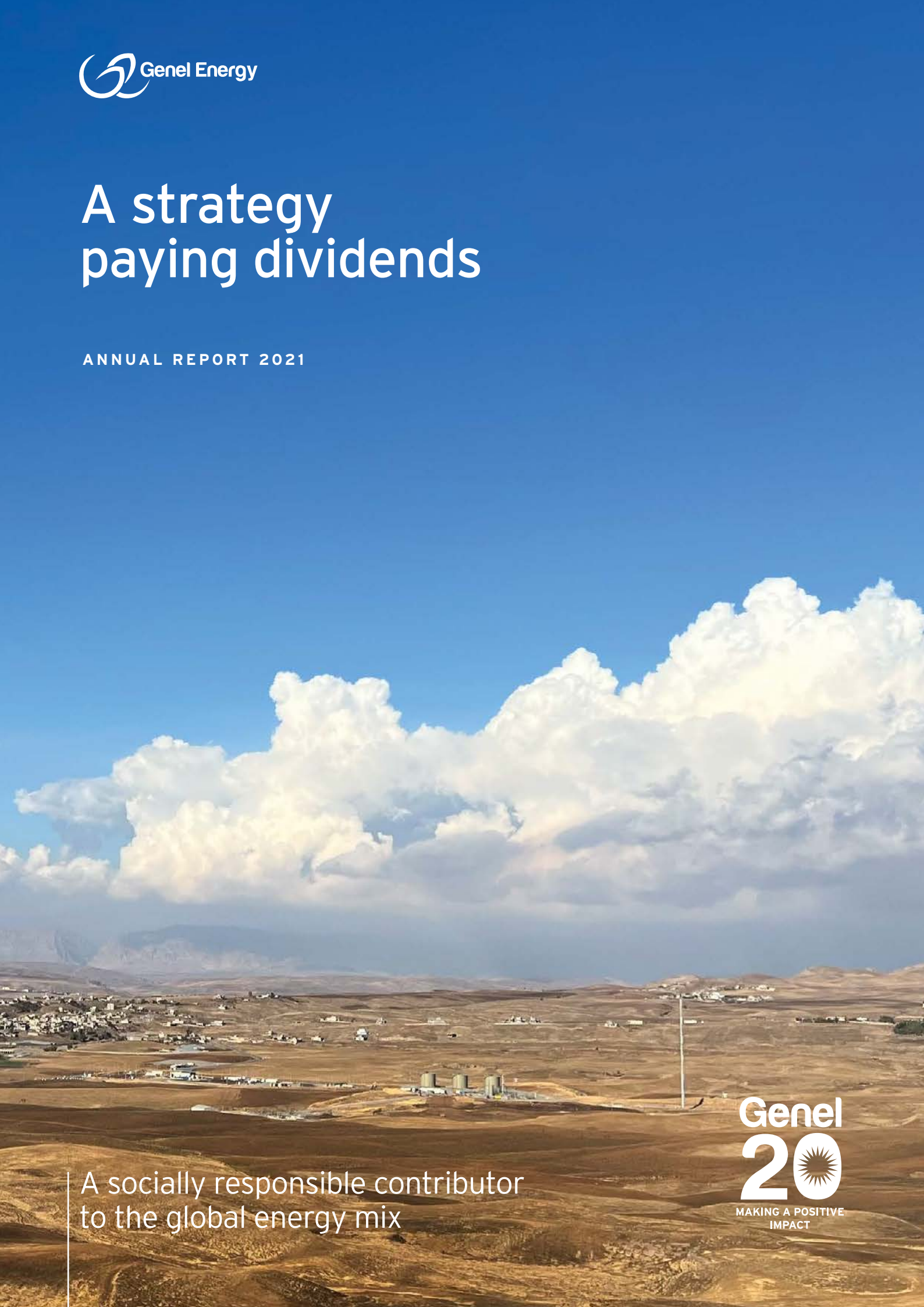
Genel Energy

A strategy paying dividends

ANNUAL REPORT 2021



A socially responsible contributor to the global energy mix

Genel 20

MAKING A POSITIVE IMPACT

Who we are

Genel is a socially responsible oil producer with an asset portfolio that positions us well for a future of fewer and better natural resources projects.

Our strategy is to generate cash, invest in growth, and to return excess cash to shareholders, as we strive to deliver on our ambition of being a world-class creator of shareholder value, fulfilling our goal of being a socially responsible contributor to the global energy mix.

Our values are fundamental to our behaviour, decision making, and the delivery both of our purpose and strategic objectives.

Integrity

Respect

Accountability

Collaboration

Ingenuity

Highlights

Net production

31,710 bopd

Dividends announced

$44 million

Production cost

$4 /bbl

Cash generated from producing assets

$239 million

Cash at end 2021

$314 million

Free cash flow

$86 million

2P oil reserves

104 MMbbls

Producing emissions

16 $kgCO_2e/bbl$

Contents

What we do

Genel is a socially responsible energy company, with cash-generative oil production that funds growth and the payment of a material dividend.

Why we do it

Genel aims to achieve our goals in accordance with values that are inherently linked to our business model and strategic success. If we deliver our values, we will deliver our ambition: to become a world-class independent E&P creator of shareholder value.

As we do this, we aim to have a positive economic impact both by growing the production of the hydrocarbons that fuel economies and directly supporting the communities in which we operate by improving infrastructure and providing employment and development opportunities.

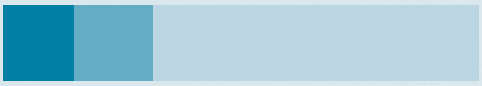
How we are doing

Net 2P oil reserves (MMbbls)

Taq Taq	11
Tawke	83
Sarta	10

104

Net 2C oil resources (MMbbls)



Tawke	18
Qara Dagh	19
Sarta	79

116

Working interest production (bopd)

Tawke	27,180
Taq Taq	2,610
Sarta	1,920

31,710

Asset level cash generation ($ million)

Tawke	166
Taq Taq	10
Sarta	10

186

Values that underpin all we do

Collaboration

Respect

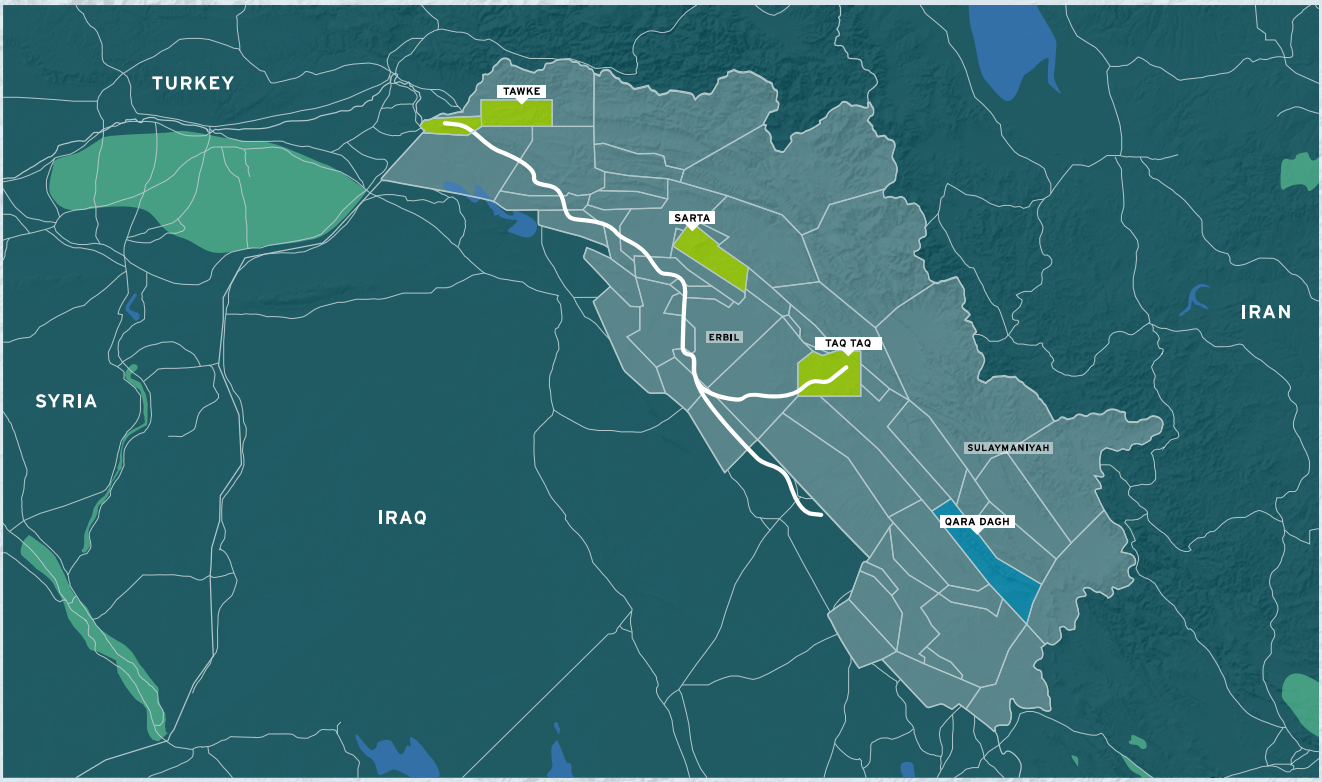
Accountability

Ingenuity

Integrity

Where we do it

Kurdistan Region of Iraq



Tawke
25% working interest

Sarta
30% working interest, operator

Taq Taq
44% working interest, joint operator

Qara Dagh
40% working interest, operator

Production

Pre-production

Somaliland

Odewayne
50% working interest, operator

SL10B13
51% working interest, operator

Pre-production

Morocco

Lagzira
75% working interest, operator

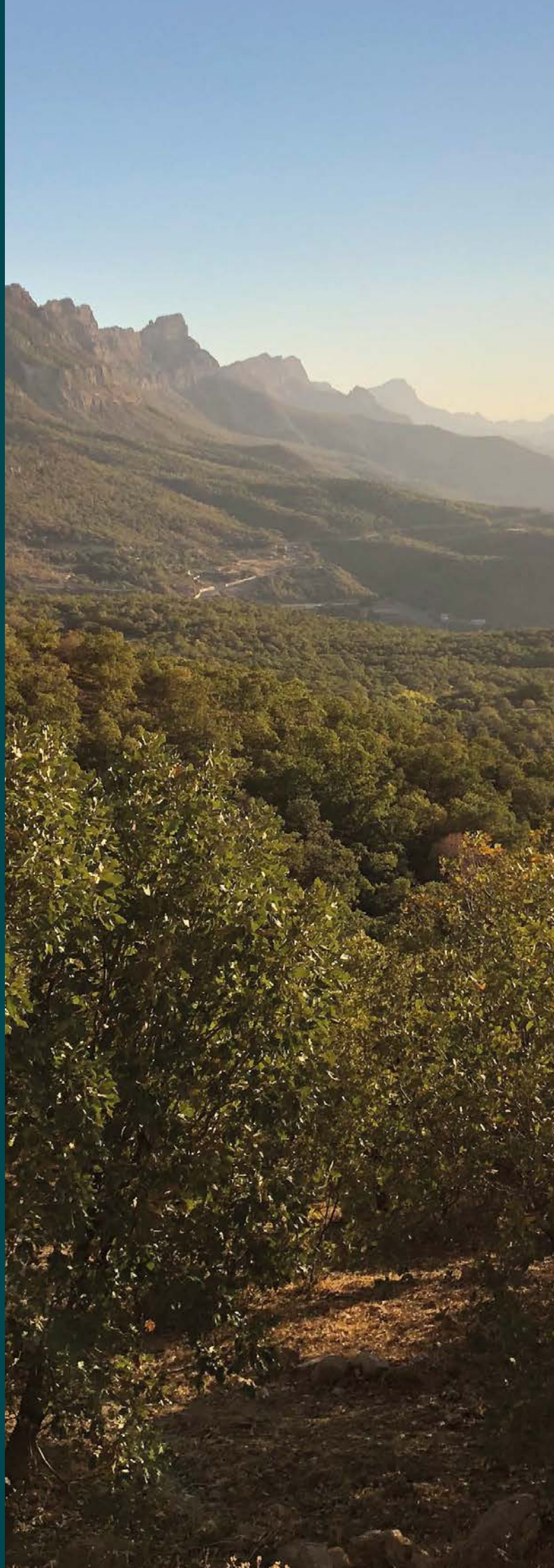
Pre-production

Making a positive difference since 2002

Genel signed its first PSC in the Kurdistan Region of Iraq in 2002, the first company to do so. Since this time Genel has been integral in the development of the oil industry in the region, and has made a material social and economic contribution.

We have invested c.$1 billion in the Taq Taq field alone, which has produced over 200 MMbbls and generated over $9 billion in revenue for the Kurdistan Regional Government. Direct employment and the building up of local supply chains has also made a positive impact on local communities, while our social activities have supported key community needs. A full impact assessment will be included in our Sustainability Report, set to be issued in May.

We will be marking 20 years in the KRI through an increase in the scope of our social activities, in line with UN Sustainable Develop Goals, under the Genel20 banner.



Genel 20

MAKING A POSITIVE IMPACT

$3.7 billion
invested in the KRI since 2002

$60 million
invested in social projects

267
social projects completed in the KRI

$21 billion
in revenue for the KRG from Taq Taq and Tawke

A compelling mix of growth and returns

"It is crucial for our actions to not only deliver shareholder value, but also have a positive impact on the communities in which we operate."

I am pleased to welcome you to Genel Energy's tenth annual report. Writing last year, the world was still very much in the middle of the COVID-19 pandemic, with an uncertain economic environment and fluctuating oil price illustrating how Genel's resilience stood us in good stead to thrive as the environment improved.

The pandemic is still not over and it continues to provide operational challenges, but the economic recovery was well underway. The world is now reacting to a different crisis in Ukraine and, with no swift resolution to this crisis in sight, the ongoing impact to oil and gas supply and demand dynamics is uncertain and the resulting oil price spike (and volatility) has the potential to be prolonged.

A strategy that delivers

Such oil price strength does not impact our strategy, with underlying principles that are as relevant in times of a high oil price as they are in times of significant challenges. We aim to increase our low-cost and low-carbon production, invest in growth, and retain surplus cash to pay a material and sustainable dividend, as we aim to provide investors with a compelling mix of growth and returns.

The low-cost of our production in the Kurdistan Region of Iraq means that it is cash generative at a low oil price, allowing us to continue investing in growth and retain our material dividend. At the prevailing oil price, it is high-margin and extremely cash generative.

The cash that we generate provides us with a degree of freedom to make prudent investment decisions, targeting expenditure on those areas that promise to deliver greatest value to our stakeholders. In 2021 Sarta was a key focus of our investment. While initial production has not reached the levels that we hoped it is a pilot project, and a profitable one, and we have made substantial progress on the appraisal programme required to understand the asset.

We remain rigorous in our management of capital expenditure. Qara Dagh drilling did not lead to the result that we wanted, but it is a measure of our discipline that the correct decision was made to halt drilling at the appropriate time. We retain high-impact exploration in the portfolio, and it is testament to the team that a successful farm-out was completed on our Somaliland acreage. This is a highly-prospective and underexplored region, and we look forward to progressing this asset towards the drilling of an exciting well with our new partner.

Material investment was made in growth assets in 2021, and we still generated significant free cash flow, demonstrating the efficacy of our business model and quality of our production. This allowed us to fulfil our strategic aim of paying a progressive dividend, with the interim dividend increased, and the final dividend also lifted by 20%, given the cash generation that we expect in 2022.

Board changes

We continue to ensure that Genel has an appropriately structured Board to support the delivery of our agreed strategy. In 2021 George Rose, Martin Gudgeon, and Esa Ikaheimonen left the Board, all having made valuable contributions. Esa was a leader in solidifying our robust business model and he leaves the Company well placed, with a strong balance sheet and the financial flexibility to take advantage of the opportunities ahead of us. The process for an appointment of Esa's successor is at an advanced stage. In the meantime, Luke Clements, our Head of Finance and Planning, has been appointed as Interim CFO.

The appointment of Yetik Mert at the end of the year deepened the regional experience of the Board, and we continue to work with our shareholders in ensuring strategic alignment as we seek to create value for all.

A key decision the Board took last year to protect shareholder value related to the Bina Bawi and Miran assets, and it was a decision that we had no practical alternative but to make. Genel management had made every effort over a number of years to engage with the Kurdistan Regional Government on the development of these fields, but it became clear that the KRG did not intend to permit their development in accordance with the terms of the PSCs. As a consequence of the KRG's repudiatory breach of the PSCs, we elected to treat the PSCs as terminated and claim compensation. Our claims for substantial damages are being brought in a private London seated international arbitration.

From our perspective it is business as usual in relation to our other assets. We have been, and remain, a committed partner of the KRG and our operations have been a tremendous boost for the Kurdistan Region, and we intend this to continue for a long time to come.

Making a positive difference

2022 marks 20 years of this relationship, with Genel having signed the Taq Taq PSC back in 2002. In this time we have invested c.$3.5 billion in our assets, generating over $21 billion in revenue for the KRG while also providing employment and opportunities for local communities. We have also spent $60 million on social initiatives and completed over 250 community projects.

To mark twenty years in the KRI we will be increasing the ambition of our social investments under the Genel20 banner in alignment with UN Sustainable Development Goals. We continue to believe that it is crucial for our actions to not only deliver shareholder value, but also have a positive impact on the communities in which we operate, with an environmental footprint that is supportive of the goals of the energy transition. The world still needs to utilise natural resources, and we have the right assets, in the right locations, being delivered in the right way, as we aim to be a socially responsible contributor to the global energy mix.

David McManus
Chairman

Mitigating risk, increasing returns

"Our key focus in 2022 is on cash generation and accessing the opportunities that this provides for us."

Genel entered 2022 at an advantage, with low-cost operations delivering a high-margin and material cash generation that opens up exciting possibilities. We look forward with confidence, and we never lose focus on the key strength of our business model, which is defined by resilience and the mitigation of downside risk.

A resilient business model

As the COVID-19 pandemic decimated global economies and reduced the demand for oil, our low-cost operations and the flexibility of our capital allocation positioned us well for the resulting low-oil price environment. It allowed us to progress assets and retain our dividend, illustrating the financial resilience that is our watchword.

In 2021 we demonstrated a different type of resilience, as we faced an array of technical and operational challenges. The pandemic continued to make life at our fields tough, and I am proud of the way that our staff dealt with the ongoing restrictions placed on them to keep so many work-fronts open and progressing. Each month provided different challenges and situations for us to overcome, and at Qara Dagh in particular this led to the difficult but correct choice to suspend drilling operations for technical reasons.

These challenges once again shone a light on our business model and our character, and our success in managing uncertainty while maximising cash generation is a testament to its strengths.

Sarta provided a real-world case study of the strength of our model. Through minimising upfront investment and initiating pilot production, we generate cash as we appraise to ensure that development costs are appropriate. Our downside risk mitigation therefore has practical upside.

Despite its challenges, our Sarta production generated an operating profit in 2021, contributing towards our appraisal costs. As we continue our work to understand the field, we are flexible with our approach, generating cash and developing the asset appropriately – the conversion of the old Sarta-4 well to a water injector to help maximise production, being a good example.

Taking this approach across our portfolio resulted in overall free cash flow of $86 million and an increased dividend. We expect to materially better this cash flow performance in 2022, while also progressing our strategic plans.

Boosted operational capability

As we seek to deliver on our strategy, we have ramped up our operational capability accordingly. In 2021 Genel drilled its first sole operated wells since 2014, and given the multi-well programme we had to hit the ground running. Three rigs were mobilised and three wells were spud across Sarta and Qara Dagh, and for an extended period of the year in simultaneous operations. As well as drilling operations, 230,000 hours of civil engineering work took place, as eight kilometres of flow lines were laid to help enable early production from Sarta appraisal wells.

There are routinely 300 people at our sites in the KRI, many of them local as we continue to focus on providing opportunities for the community, and we had no COVID-19 related downtime. This is a testament to the efforts put in by our team.

Entering 2022, we have increased skills and expertise across the Company, appropriate for the next stage of our journey, as we look to grow our operated production.

Cash generation providing opportunity

Driven by our cash generation, this next stage brings with it numerous opportunities. At the time of writing the Brent oil price is substantially over $100/bbl, which if sustained would lead to our cash generation in 2022 well exceeding a quarter of a billion dollars. In line with our business model though, this will not affect our focus on financial discipline. There are too many examples of companies investing as if the high oil price will last forever; at Genel we want to build a future-proofed portfolio that minimises downside risk while providing investors with material growth potential.

The focus of our investment therefore remains our producing assets, and work in 2022 will tell us a lot more about the investment that will be required to allow Sarta to fulfil its potential. Somaliland offers great potential in the event of drilling success, with one prospect alone able to target half a billion barrels of recoverable oil, but exploration will take time.

Delivering growth and returns

Our organic portfolio is therefore exciting, and can contribute significantly in providing us with the scale and potential that we need as we aim to establish Genel as an investment prospect that is difficult to ignore. We are committed to our material dividend, and to illustrating to investors that it is sustainable in the long-term. As such, we are keen to replace the cash generation that will be lost once Tawke override payments end and add diverse long-life cash generative production. We continue to consider potential acquisitions that fit our business model and aims, and will remain highly selective and opportunistic in this area.

Focus on ESG

Doing the right things, in the right way, with the right people, and acting in alignment with our values remains key to our strategic success, and we continue our focus on ESG. Management is spending a significant amount of time on sustainability, with our newly formed Strategy and Growth Execution Committee meeting regularly to discuss ongoing efforts in this area.

Our standalone Sustainability Report provides greater detail on our work, but our aims are simple.

We look to provide stakeholder returns through the production of natural resources, while minimising our environmental footprint, in communities where it can make a tangible difference to people's lives. As the energy transition gathers pace, we want to fulfil our aim of being a socially responsible contributor to the global energy mix, delivering the low-cost and low-carbon barrels that are necessary as we transition to clean energy.

Somaliland has the potential to embody this aim, as the KRI has done. Should exploration be successful, onshore production in Somaliland can be low-cost, low-carbon, and deliver a material and tangible benefit to local people and the host government in a region that has real need for economic development.

Outlook

We look forward to progressing our activity in Somaliland this year, but our key focus in 2022 is on cash generation and taking advantage of the opportunities that this provides for us. Robust Tawke production forms the bedrock of our plans, and our understanding of Sarta's ability to supplement this over the long-term will be better understood this year.

We expect Sarta production to continue offsetting declines from our other mature fields, and the high-margin of this production means that we expect free cash flow of over $250 million in 2022, even after continuing growth expenditure at Sarta. I look forward to updating our shareholders on our strategic progress.

Bill Higgs
Chief Executive Officer

Our business model and strategy

Our purpose

Genel aims to be a socially responsible contributor to the global energy mix, generating cash from low-cost and low-carbon production in order to be a world-class creator of shareholder value, and a company that has a positive impact by fueling economic growth and directly supporting the communities in which we operate

Our strategy

Values that define us

Our values are fundamental to our behaviour, decision making, and integral to the delivery of our purpose and strategic objectives

Accountability

Ingenuity

Our strategy aims to provide investors with a compelling mix of growth and returns, as we strive to deliver on our ambition of being a world-class creator of shareholder value, while materially benefiting the communities in which we operate

Underpinned by a resilient business model

A commitment to operating in a way that minimises possible downside and maximises wider benefits

Financial discipline

Strict capital discipline and a robust balance sheet provide the financial strength to invest in those areas with the potential to generate the best possible returns, with a focus on cost that helps boost our margin and optimises cash generation, creating a virtuous circle that allows us to pay a material and progressive dividend

A balanced portfolio

Assets that are low-cost and provide resilience in tough times, and thrive in good. We have a complementary mix of production, development, and exploration assets, with high-margin producing assets that generate the cash flow to invest in organic growth

Rigorous risk management

We bring the same rigour to organisational risk management processes as we do to health, safety and the environment

Focus on ESG and sustainability

We aim to be a socially responsible contributor to the global energy mix, focused on ensuring that our company benefits local communities, with an asset portfolio fit for a future of fewer and better natural resources projects

Benefitting all stakeholders

Focused on delivering value to shareholders, making a tangible impact on the regions and communities in which we operate

Shareholders

We aim to provide a compelling mix of growth and returns, as we seek to increase our low-cost and high-margin production through disciplined investment, generating material cash that supports a material and progressive dividend

Host governments

We aim to have a positive economic impact by growing the production of the hydrocarbons. $21 billion gross has been directly generated for the KRG from operations at Taq Taq and Tawke, with a further considerable boost to the economy from employment and supply chain development

Local communities

We directly support the communities in which we operate through maximising local employment and economic development opportunities, as well as direct investment in community projects and infrastructure surrounding our operations

Employees

We aim to benefit our employees and contractors through responsible business practices, the promotion of a work culture centred on safety and inclusion, fair remuneration, and job development opportunities

Respect

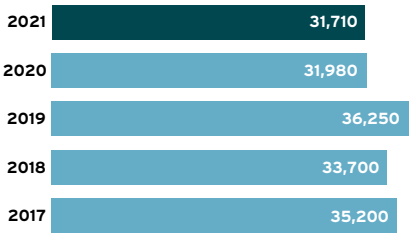
Collaboration

Integrity

Measuring our progress

Net production

31,710 bopd



Definition

Production is measured in barrels of oil produced per day.

Performance

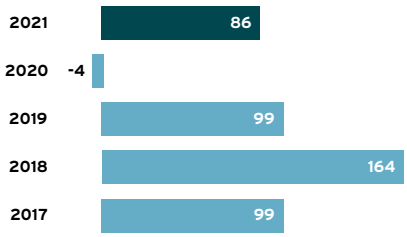
2021 net production averaged just short of 32,000 bopd, roughly in line with the prior year. This was the result of robust production at Peshkabir and the addition of Sarta production largely outweighing declines at the Tawke field, where limited drilling activity took place, and Taq Taq.

Relevance to strategy

Production from our fields provides Genel's revenue generation, and is a key measure of our operational performance. Our oil production in the KRI is managed to ensure long-term value creation and maximise cash generation, with production maximised over the life of the field.

Free cash flow

$86 million



Definition

Cash flow generated from operating activities, less net capital expenditure and interest payments.

Performance

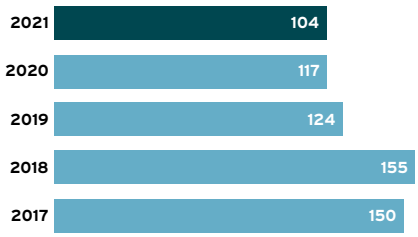
Free cash flow (pre dividend payment) was boosted by an increase in the oil price, with Brent averaging $71/bbl in 2021, almost $30/bbl more than the $42/bbl in 2020. However, the increase in the oil price led to the KRG reverting to standard payments three months in arrears, and hence 10 entitlement payments were received in 2021. Receivable recovery payments of $35 million were received in 2021, and the resumption of Tawke override payments contributed a further $72 million. With a full year of payments and given the prevailing oil price, Genel expects free cash flow of over a quarter of a billion dollars.

