas production.

In accordance with our water management procedures, we either treat our produced water to reduce its oil content and other contaminants or sell it as a by-product to local infrastructure companies for reuse in road construction.

### Treating our produced water onsite

In previous years, Crescent Petroleum hired an authorised contractor to transport and treat produced water in an environmentally friendly manner.

To avoid the heavy annual cost of transportation and treatment, Crescent Petroleum decided to construct an onsite evaporation pond that would allow the water to evaporate naturally.

This helped eliminate the need to transport the produced water offsite, reducing damages to the environment by avoiding vehicle incidents and transportation spills.



### Preventing oil spills

In 2016, we had no externally reportable significant spills, which are spills of over five barrels.

This illustrates Crescent Petroleum's unwavering commitment to spill management and recovery, and its aim to maintain zero major oil spills.

## About this report

***Crescent Petroleum is proud to present its second annual sustainability report covering calendar year 2016. This report provides an account of Crescent Petroleum's performance data, management approaches and actions relating to our economic, environmental and social issues.***

In 2016, Crescent Petroleum faced a challenging year, characterised by regional political upheavals and lower oil prices.

To ensure that operations remained resilient, we focused on performing more efficiently and providing greater accountability on performance whilst keeping the safety of employees, community engagement and environmental protection at the heart of our operations.

We believe we have a significant role to play in meeting the energy needs of the countries we operate in and will continue to deliver on this in the future.

This report describes our performance from 1 January, 2016, to 31 December, 2016, covering all our operations in the United Arab Emirates (UAE) and the Kurdistan Region of Iraq (KRI), with the exclusion of our affiliate companies, unless stated otherwise.

Depending on the availability of historical information, we provided comparative data dating back to 2013 as well as case studies to illustrate our approach to sustainability.

In the preparation of this report, we involved our stakeholders to help us address and manage our most material issues and present them in accordance with the core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Standards. We have attempted to make this report as complete and concise as possible.

In line with the commitment set out in our inaugural 2015 Sustainability Report, we formalised a performance scorecard for our KRI operations by incorporating key performance indicators (KPIs) that are related to both company and individual performances.






These facilitate an objective monitoring of our business performance while placing sustainability at the core of our operations. Although we have come a long way towards capturing a wider range of KPIs, we believe sustainability is a continuous journey and will continue to work on the efficiency of our systems.

We welcome your feedback on our sustainability performance. Please direct your feedback to [cpsustainability@crescent.ae](mailto:cpsustainability@crescent.ae).



## Appendix (A) Stakeholder mapping

The table below provides a list of our key stakeholder groups and the key concerns, needs and expectations they may have, along with our modes of engagement with such stakeholder groups.

	Stakeholder Group	Mode of Engagement and Activities	Key Concerns
	Industry partners	Industry partner meetings, Presentations, Industry forums	Economic worth of the company, Sustainable wealth creation, Risk management, Compliance
	Government	Structured meetings with ministries, Structured engagements through audits, Participation in forums	Energy security and policy, Climate change, Compliance, Socio-economic impacts, Green growth
	Employees	Employee surveys, Team-building workshops, Capacity-building and training, Grievance redressal mechanisms	Professional growth, Health and safety, Employee welfare
	Suppliers and contractors	Contract agreements, Direct interactions	Economic growth, Business ethics, Transparency, Compliance training
	Communities and NGOs	Direct engagement at facility, Dedicated CSR team, CSR initiatives and projects, CSR visits to camps	Infrastructure development, Environmental protection, Employment opportunities, Human rights



## Appendix (B) Acronyms and glossary

AML	Anti-Money Laundering
boepd	Barrels of Oil Equivalent Per Day
BSI	British Safety Standards
CAP	Competency Assurance Programme
CEO	Chief Executive Officer
CO <sub>2e</sub>	Carbon Dioxide Equivalent
EMS	Environmental Management System
ERP	Emergency Response Plan
ExCom	Executive Committee
GHG	Greenhouse Gas
GJ	Gigajoules
GRI	Global Reporting Initiative
HR	Human Rights
HSE	Health, Safety and Environment
KPI	Key Performance Indicators
KRI	Kurdistan Region of Iraq
LDD	Learning and Development Department
LPG	Liquefied Petroleum Gas
LTIR	Lost Time Injury Frequency Rate
LTIs	Lost Time Injuries
m <sup>3</sup>	Cubic Metre
MENA	Middle East and North Africa
MOOC	Massive Open Online Course
NGL	Natural Gas Liquids
OSHA	Occupational Safety and Health Administration
RFQ	Request for Quotation
SDGs	Sustainable Development Goals
Tcf	Trillion Cubic Feet
TRIF	Total Recordable Injury Frequency Rate
UAE	United Arab Emirates
WEF	World Economic Forum
2P	Proven Plus Probable