Relevance to strategy

Production from operating activities forms Genel's revenue generation. Net cash illustrates the success of monetisation of these activities, reflecting both money received and the minimisation of operating costs.

Net 2P reserves

104 MMbbls



Definition

2P reserves are proven plus probable reserves.

Performance

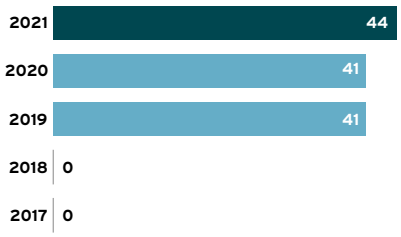
Production of 11.6 MMbbls formed the material part of the fall in 2P reserves, with a small downward technical revision of reserves at Taq Taq being mitigated by a small upward revision of reserves at the Tawke licence. Sarta reserves stayed the same, minus production of 2 MMbbls, with appraisal results set to be be incorporated into our assessment of the reserves of Sarta at the appropriate time.

Relevance to strategy

Our strategy is to enhance the value of our existing 2P reserves through active reservoir management and cost-effective development. The Company also looks to replace 2P reserves through a combination of maturing contingent resource to commerciality, exploration for new sources of hydrocarbons, and M&A activity.

Dividends announced

$44 million



Definition

The combined total distribution of the final and interim dividends announced in the calendar year.

Performance

The resilience of our business model was illustrated in 2020 through the retention of our material dividend even following the crash in the oil price. In 2021 the rise in the oil price boosted our cash generation, and management's confidence in future prospects allowed us to fulfil our aim of paying a progressive dividend, and the interim payment increased 20% to 6¢ per share. Our robust financial position and continued positive outlook means the Board is happy to recommend a final dividend of 12¢ per share relating to 2021, an increase of 20%.

Relevance to strategy

Genel's strategy aims to increase low-cost production, invest in growth, and retain sufficient liquidity to pay a material, progressive, and sustainable dividend. Dividend distributions are therefore a signifier of the success of Genel's overall strategy.

Lost time incidents

0.29 frequency

Definition

Lost time incident frequency measures the number of lost time incidents per million work hours.

Performance

Following 14 million work hours since a lost time injury at Genel and TTOPCO operations, a member of the contractor drilling team regrettably sustained a foot injury during drilling operations at Sarta-5. Action has been taken to prevent a recurrence of such an incident, as we strive to repeat the performance of the previous six years of LTI free operations. Our focus on safety in 2021 led to 102 HSE management site visits being conducted, 59 emergency response drills taking place, 1,194 production safety observations being made, and 24,838 drilling safety observations submitted.

Relevance to strategy

The safety of our workforce remains of paramount importance. Genel is committed to running safe and reliable operations across our portfolio, aiming at zero fatalities and no lost time incidents.

Spills – loss of primary containment

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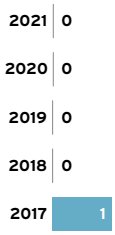


Definition

Loss of primary containment records any tier 1 unplanned or uncontrolled release of material from a piece of equipment (such as a pipe, vessel, or tank) used for containment of potentially harmful or hazardous substances and products.

Performance

There were zero tier 1 incidents of losses of primary containment in 2021, and it is now four years since our last incident.

Relevance to strategy

Part of our commitment to being a sustainable business is for the impact on the environment around our operations to be minimised. Asset integrity is a major priority for Genel and we plan and execute the operations of our business and our engagement of subcontractors so as to minimise risk and mitigate potential impact.

Using our financial strength to create value for shareholders

The rapid recovery of the oil price in the year brought about a tripling of net income generated by our production business to $239 million. We have been rewarded for our activity in the second half of 2020, when drilling resumed on the Tawke PSC and Sarta first oil was delivered, despite the challenging operating conditions and uncertain oil price outlook at the time.

This material cash generation more than funded our capital allocation priorities – investment in derisking Sarta and Qara Dagh and the payment of a sustainable and progressive dividend.

The successful farm-out of our Somaliland SL10B-13 licence supports the funding of the progression of this exciting play, minimising our downside through reducing our capital at risk. This is evidence of our financial discipline, as we allocate appropriate levels of capital relevant to the risk and return of an investment opportunity.

Overall our net cash increased by $38 million in the year.

(all figures $ million) Brent average oil price	FY2021 $71/bbl	FY2020 $42/bbl
Revenue	**334.9**	159.7
Production costs	**(45.9)**	(32.7)
Cost recovered production asset capex	**(49.9)**	(56.5)
Production business net income	**239.1**	70.5
G&A (excl. non-cash)	**(12.4)**	(12.4)
Net cash interest[2]	**(26.1)**	(23.8)
Working capital	**(19.7)**	(6.9)
Payments for deferred receivables	**35.1**	-
Changes to payment days[3]	**(65.0)**	21.8
Free cash flow before investment in growth	**151.0**	49.2
Pre-production capex	**(88.6)**	(53.2)
Working capital and other	**23.5**	(0.4)
Free cash flow	**85.9**	(4.4)
Dividend paid	**(44.4)**	(55.3)
Other	**(1.3)**	(5.4)
Net change in cash before 2020 refinancing	**40.2**	(65.1)
(Repayment) / new issuance of bonds	**(81.0)**	28.9
Net change in cash	**(40.8)**	(36.2)
Cash	**313.7**	354.5
Amounts owed for deferred receivables[1]	**114.6**	158.6

[1] Nominal value of deferred receivables is $76.8 million (FY 2020: $120.8 million) and $37.8 million of invoiced override revenue where payment was suspended from March 2020 to December 2020 (see note 1)

[2] Net cash interest is bond interest payable less bank interest income (see note 5)

[3] In March 2020, KRG changed payments terms from three months in arrears to one month in arrears. At year-end the KRG owed three months of sales, adversely impacting free cash flow for the year by $65.0 million

Financial priorities of 2021

The table below summarises our progress against the 2021 financial priorities of the Company as set out at our 2020 results.

FY2021 financial priorities	Progress
– Maintain our financial strength and continue protecting the balance sheet	– Addition of Sarta licence to cash generation – Material recovery of deferred receivables and resumption of override payments – Reduction in debt and interest cost – Net cash increased year-on-year
– Maximise NPV by prioritising highest value investment in assets with ongoing or near-term cash and value generation	– Focus of capital allocation on cash generative investment in the Tawke PSC – Investment in expansion of production from Sarta
– Deliver 2021 work programme on time and on budget	– Disappointment at delays on appraisal wells at Sarta and Qara Dagh and suspension of QD-2 well without conclusive result
– Continue to focus on growing our income streams and cash generation, bringing greater resilience and diversity to the business and supporting our sustainable and progressive dividend programme	– Rapid allocation of capital to Sarta and Qara Dagh appraisal programmes to derisk these high potential opportunities – Farm-out in Somaliland opens the way to drilling an exploration well with an appropriate level of capital at risk

Dividend

The material improvement in oil price, resumption of the override, and commencement of payment of amounts owed for deferred receivables provides the Company with a strong cash flow generation outlook.

The Company is committed to a sustainable and progressive dividend that is supported by resilient, diversified and predictable production and a robust cash generation outlook.

At the half year results, the Board approved an increase in the interim dividend from 5¢ to 6¢, a rise of c.$3 million per annum, and reaffirmed its commitment to the dividend being sustainable and progressive. Total dividends declared and paid in 2021 amounted to $44 million (2020: $42 million), representing 16¢ per share (2020: 15¢ per share).

The Board has now approved an increase in the final dividend from 10¢ to 12¢, resulting in an overall 20% increase in dividends year-on-year and total payments relating to 2021 of $50 million.

The payment timetable for the final dividend is below:

- Ex-dividend date: 14 April 2022
- Record date: 19 April 2022
- Annual General Meeting: 12 May 2022
- Payment date: 18 May 2022

Outlook and financial priorities for 2022

We carry significant liquidity and are net cash positive with significant cash generation expected in 2022. We are well positioned to continue the derisking and progression of our existing portfolio, as well as add to it, in order to work towards an outlook 2P production profile that continues to support our sustainable and progressive dividend well into the future.

We continue to see a long-term oil price that is supportive to our business, and coupled with our focus on the right barrels in the right locations, means we are committed to our business model and remaining resilient to volatility and the challenges faced by the sector.

The focus of our business model remains unchanged:

- Progress value accretive growth projects while minimising downside risk, with a focus on near-term cash generation and barrels that are resilient to the external environment
- Diversification of cash generation risk away from the reliance on the Tawke PSC
- Demonstrate material flexibility in capital allocation, supporting the generation of free cash flow
- Pay a sustainable and progressive material dividend

For 2022, our financial priorities are the following:

- Maintain our financial strength and put that financial strength to work through investing in growth opportunities
- Maximise NPV by prioritising highest value investment in assets with ongoing or near-term cash and value generation
- Deliver 2022 work programme on time and on budget
- Continue to focus on growing our income streams and cash generation, bringing greater resilience and diversity to the business and supporting our sustainable and progressive dividend programme

Financial results for the year

Income statement

(all figures $ million)	FY 2021	FY 2020
Production (bopd, working interest)	**31,710**	31,980
Profit oil	**120.6**	55.4
Cost oil	**100.4**	84.9
Override royalty	**113.9**	19.4
Revenue	**334.9**	159.7
Production costs	**(45.9)**	(32.7)
G&A (excl. depreciation and amortisation)	**(13.9)**	(12.4)
EBITDAX	**275.1**	114.6
Depreciation and amortisation	**(172.8)**	(153.7)
Impairment / write-off	**(403.2)**	(323.2)
Reversal of impairment	**24.1**	-
Exploration expense	**-**	(2.2)
Net finance expense	**(31.0)**	(52.2)
Income tax expense	**(0.2)**	(0.2)
Loss	**(308.0)**	(416.9)

Despite broadly unchanged production, revenue rose from $160 million to $335 million, principally caused by the higher Brent oil price and the resumption of the override from January onwards.

Production costs of $46 million increased from the prior year (2020: $33 million), with cost per barrel of $4/bbl (2020: $2.8/bbl). Both increases have been caused by the addition of Sarta, which commenced production in December 2020. We expect that the overall operating cost per barrel at the Sarta field will reduce to c.$5/bbl once production has increased to around the facility capacity – the Sarta plant is currently operating at less than 50% capacity. This compares favourably to revenue per barrel of $42/bbl.

General and administration costs were $14 million (2020: $13 million), of which corporate cash costs were $12 million (2020: $10 million).

The increase in revenue resulted in a similar increase to EBITDAX, which was $275 million (2020: $115 million). EBITDAX is presented in order to illustrate the cash profitability of the Company, and excludes the impact of costs attributable to exploration activity, which tend to be one-off in nature, and the non-cash costs relating to depreciation, amortisation, impairments and write-offs.

Depreciation of $115 million (2020: $99 million) and Tawke intangibles amortisation of $58 million (2020: $55 million) increased in total as a result of change in depreciation per barrel inputs in the second half of 2020 and increase in Sarta production.

The Company has reported an expense of $403 million relating to the accounting derecognition of the assets and liabilities associated with the Bina Bawi and Miran licences. An impairment reversal of $24 million has been recognised relating to deferred trade receivables, which have been reassessed based on the current payment mechanism and outlook oil price. These are both explained in note 1.

Bond interest expense of $26 million (2020: $32 million) decreased due to lower debt, a lower coupon rate, and a reduction in the principal amount owed.

In relation to taxation, under the terms of KRI production sharing contracts, corporate income tax due is paid on behalf of the Company by the KRG from the KRG's own share of revenues, resulting in no corporate income tax payment required or expected to be made by the Company. Tax presented in the income statement was related to taxation of the service companies (2021: $0.2 million, 2020: $0.2 million).

Capital expenditure

Capital expenditure is the aggregation of spend on production assets ($105 million) and pre-production assets ($58 million) and is reported to provide investors with an understanding of the quantum and nature of capital investment. Capital expenditure for the period was $164 million, predominantly focused on production assets and Sarta ($55 million) and Qara Dagh ($51 million):

(all figures $ million)	FY 2021	FY 2020
Cost recovered production capex	**49.9**	56.5
Pre-production capex – oil	**55.4**	30.0
Pre-production capex – gas	**5.0**	10.0
Other exploration and appraisal capex	**53.4**	13.2
Capital expenditure	**163.7**	109.7

Cash flow, cash, net cash and debt

Gross proceeds received totalled $281 million (2020: $173 million), of which $72 million (2020: $23 million) was received for the override royalty and $35 million for receivable recovery.

(all figures $ million) Brent average oil price	FY2021 $71/bbl	FY2020 $42/bbl
EBITDAX	**275.1**	114.6
Working capital	**(47.0)**	14.8
Operating cash flow	**228.1**	129.4
Producing asset cost recovered capex	**(46.9)**	(60.2)
Development capex	**(41.6)**	(25.3)
Exploration and appraisal capex	**(24.1)**	(24.2)
Restricted cash release	**-**	3.0
Interest and other	**(29.6)**	(27.1)
Free cash flow	**85.9**	(4.4)

Free cash flow is presented in order to illustrate the free cash generated for equity. Free cash flow was $86 million (2020: $4 million outflow) with an overall increase mainly as a result of higher Brent and resumption of the override.

(all figures $ million)	FY 2021	FY 2020
Free cash flow	**85.9**	(4.4)
Dividend paid	**(44.4)**	(55.3)
Purchase of own shares	**(1.3)**	(3.4)
Bond refinancing	**(81.0)**	28.9
Other	**-**	(2.0)
Net change in cash	**(40.8)**	(36.2)
Opening cash	**354.5**	390.7
Closing cash	**313.7**	354.5
Debt reported under IFRS	**(269.8)**	(348.3)
Net cash	**43.9**	6.2

The bonds maturing in 2025 have two financial covenant maintenance tests:

Financial covenant	Test	YE 2021
Equity ratio (Total equity/Total assets)	**> 40%**	57%
Minimum liquidity	**> $30m**	$314m

Net assets

Net assets at 31 December 2021 were $581 million (31 December 2020: $930 million) which reduced as a result of write-off of intangible assets and derecognition of other payables, accruals and provisions following Genel's termination of Miran and Bina Bawi PSCs, and consist primarily of oil and gas assets of $539 million (31 December 2020: $1,095 million), trade receivables of $158 million (31 December 2020: $94 million) and net cash of $44 million (31 December 2020: $6 million net cash).

Liquidity / cash counterparty risk management

The Company monitors its cash position, cash forecasts and liquidity on a regular basis. The Company holds surplus cash in treasury bills or on time deposits with a number of major financial institutions. Suitability of banks is assessed using a combination of sovereign risk, credit default swap pricing and credit rating.

Going concern

The Directors have assessed that the Company's forecast liquidity provides adequate headroom over forecast expenditure for the 12 months following the signing of the annual report for the period ended 31 December 2021 and consequently that the Company is considered a going concern. In assessing going concern, the Directors have assessed that prolonged prevalence of COVID-19 may have a further negative impact on the oil price and in turn revenues, operational activity and receipt of amounts owed.

The majority Iraq Federal Supreme Court judgment handed down on 15 February 2022 has had no impact on our operations and does not impact our assessment of Genel's going concern status.

The Company's low run rate costs, flexible capital programme, and strong cash position provide appropriate mitigation of the reduction of cash inflows that COVID-19 may cause for the going concern basis to remain appropriate. Further explanation is provided in note 1 to the financial statements.

Esa Ikaheimonen
Chief Financial Officer

Robust production and reserve replacement potential

Reserves and resources development

Genel's proven (1P) and proven plus probable (2P) net working interest reserves totalled 63 MMbbls (31 December 2020: 69 MMbbls) and 104 MMbbls (31 December 2020: 117 MMbbls) respectively at the end of 2021.

The appraisal results of Sarta-5 and Sarta-6 will be incorporated into our assessment of the reserves of Sarta at the appropriate time.

Production

Production averaged 31,710 bopd in 2021, in line with the previous year, as the addition of production from Sarta offset ongoing declines at the mature Taq Taq field, where no drilling took place. Tawke continues to form the bedrock of our production and cash generation, and production was robust in 2021.

Producing assets

Tawke PSC (25% working interest)

Gross production at the Tawke licence averaged 108,700 bopd in 2021, of which the Peshkabir field contributed 61,800 bopd, and the Tawke field 46,900 bopd.

Drilling at the Tawke field resumed in Q3 2021 after an 18 month pause caused by the low oil price environment, during which time production decline was partially offset by gas injection and workovers.

DNO expects the ramp up in drilling activities to maintain Tawke licence gross production at around 105,000 bopd during 2022.

Gas management is ongoing, and a total of 7.6 billion cubic feet (461,500 tonnes of CO_2) of otherwise flared Peshkabir gas was captured and injected into the Tawke field in 2021.

Sarta (30% working interest, operator)

Gross production averaged 6,400 bopd in 2021, with just over 2.5 million barrels having been produced from start up in late November 2020 to year end 2021, as the results of this early pilot production from the asset continues to help shape the view of full field development.

Paul Weir
Chief Operating Officer

Oil has been delivered through more than 10,000 tanker journeys, without any lost time incidents or downtime due to COVID-19.

Drilling and completion operations at Sarta-1D concluded in November 2021, with successful testing carried out in Q1 2022. During testing, production was achieved from multiple zones and fluid samples were acquired successfully. The upper zones produced dry oil while the lower zones produced a mixture of oil and water, in line with expectations. The well entered production on 8 March 2022, initially at a rate of c.2,500 bopd from the upper zones only, to allow dry oil production while monitoring interference effects with the nearby Sarta-2 and Sarta-3 wells.

Using the experience of other fields in the KRI, we are focused on producing and developing Sarta in the most appropriate and cost-effective way possible using our produce, appraise, and develop philosophy. Oil production from Sarta-1D was fast tracked, with a short c.2 km flowline installed in Q4 2021 removing any lag time between well testing results and monetisation of the resource through the adjacent early production facility.

	Remaining reserves (MMboe)				Resources (MMboe)					
					Contingent				Prospective	
	1P		2P		1C		2C		Best	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2020	262	69	437	117	1,259	1,164	2,554	2,303	5,706	4,467
Production	(44)	(12)	(44)	(12)	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	(1,122)	(1,122)	(2,192)	(2,192)	(263)	(1,193)
Extensions and discoveries	-	-	-	-	2	1	8	3	-	-
New developments	-	-	-	-	-	-	-	-	-	-
Revision of previous estimates	20	5	(2)	(1)	23	6	30	7	-	-
31 December 2021	**238**	**63**	**391**	**104**	**163**	**49**	**400**	**122**	**5,443**	**3,274**

Mike Adams
Technical Director

Following the initial results of production from the Sarta-2 and Sarta-3 wells, the Viking I-21 Rig moved from the Sarta-1D site to Sarta-4 to workover the legacy exploration well for use as a produced water disposal well, which will help optimise production. Once complete, Sarta-4 will allow production from the lower zones of Sarta-1D, with the added the water disposal also allowing the managing and maximisation of production from Sarta-2 and Sarta-3.

The Sarta-5 and Sarta-6 step out wells, designed to appraise the field away from the pilot production facility, are key in resolving the current uncertainty over the size and shape of the Sarta field. Drilling and completion operations concluded at Sarta-5 at the end of 2021, with well testing set to begin shortly, and the Sarta-6 well has now spud.

In 2021, in line with our focus on reducing emissions, Genel initiated engineering studies on Gas and Emissions Management at Sarta including the potential use of renewable sources to help power our operations. The work will be matured in 2022 allowing for concept selection, informed by the results of Sarta-5 and Sarta-6.

As we took over operatorship on 1 January 2022, we will be increasing our social footprint in the region as a key part of our Genel20 activities.

Taq Taq (44% working interest, joint operator)

Gross production at Taq Taq averaged 5,940 bopd in 2021, following the ongoing suspension of drilling activity as we continue to focus on optimising cash flow. We are working with the MNR and our partner with a view to the resumption of drilling in H2 2022.

Pre-production assets

Qara Dagh (40% working interest, operator)

Drilling operations on the QD-2 well at Qara Dagh (40% working interest and operator) were suspended in December. This followed a challenging operation, with the well having initially been side-tracked in response to encountering more complex geology above the target reservoir than expected.

Following this, two further side-tracks were initiated, but the licence partners concluded that it was impractical to continue the drilling operations from this wellbore in an attempt to reach the primary objective because of insurmountable technical problems.

A thorough evaluation of the QD-2 well and its results is now being undertaken to inform next steps on the licence. The geological case for Qara Dagh remains intact and attractive, although a drilling decision will be made dependent on the ability of a new well to fit in with our business model, which will balance the significant upside with our focus on prudent capital allocation and the minimisation of downside risk.

African exploration

In December, Genel signed a farm-out agreement relating to the SL10B13 block (Genel 51%, operator), Somaliland, with OPIC Somaliland Corporation ('OSC'), with all its share of future capital investment coming from CPC Corporation, Taiwan, the state-owned enterprise of Taiwan. Under the agreement, OSC received a 49% working interest in the block for a cash consideration of 49% of all Genel's historic back costs, plus a cash premium.

Somaliland has significant underexplored potential, with geology analogous to Yemen. The SL10B13 block is highly prospective, with multiple stacked prospects with over five billion barrels of prospective resources identified from the interpretation of the 2D seismic data acquisition completed in January 2018. One prospect alone could target over half a billion barrels across multiple stacked reservoirs. The prospective SL10B13 area is c.150 kilometres from the port at Berbera, offering a route to international markets.

The field partners are now working together to plan exploration drilling in this block, with an aim of drilling a well in 2023. It is currently estimated that a well can be drilled for a gross cost of c.$40 million.

Management recently undertook a visit to Somaliland as planning work intensifies, and as we move closer to the start of drilling operations our social activities will ramp up accordingly.

A farm-out campaign continues to be planned relating to the Lagzira block offshore Morocco (75% working interest and operator), with the aim of bringing in a partner prior to considering further commitments.

A socially responsible contributor to the global energy mix

In the 20 years since signing our first PSC in the KRI, Genel has focused attention on making a positive difference and supporting the communities in which we operate, and in 2021 our efforts on this front were once again ramped-up following the gradual easing of COVID-19 restrictions. Community engagement is important to us, as we not only want to have a portfolio of assets that aligns with a future of fewer and better natural resources projects, but we are also focused on directly benefitting society by providing local employment and fostering wider economic opportunities. This combination of future-fit assets and continued social investment is key to our success as a business, as we strive to be a socially responsible contributor to the global energy mix.

We continued to navigate through the challenges of the COVID-19 pandemic in 2021 by continuous revision of controls and protocols directed to ensuring the safety and wellbeing of our workforce and local communities. I am proud of the work that has been done this past year, in particular avoiding any production downtime and continuing to progress our assets which was, in part, on account of the support provided to our employees to enable a 97% vaccine uptake in the KRI. Our strong governance structure enabled us to respond promptly and provide essential resources to staff in the field, enabling safe and uninterrupted operations, despite the many challenges. Working together as a business to continue delivering on our goals during this difficult time has clearly demonstrated how our corporate values are embedded in our daily practices.

In a year when Glasgow hosted the UN Climate Change Conference, COP26, the attention of the world was focused on the low-carbon shift that is critical for our sustainable future. As we collectively confront the challenges posed by the necessary global energy transition, we see our low-carbon and low-cost asset strategy as being the right one for this phase of that transition and I am pleased that Genel continues to address these challenges. 2021 saw a full year of no routine flaring at Peshkabir, progress on Sarta gas management initiatives, our implementation of a GHG emissions management standard, and commencement of a feasibility study into renewable options for our Sarta operations; the combined efforts of which were reflected in an improved CDP score from D in 2020 to C in 2021. More detail on these initiatives, in addition to our TCFD reporting, will be included in our standalone 2021 Sustainability Report, which will be issued on the day of our AGM.

Our sustainability efforts are the direct result of adherence to our corporate values. Our values were chosen as they are the key components that drive the way that we do business and the way we treat all stakeholders. We continue to deeply embed these values across the organisation, and our Code of Conduct directly flows from them. I remain committed to all employees embracing our ethos, and in so doing being a proud part of a company that is known for acting in the right way, for the benefit of all.

Living and working according to our values on a daily basis drives our alignment with international commitments, notably the UN Sustainable Development Goals ('SDGs') and UN Global Compact's 10 Principles on human rights, labour standards, environment and anti-corruption. Adherence to these, and our membership of Transparency International UK and Trace, flows from these values, as we aim to have high ethical standards driving our business practices and supporting our management of environmental and social concerns. An important step was made this year as we undertook an independent human rights assessment, which not only helped identify the areas of focus but also provided a roadmap of actions going forward.

As our operations in the KRI continue to develop, we embrace the opportunities for further significant contributions to society. More broadly, 2022 sees us mark 20 years since signing our first PSC with the Kurdistan Regional Government, and throughout the year we will be celebrating the positive impact we have had, and also increasing the scope of our social activities in the KRI, under our Genel20 banner. We will also increase the scope of our work in Somaliland, as we work towards drilling a well in 2023.

As we increase our activities we remain focused on those areas that best support local community needs, and our chosen areas align with UN SDGs Good Health and Well-Being, Quality Education, Decent Work and Economic Growth, and Life on Land. I look forward to updating you on these actions in next year's report, and throughout the year ahead.

Bill Higgs
Chief Executive Officer

Sarta: an asset fit for the future

On 1 January 2022 Genel took on the operatorship at Sarta, an asset that fits in with our commitment to low-cost and low-carbon operations. We place the management of GHG emissions at the forefront of our business, with each asset being actively managed to minimise life of field emissions in order to fit in with our GHG Emissions Management Standard. In this way, we see our assets as having the correct emissions profile during the energy transition – this is what we mean by assets fit for the future. At Sarta, planning is already underway, and efforts to assess opportunities to minimise future emissions from this asset are progressing.

We aim to eliminate routine flaring as the asset develops, and we are currently in the process of evaluating possible solutions to achieve this. We also embarked on a feasibility study in 2021 to determine the viability of renewable energy options for operations at the field, with this study also investigating ways in which we could realise efficiencies in our fuel and energy consumption.

Both these initiatives represent an important step for Genel as we continuously strive to address the challenges of the energy transition and realise our ambitions of operating low-carbon assets.

2021 highlights

225 employees from the KRI working for Genel in the region

34 local companies supported by Genel activities

11 social investment & community projects funded & delivered

92% of waste from Sarta is recycled

Community engagement

As we approach twenty years of investment in the KRI, our activities in 2021 reinforced a central pillar of Genel's sustainability strategy - supporting local communities. Genel recognises and embraces its responsibility and obligation to our host societies and communities and accordingly, implementation of our CSR programme continues to provide local social capital and improve community and stakeholder relationships through sharing the benefits of our work. In doing so we aim to not only address community needs but also promote the well-being of local communities and develop economic opportunities.

Our formal company outreach CSR policy, first introduced in 2019 based on ISO26000 Guidance on Social Responsibility, remains in place to provide formal guidance to our CSR strategy. This policy helps Genel govern regional community expectations and the broader internationally accepted scope of CSR associated with sustainable development, human rights, and the environment. This policy promotes sustainability and expands Genel's efforts to create more strategic plans and apply a systematic methodology to the implementation of our CSR programmes.

Social investments in community, environment and education

In 2021 Genel delivered a diverse range of social projects across the KRI. Our CSR team successfully delivered ten community investment projects valued at over $317,000, which focused on increasing economic opportunity and development, improving community health, and on supporting local education.

With education remaining a key priority for Genel's community investments, we were pleased to continue our partnership with Goshan primary school in Qara Dagh by providing educational supplies and equipment. Other 2021 projects in the vicinity of Qara Dagh included the completion of a football pitch in Qara Dagh town, which aims to help promote recreational activities and provide young athletes with a safe modern facility to regularly meet and play. In recognition of the necessity of basic utilities, Genel was pleased to finalise the installation of a 250 kVA power generator at Jaferan village, and to complete a project which supplied water to Sarko village and Sewsenan villages. The collective impact of these initiatives helped members of these communities to an improved quality of life.

Perhaps our most notable contribution of 2021 in the Qara Dagh region was the commencement of construction of a youth development center. It is intended that this will provide a permanent venue for training and skills development for local residents from 83 surrounding villages, with the aim of empowering local children and young adults to improve their competency skills and enhance their capabilities and earnings potential.

At Sarta, in 2021 Genel planted 500 trees along a road in order to enhance the space and improve air quality, while our continuing focus on education led us to make donations for the provision of computers and printers to three local schools in the area. We look forward to stepping up our activities and beginning our long-term investment initiatives in 2022, having taken on operatorship of the field at the start of this year.

In the areas surrounding our Taq Taq operations, Genel was pleased to continue our well-established community waste collection programme which collects household waste on a daily basis from nine villages surrounding the Taq Taq field, and in 2021 collected 615 tons of domestic waste. Furthermore, Genel continued to support local communities through the provision of fuel to Elinjagh hospital. Away from these ongoing initiatives at Taq Taq, 2021 also saw Genel provide support in the repair of local roads and water pipes through the provision of plant machinery, in addition to providing some critical sewage system upkeep for local residents.

Economic development and local employment

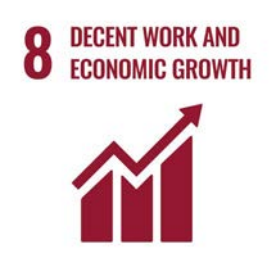
Having our projects supported by a community workforce is an essential component of our strategy. By making the community workforce stakeholders in the process and adding value to the local economy through their participation in our operations, it empowers these individuals to take ownership of the overall well-being of the area.

Genel encourages our contractors to hire locally from the communities in which we operate if the skills and requirements are found within, and we support training if these skills are absent. We were pleased to roll out an apprenticeship programme in 2021 which provided five students from Erbil Petroleum Technical Institution an online summer training course covering a broad range of modules for which Genel was able to share knowledge and expertise; namely civil engineering, operations management, process safety, Human Resource Management and Health, Safety and Environment.

Supported by our initiatives, we have been pleased to see an increase in the number of opportunities given to the local community in aspects of job opportunities, machinery hire, or employee development and training. In 2021, 16 local companies provided services across Sarta and Qara Dagh, and a further 18 for our operations at Taq Taq, all of which provided a direct positive impact on economic development and growth within the community.

Meeting community needs

Genel values the guidance provided by the UN SDGs and we see our alignment with these as a means of making a tangible difference to the lives of people in communities in which we operate. Further distilling these goals to those considered most relevant to our host communities has enabled us to concentrate our efforts on delivering in the most targeted and impactful way possible. From the building of a library in Koya, to the provision of clothes to school children in Miran, and vocational training at Taq Taq, education has long been a priority for our social investment and a key need for the local community. We have been a longstanding supporter of the Hiwa Cancer Centre, and our operations also aim to maximise community employment and build local supply chains. As a natural resources company, we are also keenly aware of our environmental footprint, and supporting biodiversity is core to our thinking as we develop our sites. The below four UN SDG's are therefore the ones on which our Genel20 social investments will be focused.



People and diversity

Employee management

The success of our business is reliant on the talent, experience, diversity, and commitment of our world-class workforce; collectively united by our corporate values which enables us to deliver our strategy. Accordingly, Genel aims to retain and attract talent through fostering a rewarding work environment based on equal opportunity for all current and future employees. We promote positive employee relationships that enable all individuals to make use of their skills, free from discrimination or harassment, with all decisions based on merit, as outlined in our Diversity and Equal Opportunities Policy.

We also commit to providing a competitive compensation package that enables the Company to attract and retain highly skilled and talented employees for all positions. We utilise a salary structure to ensure equitable pay levels among all titles, and the Human Resources Department collects market data from reliable third parties to analyse and compare each position's level and pay. Our talent management process enables employees to capitalise on their skillset and maximise their value and impact on Genel and its work.

Employee wellbeing

The uncertainty resulting from COVID-19 continued to present challenges from a people management perspective which necessitated innovative ways to address staff welfare, which has remained a priority throughout this period. As a response to this, we designed and implemented a hybrid working model for all office-based staff during 2021.

At the start of 2021 Genel conducted our third all-staff survey, which not only gauged employee feedback in relation to these challenges but also assessed the effectiveness of action items that had been implemented previously. Regular townhall meetings were held in order to provide updates to all employees, and Genel also introduced Genel Wellness via the Wellbees App platform in June of 2021, an initiative to promote physical and mental wellbeing throughout the organisation, with the aim of supporting staff in the workplace and beyond.

Diversity

Genel champions diversity throughout our operations, be it through ideas, skills, knowledge, experience, culture, ethnicity or through gender diversity. Each of these elements is formalised in our policies and procedures, and Genel's commitment to inclusivity is evident in its diverse employee profile.

On average for 2021, we employed 128 people across four regional offices, with 51 employees in Turkey, 33 in London, 28 in the Kurdistan Region of Iraq, and 16 in our African operations. In a reflection of our global operational footprint, our talented and diverse employees represent 13 different nationalities. Genel is proud of its continuous promotion of women into leadership positions across all levels of the Company, with women representing 34% of our total workforce and making up 22% of Board of Director positions, 12.5% of the Executive Committee and 20% of management.

We are particularly proud of this gender diversity given that the industry average representation of women in the global oil and gas workforce was just 22% in 2020 and at Genel in 2021 women accounted for 34% of the workforce. Moreover, we were proud to contract our first female drill operator in KRI this year, in the role of MPD QA/QC Advisor.

Human rights assessment

Central to our ESG management is an ongoing commitment to conducting our business in a manner that respects human rights across all areas of operation. We are committed to acting ethically and with integrity in our business dealings, implementing and enforcing effective systems that mitigate the risk of modern slavery within all elements of our business.

As part of this ongoing commitment, in 2021 Genel commissioned an independent human rights compliance assessment of our performance against the UN Guiding Principles on Business and Human Rights ('UNGPs'). The assessment provided a roadmap and recommendations for future planning, which we look forward to implementing as part of our ESG strategy.

As human rights trends evolve within the areas in which Genel is operating, we place significant importance on this topic and our assessment has allowed us to develop concrete proposals to enhance internal policies, processes, and standards, and in doing so further strengthen human rights compliance with international standards, such as the UNGPs.

Moreover, where we have the ability to do so, we require the same high standards from all our contractors, suppliers and other business partners. As part of our contracting processes, Company policy requires that we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude. Further information is available under our Modern Slavery Act 2015 disclosure obligations.

Grievance policy

Genel encourages a culture of openness and accountability in all our operations and in a further demonstration of the importance of this, our Whistleblowing Policy was revised in 2021 to reinforce our commitment to this process by incorporating a Grievance Policy. This was in context of the public commitment we have given to observe the requirements of the United Nations Global Compact, one aspect of which requires Genel to establish a grievance mechanism under which third parties can raise grievances with the Company, including in the human rights context.

The updated Whistleblowing and Grievance Policy applies to all individuals working at all levels within the Company, including directors, officers, employees, and to contractors, and third parties. These policies are communicated to Genel employees through internal training and are available for all stakeholders on Genel's publicly available web portal. Genel operates a whistleblowing hotline which enables employees and third parties to report concerns on a range of matters including human rights violations such as slavery and trafficking and is available in a number of languages. Every incident of whistleblowing is reported to our Board of Directors and investigated fully.

Health and safety

COVID-19 response

The health and safety of our workforce has always been a top priority at Genel and the measures we implemented to protect our people continued to evolve with the ever-changing dynamic presented by the COVID-19 pandemic. Processes and plans were constantly reviewed and enacted by our HSE management team as necessary in order to minimise any risk to staff, and to continue safe operations.

Leadership and direction were provided on a weekly basis by the steering committee, led by the CEO, and continuous reviews were carried out on COVID-19 protocols to ensure correct control measures were implemented according to the most current information available through International SOS, the World Health Organization, and local legislation. Acknowledging the critical role vaccine uptake was to play in combatting the COVID-19 risk, Genel moved swiftly in 2021 to support our field teams in obtaining a COVID-19 vaccine through the roll out of our vaccine programme in KRI, which also requires all Genel Energy expatriate employees to be fully vaccinated before working in the KRI. By the end of 2021, Genel achieved a fully vaccinated status for KRI employees of 97%.

We worked effectively within the KRI to deliver a revised work plan and establish safe practices at both our production and pre-production assets. The HSE and operational teams re-examined personnel requirements to keep work site numbers at a minimum and establish measures at operational sites that improved employee hygiene, segregation, and social distancing to reduce the risk from COVID-19.

For employees operating in the KRI, Genel established travel and crew change arrangements consistent with regulatory requirements, and implemented new working arrangements at operational sites to minimise the potential for transmission. Furthermore, in order to adhere to the government guidance in the various geographies in which we operate, and to provide a safe working environment to our office-based employees, we implemented a dynamic hybrid working model throughout 2021 to allow working from home where required, but also allowing working from our offices where permitted.

Dissemination of the latest up-to-date COVID-19 information was provided to all staff and was communicated at site level through site-specific induction safety training. All persons, whether a company employee or contractor, were subject to Genel COVID-19 procedures. Strict quarantine measures were taken to ensure all persons working at production and drilling sites were COVID-19 free. These measures were also implemented contractually with Genel vendors, to ensure transparency with the Genel procedures on COVID-19. Due to these measures, there was no production downtime as a result of COVID-19.

Emergency preparedness and training

Genel implemented a robust emergency preparedness plan throughout 2021 to ensure employees are trained and competent in our field operations, as we step up our operated activities. These trainings also involved senior managers who are responsible for crisis management, business support and in-country incident management teams.

We trained the dedicated emergency response teams at Sarta and recruited additional members to the team. Regular drills and no notice simulation exercises were also held. We purchased dedicated response equipment, a fire response vehicle and an array of rescue equipment to enhance our capabilities to protect lives in case of a fire or rescue incident.

Trucking and spill mitigation

In recognition of one of our key risks, the trucking of crude oil from the Sarta facility to the offloading station 100 km away, we continue to enhance our spill response capabilities and in 2021 we signed a Tier 2 and Tier 3 spill response contract to further bolster Genel's response capabilities to enable a prompt response in the unlikely event of any future Tier 2 or Tier 3 spill incidents. Driver competency training packages continue to be utilised for all new drivers recruited for the project. These included additional elements covering hazard identification, working in operational facilities, and spill response. Under a Restrata training scheme initiated by Genel, 10 local drivers received intensive training for driving safety and procedures in different conditions and terrain. The success of our initiatives has resulted in more than 10,000 tanker journeys having been completed without incident.

We continue to provide spill response training to Genel personnel involved in spill response as well as the crude oil trucking contractors. The trucking contractor has mechanical response equipment situated at key points along the trucking routes with local area contractors. Tactical spill response plans are in place to organise content and focus on specific actions and priorities to bring speed and clarity to any response.

Operational safety

Management system standards and procedures continue to be developed to meet industry best practices. Robust training and emergency preparedness planning has been implemented across the workforce. In 2021 102 HSE management site visits were conducted, 59 emergency response drills took place, 1,194 production safety observations and 24,838 drilling safety observations were submitted, illustrating the continuous focus on safety despite COVID-19 restrictions.

Genel strives for safe operations with zero lost time injuries and zero Tier 1 loss of primary containment events across all operations. Regrettably, following 14 million work hours since a lost time injury at Genel and TTOPCO operations, a member of the contractor drilling team sustained a foot injury during drilling operations at Sarta-5. The resulting LTI frequency was 0.29 per million work hours and action has been taken to prevent a recurrence of such an incident. 1.2 million work hours have been subsequently completed across our operations without an LTI.

Lifting is acknowledged as a high-risk activity for Genel, and in order to mitigate this risk we have retained the service of an independent company to inspect and certify all lifting equipment, including those provided and used by all contractors, as an additional assurance on top of the equipment certification. This strategy has led to no lifting-related incidents occurring as a result of a failure of equipment. Genel has further supplemented this with the inclusion of mechanical handling equipment involved in construction activities.

Hydrogen sulphide ('H2S') level 2 training is mandatory for all personnel working at Genel operations and is delivered by a competent H2S support contractor. HSE training programmes are established and a training matrix is in place for personnel employed at Genel operations.

Process safety and asset integrity

Process safety and asset integrity are an integral part of our approach to managing major accident hazard related risks and achieving safe and reliable operations. An Asset Integrity Management Plan is in place to conduct risk-based inspections periodically, and process safety risks are assessed through a variety of process hazard assessments such as Hazop (Hazard and Operability) studies, QRA (Quantitative Risk Assessment), and risk assessments. Identifying potential hazards and risks and then working to eliminate or mitigate these is a key focus as we strive to protect the public, safeguard the health and well-being of employees and contractors, minimise potential risks to the environment, and protect assets from damage or loss.

As part of our risk management process, comprehensive inspection and maintenance programs are carried out on Safety Critical Elements. Other key elements of process safety management are the management of change process, operational readiness reviews, pre-start-up reviews, and the continuous monitoring of process safety performance with a robust set of process safety performance indicators.

Tier 1 and 2 Process Safety Events ('PSE') provide baseline performance and are measured each year for consistent overview of Genel's process safety performance. Any loss of primary containment occurring is reported, communicated to relevant parties, and investigated to determine how to improve equipment reliability and related operating integrity practices, and furthermore, to identify barriers aimed at managing and mitigating major accident hazards. In 2021, we had zero Tier 1 or Tier 2 PSE. In addition, we monitor Tier 3 PSE for better assessment of the critical barriers.

Climate risk mitigation

GHG management and forecasting

A key element of our commitment to producing future-fit, low-carbon intensity and high-margin barrels is our management and forecasting of GHG emissions across our entire business. A robust understanding of our GHG footprint is essential to target the relevant areas of operations that will allow us to minimise these emissions. In this regard, a notable and significant addition to our 2020 Sustainability Report was the inclusion of Scope 3 emissions in our greenhouse gas emissions reporting, which provided a crucial milestone for Genel in understanding our carbon footprint. Moreover, our monthly emissions accounting and annual disclosure - which in 2021 included Scope 3 emissions - allow our operations to be managed in accordance with our aim of minimising emissions and mitigating potential adverse effects.

GHG emissions profile

Following the success of measures taken in 2020 to enhance GHG emissions reporting by shifting to an equity-shared approach for Scope 1 and 2 emissions, which was adopted in a move towards best practice and to provide a more comprehensive overview of our GHG impact, this approach has been replicated in this year's reporting. Moreover, given that Genel reported Scope 3 emissions in our 2020 Sustainability Report, we have taken steps to include our 2021 Scope 3 footprint in this report. This illustrates our ongoing aim of making incremental improvements to our sustainability reporting and practices.

Genel reports Global GHG emissions and intensity ratio in accordance with the requirements of the UK's Companies Act 2006, and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. In addition, Genel is reporting last year's GHG emissions data, its underlying energy consumption for 2021 and 2020, the contribution of UK operations to global energy consumption and GHG emissions, and information relating to energy efficiency action, in alignment with the additional requirements implemented as part of the 2018 Regulations for Streamlined Energy and Carbon Reporting (SECR). The methodology used for reporting follows guidance provided in the 2015 GHG Protocol Corporate Accounting and Reporting Standard.

Non-operated assets GHG emissions data are provided by our joint venture partners. Genel's Scope 1 and 2 emissions are verified each year by an accredited third-party assurance provider, albeit figures for 2021 provided below are undergoing this process at the time of reporting.

We are pleased to report the continued success of our low carbon strategy with a carbon intensity of 16 $kgCO_2e/bbl$, and while representing an increase from 2020, this had been anticipated on account of our growth of activity in 2021, both related to production at Sarta and drilling operations at Qara Dagh.

Emission reduction efforts

We focus on effective design, efficient operations and responsible energy use to reduce emissions to as low as reasonably possible, in order to provide assurance to our investors that Genel's asset development plans are sustainable from both an economic and a climate perspective. Our emissions reduction, energy efficiency and flaring management practices have been formalised in a corporate-wide GHG Emissions Management Standard that emphasises an asset life-cycle approach to emission mitigation. The standard applies to all operating and non-operating assets including legacy assets and future acquisitions across the entire life-cycle phases of the asset and provides a systematic framework to identify an asset's carbon budget that aligns with carbon reduction targets.

One of the biggest factors influencing our GHG emissions profile is flaring. With our joint venture partner and operator of the Tawke PSC, DNO, we continue to carry out the first gas injection project in the KRI and eliminated routine flaring throughout 2021, with the potential for enhanced oil recovery that will make the project a cost benefit. Moving forward with our Sarta operations, we aim to eliminate routine flaring as the asset develops, and we are currently in the process of evaluating possible solutions to achieve this.

Some of Genel's other actions taken in 2021 to reduce emissions from our operations are detailed on the following page.

2021 GHG and energy figures on an equity share control basis

Year	2021		2020	
Geography	Global	UK	Global	UK
Scope 1 emissions (tCO_2e)	190,277	-	148,318	-
Scope 2 emissions (tCO_2e)	277	3.21	263	8.43
Scope 3 emissions (tCO_2e)	356,847	-	31,748	-
Associated energy use (kWh)	296,963	13,776	125,258,811	36,162
Intensity ratio ($kgCO_2e/bbl$)	16	-	13	-

Leak detection and repair

In line with Genel's commitment to limit fugitive methane emissions from our operated asset portfolio, an independent third-party Leak Detection and Repair ('LDAR') campaign was conducted at Sarta in August 2021. The LDAR campaign assessed over 9,000 connections across the processing facilities, flowlines and wellheads using the best available technologies to detect even the smallest leaks, through the use of a flame ionisation detector and optical gas imaging. Measurements onsite have provided encouraging results as only a small number of leaks were encountered, equivalent to 2.4 tCO_2e of emissions each year.

Genel was able to repair all six identified leak sources and is committed to continue performing annual LDAR campaigns to identify possible leaks for repair, and to continue the reduction of unintended emissions.

Climate disclosures

Genel is committed to communicating its climate strategy and resilience to the investor community in order to illustrate the efforts we are taking to reduce our carbon footprint. Following our first ever disclosure to CDP in 2021, Genel was pleased to have been awarded a C score, an improvement from our previous score of D. This progression not only shows our commitment to climate-related disclosures but also indicates the progress that is being made in our data collection and reporting capabilities.

Environmental stewardship

Environment management system

At Genel we are focused on reducing our emissions, managing waste, reducing resource and water use, and protecting biodiversity throughout our operations. As such we continue to design our policies, procedures and plans to align with ISO 14001 requirements and we are making progress towards accreditation. In line with the International Finance Corporation Performance Standard 6 on Biodiversity, we are in the process of developing an offset programme at Qara Dagh in collaboration with local stakeholders.

Environmental, social and health impact assessment ('ESHIA')

Identifying and managing any potential impact from our operations forms an essential part of our project planning and, as such, we develop ESHIA reports and seek regulatory approvals for all field development activities which includes developing an environmental and social management plan to monitor and respond to potential impacts and grievances that may arise with local communities and the environment.

Water management

As part of our environmental responsibilities, we recognise that we operate in a water-restricted region and that availability of fresh water is valuable. Therefore, it remains a key priority of the Company to efficiently manage its water consumption and continually strive for incremental improvements in recycling practices as operations continue. Throughout 2021 Genel's HSE team recorded water use, its source and its disposal at all of our sites across the KRI. We continue to focus on reducing freshwater consumption by increasing the quantity of water for recycling, such as effluent recycling through our high-grade sewage treatment unit at Sarta or treated production wastewater for drilling mud make-up.

Waste management

Genel continues to build upon its excellent waste management reputation in the KRI. At Sarta, a rigorous waste segregation programme is in place and site personnel and contractors continue to follow the principles and hierarchy of waste management. We have issued contracts for waste removal, recycling and treatment for local communities as part of our ongoing support for capacity building for local enterprises in waste management. Our staff maintain close relations with our waste contractors, introducing them to new recycling initiatives and mentoring the workforce in effective and safe waste handling and management practices. In further evidence of continued improvements in waste management practices, for our waste streams from Sarta, zero waste was sent to landfill, just over 8% was incinerated, and over 92% of waste was recycled.

Continuous air quality monitoring

As Sarta operations develop we continue our efforts to monitor and mitigate any adverse impacts associated with these operations. In reflection of these efforts, we have implemented continuous air monitoring from three air quality monitoring units in the vicinity of the site. Following establishment of a baseline the previous year, this ongoing programme will provide an understanding of local air quality conditions as Sarta operations evolve and allow constant monitoring of our operations in order to prevent adverse impact to the health of neighbouring communities. In 2021 the air quality data was compared against the more stringent draft 2020 KRI regulations (as opposed to the 2011 regulations used in our baseline year) and even against these more stringent guidelines, no exceedances were recorded.

Biodiversity and land management

Genel places considerable significance on preservation of biodiversity and we continue to work in collaboration with partners to protect nature and to achieve no net loss of biodiversity wherever we operate. We acknowledge the importance of conserving biodiversity as an integral part of sustainable development and we are committed to protecting the flora and fauna in the proximity of our assets throughout the project cycle.

Development of a biodiversity management plan ('BMP') provides a framework for managing project risks and impacts specifically related to biodiversity and to identify and prioritise appropriate impact management actions relating to our assets. In specific acknowledgement of the sensitive environmental setting of our operations in the region of Qara Dagh, we are working in partnership with local stakeholders and will continue to monitor the measures laid out in the existing BMP which may include the implementation of additional conservation measures that will achieve a net positive impact in biodiversity values for habitat temporarily affected during these operations.

As operations progress in Somaliland we will carry out similarly rigorous studies in order to assess and mitigate any potential impact on biodiversity in the areas surrounding our operations.

ESG management and responsible business practices

ESG management remains a primary consideration for Genel. In 2021 Genel established the Strategy and Growth Execution council, which provides a regular platform for discussion of key strategic considerations for Genel, of which ESG is a vital component, between Genel's leadership team and cements ESG considerations in our broader business strategy.

These meetings complemented the regular HSSE Board committee meetings to further foster a culture of ESG integration and effective governance, with ESG actions also being discussed at employee Town Hall meetings. Placing greater emphasis on our commitments, 2021 built on the previous year, where a portion of annual remuneration for all Genel employees was linked to the realisation of annual corporate ESG related goals, with ESG metrics also now incorporated in annual and long-term incentive plans. The inclusion of ESG criteria in Genel remuneration packages has again been approved for 2022.

Risk Management
Principal risks and uncertainties

Introduction

Mitigating downside risk is a key component of our business model. The benefits of this approach, and the resilience that it provides, was demonstrated once again in 2021, as Genel retained a robust financial position and continued to deliver on its operational strategy despite the challenges posed by COVID-19.

As well as being a core part of our overall approach to running the business, we also have a diligent approach to individual risks, bringing the same rigour to Genel's organisational risk management processes as we do to health, safety and the environment.

Uninterrupted production and drilling operations during COVID-19

Our approach to COVID-19 illustrates the robust risk management policies and procedures that we have in place, how we identify risks and then take a proactive approach to design and implement operational controls to manage these. We view risk through the same lens as we view HSE, proactively looking to prevent problems before they arise, having the right controls and assurances in place to mitigate as much as possible any potentially negative outcomes.

We continued to monitor the evolution of COVID-19 and modified controls and protocols regularly to keep people safe and continue uninterrupted production and drilling operations. Field quarantine duration was reduced from 14 days to 7 days with 2 PCR tests, and mandatory use of face masks and social distancing continued. Vaccination were mandated for all staff and we reached 97% fully vaccinated status by the end of 2021.

The impact of COVID-19 was swift and constantly changing, and we continued to assess it on a bi-weekly basis through the COVID-19 steering committee led by the CEO, ensuring a continuous flow of information from all our sites. In line with our governance procedures, the risk was allocated to the HSSE Committee, who received a recent update on the Genel vaccination policy on 8 December 2021 prior to formal communication to all staff and contractors. Given the impact of COVID-19 it was a tremendous performance to safely continue operations at all fields, with no downtime in drilling at Sarta and Qara Dagh or production operations at Sarta and Taq Taq.

We continue to use the bowtie method to support the identification, design and management of prevention and mitigation controls, as we take a proactive approach to risk mitigation.

VK Gupta
Head of HSE and Risk Management

Principal risks and uncertainties

Trends Key

▲ Risk Improved
◀▶ Risk Unchanged
▼ Risk Deteriorated

KRI natural resources industry and regional risk

Sefa Sadık Aytekin, Head of Government Affairs

Board	Trends ▼	Read more p7

Approach
A strong relationship with the KRG facilitates the realisation of the value of Genel's principal assets.

Opportunities
- Strong relationship with the KRG facilitates further success in KRI
- Stable environment for operations allows Genel to pursue strategic objectives

Threats
- A change in situation of the KRG, Turkey or of Baghdad and the wider region adversely effects operating environment in the KRI, including payments
- Attempts by the Federal Government of Iraq to enforce the recent majority decision by the Federal Supreme Court in Baghdad could impact Genel
- Russia targeted sanctions that could impact the supply chain and movement and trading of KRG oil

Controls
- Regular dialogue with key decision makers in the KRI, including meetings with the Prime Minister of the Kurdistan Regional Government
- Stakeholder management plan
- Close monitoring of rapidly moving sanctions developments

Payment for KRI export sales

Bill Higgs, CEO

Board	Trends ▼	Read more p17

Approach
The Kurdistan Regional Government purchases all crude oil at the wellhead and arranges for payment to be made to Genel for ongoing exports.

Opportunities
- Payments provide increased cashflow strengthening balance sheet and enabling growth
- Regular payments improve market sentiment

Threats
- Payments from the KRG delayed, reducing the Company's ability to re-invest in line with its strategic priorities
- Attempts by the Federal Government of Iraq to enforce the recent majority decision by the Federal Supreme Court in Baghdad could impact Genel

Controls
- KRG payments ongoing
- Payment recovery ongoing for overdue entitlements from November 2019 to February 2020

Development and recovery of oil reserves

Paul Weir, COO

Board	Trends ◀▶	Read more p18

Approach
Genel aims to realise the reserves value in its portfolio through deploying capital in line with the value creation expected from our asset development plans.