## Appendix (C) GRI content index

General Standard Disclosures	Definition	Page Reference	External Assurance
<b>Strategy and Analysis</b>			
<b>G4-1</b>	Statement from the Chairman / CEO	2-3	n/a
<b>Organisational Profile</b>			
<b>G4-3</b>	Organisation's name	Crescent Petroleum	n/a
<b>G4-4</b>	Primary brands, products and services	8	n/a
<b>G4-5</b>	Location of organisation's headquarters	16	n/a
<b>G4-6</b>	Countries of major operation	41	n/a
<b>G4-7</b>	Nature of ownership and legal form	Privately owned	n/a
<b>G4-8</b>	Markets served	7, 8	n/a
<b>G4-9</b>	Scale of the organisation	7, 8	n/a
<b>G4-10</b>	Total number of employees	7, 27	n/a
<b>G4-11</b>	Percentage of total employees covered by collective bargaining agreements	Collective bargaining is illegal in the UAE	n/a
<b>G4-12</b>	Organisation's supply chain	8	n/a
<b>G4-13</b>	Significant changes during the reporting period	41	n/a
<b>G4-14</b>	Implementation of the precautionary approach	9-11	n/a
<b>G4-15</b>	Endorsement of external economic, environmental and social charters and initiatives	21-23	n/a
<b>G4-16</b>	Memberships in national/international associations	21	n/a
<b>Identified Material Aspects and Boundaries</b>			
<b>G4-17</b>	Entities included in the organisation's consolidated financial statements	Crescent Petroleum is privately owned and a wholly owned subsidiary of Crescent Group	n/a
<b>G4-18</b>	Process for defining the report content and aspect boundaries	15-17	n/a
<b>G4-19</b>	Material aspects identified in the process for defining report content	15-17	n/a
<b>G4-20</b>	Aspect boundary within the organisation	15-17	n/a
<b>G4-21</b>	Aspect boundary outside the organisation	15-17	n/a
<b>G4-22</b>	Effect and reasons of any restatements of information provided in previous reports	All restatements of information from the previous report have been clearly marked and explained in the report	n/a
<b>G4-23</b>	Significant changes from previous reporting periods in the scope and aspect boundaries	No significant changes	n/a

General Standard Disclosures	Definition	Page Reference	External Assurance
<b>Stakeholder Engagement</b>			
<b>G4-24</b>	Organisation's stakeholder groups	15	n/a
<b>G4-25</b>	Identification and selection of stakeholders	15, 42	n/a
<b>G4-26</b>	Approach to stakeholder engagement, including frequency	42	n/a
<b>G4-27</b>	Key topics/concerns raised through stakeholder engagement, and organisational response	16-17	n/a
<b>Report Profile</b>			
<b>G4-28</b>	Reporting period	41	n/a
<b>G4-29</b>	Date of most recent previous report	41	n/a
<b>G4-30</b>	Reporting cycle	41	n/a
<b>G4-31</b>	Contact point for questions regarding the report	41	n/a
<b>G4-32</b>	Chosen 'in accordance' option, including reference to the GRI Content Index and the External Assurance Report	41	n/a
<b>G4-33</b>	Organisation's policy and practice with regard to seeking external assurance	We have not sought external assurance for this report	n/a
<b>Governance</b>			
<b>G4-34</b>	Organisation's governance structure	11	n/a
<b>Ethics and Integrity</b>			
<b>G4-56</b>	Organisation's codes of conduct and codes of ethics	6, 11	n/a
<b>Category: Economic</b>			
<b>Material Aspect: Economic Performance</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	20-21	n/a
<b>G4-EC1</b>	Direct economic value generated	20-21	
<b>Material Aspect: Market Presence</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	20-21	n/a
<b>G4-EC6</b>	Proportion of senior management hired from the local community	20-21	
<b>Material Aspect: Indirect Economic Performance</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	20-21	n/a
<b>G4-EC8</b>	Significant indirect economic impacts, including the extent of impacts	20-24	n/a
<b>G4-EC9</b>	Proportion of spending on local suppliers	20	n/a
<b>GHG</b>	Greenhouse gas emissions		