Opportunities
- Correctly characterising uncertainty in reserves outcomes
- Cost effective development of fields

Threats
- Underestimation of reservoir uncertainty and reservoir performance to the downside
- Poor drilling execution performance
- Poor reservoir performance

Controls
- Life of field asset development plans in place
- Active and optimised performance drilling across all producing assets
- Active reservoir management
- HSE, Asset Integrity and Operations Management Systems

Reserve replacement

Mike Adams, TD

Board	Trends ◀▶	Read more p18

Approach
Genel aims to grow through adding reserves and in turn long-term cash-generative production both from existing and new assets added to the portfolio.

Opportunities
- Successful exploration and appraisal activity increase resources
- Moving projects and developments into execution increases reserves
- Successful addition of inorganic opportunities to the portfolio
- Progress on current assets (Sarta, Somaliland, and Qara Dagh) unlocks resource value

Threats
- Inability to progress assets in the portfolio and convert contingent resources to reserves
- Failure to add inorganic opportunities to the portfolio

Controls
- Life of field asset development plans in place
- Active management of contingencies to convert contingent resources to reserves
- Appraisal and production ongoing at Sarta
- Successful Somaliland farm-in leading to possible drill in 2023

M&A activity
Esa Ikaheimonen, CFO

Board	Trends ◀▶	Read more p16

Approach
The pursuit of selective, value accretive M&A opportunities is part of Genel's growth strategy.

Opportunities
- Execution of a transaction positively impacts the Company's valuation, asset quality, and equity story, among other factors

Threats
- Execution of a transaction that adversely impacts the Company's long-term liquidity, balance sheet, asset quality, and equity story, among other factors
- Misalignment with major shareholders

Controls
- Clearly defined strategic framework and characteristics for deals that Genel should pursue
- Senior management review and assessment of resilience of investment to downside risks
- An experienced Board oversees and signs off on all material M&A decisions

Corporate governance failure
Jamie Dykes, GC

Board	Trends ◀▶	Read more p39

Approach
The Company's strategy is to maintain high standards of corporate governance.

Opportunities
- Good corporate governance is proven to provide benefits to business and value to shareholders

Threats
- Corporate governance failure would have a negative impact on investor perception of the Company

Controls
- Carrying out detailed Board Evaluation exercises (including externally facilitated reviews periodically) to monitor and assess performance of the Board
- Effective set of governance policies deployed across Genel

Environmental, social & governance expectations
Bill Higgs, CEO

Board	Trends ◀▶	Read more p20

Approach
Position the Company for the energy transition; supporting and sustaining the communities where we operate.

Opportunities
- Develop a competitive advantage for Genel and distinguish it from its peers
- Position Genel as a socially responsible contributor to the global energy mix, widening the pool of potential investors

Threats
- Reduced access to capital
- Negative stakeholder publicity
- Introduction of punitive carbon or other taxation
- Loss of local community support gives rise to disruption to field operations

Controls
- ESG strategy in place and agreed by Board including long-term CSR strategy
- ESG scorecard included in annual targets
- Commitment to local employment and local contractors
- GRI compliant Sustainability Report issued annually (in English and Kurdish)
- CDP score improved to C
- Proactive engagement with ESG rating agencies
- Board and senior management commitment

Capital structure and financing
Esa Ikaheimonen, CFO

Audit Committee	Trends ◀▶	Read more p17

Approach
The Company aims to retain a strong balance sheet and flexibility in our capital structure in order to pursue its strategic objectives and underpin future growth.

Opportunities
- Strong balance sheet protects the company against volatility in commodity prices and geopolitics
- Strong and visible liquidity runway ensures debt repayment
- Appropriate capital structure and discipline in allocating capital allows for the company to self-finance organic growth and to benefit from in-organic opportunities

Threats
- Failure of the KRG to make payments for sales (as above)
- Material deterioration in the oil price
- Lack of access to capital due to macro developments
- A failure to replace reserves

Controls
- Disciplined capital allocation, clear investment priorities and strong expenditure controls
- Low cost of production, competitive onshore development costs
- Strong balance sheet and material free cash flow expected in 2022
- No debt maturity until 2025

Trends Key

▲ Risk Improved

◀▶ Risk Unchanged

▼ Risk Deteriorated

Health and safety risks

Vrijesh Kumar Gupta, Head of HSE and Risk

HSSE Committee	Trends ◀▶	Read more p27

Approach

Health, safety and environment management is a primary consideration across all Genel operations.

Opportunities

- Continued strong HSE performance reduces business loss, boosts employee motivation and enhances Company reputation
- Positive HSE reputation enables timely approvals of environmental permits and development plans

Threats

- Failure of HSE procedures and controls leads to injuries/illnesses and/or adverse environmental impact, asset damage, process safety accidents and material reputational damage
- Poor HSE performance can have license to operate risks

Controls

- Ongoing continuous improvement in HSE management system processes, procedures and trainings as we aim for incident-free operations
- HSE and process safety risk assessments
- Assurance inspections and audits
- Management site visits
- Site HSE supervision and coaching

COVID-19

Vrijesh Kumar Gupta, Head of HSE and Risk

HSSE Committee	Trends ◀▶	Read more p26

Approach

Proactive assessment of the latest scientific and medical advice to design fit for purpose and flexible COVID-19 controls with a learning mindset for all business operations through risk assessments.

Opportunities

- Prevent COVID-19 infection and keep people safe and healthy
- Ensure fully vaccinated staff
- Continue drilling and production operations without interruptions

Threats

- Evolution of pandemic and variants
- Not fully vaccinated staff
- Inadequate design and implementation of COVID-19 controls
- Government restrictions that adversely impact or delay business travel or operations

Controls

- COVID-19 controls and protocols
- Mandatory vaccination policy
- Expert medical advice, education and awareness
- COVID-19 steering committee and all staff townhalls
- Hybrid office model

Viability statement & going concern assessment

In accordance with provision 31 of the 2018 revision of the UK Corporate Governance Code ('the Code'), the Directors have assessed the prospects and viability of the Company over a longer period than the 12 months required by the 'Going Concern' provision.

Choice of assessment period

The Directors retain their assessment of five years as the appropriate period for their viability statement. Although inevitably introducing cash flow uncertainty given the inherent volatility in long-term oil price, cost and production forecasting, five years was assessed to be an appropriate period for the following reasons:

- The production assumptions are supported by recent external reserve reports on all existing producing assets
- The period captures the maturity of the Company's bonds, maturing October 2025
- The period captures when there is potential for material capital investment on a number of the Company's pre-production assets
- The Board runs a five-year plan, beyond which there is considered to be limited visibility

Review of financial forecasts

In reviewing the expected evolution of the Company's business, cash flows and capital structure over the review period the Directors took into account:

- The Company's five-year plan, which incorporates the latest life of field cash flow projections for the oil producing assets
- The various capital allocation scenarios that may evolve and the Company's potential asset portfolio investment decisions
- The Company's bond and compliance with its covenants
- The availability of debt capital markets and other sources of finance, together with the debt capacity of the business
- The oil price forecast set out in the notes of our financial statements

A range of sensitivities were run on the assumptions set out above to reflect different scenarios including, but not limited to, changes to production profiles, commodity price assumptions, capital allocation and payments.

Consideration of principal risks

The principal assumptions underlying the forecasts above were reviewed in the context of the risks and mitigating actions set out in the Principal Risks in the Annual Report including in particular those that specifically relate to the company's viability including:

- Payment for KRI sales
- Development and recovery of reserves and resources
- KRI natural resources industry
- Capital structure and financing

Viability assessment

Based on their review of these assumptions and sensitivities in the context of the funding options and risks referred to above, the Directors found that there was a reasonable expectation that the Company will be able to continue in operation and manage its liabilities as they fall due over the five-year period to December 2026.

Our 2021 Strategic Report from pages 1 to 38 has been reviewed and approved by the Board of Directors on 14 March 2022.

Bill Higgs
Chief Executive Officer

Stakeholder engagement

As a Jersey registered company, Genel Energy plc is not required to prepare a s172 statement in accordance with UK legislation, however, it remains the policy of the Company to comply with high standards of corporate governance and so we have voluntarily chosen to report how we take our stakeholders into consideration in running the business.

We recognise the Company has a range of stakeholders including but not limited to our investors, the local government and communities in the regions in which we operate, our joint venture partners, employees, and suppliers. When making business decisions the Board of Directors of Genel considers, both individually and collectively, that they have acted in good faith in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) ((a-f) of the Act) in the decisions taken during the year ended 31 December 2021 (see Corporate Governance report). In particular the Board considers this to be the case, by reference to the approval of our strategy and business model supported by our viability statement on page 36:

(a) The likely consequences of any decision in the long-term

Genel has a portfolio of assets, with material high-margin production and the potential for future growth. The growth of our business continues to be funded from cash generated from our producing assets, and our outlook illustrates that our financial strength allows for ongoing portfolio investment and the payment of a material and progressive dividend. The Company continues to maintain its strong balance sheet, and its liquidity runway and debt maturity profile continue to be proactively managed.

(b) The interests of the Company's employees

Our talented, experienced, and motivated staff are key to the success of our Company. Throughout 2021 precautions continued to be taken to protect our staff from the global pandemic. Health and safety measures were kept in place for our field-based staff which enabled production operations to continue without any downtime, and office-based staff continued to work from home. Towards the end of the year, the Company introduced a hybrid working model for our office-based staff, with employees having contributed to the design of this model via surveys and meetings. In 2021, the Genel Wellness Programme was launched to promote our focus on wellbeing and is accessible to all staff. The Board has appointed Canan Ediboğlu as the Designated Independent Non-Executive Director who is responsible for workforce engagement and is able to provide insight into our employees' perspectives on the business to the Board. Further information on workforce engagement can be found on page 45 of our Corporate Governance report.

Genel continues to be committed to employing a diverse and balanced team, enabling us to build an effective and talented workforce at all levels of the organisation, including the Board. The value we place on equal opportunities and diversity of ideas, skills, knowledge, experience, culture, ethnicity, and gender is evident in our daily operations as well as formalised in our policies and procedures. Our recruitment policy is to appoint individuals based solely on their skills, experience, and suitability to the role. In 2021 Genel launched a bespoke in-house leadership evolution and development programme aimed to develop, motivate and retain high potential employees who will support the future growth of our business. Further information on employee management can be found on page 24.

(c) The need to foster the Company's business relationships with suppliers, customers and others

Long-term strategic thinking, allying our goals with those of host governments and business partners to build deep and valuable relationships, helping to unlock value in complex commercial situations helps Genel to fulfil its strategy. In 2021, the Company continued to engage with host governments at all levels in order to drive forward our business strategy.

(d) The impact of the Company's operations on the community and the environment

Supporting and sustaining the communities in which we operate is fundamental to Genel's success. In 2021 we continued to support community investment initiatives that demonstrate our commitment to being a socially responsible contributor to the global energy mix. This helps us maintain and strengthen relations with the local communities near our operations. In addition we continued to promote local employment and contracting so that the economic benefits generated from our operations are shared within the region. Genel takes significant steps to minimise environmental impacts by reducing resource use, mitigating emissions, managing waste, and preventing pollution. More information on our positive social and economic impacts and our environmental management practices can be found in the sustainability section of this report on pages 20 to 31.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

Genel Energy plc is a Jersey incorporated, UK tax domiciled, Company with a standard listing on the London Stock Exchange. Notwithstanding our standard listing, we are committed to complying with applicable regulatory requirements in both Jersey and the UK. Our Code of Conduct defines the values that capture the heart of the Company's spirit and ensure the Company maintains a strong reputation for high standards of business conduct. Our 2021 Corporate Governance report illustrates how the Board and its Committees have supported business activities while maintaining a strong governance culture. Further information can be found in the Corporate Governance report.

(f) The need to act fairly towards members of the Company

The Board of Directors' ambition is to behave responsibly toward our shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan. The Chairman and Independent Non-Executive Directors meet regularly in order to deliver on this responsibility. More information on our relationship with shareholders can be found in the Corporate Governance report.

Continued commitment to high standards of corporate governance

Dear Shareholder,

I am pleased to present my third Corporate Governance Report to shareholders as your Chairman. Our 2021 Governance Report illustrates how the Board and its Committees have supported business activities while maintaining a strong governance culture.

As the global pandemic continued to drive an uncertain external environment during 2021 the Company's corporate governance framework continued to support decision making by the Board of Directors. The Company continued to make investments in our producing assets in line with our strategy, generating material free cash flow of $86 million even after making substantial investment in growth, positioning us well for continuing material cash generation that in turn supports our progressive dividend policy.

A key decision the Board took last year to protect shareholder value related to the Bina Bawi and Miran assets, and it was a decision that we had no practical alternative but to make. Genel's management had made every effort over a number of years to engage with the Kurdistan Regional Government on the development of these fields, but it became clear that the KRG did not intend to permit their development in accordance with the terms of the PSCs. As a consequence of the KRG's repudiatory breach of the PSCs, we elected to treat the PSCs as terminated and claim compensation. Genel has consequently taken steps to bring a claim for substantial compensation from the KRG at a private London seated international arbitration.

2021 saw the departure of George Rose, Martin Gudgeon, and Esa Ikaheimonen as members of our Board of Directors. I would like to take this opportunity to thank each of them for their contributions to the Company during their tenure on the Board. Following their departures the Board recognised that the majority of the Board (excluding the Chairman) was not independent and in line with our commitment to maintain an equal balance of independent and non independent Directors a search process to appoint a new Independent Non Executive Director was launched. Following an analysis performed by the Nomination Committee to determine which skills and experiences were required around the boardroom, Russell Reynolds were appointed to lead the search process, and in December 2021 Yetik K. Mert was appointed as an Independent Non-Executive Director.

Following his appointment to the Board, Yetik K. Mert received a comprehensive induction programme which due to the ongoing global pandemic was delivered remotely. The induction programme included meeting with key departmental heads and relevant external advisors.

Following the results of our 2021 AGM and in line with the UK Corporate Governance Code, the Company engaged with major shareholders to understand their views on each of the resolutions that received less than 80% of votes in favour. Noting that proxy agencies were all in favour of each resolution that was put forward at the meeting, and following discussions with shareholders, the Board's view is that the votes cast against the resolutions primarily reflected differing opinions held by the Company's major shareholders in relation to a number of matters. As a consequence, the Board does not believe it is necessary or appropriate to take any additional action and is united in working towards delivering our strategy and creating shareholder value.

In accordance with the Company's commitment to comply with the UK Corporate Governance Code, the Board undertook an internal evaluation of its own performance and that of its Committees and each individual Director. The internal evaluation found that the Board, each of its Committees and each Director were operating effectively to support the Company's long-term strategic objectives. Further details of the Board evaluation can be found on page 56.

David McManus
Chairman

Governance statements

Genel Energy plc is a Jersey incorporated company with a standard listing on the London Stock Exchange. We are committed to complying with the regulatory requirements in both Jersey and the UK.

The Board continues to be committed to complying with the UK Corporate Governance Code and with the Remuneration Regulations. Our view is that governance is not just a matter for the Board and that a strong governance culture must be fostered throughout the organisation. Our expectations of our employees and of those with whom we conduct business are set out in our Code of Conduct, which is available on our website at genelenergy.com.

Compliance statement

The Board is committed to high standards of corporate governance and has decided to manage Genel's operations in accordance with the UK Corporate Governance Code 2018. A full version of the Code can be found on the Financial Reporting Council's ('FRC') website at frc.org.uk. During 2021 the Company complied with the principles of the Code and on pages 41 to 42 explanations as to how we have complied with our obligations under the Code are provided. We are in full compliance with the provisions of the Code with the exception of provision 11, as between 6 May 2021 and 22 December 2021 at least half the Board (excluding the Chairman) were not independent, and provision 32 as since 22 November 2021 David McManus has been appointed as Interim Chair of the Remuneration Committee.

Going concern

The going concern statement is made on page 36.

Viability

The viability statement is made on page 36. Further details of the Board's assessment of the viability of the Company are set out in the Audit, risk and internal control section on pages 64 to 66.

Robust assessment of principal risks

The Board has undertaken a robust assessment of the Group's emerging and principal risks, including those that would threaten its business model, future performance, solvency, liquidity and reputation. Our Annual Report identifies principal risks and uncertainties on pages 32 to 35 and the procedures followed to identify these risks on pages 64 to 66.

Review of risk management and internal control

A continuous process for identifying, evaluating and managing the risks the Company faces has been established. The effectiveness of the internal control systems are reviewed by the Audit Committee. Further details are set out in the Audit, risk and internal control section on pages 64 to 66.

Fair, balanced and understandable

The Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. See the Audit Committee report on pages 67 to 70 for further information on how this conclusion was reached.

Section 172(1)

A Section 172(1) statement is made on page 37. It provides cross-references to the required detail set out throughout this Annual Report.

Application of UK corporate governance code principles

The Code has placed increased emphasis on "apply and explain" with regard to the Principles of the Code. Our explanations about how we have applied application of the main principles of the Code can be found as follows:

Board leadership and company purpose	
Principle A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	Strategic report pages 1-38 Governance report pages 39-93 Directors' Remuneration report pages 71-88
Principle B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	Strategic report pages 1-38 Company purpose, values and strategy pages 10-11 Division of responsibilities pages 52-54 Directors' Remuneration report pages 71-88
Principle C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	Sustainability pages 20-31 Principal risks and uncertainties pages 32-35 Section 172 statement page 37 Audit, risk and internal control pages 64-66 Audit Committee report pages 67-70
Principle D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	Sustainability pages 20-31 Section 172 statement page 37 Communication with investors page 45
Principle E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	Sustainability pages 20-31 Section 172 statement page 37 Directors' Remuneration report pages 71-88
Division of responsibilities	
Principle F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	Division of responsibilities pages 52-54
Principle G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.	Division of responsibilities pages 52-54 Board biographies pages 57-59
Principle H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	Division of responsibilities pages 52-54
Principle I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	Sustainability pages 20-31 Division of responsibilities pages 52-54 Audit, risk and internal control pages 64-66

Composition, succession and evaluation	
Principle J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Nomination Committee report pages 62-63
Principle K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	Board biographies pages 57-59
Principle L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Nomination Committee report pages 62-63 Board effectiveness page 56
Audit, risk and internal control	
Principle M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	Audit, risk and internal control pages 64-66 Audit Committee report pages 67-70
Principle N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	Strategic report pages 1-38 Audit, risk and internal control pages 64-66 Audit Committee report pages 67-70 Financial Statements pages 100-126
Principle O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	Principal risks and uncertainties pages 32-35 Viability statement page 36 Audit, risk and internal control pages 64-66 Audit Committee report pages 67-70
Remuneration	
Principle P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.	Company purpose, values and strategy pages 10-11 Directors' Remuneration report pages 71-88
A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	Directors' Remuneration report pages 71-88
Principle R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Directors' Remuneration report pages 71-88

Board leadership and company purpose

Our objective remains to create long-term value for shareholders through the exploration, development and production of natural resources. We have low-cost producing assets that are important to the growth of the KRI. Further information on our business model can be found on pages 10 to 11.

Activity highlights

January	Approved the trading and operations update Reviewed the outcome of the 2020 external Board effectiveness review
March	Reviewed and approved the 2020 Annual Report Approved the appointment of BDO as the Company's auditor Approved the declaration of a 2021 final dividend payment
May	AGM
July	Reviewed and approved the half-year results statements
September	Discussed the Company's business strategy Discussed the farm-out of SL1013B licence in Somaliland
November	Approved the trading and operations update
December	Approved the 2022 work programme and budget Performed a risk deep dive Approved the appointment of Yetik K. Mert to the Board of Directors

The role of the Board

The Board's role is to provide leadership in delivering on the long-term success of the Company within a framework of prudent and effective controls. It is responsible for approving the Company's strategy and business plan and keeping under review the financial and operational resources of the Company. As part of its role the Board considers and discusses trends across the industry, the implications of these trends for the business including areas of potential opportunities and risks that could impact the future success of the business. Further information on our purpose, business model and strategy can be found on pages 10 to 11.

As part of the Company's governance processes the Board monitors the performance of the business and management against those strategic objectives with the overall objective of creating and delivering value to shareholders. The performance of the Board and the contributions of Directors to the Board's decision making processes are essential to fulfilling this role. The Directors may exercise all the powers of the Company subject to the provisions of relevant law, the Company's articles and any special resolution of the Company in the furtherance of their role.

The Board has reserved certain matters for its own consideration and decision making. Specific matters reserved for the Board include setting the Company's purpose, values, objectives, business and ESG strategy and its overall supervision. Significant acquisitions, divestments and other strategic decisions will all be considered and determined by the Board in accordance with the matters reserved for the Board.

Authorities have been delegated to Board Committees and these are set out clearly in each Committee's terms of reference which are reviewed regularly to ensure they remain appropriate and relevant. Copies of the terms of reference are available on our website.

The Board of Directors has delegated day-to-day management of the business to the CEO who operates within delegated authority limits. The Board reviews the matters reserved for its decision and the authorities it has delegated annually, subject to the limitations imposed by the Company's constitutional documents and applicable law.

The Board and its Committees have access to the advice and services of the General Counsel and Company Secretary and may seek advice from independent experts at the expense of the Company as appropriate. Individual Directors may also seek independent legal advice at the expense of the Company, in accordance with the Board's agreed procedure.

In addition, the Board has extensive access to members of senior management, who attend Board meetings by invitation, and present regularly to the Board on various aspects of the business.

Code of Conduct

Our Code of Conduct defines what we stand for as a Company, sets out the principles that guide all of our business activities and how we expect our Board, employees, suppliers, partners, and others to behave. The Board has adopted a Code of Conduct, a full copy is available on our website. We strive for operational excellence and aim to conduct our business in a responsible, ethical and safe manner with high standards of financial reporting, corporate governance, and compliance with applicable laws.

Culture

The Board of Directors review and approve key policies including the Company's values and Code of Conduct in order to establish a tone from the top and ensure they support the long-term sustainable success of the business. The Board recognises the importance of monitoring culture throughout the business, in order to ensure practices and behaviours are aligned with the Company's purpose, values, and strategy. In order to monitor organisational culture throughout the year the Board and its Committees receive reports on various topics including organisational effectiveness, the understanding of culture and values throughout the business, health and safety, compliance matters, workforce remuneration, and talent development.

SpeakUp

All employees are encouraged to raise any concerns they may have and to report any suspected or known violations of the Code of Conduct or company policies without fear of retaliation. We operate an independently run and confidential 'SpeakUp' whistleblowing hotline for all staff. During the year all staff members were reminded of the 'SpeakUp' facility available to them. All issues raised via this route are investigated and reported to the full Board.

Market Abuse Regulation

The Board is responsible for taking all proper and reasonable steps to ensure full compliance with the Market Abuse Regulation, including ensuring that staff are fully trained and understand their obligations under the regime.

Business conduct

We conduct our business in an open, honest and ethical manner. We do not tolerate any form of bribery. We aim to ensure that all financial and non-financial information we create is complete and accurate, and we strive to provide accurate and timely information to external stakeholders, including governments, in the locations in which we operate. We take steps to protect against inappropriate use of confidential and privileged information and we aim to protect and use our business assets appropriately.

Our policy is not to make political donations and we have not done so in the year under review (2020: nil).

Conflicts of interest

We seek to avoid conflicts of interest wherever possible. We believe it is important that the decision making process is not impaired by an individual being conflicted by either an actual or a potential conflict. However, we recognise that from time to time situations may arise which could result in actual or potential conflicts and, accordingly, we have a formal system in place enabling Directors and members of senior management to declare any such conflicts and for those conflicts to be reviewed and, if appropriate, authorised by the Board. A register of conflicts is maintained by the Company Secretary. The Company's conflict of interest policy also requires our employees to declare any actual or potential conflicts of interest. The Audit Committee and the Board have applied the principles and processes set out above during 2021 and confirm that they have operated effectively.

In addition, on an annual basis the Company Secretary writes to each of our significant shareholders requesting their co-operation to identify conflicts of interest and continues to engage with them to identify any actual or potential conflict of interest that may arise on an ongoing basis.

Third-parties

We maintain high standards of business conduct in our dealings with all third-parties in order to promote mutually beneficial relationships and protect our reputation. We do not seek to win or maintain business by acting illegally or contrary to our contractual agreements. Our relationships with third-parties are conducted on a fair and honest basis. We expect our third-parties to maintain the same standards of business conduct as we adhere to.

Engagement with stakeholders

During the year, the Board continued to monitor the Company's key stakeholders, their impact on key strategic objectives and how the Company was engaging with each stakeholder. As well as ad hoc updates from management, three discussions on engagement activity with the Company's key stakeholders are scheduled in the Board calendar thoughout the year. Further information on stakeholder engagement and how the Board has complied with s172(1) of the UK Companies Act 2006 can be found on page 37.

The Group's Code of Conduct also sets a framework for how it partners with, and invests in, communities (local, regional and global) to achieve mutual long-term benefits. The Group contributes to socio-economic development through taxes, royalties and other local payments and donations. Further details of our community programmes can be found in our sustainability section on pages 20 to 31.

Communities and environment

Protecting and sustaining the communities and environment in which we operate is fundamental to maintaining our operating licences and to creating a long-term sustainable business. We strive to maintain high standards of environmental protection and we do not compromise our environmental values for profit or production. We seek to maintain proactive and constructive engagement with the local communities affected by our operations and assets, and invest to help them develop in a sustainable manner. Further information on how we engage with communities can be found in the sustainability section of this report on pages 20 to 31.

Workforce engagement

The Board recognises the importance of our workforce as a key component in the Company's ability to deliver its strategy. Until May 2021 Martin Gudgeon served as the Board appointed Designated Independent Director ('DINED') for workforce engagement. Following his resignation from the Board of Directors in June 2021, Canan Ediboğlu was appointed as the DINED for workforce engagement. Whilst face-to-face opportunities for Canan Ediboğlu to meet and interact with our employees continued to be curtailed by the global pandemic, Canan Ediboğlu played an integral part in the communications to our Turkish employees regarding the office re-location from Ankara to Istanbul. In addition, throughout the year, where appropriate, the Executive Committee and their direct reports were provided the opportunity to present various topics to the Board or relevant Board Committee for discussion. In early December 2021, as part of our employee engagement activity, some UK based employees attended a dinner with David McManus, Tim Bushell, and Bill Higgs.

Communication with investors

We communicate on a regular basis with our investors via presentations and calls as part of our annual investor calendar. We also liaise with them on an ad hoc basis as and when questions arise. In response to the ongoing COVID-19 pandemic in 2021 an engagement strategy that provided investors with regular access to management via virtual communication was implemented, this included all roadshows being carried out virtually. The Company also held video conferences with analysts on the morning of key updates to the business being made to the market.

In 2021, the Chairman and Independent Non-Executive Directors held meetings with major shareholders in order to discuss the current position of the business and its future strategy. Our major shareholders are encouraged to meet with the Chairman to discuss any matters that they would like to raise outside the formal investor calendar. We welcome an open dialogue with all our investors.

The Board receives regular investor relations updates covering key investor meetings and activities, as well as shareholder and investor feedback.

We also engage with our shareholders via our website at genelenergy.com

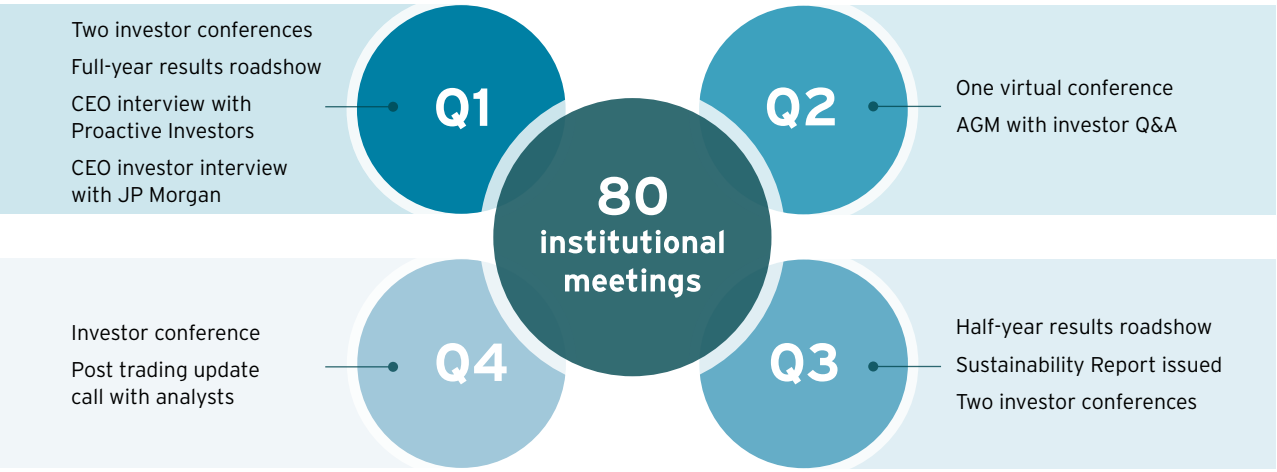
2022 AGM

The 2022 AGM will be held on Thursday, 12 May 2022 at Linklaters LLP, One Silk Street, London, EC2Y 8HQ UK at 11.00am.

The Notice of AGM accompanies this Annual Report and sets out the business to be considered at the meeting.

Both this Annual Report and the Notice of AGM are available on our website at genelenergy.com

2021 investor activity



HSSE Committee

Ensuring a focused approach to HSSE

Meetings held in 2021

Four meetings (three scheduled, one ad hoc)

Chairman:

Tim Bushell

Member:

David McManus

HSSE Committee time spent

ESG	39%
Planning and monitoring	36%
Risk monitoring and mitigation	14%
Security	11%

Highlights of HSSE Committee activity

- Monitored progress made against the 2021 HSE plan
- Received updates on COVID-19 protocols
- Approved the 2021 corporate KPI's in relation to HSE
- Reviewed disclosures made in the 2020 Annual Report in relation to HSSE
- Reviewed key risks in relation to HSE
- Received security updates
- Performed a deep dive into science based targets and carbon budgets
- Reviewed ESG activity
- Reviewed progress made against the localisation agenda

Dear Shareholder,

I am pleased to present this report from the HSSE Committee. The health, safety and security of our workforce has always been central to the culture of Genel, and never more so than in 2021 as we continued to navigate through the global pandemic. Genel's HSE policy continues to reflect international best practice including, but not limited to, the IFC Performance Standards and IOGP Standards.

Throughout 2021 the Committee continued to be provided with regular updates by management on security in the region and the progress made against the HSE plan which the Committee approved at the beginning of the year. In addition, the Committee was regularly kept abreast of protocols established to ensure the safety of our workforce and enable business activity to continue in the face of the ongoing global pandemic.

In 2021 the health and safety plan contained actions in the following areas: leadership and culture, training and competency, management systems, risk management, health and COVID-19, process safety, operational safety, contractor management, emergency preparedness, learning from incidents, assurance and safe delivery of the asset development plans. During the course of the year progress was made against each of these areas. COVID-19 protocols were revised regularly and a mandatory vaccination project was executed to ensure operations in the KRI could continue as the pandemic progressed. HSE focus areas included Sarta oil production and trucking operations, drilling operations, safe construction and projects due diligence. Environmental, social and health impact assessments were completed, and regulatory approvals received in preparation for the 2021 drilling campaign at Sarta. The HSE team also completed preparatory work and provided site supervision for the drilling of the QD-2 exploration well at Qara Dagh in 2021. Ongoing health and safety training was provided for all new field based employees.

Actions	More information on decisions and outcomes
Objective: To ensure that the Company maintains a responsible and credible approach to HSSE matters (including asset integrity and major hazard risk management), in line with international best practices and emerging legal requirements – Received regular updates on health and safety from an operational perspective – Received regular updates on actions being taken against the annual ESG work plan – Performed a deep dive into science based targets and carbon budgets – Continued to monitor the approach taken to ensure the safety of the workforce and operations in response to the global pandemic – Received regular updates on security within the KRI	See pages 26-27
Objective: To assist the Company in maintaining its relationships with local communities in areas in which it operates, including through social investment and sustainable development activities – The environmental and social impact arising from our operations is reviewed regularly and any areas of concern are reviewed by the Committee – Reviewed the Company's localisation strategy for the KRI – Reviewed CSR activity in 2021 and plan for 2022	See pages 22-25
Objective: To assist the Board and other committees in assessing HSSE risks and their effective management in determining, implementing and reviewing the Company's HSSE strategy and processes – Risks allocated to the Committee under the risk management system are reviewed in detail and a report provided to the Audit Committee on the effectiveness of the HSSE controls and risk mitigation processes	See page 35
Objective: To ensure the quality of the Company's reporting and disclosure (both internally and to shareholders) in relation to HSSE matters – Monitored performance against the HSE KPI and no serious injuries or fatalities targets – Reviewed and monitored the GHG emissions output and disclosure made in the Annual Report within the sustainability section	See pages 13 and 28
Objective: To assist the Company in developing the HSE culture – Received regular updates on the approach to safety culture and security across the organisation – Provided feedback to the Remuneration Committee on the HSE performance elements of the 2021 annual bonus performance targets	See pages 20-30 and 75

The Company strives for safe operations with zero LTIs and zero tier one loss of primary containment events at all our sites. In 2021 the first LTI in over five years was reported when a contractor sustained a foot injury at the S-5 drilling operations site, following the injury the third-party contractor provided medical and financial support to the injured contractor. Following the incident, the Committee was informed and a review of the incident investigation report was undertaken. The Committee endorsed the enhancements implemented as a result of the incident.

During the year the Committee monitored progress against the Company's environmental, social and governance implementation plan. In August 2021 the Company published its second Sustainability Report, which continues to be prepared in accordance with the Global Reporting Initiative ('GRI') Standards core option and aligns with the recommendations issued by the Task Force on Climate-Related Disclosure ('TCFD'). The Company's CDP score improved from D in 2020 to C in 2021. During the year the HSSE Committee also performed a deep dive into the carbon budgets for each of the Company's assets and the use of science based targets to manage emissions.

In line with the UK's Streamlined Energy and Carbon reporting requirements our greenhouse gas emissions in 2021 continue to be reported using an equity share approach. Further information can be found on page 28.

In line with the Company's commitment to developing local capability in the countries in which it operates the Committee reviewed the progress made in 2021 against our localisation agenda. Further information on activities undertaken by the Company as a socially responsible contributor to the global energy mix can be found on pages 20 to 31.

In recognition of the importance of HSE to our business the 2021 annual bonus objectives contain elements specifically allocated to health and safety and ESG. The Committee reviewed progress against the 2021 HSE objectives and made recommendations to the Remuneration Committee on these elements, the details of which may be found on page 75.

The HSSE Committee effectiveness for the year ending 31 December 2021 was reviewed as part of the wider Board effectiveness review, and details of the Board effectiveness review can be found on page 56. The Committee also reviews its terms of reference annually, which can be viewed at genelenergy.com.

Tim Bushell
Chair, HSSE Committee

International Relations Committee

Monitoring external developments

Meetings held in 2021

Four meetings (three scheduled, one ad hoc)

Chairman:

RT HON Sir Michael Fallon

Members:

Tolga Bilgin
Canan Ediboğlu
Hassan Gozal
David McManus
Yetik K. Mert[1]
George Rose[2]

[1] Yetik K. Mert was appointed to the Committee on 22 December 2021
[2] George Rose stood down from the Committee on 6 May 2021

International Relations Committee time spent

Macro environment	53%
External risk	27%
Governance	20%

Highlights of International Relations Committee activity

- Reviewed and monitored political developments within the regions in which the Company operates
- Reviewed key risks including prevention and mitigation controls relevant to international relations
- Discussed external stakeholder engagement
- Considered implications of the new US Administration on US foreign policy, trade policy and climate change agenda

Dear Shareholder,

I am pleased to present this report from the International Relations Committee. The purpose of the Committee is to provide oversight on external developments and risks that may impact Genel's activities.

Genel operates in an area of perceived high political risk, and the ongoing success of the Company is interlinked with a clear understanding of the political environment for the natural resources industry in both the KRI and other jurisdictions.

The Board has members with significant regional, international, and political experience, and this provides the International Relations Committee with a breadth of knowledge that can be brought to bear on the latest political developments in the regions in which Genel operates. In turn, this supports the delivery of a successful strategy. In September 2021, the Committee was pleased to welcome Sefa Aytekin as the Head of Government Affairs, Sefa's experience in the region and energy sector will support the Committee's work.

The Committee held four meetings during the year and received regular reports between meetings on developments within the KRI and Federal Iraq and the possible implications for the business.

During the year, the Committee continued to monitor the operating environment in the KRI including the revenue sharing agreement reached with the Federal Iraqi Government and the receipt of monthly payments for exports. The Committee also received updates on the results of the Federal Iraqi parliamentary elections that took place in October 2021. The Committee considered the key external stakeholders in the region and discussed with management actions being taken to engage with them in order to progress the Company's strategic objectives. As Genel moves into the next phase of exploration in Somaliland the Committee also reviewed and considered an above ground risk assessment of Somaliland.

Actions	More information on decisions and outcomes
Objective: To monitor and review political developments in the regions in which the Company operates – Received regular reports on political developments within Iraq, the Middle East and the USA – Performed a detailed review of Somaliland above ground risk	
Objective: To provide an independent assessment of the external environment in respect of international relations as it affects the Company and decision making by the Board – Received reports and discussed potential implications of external political events on the Company and the industry within which it operates	
Objective: To review the quality of the Company's reporting in relation to political risk and controls – Reviewed disclosures contained with the Annual Report – Reviewed risks allocated to the Committee under the risk management system and provided a report to the Audit Committee on the effectiveness of controls and risk mitigation put in place	See pages 32-35

As part of its remit, the Committee reviewed each of the risks allocated to it under the Company's risk management system, including the effectiveness of the controls and mitigations in place.

In 2022, the Committee will continue to draw on the extensive international experience of Genel's Board members to provide an independent assessment of the external environment in respect of international relations as they affect the business and impact decision making by the Board.

The International Relations Committee also completed an annual review of its terms of reference, which can be viewed at genelenergy.com. As part of the Company's governance practices, an effectiveness review for the year ending 31 December 2021 was completed as part of the wider Board effectiveness review, further details of this can be found on page 56.

Rt HON Sir Michael Fallon
Chair, International Relations Committee

Reserves Committee

Ensuring a robust reserves and resources process

Meetings held in 2021

Four meetings

Chairman:

Tim Bushell

Members:

Bill Higgs

David McManus

Reserves Committee time spent

Asset development plans	55%
Reserves and resources	41%
Governance	4%

Highlights of Reserves Committee activity

- Reviewed the reserves and resources for each of the Company's assets
- Approved the 2020 reserves and resources statement
- Review of disclosures made in the Annual Report in relation to reserves and resources
- Reviewed asset development plans for each asset
- Reviewed each Independent Qualified Reserves Evaluator

Dear Shareholder,

I am pleased to present this report from the Reserves Committee. As part of the Company's governance processes the Reserves Committee provides oversight over the processes undertaken to assess the Company's reserves and resource and approves the reserves and resources statement.

In order for the Committee to discharge its responsibilities it receives and considers reports from management and external independent reserves evaluators ahead of approving the annual reserves and resources statement.

The Committee examined an assessment from DeGolyer and MacNaughton on the Tawke licence at which Genel has a 25% working interest. The outcome of this assessment is that at the 2021 year-end 2P reserves at the Tawke PSC stood at 357 MMbbls (2020: 394 MMbbls). 2P reserves have been adjusted for 2021 production of 40 MMbbls and an upwards technical revision of 3 MMbbls. The Committee also agreed that pending further analysis of the performance of the Enhanced Oil Recovery project at Tawke, Genel will continue to hold 23 MMbbls of those 2P gross reserves in 2C resources.

The Committee assessed an independent assessment of the Taq Taq licence at which Genel has a 44% working interest an assessment performed by McDaniel & Associates. The outcome of this assessment resulted in a downward technical revision of 5 MMbbls and production of 2 MMbbls, 2P gross reserves for the year ending 31 December 2021 stood at 26 MMbbls (33 MMbbls at 31 December 2020).

The Committee also reviewed reserves at Sarta, at which Genel has a 30% working interest and obtained operatorship on 1 January 2022 and determined that the gross 2P reserve estimate relating to Phase 1A of the Sarta development remained unchanged, less production, at year-end 2021 at 32 MMbbls (2020: 34 MMbbls), following production of 2 MMbbls in 2021.

Actions	More information on decisions and outcomes
Objective: To increase shareholder confidence by ensuring a robust reserves and resources review process – Reviewed the reserves and resources assessment procedure – Reviewed asset development plans for each of the operated and non operated assets	See page 18
Objective: To review the Company's statement of reserves, independent reserves evaluators reports and any material changes in reserves volumes – Approved the Company's annual statement of reserves and resources – Reviewed the independent reserves evaluator reports	See pages 18 and 50
Objective: To review the qualification and independence of the independent qualified reserves evaluator – Endorsed the appointment of each of the assets reserves evaluator	See page 50

Further information on our reserves and resources can be found on page 18.

In addition, the Reserves Committee holds an annual meeting in September during which asset development plans are presented to the Committee by each of the Asset Managers. The asset level strategy, opportunities and risks are reviewed by the Committee for each of the Company's assets. The annual review of each asset development plan enables the Committee to continue to scrutinise the way forward to monetise value from each of our assets.

The Reserves Committee has detailed terms of reference which can be viewed at genelenergy.com and as part of the Company's governance practices an effectiveness review of the Committee for the year ending 31 December 2021 was completed as part of the wider Board effectiveness review.

Tim Bushell
Chair, Reserves Committee

Independence of the Board

The Independent Non-Executive Directors Tim Bushell, Canan Ediboğlu, Sir Michael Fallon, and Yetik K. Mert are responsible for ensuring an appropriate challenge of management and the decisions of the Board. David McManus (as Chairman) was considered independent at the time of his appointment. Following the appointment of Yetik K. Mert in December 2021 the Board has returned to an equal balance of Independent and Non Independent Directors (excluding the Chairman). The Independent Directors and the Chairman meet regularly in a private session after Board meetings and on other occasions. The Non-Executive Directors who are not considered independent are Tolga Bilgin, Hassan Gozal, and Nazli K. Williams.

The Board considers that there is an appropriate balance between Executive and Non-Executive, Independent and Non-Independent Directors, with a view to promoting shareholder interests and governing the business effectively.

Roles and responsibilities

We believe that it is important to ensure that there is a clear division of roles between the Chairman, Chief Executive Officer and Senior Independent Director of the Company.

David McManus

Chairman

David McManus is the Chairman. The Chairman reports to the Board and is responsible for the leadership and overall effectiveness of the Board, overseeing the strategy of the Company and for setting the Board's agenda. Specific responsibilities of the Chairman include ensuring the effective running of the Board, ensuring that the Board agenda is forward-looking with an emphasis on strategic issues and ensuring the performance of the Board and its Committees is effective and in line with best practice. A culture of openness and debate is encouraged by the Chairman through ensuring constructive relations between Executive and Non-Executive Directors and ensuring effective communication between the Company and its shareholders. The Chairman's other significant commitments are included in his biography on page 58.

Bill Higgs

Chief Executive Officer

Bill Higgs is the Chief Executive Officer. The Chief Executive Officer is responsible for all executive management matters of the Group. He reports to the Chairman and to the Board directly. Specific responsibilities include the day-to-day management of the Group within delegated authority limits, identifying and executing strategic opportunities, managing the risk profile and ensuring appropriate internal controls are in place, maintaining a dialogue with the Chairman and the Board on important and strategic issues, ensuring the proper development of senior management and succession planning for executive positions.

Sir Michael Fallon

Deputy Chairman and Senior Independent Non-Executive Director

Sir Michael Fallon is the Deputy Chairman and Senior Independent Director. Sir Michael Fallon is available to shareholders who have concerns that cannot be addressed through the normal channels of the Chairman or the Chief Executive Officer. He acts as a sounding board for the Chairman and an intermediary for other Directors if and when necessary.

Our committee structure

Board of Directors

Audit Committee	Remuneration Committee	Nomination Committee	HSSE Committee	Reserves Committee	International Relations Committee
Ensuring integrity and objectivity of published financial information	Ensuring an appropriate approach to remuneration that supports delivery of the business strategy	Ensuring the continuation of a high calibre Board	Ensuring a responsible and credible approach to HSSE	Ensuring a robust reserves review process	Monitoring external developments
Chairman Canan Ediboğlu	**Chairman** David McManus	**Chairman** David McManus	**Chairman** Tim Bushell	**Chairman** Tim Bushell	**Chairman** Sir Michael Fallon
Members Tim Bushell Yetik K. Mert	**Members** Sir Michael Fallon Yetik K. Mert	**Members** Tim Bushell Canan Ediboğlu Sir Michael Fallon Yetik K. Mert	**Members** David McManus	**Members** Bill Higgs David McManus	**Members** Tolga Bilgin Canan Ediboğlu Hassan Gozal David McManus Yetik K. Mert
Meetings in 2021 3 Scheduled 1 ad hoc	**Meetings in 2021** 3 Scheduled 1 ad hoc	**Meetings in 2021** 2 Scheduled 2 ad hoc	**Meetings in 2021** 3 Scheduled 1 ad hoc	**Meetings in 2021** 3 Scheduled	**Meetings in 2021** 3 Scheduled 1 ad hoc

Board attendance

	Main Board	Audit	Remuneration	Nomination	HSSE	Reserves	International Relations
David McManus[1]	● ● ● ● ● ● ■ ■ ■ ■ ■		●	● ● ■ ■	● ● ● ■	● ● ●	● ● ● ■
Sir Michael Fallon	● ● ● ● ● ● ■ ■ ■ ■ ■		● ● ● ■	● ● ■ ■			● ● ● ■
Bill Higgs	● ● ● ● ● ● ■ ■ ■ ■ ■					● ● ○	
Tolga Bilgin	● ● ● ● ● ● ■ ■ ■ ■ ■						● ● ● ■
Tim Bushell[2]	● ● ● ● ● ● ■ ■ ■ ■ ■	● ● ■		● ● ■ ■	● ● ● ■	● ● ●	
Canan Ediboğlu[2]	● ● ● ● ● ● ■ ■ ■ ■ ■	● ● ● ■		● ■ ■			● ● ● ■
Hassan Gozal	● ● ● ○ ○ ○ ■ ■ ■ ■ □						● ○ ○ ■
Yetik K. Mert[4]							
Nazli K. Williams	● ● ● ● ● ● ■ ■ ■ ■ ■						
Esa Ikaheimonen[2]	● ● ● □						
Martin Gudgeon[2]	● ● ○ ■	●	● ● ■				
George Rose[2]	● ● ● ■	●	● ● ■	●			●

● denotes scheduled meeting attended ■ denotes ad hoc meeting attended
○ denotes scheduled meeting not attended □ denotes ad hoc meeting not attended

[1] David McManus was appointed as Interim Chair of the Remuneration Committee on 22 November 2021
[2] Martin Gudgeon, Esa Ikaheimonen, and George Rose stood down from the Board at the AGM on 6 May 2021
[3] Canan Ediboğlu was appointed as Chair of the Audit Committee and Tim Bushell as a member of the Audit Committee on 24 July 2021
[4] Yetik K. Mert was appointed on 22 December 2021, no Board or Committee meetings were held in 2021 following his appointment.

Meetings of the Board

During the year the Board held 11 meetings in total of which five were in addition to those scheduled. Due to the ongoing global COVID-19 pandemic and restrictions placed on gatherings of groups of individuals throughout the year, face-to-face meetings of the Board of Directors were only held in September and November 2021, with a hybrid meeting being held in December 2021. All other meetings were held virtually.

There are detailed agendas for each Board meeting which are developed by the Chairman, the CEO, and the Company Secretary. The Board also has an annual rolling agenda that sets out the key topics for consideration at each meeting.

In addition to the scheduled meetings of the Board, Directors receive updates from management in between meetings on the performance of the business against the agreed strategy and on its operations.

Operation of the Board

The Chairman is responsible for ensuring that the Board operates effectively. The Non-Executive Directors provide scrutiny and oversight to hold account the performance of management and Executive Directors. The Board operates within an open style of communication and debates issues openly and constructively within an environment that encourages healthy debate and challenge both inside and outside the boardroom.

The Directors receive board papers and other relevant information in a timely manner ahead of meetings. Board papers are delivered through an electronic portal that enables Directors to access them wherever they are in the world. The timely provision of relevant information to Directors is vital in ensuring they are able to fulfil their role of effective oversight and challenge and for enabling the Board to make effective decisions.

Board Committees

The Board has established six committees: the Audit Committee, the Remuneration Committee, the Nomination Committee, the Health, Safety, Security and Environment Committee, the Reserves Committee and the International Relations Committee.

Each Committee has adopted terms of reference under which authority is delegated by the Board, copies of which are available at genelenergy.com. The Audit Committee, Remuneration Committee and Nomination Committee consists only of Independent Non-Executive Directors save that David McManus, who was independent upon his appointment as Chairman, chairs the Nomination Committee and in 2021 was appointed Interim Chair of the Remuneration Committee.

A strong Board with demonstrable skills and experience in international oil and gas markets

Board composition

There are nine directors on the Board, one of whom is Executive and eight (including the Chairman) are Non-Executive. Four (excluding the Chairman) are independent under the Code. In addition the Chairman who was independent on appointment and three Shareholder representative Directors are not considered independent.

Skills, knowledge, experience and attributes of Directors

The Board considers that a diversity of skills, background, knowledge, experience, perspective and gender is required in order to govern the business effectively. The Board and its Committees work actively to ensure that the Executive and Non-Executive Directors continue to have the right balance of skills, experience, independence and group knowledge necessary to discharge their responsibilities.

The Non-Executive Directors bring with them international and operational experience gained both in the sectors in which we operate and in other areas of business and public life.

All Directors are required to devote sufficient time and demonstrate commitment to their role. Further details of the Directors' skills and experience are set out on pages 57 to 59 of this Annual Report.

Board composition, international diversity, skills and experience of the Board

Board composition	
Total number of Directors	● ● ● ● ● ● ● ● ●
Independent Directors	● ● ● ● ●
Non-Independent Directors	● ● ●
Executive Directors	●
International diversity	
British	● ● ● ●
Swiss	●
Turkish	● ● ●
Azerbaijani	●
Skills and experience of the Board	
Natural resources	● ● ● ● ● ●
Managing and leading	● ● ● ● ● ● ● ● ●
Governance	● ● ● ● ● ●
Financial capital markets	● ● ●
HSSE	● ● ● ●
Remuneration	● ● ● ● ●
Foreign affairs	● ● ● ● ● ● ●

Directors' induction and ongoing development

In order to govern the Group effectively, Non-Executive Directors must have a clear understanding of the overall strategy, together with a sound knowledge of the business and the industry within which it operates.

The Chairman, together with the Company Secretary, is responsible for ensuring that all new Directors receive a full, formal and tailored induction upon appointment to the Board. This includes a detailed overview of the Company and its governance practices and meetings with key personnel from across the Group in order to develop a full understanding of the business, its strategy and business priorities in each area. Following his appointment to the Board Yetik K. Mert received a full and comprehensive induction to the operations, processes, policies and procedures across the business. In addition, the induction included a comprehensive schedule of meetings with senior management during January 2022.

As part of the ongoing training and development programme throughout the year training on specific topics including a session on directors duties in relation to ESG matters was held. It is intended that this programme will continue throughout 2022.

Board effectiveness

In 2020, independent advisers, Russell Reynolds were commissioned to facilitate an evaluation of the Board, its Committees and each of the Directors, including the Chairman. In 2021, we have conducted an internal review of the effectiveness of the Board, each of its Committees and each Director building on the findings of the 2020 review. The 2021 review was facilitated by the Chairman.

As part of the Board evaluation an electronic survey among Board members and one-to-one virtual meetings were held between each Board Director and the Chairman.

Actions taken following the 2020 effectiveness review	
Board dynamics To ensure adequate communication among Board Directors. The Board of Genel appointed five new Directors in 2020 including the Chairman and to an extent the Board is still forming as a team. The pandemic has further complicated the Board's ability to meet in person.	Due to the ongoing global pandemic and travel restrictions the majority of Board meetings in 2021 continued to be held virtually. However, at times of the year when face-to-face meetings were possible these were held. There was also increased communication between the Board Directors outside of scheduled Board meetings. The Chairman and Independent Non-Executive Directors continued to hold regular meetings.
Long-term strategy To create further alignment on long-term strategy and risk appetite, especially on the way the growth strategy is implemented.	The Board continued to make progress on creating alignment on the Company's long-term strategy. Key topics of focus during the year continued to be around the development of Sarta and exploration at Qara Dagh, progressing the farm-out of the SL10B13 licence in Somaliland as we move towards preparing to drill an exploration well in country and making progress against our ESG strategy.
Talent management and succession To review succession plans to ensure they are appropriate and support the development of a diverse pipeline of executives.	During 2021 the Nomination Committee considered succession planning and the Board as a whole supported the launch of the Genel Leadership, Evolution and Development programme which is aimed at developing high potential employees to support a pipeline of diverse potential executives.
Actions arising from the 2021 effectiveness review	
Strategy	The Board recognise that progress was made in 2021 on progressing the Company's strategy and intends to continue to work on advancing the strategy in 2022.
Board development	The Directors agreed that additional training concerning the business would be beneficial. This will be scheduled in the Board calendar throughout the year as appropriate.

Overall, the 2021 Board effectiveness review concluded that the Board functions well and each of its Committees were effective with strong leadership and engagement, allowing adequate time to discuss areas within their remit.

Following these performance reviews, the Board considers that each of the Directors continues to make an effective and valuable contribution and demonstrates their commitment to the role. Accordingly, the Board recommends the election/re-election of each Director at the Company's forthcoming AGM. It is the Board's intention to continue to review its performance annually including that of its Committees and individual Directors.