## Appendix (C) GRI content index

General Standard Disclosures	Definition	Page Reference	External Assurance
<b>Category: Environmental</b>			
<b>Material Aspect: Energy</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	14, 37	n/a
<b>G4-EN3</b>	Energy consumption within the organisation	37	n/a
<b>G4-EN4</b>	Energy consumption outside of the organisation	37	n/a
<b>Material Aspect: Water</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	14,40	n/a
<b>G4-EN8</b>	Total water withdrawal by source	40	n/a
<b>G4-EN10</b>	Water sources significantly affected by withdrawal of water	Organisation is compliant with water consumption norms as specified by applicable local regulations	n/a
<b>Material Aspect: Emissions</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	14, 37	n/a
<b>G4-EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1)	38	n/a
<b>G4-EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	38	n/a
<b>Material Aspect: Effluent and Waste</b>			
<b>G4-DMA</b>	Generic disclosures on management approach	14, 37	n/a
<b>G4-EN23</b>	Total weight of waste by type and disposal method	4-5, 37, 39	n/a
<b>G4-EN24</b>	Total number and volume of significant spills	4-5, 37, 39	n/a
<b>Material Aspect: Transport</b>			
<b>G4-DMA</b>	Disclosures on management approach		n/a
<b>G4-EN30</b>	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	39	n/a

General Standard Disclosures	Definition	Page Reference	External Assurance
<b>Category: Social</b>			
<b>Sub-category: Labour Practices and Decent Work</b>			
<b>Material Aspect: Employment</b>			
<b>G4-DMA</b>	Disclosures on management approach	26	n/a
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover	30	n/a
<b>G4-LA2</b>	Benefits provided to full-time employees that are not provided to temporary employees	30	n/a
<b>Material Aspect: Occupational Health and Safety</b>			
<b>G4-DMA</b>	Disclosures on management approach	33	n/a
<b>G4-LA6</b>	Injuries, occupational diseases, lost days, absenteeism and work-related fatalities	33	n/a
<b>Material Aspect: Training and Development</b>			
<b>G4-DMA</b>	Disclosures on management approach	28	n/a
<b>G4-LA9</b>	Average hours of training per year per employee by gender, and by employee category	Partially reported on page 29	n/a
<b>G4-LA11</b>	Percentage of employees receiving regular performance and career development reviews	22, 30	n/a
<b>Material Aspect: Diversity and Equal Opportunity</b>			
<b>G4-DMA</b>	Disclosures on management approach	29	
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees per category	Partially covered on pages 9 and 10	n/a
<b>Material Aspect: Equal Remuneration for Women and Men</b>			
<b>G4-LA13</b>	Ratio of basic salary and remuneration for women to that of men by employee category, by significant locations of operation	1:1 for all employee categories	n/a



## Appendix (C) GRI content index

General Standard Disclosures	Definition	Page Reference	External Assurance
<b>Category: Social</b>			
<b>Sub-category: Human Rights</b>			
<b>Material Aspect: Nondiscrimination</b>			
<b>G4-DMA</b>	Disclosures on management approach	29, 30	n/a
<b>G4-HR3</b>	Total number of incidents of discrimination and corrective actions taken	None	n/a
<b>Material Aspect: Freedom of Association and Collective Bargaining</b>			
<b>G4-DMA</b>	Disclosures on management approach	None	n/a
<b>G4-HR4</b>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	n/a	n/a
<b>Material Aspect: Child Labour</b>			
<b>G4-DMA</b>	Disclosures on management approach	Check G4-LA14	n/a
<b>G4-LA14</b>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	CP complies with all legislation relating to worker rights and ensures no violations of worker rights, including forced or compulsory labour, among contractors.	n/a
<b>Material Aspect: Forced or Compulsory Labour</b>			
<b>G4-DMA</b>	Disclosures on management approach	CP complies with all legislation relating to worker rights and ensures no violations of worker rights, including forced or compulsory labour, among contractors.	n/a

We welcome your feedback on our sustainability commitments and progress.  
Please direct your feedback to [cpsustainability@crescent.ae](mailto:cpsustainability@crescent.ae)



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