Board of Directors

1.


2.

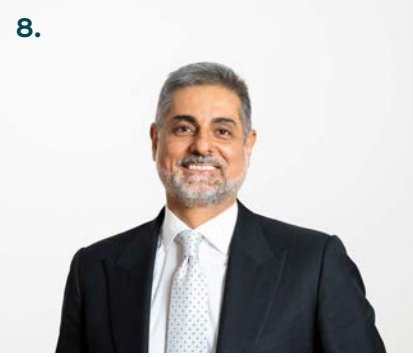

3.


4.


5.


6.


7.


8.


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10.


1. David McManus (68)

Chairman

Appointed: 5 February 2020.

Committee memberships: Chair of the Nomination Committee, Interim Chair of the Remuneration Committee and member of the HSSE, Reserves and International Relations Committees.

Key skills and experience: David has vast experience as an international business leader in the energy sector with strong technical and commercial skills. He has over 40 years in technical, commercial, business development, general management and executive roles across all aspects of the oil & gas and energy business, spanning most regions of the world.

Current external appointments: David is currently serving as a Non-Executive Director for a number of listed companies including Hess Corporation, a large, integrated US oil and gas company and FlexLNG a Norwegian-listed LNG shipping company.

Previous relevant experience: In February 2020 David retired from Costain plc, one of the UK's leading smart infrastructure solutions providers. He was also a Non-Executive Director on the Board of Rockhopper Exploration plc until May 2019, where he served as Chairman from 2016 to 2019. Other past Directorships include Caza Oil & Gas Inc and Cape plc, where he served as Chairman from 2006 to 2008. David's earlier career consisted of a number of executive positions including at Pioneer Natural Resources, where he was executive vice president for international operations, BG Group, Atlantic Richfield Company (ARCO), LASMO plc, and Shell UK.

2. Bill Higgs (57)

Chief Executive Officer

Appointed: Executive Director and Chief Executive Officer on 7 April 2019.

Committee memberships: Member of the Reserves Committee.

Key skills and experience: Bill has more than 30 years of global exploration, development and operations experience, including over ten years in executive roles for independent E&P companies. He is a qualified geologist with extensive expertise in all engineering and other technical and commercial aspects of hydrocarbon development and production. Bill has been with Genel since October 2017, initially as COO and CEO since April 2019. Prior to joining Genel, he was Chief Operating Officer for Ophir Energy plc, where he was responsible for managing the global asset portfolio. Prior to joining Ophir he was CEO of Mediterranean Oil and Gas, overseeing the successful sale of the company in 2014. Bill previously spent 23 years at Chevron across a number of global roles.

Current external appointments: None.

Previous relevant experience: Between August 2014 and July 2017 Bill was a director of Ophir Energy plc, and an Independent Non-Executive Director of San Leon Energy from 2018 to 2020.

3. Rt Hon Sir Michael Fallon KCB (69)

Senior Independent Non-Executive Director and Deputy Chairman

Appointed: 5 February 2020.

Committee memberships: Chair of the International Relations Committee and member of the Remuneration Committee and Nomination Committee.

Key skills and experience: Sir Michael is a former UK Defence Secretary with 30 years of senior political and business experience, serving in four British Cabinets, and as a Non-Executive Director on City and commercial boards.

Current external appointments: In May 2021 Sir Michael was appointed as Chairman of Aberdeen Standard Investcorp Infrastructure Partners, an alternative investment management company which he joined in 2018 as a member of the advisory board. Sir Michael is also Chairman of Avanton Ltd, a property development firm; a member of the Advisory Board of HIN Global (cyber security); and Deputy Chairman of Nova Innovation, a tidal energy company.

Previous relevant experience: Sir Michael was Energy Minister in the UK Government from 2013-2014: responsible for oil, gas, electricity, nuclear and renewables.

4. Canan Ediboğlu (66)

Independent Non-Executive Director

Appointed: 21 June 2020.

Committee memberships: Chair of the Audit Committee, and member of the International Relations Committee and the Nomination Committee.

Key skills and experience: Canan has significant financial, corporate and industry experience. She had almost 30 years' experience at Royal Dutch Shell, culminating in her role as the country chair and CEO of Shell Turkey between 2001 and 2009. Prior to this she was the CFO of Shell Turkey, preceded by a series of positions at the company across numerous aspects of the business, notably marketing, treasury and planning. Since leaving Shell, Canan has advised a number of companies including Accenture, Maersk and APM Terminals in developing their businesses in Turkey.

Current external appointments: Canan is a Non-Executive Director of ING Bank and Tupraş in Turkey, since 2010 and 2017 respectively.

Previous relevant experience: Between 2011 and 2017 Canan was a Non-Executive Directorship of Aygaz, a Turkish LPG marketing and distribution company, and between 2013 and 2019 a Non-Executive Director of Prysmian Turkey. Canan is the former President of PETDER (Turkish Association of Petroleum Industrialists) and Chair of the Oil Industry Council Turkish Union of Chambers and Commodity Exchanges and board member of WWF. She is also an active member of various NGOs, and is a board member of the Turkish Autism Society, the Global Relations Forum, and Embarq where she was previously Chairperson for five years – the Centre for Sustainable Transport.

5. Tim Bushell (62)

Independent Non-Executive Director

Appointed: 11 September 2017.

Committee memberships: Chair of the HSSE and Reserves Committees, and member of the Audit and Nomination Committees.

Key skills and experience: Tim Bushell is a qualified geologist with over 35 years' experience working in the oil and gas sector. He has worked at British Gas, Ultramar, LASMO, Paladin Resources, and Sval Energi A.S. Most recently Tim spent a decade as Chief Executive Officer at Falkland Oil and Gas Limited, and was co-founder of Core Energy AS.

Current external appointments: Tim is a Non-Executive Director and Chairman at Wentworth Resources and Non-Executive Director at Petro Matad.

6. Yetik K. Mert (62)

Independent Non-Executive Director

Appointed: 22 December 2021.

Committee memberships: Member of the Audit, International Relations, Nomination and Remuneration Committees.

Key skills and experience: Yetik has almost 40 years' technical, commercial, business development, and general management experience, including holding executive and non-executive Directorship roles across the energy utility and industrial sectors in MENA, CEE and the USA.

Current external appointments: Yetik is currently serving as a Non-Executive Director and Chairman of the Remuneration, Governance and Nomination Committees on the Boards of Turkish companies Cimsa Cimento Sanayi ve Ticaret AS and Afyon Cimento Sanayi Turk AS (Sabancı Holding Group Companies), which operate in the industrial construction sector.

Previous relevant experience: Between 1982 and 2004 Yetik undertook a number of engineering, strategic planning and business development roles across various industries including the manufacturing and construction sectors. In 2004, he became CEO of the Energy division at Sabancı Holding A.S., rising to become CEO of the Enerjisa Group (Integrated Energy Utility) in 2011. In 2016, he became CEO of STFA Group Holding Company and Chairman of the operational companies within the same group, tasked with the total restructuring of the Group.

7. Ümit Tolga Bilgin (47)

Non-Executive Director

Appointed: 5 February 2020.

Committee memberships: Member of the International Relations Committee.

Key skills and experience: Tolga Bilgin has current experience within the energy sector as CEO and Deputy Chairman of Bilgin Enerji Yatirim Holding A.S. and has held this position since 2014. Bilgin Energy is one of the largest companies within the Turkish energy sector. Through his current role and various positions held at Bilgin Energy managing the development, financing and execution of wind, hydro and thermal energy projects, Tolga brings experience in management, leadership, M&A and project financing to the Board.

Current external appointments: Since 2006 Tolga has been serving as the Chairman of the Wind Power and Hydropower Plants Businessmen's Association and was also appointed as Deputy Chairman of Turkish Electricity Producers Association in 2018.

8. Hassan Gozal (51)

Non-Executive Director

Appointed: 5 February 2020.

Committee memberships: Member of the International Relations Committee.

Key skills and experience: Hassan Gozal has significant international business experience in the energy, oil & gas, construction and property development sectors as well as with public private partnership (PPP) projects in the healthcare sector. Hassan is the sole owner and Chairman of Daax Corporation FZE. Through his current roles and previous positions, Hassan brings regional knowledge and an understanding of business development to the Board.

Current external appointments: Hassan is currently the owner and Chairman of Santevita Hospital Management BV, a company recently set up to develop new health initiatives in Iraq and the Middle East; Kuraz Enerji A.S., an energy production business in Iraq; Daax Construction MMC, a construction company; and Ocean Energy FZE, an oil trading company.

9. Nazli K Williams (44)

Non-Executive Director

Appointed: 21 November 2011.

Key skills and experience: Nazli has experience in managing and leading large corporations. Between 2004 and August 2014 Nazli worked at Digiturk, a leading satellite broadcasting network. She was Chief Content Officer between 2007 and August 2014, with primary responsibility for overseeing all content acquisitions, production and creative services (including on-air promotion and print TV guides) and overall content strategy.

Previous relevant experience: Until 2013 Nazli was also a board member of Turkcell Iletişim Hizmetleri A.Ş a leading GSM operator in Turkey. Turkcell's shares trade on the Istanbul (IMKB) and New York Stock Exchanges (NYSE).

10. Stephen Mitchell

Company Sectary

Appointed: 6 June 2017.

Stephen Mitchell was appointed as the General Counsel of Genel Energy plc in 2011, a role he carried out until 2021. Since 2017 he has been the Company Secretary of Genel Energy plc. Stephen Mitchell has practiced as a lawyer for over 35 years and prior to joining the Company he was Vice President – Group Legal with BHP Billiton plc and prior to that he was Group General Counsel and Head of Risk Management at Reuters Group plc, in which he advised on a broad range of matters including mergers and acquisitions, joint ventures, corporate governance and compliance. Stephen was a partner in Freehills in Australia for six years prior to joining Reuters and holds a BEc and LLB from Monash University in Australia.

Executive Committee

1. Mike Adams

Technical Director

Formerly Head of Exploration and New Business, Mike was appointed as Technical Director on 1 June 2019, with responsibility for all pre-production activities relating to exploration, appraisal, and new business, as well as the subsurface department. Mike has over 30 years of experience in the oil and gas industry in a wide variety of exploration, exploitation and global business development roles. Prior to joining Genel in 2012, Mike worked in a series of technical and leadership positions for companies including British Gas, Amerada Hess, Gulf Keystone Petroleum and Sterling Energy. Mike holds a MSc in Petroleum Geology from Imperial College London and is a Fellow of the Geological Society.

2. Paul Weir

Chief Operating Officer

Paul joined Genel as Chief Operating Officer in January 2020, with responsibility for all production assets and functional leadership of the operational disciplines. Paul has worked for more than 30 years in upstream E&P having spent time in the North Sea, South East Asia and Africa with experience of onshore and offshore Oil and Gas Operations. Before joining Genel, Paul was Group Head of Operations and Safety at Tullow Oil. Prior to that Paul spent 13 years at Talisman, where he was VP Production & Exploration, leading Operations in Malaysia. Before that Paul worked in a variety of Operational roles for Nippon Oil, Elf, Occidental and Total. Paul holds an MBA in Oil & Gas Management from Robert Gordon University in Aberdeen.

3. Jamie Dykes

General Counsel

Jamie has practised as a lawyer for nearly 25 years exclusively in the energy and natural resources sector. Prior to joining Genel he worked at ExxonMobil and was latterly General Counsel of BHP Billiton Petroleum in Houston, Texas. He advises on a wide range of upstream oil and gas related issues including PSCs, JOA's, Farm in Agreements negotiations and also has particular experience in advising companies in emerging markets on anti-bribery and legal compliance issues. Jamie trained at Norton Rose in the City of London and holds an MA from the University of Cambridge.

4. VK Gupta

Head of HSE and Risk Management

Previously Genel's Head of HSE, VK was appointed Head of HSE and Risk Management on 1 June 2019. VK has 30 years of experience in oil and gas industry. Immediately prior to joining Genel, he was Vice President for HSSE for BG Group, UK. At the beginning of his career he worked with ONGC and Enron Oil & Gas at offshore oil and gas platforms in operational roles across projects, maintenance and production for twelve years and became an offshore installation manager. Then he moved to HSSE management and worked in India, UK, North Africa and South America for BG Group delivering transformational performance improvement. VK holds a B.Tech Honours in Electrical Engineering and an MBA from Indian Institute of Technology.

5. Berna Özkoç Öztınaz

Chief HR Officer

Berna joined Genel in June 2020, and has over 20 years of HR experience. Her most recent role was Chief Human Resources Officer at DeFacto. She has been Chairman and Executive Board Member of PERYON (People Management Association of Turkey) and Board Member of European Association of People Management since 2019. Prior to DeFacto, she worked at STFA Holding for 3 years as Strategy and Human Resources Chief Officer. She spent 11 years at ENERJISA, where she held number of leading HR roles and was the Board Member of AYEDAS and BASKENT Electricity Distribution Companies. She previously worked at KORDSA and TURSAB.

6. Sefa Aytekin

Head of Government & Public Affairs

Sefa joined Genel in September 2021, and will be based in Genel's Istanbul office. Sefa has over 25 years of experience in regional politics, including extensive work in Turkish governmental position, including Foreign Trade Expert and Advisor to the Minister of State, and Head of Foreign Relations for the Ministry of Energy and Natural Resources. From 2010 to 2017 he was Deputy Undersecretary for Oil & Gas, Ministry of Energy and Natural Resources, a role that involved extensive work with the Kurdistan Regional Government. More recently, Sefa was Secretary General, Turkish Machine Manufacturers Associations.

7. Esa Ikaheimonen

Chief Financial Officer

Esa Ikaheimonen joined Genel Energy as CFO in July 2017, he will be leaving the Company on 16 March 2022. He has over 25 years of oil and gas industry experience, most recently as CFO of publicly listed offshore drilling companies Transocean and Seadrill. Prior to that, he had a c.20 year career at Royal Dutch Shell, culminating in the role of Vice President Finance for Shell Africa E&P. Esa is currently a Non-Executive Director and the Chairman of the Audit Committee at Independent Oil & Gas and Non-Executive Chairman of Lamor Corporation. He was formerly a Non-Executive Director and Chairman of the Audit Committee at Vantage Drilling. He holds a Masters Degree in Law from the University of Turku, specialising in tax law and tax planning.

Nomination Committee report

Ensuring a high calibre Board

Meetings held in 2021

Four meetings (two scheduled, two ad hoc)

Chairman:

David McManus

Members:

Tim Bushell

Canan Ediboğlu

Michael Fallon

Yetik K. Mert[1]

George Rose[2]

[1] Yetik K. Mert was appointed to the Committee on 22 December 2021

[2] George Rose stepped down from the Nomination Committee on 6 May 2021

Nomination Committee time spent

Succession	85%
Effectiveness	10%
Governance	5%

Highlights of Nomination Committee activity

- Discussed Board succession planning; including the key skills and experience around the Board
- Reviewed Directors' independence and made recommendations on proposals for Director re-election/election
- Conducted a search for a new Independent Non-Executive Director and made a recommendation to the Board
- Discussed Board succession planning
- Considered talent management across the business

Dear Shareholder,

I am pleased to present this report from the Nomination Committee. The purpose of the Committee is to help the Board discharge its responsibilities by leading the process for appointments, ensuring plans are in place for orderly succession to both the Board and senior management positions, and overseeing the development of a diverse pipeline for succession.

In discharging its duties, the Committee keeps in mind the need to align the Board's composition with the Company's strategy and to ensure the Board has the necessary skills to ensure the Company's long-term success. As part of its work, the Committee assists the Board in ensuring that it consists of high calibre individuals whose background, skills, experience and personal characteristics will augment the present Board and meet its future needs.

Following the retirement of George Rose and resignation of Martin Gudgeon and Esa Ikaheimonen from the Board of Directors on the 6 May 2021 and in line with the Company's commitment to maintain an equal balance of independent versus non-independent directors, the Committee spent time considering which additional skills and experience were required around the boardroom in order to ensure the Board as a whole contained the appropriate experience and skills to deliver the Company's strategy. The Company's strategic priorities, main trends and factors affecting the long-term success and future viability of the Company were taken into consideration.

The Committee engaged Russell Reynolds, an independent executive search agency to undertake a comprehensive search process and then made a recommendation to the Board. The Committee as a whole was closely involved in identifying and agreeing a shortlist of candidates. In December 2021, the Board approved the recommendation of the Committee that Yetik K. Mert be appointed as an Independent Non-Executive Director.

Actions	More information on decisions and outcomes
Objective: Review the structure, size and composition of the Board, having due regard to the Company's strategic, operational and commercial requirements and overall diversity of Board members – Reviewed the size and composition of the Board taking into consideration the future strategic direction of the Company and overall diversity of Board members	See pages 62-63
Objective: Annually reviewing the time required from Non-Executive Directors and making recommendations as to their reappointment at the AGM – As part of the external Board effectiveness review performance of all Directors was undertaken. – Recommended the re-election/election of each Director at the 2021 AGM	See pages 55-56
Objective: Keeping under review succession arrangements for Directors and other senior executives – During the course of the year recommended the appointment of Yetik K. Mert to the Board of Directors – Undertook a review of talent management across the Company	See pages 62-63

When conducting the search for a new Board Director we consider candidates based on merit and against objective criteria giving due regard to the benefits of diversity on the Board. Although the Board does not have specific Board diversity targets, the Company's Diversity and Equal Opportunities policy remains unchanged, a copy of which can be found on our website. We are committed to employing a diverse and balanced workforce, including our Board of Directors. We recognise diversity of ideas, skills, knowledge, experience, culture, ethnicity and gender are important when building an effective and talented workforce at all levels of the organisation, including the Board. The importance of this is highlighted in our Code of Conduct and underpinned by our recruitment practices and dealings with our partners and suppliers. Further information on diversity within the Company can be found on page 25.

The Committee reviewed the output of the 2021 talent management process which is used throughout the Company to identify current and future talent potential, learning and development needs, and succession planning gaps. As part of this review the Committee considered the diversity of generation, gender and type of employee (full time or contractors) across the Company.

The Nomination Committee also took into consideration the impact of the move of the Company's global service centre from Ankara to Istanbul in relation to retaining and securing new talent within the business. As part of its work the Committee discussed actions that have been implemented to develop employees over the past 12 months. The Nomination Committee went on to perform a detailed review of pipeline of talent available within the Company and how the Company's Leadership, Evolution and Development programme was being utilised.

The Nomination Committee has detailed terms of reference which can be viewed at genelenergy.com and as part of the Company's governance practices an effectiveness review of the Committee for the year ending 31 December 2021 was completed as part of the wider Board Effectiveness Review. Further information can be found on page 56.

David McManus
Chair, Nomination Committee

Audit, risk and internal control

Risk monitoring and reporting

The Company keeps under continuous review the major risks, both current and emerging, to which its operations in all regions are exposed by leveraging its local expertise, industry knowledge and strategic relationships. In particular, the Company continues to have a regular dialogue with its key stakeholders in the Kurdistan Region of Iraq, such as the KRG and other regional public bodies.

We maintain similar relationships in Somaliland and Morocco to ensure the risks across the organisation as a whole are fully understood and mitigated appropriately and within the Company's tolerance for risk.

Our risk management procedures facilitate the identification of the key risks and indicators, the assessment and management of risks by designing and implementing prevention and mitigation controls, and monitoring of these controls. Senior management review and update the risk management process and keep the risk register under regular review. The Board conducts a robust assessment of the principal risks facing the Company at least annually with a focus on those risks that could impact our business model, strategy, solvency, liquidity, future performance and reputation. The Board also reviews and monitors the risk management and internal control systems and each such review covers all material controls, including financial, operational and compliance controls.

Further details of the principal risks and uncertainties to which the Group's operations are exposed is set out on pages 32 to 35.

Risk management

The Company has put in place robust risk management policies and procedures in order to manage day-to-day risks. The Company takes a proactive approach to risk management to design and implement appropriate controls to mitigate as much as possible any potentially negative outcomes.

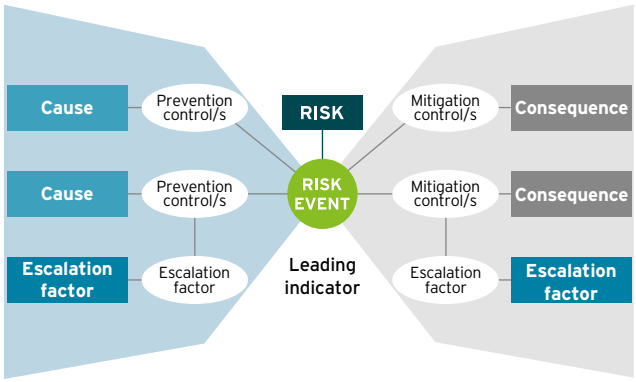
Overall responsibility for risk management remains with the Board of Directors in order to ensure that appropriate oversight is provided. Risks have been classified as strategic, external, operational and financial, and allocated to the appropriate Board Committee or the Board. As part of the Company's risk management process relevant Committees and the Board review the annual risk sign-off forms that are submitted by the risk owners.

Risk management process

A qualitative risk assessment matrix (5x5) that is aligned to industry best practices is used to aid with risk assessment processes. Management hold regular risk register workshops for all asset operations and projects to identify and assess risks, review current controls and design additional controls where needed to reduce the residual risk to As Low As Reasonably Practical ('ALARP'). The outcomes of these workshops are reported back to senior management, the relevant Board Committee, and Board as a whole.

Bowtie method

The Company uses the bowtie method of risk management which is widely used in the industry to improve the identification, design and management of prevention and mitigation controls. Departmental champions are identified to develop and maintain bowtie diagrams for the risks that they are managing. An example of a bowtie is shown below.



The left-hand side of the diagram is constructed from fault tree (causal) analysis and involves those causes (threats) associated with the hazard, the prevention controls (barriers) associated with each cause and any escalation factor control (that have the potential to increase the likelihood).

The right-hand side of the diagram is constructed from the event tree (consequence) analysis and involves mitigation controls (recovery measures for detection, control, mitigation and emergency response) and escalation factor control (that have the potential to increase the consequence).

The centre of the bowtie is referred to as the 'risk event' or 'top event', the undesired event at the end of the fault tree and at the beginning of the event tree.

Leading indicators

Leading indicators are identified measures to test the robustness of controls. These are developed and implemented for selected controls to manage and measure risk proactively including for drilling projects and production operations and other principal risks as per the Company risk register, as part of our risk management process.

Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of the Company's system of internal control. This system is designed to identify, evaluate and manage the significant risks to which the Group is exposed. The Board has also established processes to meet the obligations placed on listed companies and the expectations of the UK Corporate Governance Code to publish a long-term viability statement and to continually monitor systems of risk management and internal control. These processes include having clear lines of responsibility, documented levels of delegated authority and appropriate operating procedures. We recognise that the system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against misstatement or loss. Our long-term viability and going concern statement can be found on page 36.

Audit

The Audit Committee supports the Board in the performance of its responsibilities by reviewing those procedures that relate to risk management and internal control. A risk-based multi-year internal audit program which is aligned with Company risk register has been adopted. The Audit Committee considers the reports of the internal audit function and the external auditor and reports to the Board on such matters as it feels should be brought to the Board's attention. Further information on the actions taken by the Audit Committee during the year can be found on pages 67 to 70.

A detailed budget and work programme for the Company is produced annually in accordance with our processes and reviewed and approved by the Board. Operational reports are provided to the Executive Committee on a monthly basis and performance against the budget kept under regular review in accordance with the Group's financial procedures manual. The CEO reports to the Board on performance and key issues as they arise.

The assessment of controls and risk management processes provides a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group.

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 December 2021 and up to the date of the signing of the financial statements, and is satisfied that it remains appropriate to the business.

Company risk management process and structure

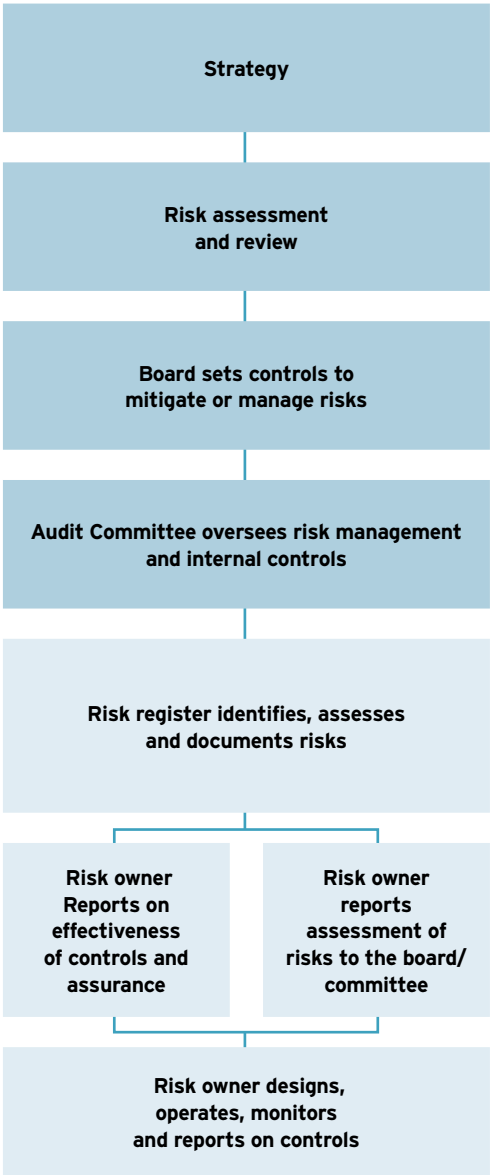
Responsibilities

Board
- Identifies and assesses the potential impact, likelihood and sensitivity of the principal risks of the business
- Identifies new risks or changes in the nature, probability or impact of existing risks
- Makes effective, appropriate and timely decisions on how principal risks are managed or accepted
- Ensures that decisions taken are appropriately executed throughout the business through appropriate delegation of authorities and policies
- Monitors the effectiveness of controls in place through reporting, assurance and detailed reviews in order to assess where action is required
- Identifies where controls are not appropriate or not operating effectively

Audit Committee
- Oversees risk management systems and makes recommendation to the Board

Executive Committee
- Leads the identification, understanding and assessment of risks to the business for review and discussion by the Board
- Assigns risks to relevant Executive Committee members as risk owners

Risk owners
- Put in place processes and procedures that execute the decision taken by the Board for the appropriate management or mitigation of each principal risk
- Assess and report risks and monitor the design and operating effectiveness of any prevention and mitigation controls and related policies and procedures
- Provide oversight of the daily operations of the key areas of the business



Board and Committees

The Board is supported by its Committees, which apply their expertise to the assessment and management of allocated risks. The Committees report findings and/or recommendations to the Board.

Board and Committees	Responsibility
Board	– Overall responsibility for risk oversight – Overall responsibility for all principal risks
Audit Committee	– Risk management and internal control systems – Financial controls
HSSE Committee	– Health, safety and environmental risks – Security and community risks
Reserves Committee	– Review reserves and resources – Review asset development plans
International Relations Committee	– Manage external risks
Renumeration Committee	– Compensation and reward
Nomination Committee	– Board composition

Audit Committee report

Ensuring integrity and clarity of published financial information

Meetings held in 2021

Four meetings (three scheduled, one ad hoc)
Chairman:
Canan Ediboğlu[1]
Members:
Tim Bushell[2]
Yetik K. Mert[3]
Martin Gudgeon[4]
George Rose[5]

[1] Canan Ediboğlu was appointed Chair of the Audit Committee on 24 July 2021
[2] Tim Bushell was appointed a member of the Audit Committee on 24 July 2021
[3] Yetik Mert was appointed a member of the Audit Committee on 22 December 2021
[4] Martin Gudgeon stepped down from the Audit Committee on 6 May 2021
[5] George Rose stepped down from the Audit Committee on 6 May 2021

Audit Committee time spent

Governance and audit	56%
Risk management and internal control	25%
Financial reporting	16%
Reserves and resources	3%

Highlights of Audit Committee activity

- Reviewed the 2020 Annual Report and Accounts and 2021 half-year results
- Reviewed significant estimates and judgements in relation to the 2020 full-year accounts and 2021 half-year accounts
- Received reports from the external auditors
- Reviewed internal controls and risks
- Approved the 2021 internal audit plan and received reports from Internal Audit
- Received updates on the legal compliance programme
- Reviewed risk management processes and the risk register
- Completed a full audit tender process leading to the appointment of BDO LLP as the Company's external auditors

Dear Shareholder,

I am pleased to present my first report from the Audit Committee describing the Committee's activities during the year.

The remit of the Committee includes:

- Monitoring the integrity of the financial statements and formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained in them
- Advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy
- Reviewing the Company's internal financial controls and internal control and risk management systems
- Ensuring the external auditor is independent and making recommendations to the Board regarding the appointment of the external auditor
- Monitoring and reviewing the effectiveness of the internal audit function

The Committee's terms of reference are available on our website at genelenergy.com

Actions	More information on decisions and outcomes
Objective: To increase shareholder confidence by ensuring the integrity and objectivity of published financial information – Scrutinised areas involving significant judgement, estimation or uncertainty in particular impairments – Monitored changes to reserves and resources – Reviewed and received reports from the external auditors on the annual financial statements and interim results statement – Ensured compliance with financial reporting standards and relevant financial and governance requirements	See pages 18-19 See pages 69 -70
Objective: To advise the Board on whether the Annual Report taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy – Considered the quality and appropriateness of the accounting policies and practices and financial reporting disclosures and changes thereto – Considered the Annual Report as a whole including the basis for the going concern assumption, the viability statement and underlying assumptions – Assessed the Annual Report in the context of whether, taken as a whole, it is fair, balanced and understandable	See pages 67-70
Objective: To assist the Board in meeting its financial reporting, risk management and internal control responsibilities – Monitored compliance with financial reporting standards and relevant financial and governance requirements – Kept under review the risk register and retained oversight of the Group risk framework and by doing so support the Board on assessing the Company's tolerance for risk – Kept key accounting policies and practices under review to ensure that they remain appropriate	See pages 64-66 See note 1, pages 105-112
Objective: To assist the Board in ensuring the effectiveness of the internal accounting and financial controls of the Company – Kept under review the effectiveness of the systems of internal control, including the adherence to Company policies, internal audit outputs and the compliance programme including the anti-bribery and trade sanctions processes and procedures	See pages 64-66 and 69
Objective: To monitor the Company's treasury and financing arrangements – Monitored the cash position of the Company and kept the treasury policy under review to ensure it remains appropriate and aligned with the Company's cash position	See page 17
Objective: To strengthen the independent position of the Company's external auditors by providing channels of communication between them and the Non-Executive Directors – Held private meetings with the external auditors without the presence of management	See page 70
Objective: To review the performance of the Company's internal and external auditing arrangements – Recommended the appointment of BDO LLP ('BDO') as the Company's external auditors following the completion of a tender process – Monitored the effectiveness and independence of the external auditor and compliance with the non-audit services policy – Received reports from the Company's internal auditor on audits performance in the period and monitored their performance and effectiveness	See pages 69-70
Objective: To assist the Board in monitoring and addressing potential conflicts of interest between members of the Group and the Directors and/or senior managers of the Company – Continued to assist the Board in reviewing conflicts of interests of Directors and senior managers	See page 44

Membership

In July 2021, Canan Ediboğlu was appointed Chair of the Audit Committee and Tim Bushell was appointed as a member of the Committee. Following his appointment to the Board of Directors in December 2021 Yetik K. Mert has also been appointed as a member of the Audit Committee. During 2021 all members of the Audit Committee were Independent Non-Executive Directors and Canan Ediboğlu is considered by the Board to have recent and relevant financial experience. The Committee as a whole is considered to be competent in the oil and gas sector.

In order to discharge its duties and responsibilities effectively during the year the Committee relied on information and support from management and invited the CEO (Bill Higgs), CFO (Esa Ikaheimonen), Head of HSE and Risk Management (VK Gupta), General Counsel and Company Secretary (Stephen Mitchell), Head of Legal (Jamie Dykes), and Head of Finance and Planning (Luke Clements) to regularly attend its meetings.

Significant issues and judgements

The significant issues considered by the Committee in relation to the 2021 accounts and how these were addressed were:

- Oil price forecast – following a material improvement in Brent oil price during 2021 the Committee reviewed the Company's oil price forecast at the half-year and full-year. When considering the Company's oil price at the half-year a long-term oil price of $65/bbl in line with market consensus was adopted. For the year ended 31 December 2021 the oil price forecast was updated to reflect the continued increase in Brent oil price in the second half of 2021 and longer term oil price outlook. This resulted in an increase in oil price outlook relative to the half-year.
- Discount rate – the Committee assessed the Company discount rate and agreed that it should be maintained at 13%.
- Impairment of production oil assets – when considering potential indicators of impairment, the Audit Committee considered the matters outlined above, together with the production performance of the assets, activity schedules, costs and payments. At the full-year the Committee also considered the output of the Reserves Committee process, there were no impairment indicators.
- Impairment of exploration assets – following the suspension of the QD-2 well, the Qara Dagh PSC was assessed in order to determine whether impairment indicators existed. The Committee considered the learnings from the QD-2 well and concluded that no impairment indicators existed. In relation to the Bina Bawi and Miran PSCs, following the conclusion reached by the Board, the assets and liabilities associated with the two PSCs have been derecognised from the Group's financial statements.
- Reversal of impairment on deferred receivables – at the 2020 half-year the Company impaired the deferred receivables for sales made in the four months from November 2019 to February 2020. The Committee considered the establishment of a payment mechanism by the KRG, receipt of regular payments and increase in Brent oil price when determining that a reversal of the impairment would be applied.
- ORRI – in 2020 the KRG suspended payment under the ORRI for a period of nine months, as a result no revenue has been recognised in relation to that period by the Company. The Committee reviewed the approach and accounting treatment of the ORRI at the half-year, this was reconsidered at the full-year, and it was determined that there should be no change in revenue recognition position.
- Going concern – the key inputs and sensitivities applied to the Company's viability statement and going concern assessment were reviewed by the Committee. The Committee concluded that the Company remains a going concern and is expected to remain viable over the next five year period.

Risk management

As part of the Company's control framework the Committee assisted the Board in monitoring and reviewing risk management procedures, risk reporting and the full risk register. An overview of the Company's risk management procedures and principal risks can be found on pages 64 to 66 and 32 to 35.

Internal Audit

The Board recognises that an effective Internal Audit function, responsible for providing independent and objective assurance on internal control, governance and risk management, is an important part of delivering a strong governance culture. Following a competitive tender process in 2017, Ernst & Young LLP ('EY') was appointed as the Group's internal auditor. In December 2021 the Committee approved an internal audit plan which is aligned to the Group's risk profile to be executed during 2022. Ahead of approving the 2022 plan the Audit Committee took into consideration recent internal audits that have been performed as well as an indicative multi-year plan ensuring the Internal Audit function provides assurance across a range of focus areas. Audit fieldwork planning, review and follow up is delivered by EY. Internal Audit has a direct reporting line to the Audit Committee and provides regular updates throughout the year on the findings identified in the audits and opportunities to improve the design and operating effectiveness of internal controls together with updates on the status of management's implementation of agreed actions.

In December 2021, the Committee reviewed the outcome of the internal audit work that had been performed in accordance with the 2021 internal audit plan. Internal Audit reported that management had been co-operative, for each audit performed and provided an overview of each of their findings and recommendations made to management including a timescale for implementation. Annually, the Committee also reviews the effectiveness of the internal audit arrangements.

During the year the Audit Committee held private meetings with the Internal Auditors without the presence of management. The external auditors also met separately with the Head of Internal Audit to discuss internal audit findings and areas of common focus.

External audit

Following a tender process in 2020, BDO was appointed as the Company's external auditor at our 2021 AGM and Anne Sayers has been appointed as the Senior Statutory Auditor to the Company.

The effectiveness and the independence of the external auditor are key to ensuring the integrity of the Group's published financial information. Prior to the commencement of the audit, the Committee reviews and approves the external auditor's audit plan. In September 2021 BDO presented to the Committee their proposed plan of work which was designed to ensure that there are no material misstatements in the financial statements for the year ended 31 December 2021. At the year-end the Committee received and discussed a detailed report from BDO regarding the work performed as part of the audit including the scope, materiality thresholds and risks.

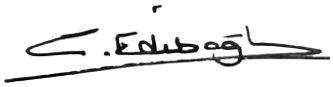
The Committee monitors and approves the provision of non-audit services by the Company's external auditors in accordance with the policy on non-audit services. The provision of non-audit services is generally limited to services that are closely connected to the external audit or to projects that require a detailed understanding of the Group (for example the half-year interim review) and require preauthorisation by the Committee under the terms of the policy.

In 2021, the ratio of non-audit to audit and audit related fees paid to BDO was 1:5, the non-audit fee paid was $70,200, further details of which can be found on page 115 of the notes to the financial statements. These fees reflect the interim review under the provisions of ISRE 2410 completed by BDO in respect of the half year report for the period ended 30 June 2021.

During the year, the FRC's Audit Quality Review ('AQR') team reviewed PwC's audit of the Group's 2020 Annual Report. The AQR team indentified that there were some areas of good practice and only limited improvement areas, and these have been discussed with our current auditors BDO to ensure they are addressed going forward.

Effectiveness

As part of the Company's governance practices, an effectiveness review of the Committee for the year ending 31 December 2021 was completed as part of the wider Board Effectiveness Review, further information can be found on page 56.



Canan Ediboğlu
Chair, Audit Committee

Meetings held in 2021

Four meetings (three scheduled, one ad-hoc)

Interim Chairman:

David McManus

Members:

Michael Fallon

Yetik K. Mert[1]

Martin Gudgeon[2]

George Rose[2]

[1] Yetik K. Mert was appointed to the Committee on 22 December 2021

[2] Martin Gudgeon and George Rose stood down from the Board at the AGM on 6 May 2021

Remuneration Committee time spent

All employee remuneration	36%
Executive Director remuneration	34%
Long term incentive plans for all employees	15%
Governance	15%

Highlights of Remuneration Committee activity

- The Committee held three scheduled and one ad-hoc meetings during the year. Details of the key activities carried out are set out on page 72. All of the members of the Committee are Independent Non-Executive Directors.

Directors' remuneration report

Remuneration Committee Chairman's statement

On behalf of the Remuneration Committee, I am pleased to present Genel's Directors' Remuneration Report for the year ended 31 December 2021, my first report as Interim Remuneration Committee Chairman for Genel.

As a Jersey registered company we are not required to prepare a remuneration report in accordance with UK legislation, however, it remains the policy of Genel to comply with high standards of corporate governance and so we have once again prepared our Directors' Remuneration Policy Report and Annual Report on Remuneration in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

Remuneration Policy

In 2021, we refreshed the 2020 Policy with a small number of minor administrative changes aligned to the new share plans and this revised Policy was brought to shareholders in 2021. The Committee has reflected upon the outcome of the votes for the Remuneration Policy at the AGM in May. Please see page 39 for details on the Board's views on these outcomes.

Short-term incentives are based on an operational performance scorecard and long term incentives are based on a combination of relative and absolute TSR. The Policy can be seen in full detail on pages 81 to 88.

Our Remuneration Policy is designed to attract, motivate and retain the high quality of talent required to develop and implement our strategy, thereby driving performance to deliver shareholder value. The incentive elements which are used for Executive remuneration, including cash bonuses and long-term incentive plans, also apply to the rest of the workforce. This approach ensures a focus on delivery and aligns the interests of all employees with the long-term interests of the Company.

Remuneration for 2021

Full details of the Remuneration Committee's decisions for 2021 are set out in the Annual Report on Remuneration on pages 73 to 80.

In 2021, the Committee considered performance against the targets set in the scorecard on page 75. Once again, delivery of culture was a strong feature of performance particularly in compliance, high performance culture and ESG. Financial performance resulted in a strong balance sheet which demonstrated the cost-based discipline required throughout the year. The progress at Sarta and Somaliland was good, however, our assessment of the delivery of planned activity is that operational and process challenges hindered some progress.

The company scorecard was assessed by the Committee, based upon the achievement of these performance targets, which resulted in a corporate scorecard outcome of 73.75% of maximum.

Approach to remuneration in 2022

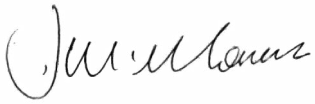
Details of how we intend to apply our Policy over the coming year are set out on pages 78 to 79.

The Committee approved an increase in the base salary for 2022 for Bill Higgs at a rate of 3.5%, and this is in line with the wider UK workforce. The 2022 annual bonus for Bill will again be based on a combination of achievement against the Company scorecard metrics at 80% and 20% of the bonus reflecting personal performance.

The company scorecard for 2022 (as seen on page 79) will focus on delivery of culture, dividend, production business and pre-production, measuring delivery of the work plan and budget and annual performance. The Committee has adjusted the weightings of the targets set out in the 2022 scorecard in order to drive the performance in our key strategic areas for 2022. The Committee considers that these targets are appropriately stretching and that maximum vesting would represent significant value creation.

2022 AGM

At the AGM in 2022, our shareholders will be asked to approve this Annual Report on Remuneration and I encourage you to vote in favour. I will be available, along with my Committee members, to answer any questions regarding our Policy on executive remuneration and the activities of the Committee.



David McManus
Interim Chairman of the Remuneration Committee

Key activities of the Remuneration Committee

Objective	Action
To implement the Remuneration Policy for the Chairman, Executive Directors and members of the Executive Committee	– Continued to apply the Remuneration Policy principles in discussion and implementation of remuneration for Executive Directors and Executive Committee members
To review and have regard to remuneration practices across the Company	– Considered remuneration practices across the Company including management recommendations for salary increases, bonus payments and share awards – Reviewed the executive base salary level and benefits allowance in the context of pay for the wider workforce and the external market
In respect of performance related elements of the Remuneration Policy formulate suitable performance related criteria and monitor their operation	– Completed a mid-year review of performance against bonus targets – Reviewed performance objectives of the Executive Directors and Executive Committee in order to determine the level of bonus earned in respect of the 2021 financial year
To review all aspects of any equity incentive plans operated or to be established by the Company	– The Committee set targets for 2021 PSP awards and reviewed the relative TSR peer group for 2021 awards
To have regard in the performance of its duties to any published guidelines or recommendations regarding the remuneration of directors of listed companies and formation and operation of share schemes	– As part of its deliberations during the year, governance updates were received from both Deloitte and the Company Secretary to ensure that any decisions taken and recommendations made were done so in the context of the wider remuneration landscape whilst remaining appropriate for the specific challenges facing the Company
To ensure that provisions regarding the disclosure of information, including pensions, as set out in The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations and the UK Corporate Governance Code, are fulfilled	– Reviewed the Annual Report on Remuneration for 2020 prior to submission to shareholders for a Non-Binding vote at the AGM – Reviewed the Remuneration Policy ahead of a binding vote at the 2021 AGM – Considered the remuneration-related elements of the 2018 UK Corporate Governance Code

Advisers to the Committee

Once again, the Committee has appointed Deloitte LLP ('Deloitte') to provide independent advice on those remuneration matters under consideration by the Committee. The Committee has chosen to continue with the appointment of Deloitte as it was felt they have the most relevant experience and expertise on remuneration related matters to effectively advise the Committee.

Deloitte is a leading remuneration adviser and a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Deloitte's fees in respect of advice to the Committee in the year under review were £34,650 and were charged on the basis of their standard terms of business for the advice provided. The Committee is satisfied that the advice they have received has been objective and independent.

The Committee also consulted during the year with the Chairman, (David McManus), CEO (Bill Higgs), the General Counsel and Company Secretary (Stephen Mitchell) and the Chief Human Resources Officer (Berna Öztınaz).

No member of the Committee nor any party from whom advice was sought participated in discussions regarding their own remuneration.

Annual Report on Remuneration

This part of the Annual Report provides details of the implementation of the Directors' Remuneration Policy (the 'Policy') for the year ended 31 December 2021 and discusses how the Policy has been implemented in the 2021 financial year. Details of the Policy can be found on pages 81 to 88.

UK Corporate Governance Code: Provision 40

The following table sets out how the Committee has addressed the factors set out in Provision 40 of the UK Corporate Governance Code in setting and operating the Directors' Remuneration Policy.

Clarity	– The Policy is designed to support the financial and strategic objectives of the Company, taking into account UK corporate governance expectations – The Committee is committed to providing open and transparent disclosure of our approach to pay with our shareholders
Simplicity	– The remuneration structure is simple, comprising three main elements: fixed pay (base salary and benefits allowance), annual bonus, and PSP awards – The Committee took great care to ensure that the remuneration framework throughout the Company is easy to understand for both participants and shareholders
Risk	– The Committee is mindful of ensuring that incentive arrangements do not encourage excessive risk taking. The Committee follows a robust process when setting performance targets to ensure that targets are sufficiently stretching and balanced – The use of deferral of annual bonus awards and holding periods on PSP awards ensure that executive Directors are exposed to the long-term performance of the Company. Variable pay awards are also subject to malus and clawback
Predictability	– The Policy sets out the maximum opportunity levels for different elements of pay
Proportionality	– Payment of the annual bonus and awards under the PSP are subject to the achievement of stretching performance targets. The targets are considered annually and take account of expectations and strategic priorities at the time – The Committee also retains the right to apply discretion where these outcomes do not accurately reflect the performance of the Company and/or the individual
Alignment to culture	– The Remuneration Policy has been developed in order to align the interests of the Executive Directors with the Company's KPIs and the interests of shareholders

Shareholder voting

Votes cast by proxy and at the meeting in respect of the Annual Report on Remuneration for the year ended 31 December 2020, at the AGM held on 6 May 2021, were as follows:

	Number of votes cast	For	Against	Abstentions
To approve the Annual Report on Remuneration for the year ended 31 December 2020	211,315,207	129,041,748	82,247,207	26,252
		61.07%	38.93%	
To approve the Directors' Remuneration Policy	211,315,207	111,404,413	80,873,006	19,037,788
		57.94%	42.06%	

Audited information

The following tables set out the total remuneration for the Executive Directors and Non-Executive Directors for the period in office for the year ended 31 December 2021, and comparison figures for 2020.

	Salary/fees		Benefits		Total Fixed Pay		Bonus		LTIP[3]		Total Variable Pay		Total	
Name	**£'000 2021**	£'000 2020	**£'000 2021**	£'000 2020	**£'000 2021**	£'000 2020	**£'000 2021**	£'000 2020	**£'000 2021**	£'000 2020	**£'000 2021**	£'000 2020	**£'000 2021**	£'000 2020
Executive Director														
Bill Higgs	546	540	109	108	655	648	418	422	369	211[2]	787	633	1,442	1,281
Esa Ikaheimonen[1]	157	450	31	90	188	540	120	351	462	806[2]	582	1,157	770	1,697

[1] 2021 data relates to the period to 6 May 2021 that Esa Ikaheimonen held an Executive Director position
[2] The 2020 LTIP value has been restated due to an error in this table in the 2020 report
[3] LTIP includes share awards under the Company's PSP and RSP which vested in the relevant year, based on the share price on the date of vesting

Name	Salary/fees		Benefits		Bonus		LTIP		Total	
	£'000 2021	£'000 2020	£'000 2021	£'000 2020	£'000 2021	£'000 2020	£'000 2021	£'000 2020	£'000 2021	£'000 2020
Non-Executive Directors										
David McManus [1]	230	208	-	-	-	-	-	-	230	208
Sir Michael Fallon [1]	100	90	-	-	-	-	-	-	100	90
Tolga Bilgin [1]	56	51	-	-	-	-	-	-	56	51
Tim Bushell	91	91	-	-	-	-	-	-	91	91
Canan Ediboğlu [2]	76	37	-	-	-	-	-	-	76	37
Hassan Gozal	56	51	-	-	-	-	-	-	56	51
Martin Gudgeon[3]	29	84	-	-	-	-	-	-	29	84
Yetik K. Mert[4]	2	-	-	-	-	-	-	-	2	-
George Rose[3]	29	96	-	-	-	-	-	-	29	96
Nazli K. Williams	56	56	-	-	-	-	-	-	56	56

[1] Appointed to the Board on 5 February 2020
[2] Canan Ediboğlu was apppointd to the Board on 21 June 2020 and joined the Audit Committee on 24 July 2021
[3] Stood down from the Board on 6 May 2021
[4] Yetik K. Mert joined the Board on 22 December 2021

Additional disclosures in respect of the single total figure table

Base salary

The table below shows base salaries which were effective during 2021.

	Base salary on 1 Jan 2020	Base Salary at 1 Jan 2021	Base Salary on 6 May 2021
Bill Higgs	£540,600	£546,006	£546,006
Esa Ikaheimonen[1]	£450,000	£454,500	£454,500

[1] Esa Ikaheimonen stood down as a Director of the Board on 6 May 2021 but remained as CFO

Salary information for 2022 is provided on page 78.

Benefits

In line with the Committee's aim to provide a simple, transparent package, Executive Directors receive a cash supplement of a percentage of base salary in lieu of all benefits, including pension, private health insurance, life assurance and company car provision. The cash supplement is not used in the calculation of bonus and long-term incentive quantum. In the event that the Executive Directors participate in the Mandatory Pension Plan offered by the Company to all employees, the cash supplement will be reduced by the amount contributed by the Company into the Mandatory Pension Plan. The pension offering for Executive Directors is therefore considered to be aligned to the wider workforce.

Annual bonus

The 2021 annual bonus scorecard was approved based on the Company's performance against key business objectives with a combination of 20% personal and 80% company metrics.

Bill's continued strong management of the Company was rewarded by the Committee with a personal score of 88%, and this outcome reflects the leadership and attributes he brought to the table in another year of challenging circumstances. Esa achieved a personal performance score of 87%, reflecting his stewardship of the Company's strong financial position and continued disciplined approach, enabling the capex and opex required for the delivery of activity. His support during the planning for the strategic move to Istanbul was recognised.

Bill Higgs chose to defer £105,417 of his 2020 bonus into Company shares, and Esa Ikaheimonen elected to defer £87,750. Bill Higgs will again be invited to voluntarily defer up to 100% of his 2021 annual bonus into Company shares. Any bonus that is deferred will vest after a two year period and will be subject to malus provisions during this period. The portion of 2021 bonuses that are deferred will be reported in the 2022 Annual Report.

	2021 bonus	As % of maximum
Bill Higgs	£418,241	77%
Esa Ikaheimonen	£119,868[1]	76%

[1] Pro-rated according to period holding Executive Directorship

2021 – Annual bonus, Remuneration Committee assessment of performance against targets

For 2021, the Committee approved company metrics focused on the delivery of culture, balance sheet, production and activity. Company culture continues to be a strong element of delivery across all measurables, however, some HSE targets were missed (please see page 13 for details). Balance sheet strength was maintained, benefiting from continued focus on the cost base of the business, resumption of the override and payments received for deferred receivables. Activity delivery was mixed, with some overspend and some activity not delivered as a result of operational and process challenges, however, the Committee was pleased to see the progress at Sarta and Somaliland.

The company scorecard was assessed by the Committee, based upon the achievement of these performance targets, which resulted in a corporate scorecard outcome of 73.75% of maximum.

Bonus performance measure	Weighting	Performance target	Assessment of performance against metrics	Performance assessment
Culture delivery	20%	– Health and Safety – ESG implementation – Strong compliance culture – High performance culture	– Strong performance in compliance – Implementation of initiatives in ESG and high performance culture all delivered on time and within budget – Some HSE targets missed	18%
Balance sheet delivery	30%	– Maintain strong balance sheet – Significant reduction in unpaid receivable	– Excellent performance with a robust financial outcome for the year – Free cash flow of $86m – Net production of 31,710 bpod	30%
Production delivery	10%	– Production delivered within budget	– Production outcome for the year fell outside target	3.25%
Activity delivery	40%	– 2021 activity programme delivered within Capex and Opex budget – Drilling campaign within budget – Progress to operatorship at Sarta	– Production targets met – Overbudget in some areas – Sarta Operatorship target met	22.5%

Share plan awards made in 2021

During 2021 the Committee assessed the appropriateness of TSR metrics. Following a thorough review of a range of alternative long-term incentive plans the Committee concluded that the plan that best meets shareholders' objectives is an equal combination of relative and absolute TSR measures as has been successfully implemented in prior years.

PSP awards continued to be assessed 50% on relative TSR against our peer group. The peer group for the 2021 PSP awards is below.

Africa Oil	Energean Oil and Gas	Kosmos	Shamaran
Aker BP	Enquest	Lundin	Tethys
Capricorn Energy	Gulf Keystone	Pharos Energy	Tullow Oil
DNO	Harbour	Savannah	

Cairn Energy was renamed Capricorn on 13 December 2021 and, under the terms of the performance conditions, Lundin was subsequently removed from the 2021 peer group following their merger with Aker BP.

Awards will vest according to the following schedule:

Relative TSR ranking of the Company	Proportion of award vesting
Below median	0%
Median	30%
Between median and upper quartile	Straight-line basis
Upper quartile	100%

The following table provides details of the awards made under the PSP and Deferred Bonus Plan (DBP) during 2021. Performance for the PSP awards is measured over the three years from the date of grant.

	Type of award	Face value (£)	Basis of awards	Threshold vesting (% of face value)	Maximum vesting (% of face value)	End of performance period/Vesting
Bill Higgs	PSP[1]	£819,009	150% of salary	30%	100%	05/04/2024
	DBP[2]	£105,417	voluntary election			05/04/2023
Esa Ikaheimonen	PSP[1]	£681,750	150% of salary	30%	100%	05/04/2024
	DBP[2]	£87,750	voluntary election			05/04/2023

[1] The face value of the PSP is calculated as a percentage of base salary as at 1 January 2021
[2] The Executive Directors were invited to defer a percentage of their 2020 bonus into Company shares under the DBP. The face value (£) is calculated using the average share price ten dealing days prior to the date of grant of 175.7 pence

Share awards

The following table provides a summary of all share awards as at 31 December 2021, or as at the date the Director stepped down from the Board, as applicable. Further details of the Company's share plans are set out on pages 124 and 125.

Scheme	Grant date	Exercise price (pence)	As at 1 Jan 2021	Granted during the year	Dividend during the year	Vested during the year	Exercised during the year	Lapsed during the year	As at 31 Dec 2021	Performance period end	Expiry date
Bill Higgs[1]											
PSP	22/12/2017	-	35,183	-	-	-	35,183	-	0	22/12/2020	22/12/2027
PSP	11/04/2018	-	154,184	-	-	-	154,184	-	0	22/12/2020	22/12/2027
PSP	07/05/2019	-	334,515	-	-	220,142	220,142	114,373	0	11/04/2021	11/04/2028
PSP	22/06/2020	-	417,932	-	33,476	-	-	-	451,408	07/05/2022	07/05/2029
RSP	22/12/2017	-	661,935	-	53,022	-	-	-	714,957	03/04/2023	22/06/2030
RSP	07/05/2019	-	199,961	-	8,008	53,588	99,979	-	107,990	07/05/2022	07/05/2029
DBP	22/06/2020	-	65,402	-	5,238	-	-	-	70,640	22/06/2022	22/06/2030
PSP	06/04/2021	-	-	466,201	37,344	-	-	-	503,545	06/04/2024	06/04/2031
DBP	06/04/2021	-	-	60,006	4,806	-	-	-	64,812	06/04/2023	06/04/2031
Esa Ikaheimonen[1]											
RSP	25/08/2017	-	471,816	-	-	-	-	-	471,816	25/08/2020	25/08/2027
PSP	25/08/2017	-	357,204	-	-	-	-	-	357,204	25/08/2020	25/08/2027
PSP	11/04/2018	-	418,482	–	-	275,401	-	143,081	275,401	11/04/2021	11/04/2028
PSP	07/05/2019	-	333,003	-	-	–	–	–	333,003	07/05/2022	07/05/2029
RSP	27/08/2019	-	139,500	-	-	-	-	–	139,500	21/08/2022	27/08/2029
PSP	22/06/2020	-	551,000	-	-	–	–	–	551,000	03/04/2023	22/06/2030
DBP	22/06/2020	-	158,680	-	-	–	–	–	158,680	22/06/2022	22/06/2030
PSP	06/04/2021	-	-	388,069	-	-	-	-	388,069	06/04/2024	06/04/2031
DBP	06/04/2021	-	-	49,949	-	-	-	-	49,949	06/04/2023	06/04/2031

Performance against targets for 2018 PSP awards

Targets

1. Relative TSR vesting schedule and comparator group (accounting for 50% of the assessment)

The Relative TSR element of the Award vested in accordance with the following schedule:

Relative TSR ranking of the Company	Proportion of Award Vesting
Below median	0%
Median	30%
Between median and upper quartile	Straight line basis
Upper quartile	100%

The Award was subject to the Company's ranked TSR performance against the following Comparator Group:

Relative TSR peer group	
BP	Nostrum Oil & Gas
Cairn Energy	Royal Dutch Shell
DNO	Seplat Petroleum
EnQuest	Pharos Energy
Gulf Keystone	Tullow Oil
Harbour Energy	

2. Absolute TSR vesting schedule (accounting for 50% of the assessment)

The Absolute TSR Performance Target means the compound annual growth rates (CAGR) in the TSR of the company.

The Absolute TSR element of the Award vested in accordance with the following schedule:

Relative TSR ranking of the Company	Proportion of Award Vesting
Below 15% p.a	0%
15% p.a	30%
Between 15% p.a. and 35% p.a.	Straight line basis
35% p.a. or more	100%

Performance

- Based on the Company's TSR performance over the performance period, the Company was ranked 2nd against the comparator group and achieved vesting of 100% of this element.
- Absolute TSR performance: The Company's absolute TSR performance over the three year performance period was 12.79% p.a., resulting in vesting of 31.62% of this element.
- Cumulative performance outcome: The cumulative impact of the above performance for the relative and absolute TSR elements resulted in 65.81% of April 2018 awards vesting.

[1] Awards made to Bill Higgs and Esa Ikaheimonen prior to 7 April 2019 were made to them before they held Executive Directorships
[2] No element of the 2021 LTIP value shown for Bill Higgs on page 73 is due to share price growth between grant and vesting of the 11 April 2018 PSP or the 7 May 2019 RSP (excluding dividend equivalents)
[3] No element of the 2021 LTIP value shown for Esa Ikaheimonen on page 73 is due to share price growth between the grant and vesting of the 11 April 2018 PSP award (excluding dividend equivalents)

Payments to past Directors

In 2021, there were no payments made to past Directors. Esa Ikaheimonen stepped down as a member of the Board on 6 May 2021 but continued employment with the Company in his role as CFO which does not include any Board responsibilities. Any remuneration received after 6 May 2021 was in respect of this new role. As disclosed in the 2019 Annual Report and the 2020 Annual Report, Murat Özgül stepped down as CEO in April 2019 but continued employment with the Company in a different role which does not include any Board responsibilities. Any remuneration received during 2021 was in respect of this new role.

Payments for loss of office

In 2021, there were no payments made to Directors for loss of office.

Statement of Directors' shareholding and share interests

The beneficial interests of the Directors in the Company's shares as at 31 December 2021 are shown in the table below.

The Company does not currently operate a formal shareholding guideline as Executive Directors must normally hold any vested shares under the PSP for two years following vesting for share awards. Executive Directors are expected to build up their holding over time.

Director	Ordinary shares as at 31 Dec 2020	Ordinary shares as at 31 Dec 2021 or at date of leaving	Interest in share options granted under the Company share plans as at 31 Dec 21 or at date of leaving
David McManus	-	-	-
Sir Michael Fallon	9,000	9.000	-
Bill Higgs	37,829	307,256	1,913,352
Tolga Bilgin[1]	-	-	-
Tim Bushell	-	-	-
Canan Ediboğlu	-	-	-
Hassan Gozal[2]	46,338,622	46,338,622	-
Nazli K. Williams[3]	-	17,209,941.5	-
Esa Ikaheimonen[4]	-	-	1,673,820
Martin Gudgeon[5]	150,000	150,000	-
George Rose[6]	90,000	90,000	-

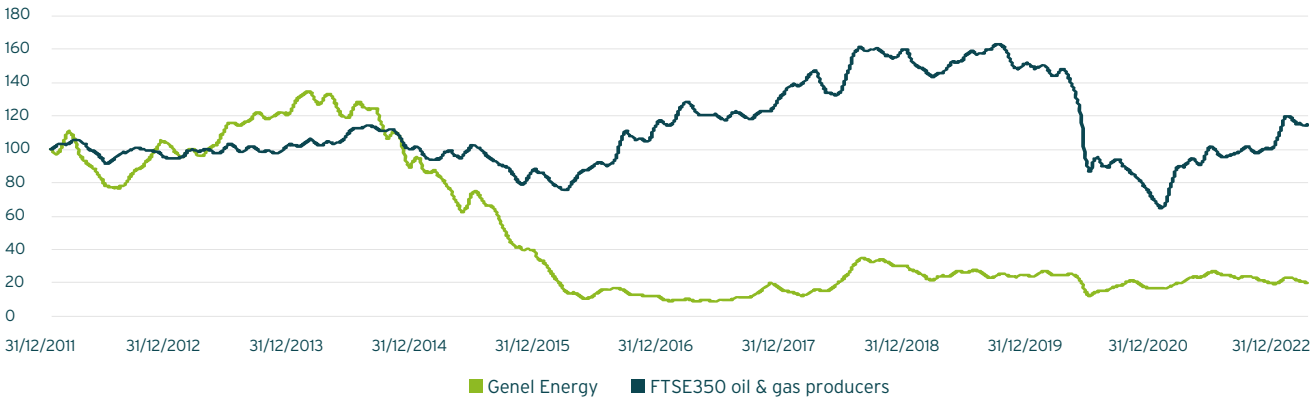
1 Bilgin Grup Doğal Gaz A.Ş, of which Tolga Bilgin is the CEO, holds 62,523,017 shares in the Company as at 31 December 2021
2 These shares are held by Daax Corporation FZE, of which Hassan Gozal is the sole owner
3 Nazli K. Williams is a 50% beneficial owner of shares in the Company held by Focus Investments Limited
4 Esa Ikaheimonen stood down from the Board at the 2021 AGM, held on 6 May 2021
5 Martin Gudgeon stood down from the Board at the 2021 AGM, held on 6 May 2021
6 George Rose retired from the Board at the 2021 AGM, held on 6 May 2021

This represents the end of the audited section of the report.

Historical TSR performance and CEO remuneration outcomes

The following graph shows the Company's TSR since trading of Genel Energy plc's shares began on the London Stock Exchange on 21 November 2011 against the FTSE 350 Oil & Gas Producers Index. The Committee believes that the FTSE 350 Oil & Gas Producers Index remains the most appropriate index as these companies are Genel's direct UK listed comparators.

Total Shareholder Return



The table below summarises the CEO single figure for total remuneration, annual bonus pay-outs and LTIP vesting levels as a percentage of maximum opportunity over the period since listing to the end of the 2021 financial year.

	2012	2013	2014	2015	2015	2016	2017	2018	2019	2019	2020	2021
Chief Executive Officer	Tony Hayward	Tony Hayward	Tony Hayward	Tony Hayward[2]	Murat Özgül[2]	Murat Özgül	Murat Özgül	Murat Özgül	Murat Özgül[2]	Bill Higgs[2]	Bill Higgs	Bill Higgs
CEO single figure remuneration (£'000)	1,691	1,779	2,521	468	531	1,519	1,765	1,882	299	1,112	1,281	1,539
Annual bonus pay-out (as a % of maximum opportunity)	90%	95%	90%	0%	36.2%	71.4%	82.1%	72.5%	60%	65%	78%	77%
Long-term incentive vesting out-turn (as a % of maximum opportunity)	n/a	n/a	82.5%	0%	0%[1]	0%	0%	0%	0%	n/a	50%[3]	65.8%

1 The Committee exercised its discretion to reduce the vesting under the 2013 PSP awards from 30% to 0%
2 Pro-rated according to period holding Executive Directorship
3 This vesting is in relation to the December 2017 PSP award granted to Bill Higgs prior to his appointment as CEO

Percentage change in remuneration of the Executive Directors

The table below shows the percentage change in the Executive Directors' salary, benefits and annual bonus between the financial years ended 31 December 2020 and 31 December 2021 compared to the average for permanent employees of the Company.

The percentage change in base salary, benefits and annual bonus for the Executive Directors compares outcomes of the period spent holding the Executive Directorships in 2019 against 2020, and 2020 against 2021. The figures below include pro-rated calculations for Esa's mid-year dates.

	% change in base salary 2019/2020	% change in base salary 2020/2021	% change in benefits 2019/2020	% change in benefits 2020/2021	% change in annual bonus 2019/2020	% change in annual bonus 2020/2021
Bill Higgs[1]	38.4%	3.5%	38.4%	3.5%	66.1%	(0.9%)
Esa Ikaheimonen[2 3]	39.4%	(65.1%)	39.4%	(65.1%)	69.9%	(65.9%)
All employees	10.4%	9.4%	6.8%	19.8%	9.7%	(7.4%)

1 Bill Higgs was appointed as CEO on 7 April 2019
2 Esa Ikaheimonen was appointed as Executive Director on 7 April 2019 with a subsequent salary increase in August 2019
3 Esa Ikaheimonen stood down from the Board on 6 May 2021

Percentage change in remuneration of the Non Executive Directors

Non-executive Directors received only a fee in 2021 and did not receive benefits or an annual bonus.

	% change in annual fee 2019/2020	% change in annual fee 2020/2021
David McManus	-	0%
Sir Michael Fallon	-	0%
Tim Bushell	0%	0%
Canan Ediboğlu [1]	-	8.8%
Martin Gudgeon	3.7%	0%
Yetik K. Mert	-	0%
George Rose	3.2%	0%
Nazli K. Williams	0%	0%

1 Canan Ediboğlu was appointed Chair of the Audit Committee on 24 July 2021

Relative importance of the spend on pay

The table below illustrates the current year and prior year overall expenditure on pay. The regulations require that we report distributions received by shareholders through dividends and share buy-backs. The cost to the Company of dividends paid to shareholders in 2021 was $44 million.

Remuneration paid to all employees	$m
2020	23.9
2021	24.44

Remuneration paid to all employees represents total staff costs from continuing operations.

Implementation of Remuneration Policy in 2022

This section provides an overview of how the Committee is proposing to implement our Remuneration Policy in 2022.

In determining the salary increase for Bill Higgs for 2022, the Committee once again took into consideration a number of factors including:

- The individual's skills and experience
- Business performance
- Salary levels for similar roles within the industry
- Pay and conditions elsewhere in the Company

The Committee decided to increase the base salary of Bill Higgs by 3.5% with effect from 1 January 2022, in line with the wider UK workforce. The table below shows the base salary for 2022.

Base salary from 1 Jan 2022	
Bill Higgs	£565,116

Benefits

As outlined above, Bill Higgs receives a cash supplement in lieu of all benefits, including pension, private health insurance, life assurance and company car provision. The cash supplement is not included in calculating bonus and long-term incentive quantum.

For 2022, the cash supplement remains 20% of base salary. This is in line with Company ambition to align Executive remuneration with the wider workforce, and is in line with our Executive Committee members.

2022 benefits allowance	
Bill Higgs	£113,023

2022 – Annual bonus targets

The target bonus for the Chief Executive Officer for 2022 will be at a maximum of 100% of base salary, and his performance will be measured 20% against personal performance metrics and 80% against Company metrics.

The Committee has once again set a clear focus on short-term delivery for the 2022 cash bonus, and believes that this will drive the maximum value for shareholders. Financial targets for production and budgets are set out and will be assessed over the course of the year. Continued success of the delivery in culture is expected as we pursue this via strong targets in safety, in compliance, in high performance and of the delivery of our ESG plan. We have shifted the focus on the weighting on delivery from activity to production, reflecting the current phase in which the Company finds itself in the KRI and building upon the achievements that were required from 2021.

Bonus performance measures	Specific targets	Percentage
Culture Delivery	– Health and Safety – ESG implementation – Strong compliance culture – High performance culture	25%
Production Business Delivery	– Production delivered on budget – Production activity delivers in line with expectation	35%
Pre-Production Delivery	– Activity programme delivered within budget – Progress at Sarta and Somaliland delivered on time	22.5%
Dividend Delivery	– Free cash flow target to be met	17.5%

Performance share plan

PSP awards are normally granted as nil-cost options. The number of awards granted are normally determined by reference to a percentage of base salary.

The 2022 award for Bill Higgs will continue to be based on a face value of 150% of base salary.

The peer group for the measurement of the relative TSR element of the 2022 award, representing 50% of the award, has been reviewed and revised to reflect the latest market developments as shown below. The Committee determined that Jadestone was an appropriate addition to the group.

Africa Oil	Energean Oil and Gas	Jadestone	Shamaran
Aker BP	Enquest	Kosmos	Tethys
Capricorn Energy	Gulf Keystone	Pharos Energy	Tullow Oil
DNO	Harbour	Savannah	

Lundin was removed from the group during 2021 due to the merger with Aker BP.

The relative TSR vesting schedule will remain the same as for awards made in 2021, as outlined on page 75.

Absolute TSR

Absolute TSR of the Company	Proportion of element vesting
Below 10% p.a.	0%
10% p.a.	30%
Between 10% p.a. and 15% p.a.	Straight-line basis
15% p.a. or more	100%

Chairman and Non-Executive Director remuneration

Non-Executive Director fees were reviewed in 2021 against benchmark data for companies with a similar market cap, and also against comparable E&P companies. The fees remain unchanged for 2022.

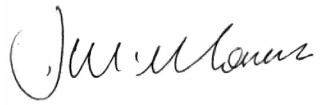
Role	Fee
Non-Executive Chairman	£230,000
Deputy Chairman	£10,000
Senior Independent Director	£10,000
Non-Executive Director	£56,000
Additional fee for membership of two or more Board Committees	£14,000

Additional fee for Committee chairmanship:

Role	Fee
Audit Committee	£14,000
Remuneration Committee [1]	£14,000
HSSE Committee	£10,500
Reserves Committee	£10,500
Nomination Committee	No additional fee
International Relations Committee	£10,000

[1] David McManus, as Chairman, receives an all-inclusive fee therefore does not receive any additional payment for his position as the Interim Remuneration Committee chair.

The Committee is responsible for determining the Remuneration Policy for the Executive Directors and the Chairman of the Board. The Chairman of the Board together with the Executive Directors determine the fees and overall remuneration for the Non-Executive Directors.



David McManus
Interim Chairman of the Remuneration Committee

14 March 2022

Remuneration Policy

This part of the report sets out our proposed Directors' Remuneration Policy. As outlined above in the letter from the Chairman of the Remuneration Committee, this Policy was put forward for binding shareholder approval at the 2021 AGM and the Policy replaced the previous Remuneration Policy approved at the 2020 AGM. The effective date of the Policy is the date on which the Policy is approved by shareholders – 6 May 2021. Further details regarding the operation of the Policy can be found on pages 73 to 80.

The Committee will keep the Policy under review to ensure that it continues to promote the attraction, retention and motivation of the high-performing executive talent required to deliver the business strategy. It is the Committees intention that the Policy be put to shareholders for approval every three years. Should any changes be required before the end of the three-year period, the amended Policy will be put to shareholders, following shareholder consultation as appropriate.

This part of the report sets out a summary of the Directors' remuneration policy as determined by the Remuneration Committee ('the Committee') and approved by shareholders at the 2021 Annual General Meeting. A copy of the shareholder approved Policy is available at genelenergy.com in the Investor Relations section.

The Company is incorporated in Jersey. Accordingly, the Company does not have the benefit of the statutory protections afforded by the UK Companies Act 2006 in the event that there were to be any inconsistency between this Policy and any contractual entitlement or other rights of a Director. Therefore, in the event that there were to be any payment which was inconsistent with this Policy, the Company would not have the statutory right, under section 226E of the UK Companies Act 2006 to recover such payments from its Directors. Consistent with the Company's commitment to adhere to UK legislation, the Company commits to only making payments to Directors in accordance with this policy.

In order to avoid any conflicts of interest the Company's Executives can only attend meetings of the Remuneration Committee at the invitation of the Remuneration Committee Chairman and will not be involved in determining their own pay.

Remuneration Policy table

Fixed remuneration	
Salary	
Purpose and link to strategy	– To provide fixed remuneration which is balanced, taking into account the complexity of the role and the skills and experience of the individual – Salary is set at a level to attract and retain individuals with the requisite level of experience/ background necessary to deliver the Company's strategy

Operation	– The Committee takes into account a number of factors when setting salaries, including:
	  – scope and complexity of the role
	  – the skills and experience of the individual
	  – salary levels for similar roles within the international industry
	  – pay elsewhere in the Group
	– Salaries are reviewed, but not necessarily increased, annually with any increase usually taking effect in January

Maximum opportunity	– While there is no defined maximum opportunity, salary increases are normally made with reference to the average increase for the Company's wider employee population – The Committee retains discretion to make higher increases in certain circumstances, for example, following an increase in the scope and/or responsibility of the role or the development of the individual in the role
Performance measures	None
Benefits	
Purpose and link to strategy	– To provide a simple and broadly market competitive benefit cash allowance
Operation	– A cash supplement is provided in lieu of benefits (including pension) – The cash supplement is not included in calculating bonus and long-term incentive quantum
Maximum opportunity	– Cash supplement is set as a percentage of base salary and paid in lieu of all benefits (including pension) – While there is no defined maximum opportunity, the cash supplement is currently 20% of base salary – Should an individual participate in the Mandatory Pension Scheme provided by the Company to all UK based employees the cash supplement will be reduced in line with the Company contribution made – The Committee keeps the benefit policy and level of cash supplement under review. The Committee may adjust cash supplement levels in line with market movements – For any newly appointed Executive Director, that part of the benefits allowance which relates to pension will be limited to the rate for the Company's wider workforce in the jurisdiction in which the Executive Director is employed or resides
Performance measures	None

Variable remuneration	
Annual bonus	
Purpose and link to strategy	– To incentivise and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's strategy
Operation	– Awards are based on objectives set by the Committee over a combination of goals which may include financial, operational and individual goals measured over one financial year – Objectives and the mix of goals are set annually to ensure that they remain targeted and focused on the delivery of the Company's short-term goals – The Committee sets targets which require appropriate levels of performance, taking into account internal and external expectations of performance – As soon as practicable after the year-end, the Committee meets to review performance against objectives and determines payout levels – The Committee has overall discretion to adjust the extent to which bonuses are paid including reducing payment to nil where the Committee determines that the outcomes would not reflect underlying performance – A minimum of 25% of the bonus will normally be subject to deferral, although the Committee retains the flexibility to set a higher or lower level of deferral (including zero) where appropriate. Deferral can be in cash or shares. Deferral into shares will be in the form of awards under the DBP. DBP awards may be conditional share awards or nil-cost options. DBP awards that vest may benefit from the value of dividends (if any) which would have been paid during the period between award and exercise and may assume reinvestment in the Company's shares. The Committee retains the flexibility over the deferral period but would usually apply a two year deferral period. Any vested options must be exercised within ten years of the date of grant
Maximum opportunity	– Maximum award opportunity for Executive Directors is 150% of base salary for each financial year
Performance measures	– At least 70% of the award will be assessed against Group metrics including financial, operational, safety and environment, and CSR performance. Any remainder of the award will be based on performance against individual objectives – A sliding scale of between 0% and 100% of the maximum award is paid dependent on the level of performance
Performance share plan ('PSP')	
Purpose and link to strategy	– To incentivise and reward the creation of long-term shareholder value – To align the interests of the Executive Directors with those of shareholders
Operation	– Awards granted under the PSP (normally in the form of conditional share awards or nil-cost options) vest subject to achievement of performance conditions measured over a period of at least three years other than in the case of Buy-Out Awards - see below – The Committee has overall discretion to adjust the extent to which PSP awards vest including where the Committee determines that the outcomes would not reflect underlying performance – Awards can be reduced or cancelled in certain circumstances as set out below – Any shares that vest may benefit from the value of dividends (if any) which would have been paid during the period between award and exercise and may assume reinvestment in the Company's shares – Shares that vest are normally subject to a holding period of two years from the vesting date although the Committee retains the discretion to apply a different holding period, or no holding period – Any vested options must be exercised within ten years of the date of grant – The PSP can also be used to buy out share plans awards forfeited by new Executive Directors on recruitment who are of sufficient calibre to deliver the Company's strategy ('Buy-Out Awards'). Such Buy-Out Awards, as set out in the recruitment policy below, need not be made subject to the achievement of performance conditions.
Maximum opportunity	– The usual maximum award opportunity in respect of a financial year is 200% of base salary – However, in circumstances that the Committee deems to be exceptional, such as recruitment scenarios, awards of up to 300% of base salary may be made
Performance measures	– Other than Buy-Out Awards, the vesting of awards is dependent on financial, operational and/or share price measures, as set by the Committee, which are aligned with strategic objectives of the Company. No less than half of an award will be based on share price measures. The remainder will be based on financial, operational or share price measures – At the minimum level of acceptable performance, no more than 30% of the award will vest rising to 100% for maximum performance

Notes to the Policy table

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the 2014 AGM (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy contained in this report comes into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Performance measures and targets

Annual bonus

The annual bonus performance measures are designed to provide an appropriate balance between incentivising Executive Directors to meet financial targets for the year and to deliver a combination of specific strategic, operational and/or personal goals. This balance allows the Committee to review the Company's performance in the round against the key elements of our strategy and appropriately incentivise and reward Executive Directors.

Bonus targets are set by the Committee each year to ensure that Executive Directors are focused on the key objectives for the next 12 months. In doing so, the Committee takes into account a number of internal and external reference points, including the Company's business plan.

PSP

The ultimate goal of our strategy is to provide long-term sustainable returns to shareholders. The Committee currently considers that a mix of relative and absolute TSR is the most appropriate measure to assess the underlying financial performance of the business while creating maximum alignment with shareholders and encouraging long-term value creation.

Malus and clawback provisions

Malus provisions allow that the Committee may cancel or reduce (including to nil) any annual bonus payment or DBP award prior to payment/grant, or cancel or reduce including to nil the number of shares awarded under the PSP prior to vesting.

Clawback provisions apply to any or all of the annual bonus (including DBP) and PSP awards where it is considered appropriate by the Committee. Clawback may be applied up to one year after payment for bonus awards (or the vesting of the DBP awards) and two years after vesting for PSP awards.

The circumstances in which the above provisions apply may include fraud, misconduct or misbehaviour by the participant, the information used or the calculation of an award or performance condition is found to be materially incorrect, a material misstatement of the Company's audited financial results for which the participant has significant responsibility or which led to an award vesting to a greater extent than would otherwise have been the case, a significant downturn in financial performance that the Participant's actions significantly contributed towards, a material breach of health and safety regulations, or any other similar circumstances as determined by the Committee.

Plan rules

The PSP and DBP shall be operated in accordance with the rules of the plans as approved by shareholders and amended from time to time in accordance with those rules. In particular:

- The plan rules provide for adjustments in certain circumstances, for example, awards may be adjusted in the event of variation of the Company's share capital, demerger, special dividend, re-organisation or similar event
- In the event of a change of control of the Company, existing share awards will vest in line with the plan rules to the extent the Committee determines, taking into account the extent to which any performance conditions (where applicable) have been satisfied and, unless the Committee determines otherwise, the time elapsed since that time. The Committee may, in the event of a winding-up of the Company, demerger, delisting, special dividend or other event which the Committee considers may affect the price of shares, allow awards to vest on the same basis
- The performance conditions may be replaced or varied if an event occurs or circumstances arise which cause the Committee, acting fairly and reasonably, to determine that a substituted or amended performance condition would be more appropriate (taking into account the interests of the shareholders of the Company) provided that the amended performance condition would not be materially less difficult to satisfy
- The Committee may elect, prior to vesting or exercise in the case of options, to deliver the value of vested awards as cash

Remuneration arrangements throughout the Company

The Remuneration Policy for Executive Directors is designed in line with the remuneration principles that underpin remuneration across the Company. When making decisions in respect of Executive Director remuneration arrangements, the Committee takes into consideration the pay and conditions for employees throughout the Company, including the local inflationary impact for the countries in which we operate. As stated in the Policy table, salary increases are normally made with reference to the average increase for the wider employee population.

The Company places a significant focus on variable remuneration, ensuring that a meaningful proportion of remuneration across all employees is based on performance, through its operation of the annual bonus plan throughout the Company and participation in share incentive plans. Genel uses the annual bonus and share incentive schemes to reward its employees and create alignment with the Company's culture.

In the UK, employee remuneration packages consist of the same four elements as Executive Directors' remuneration packages: base salary, benefits, annual bonus and share awards. In all other jurisdictions in which the business operates we aim to replicate this structure to the extent that it is possible but take local considerations into account.

Genel is committed to strengthening and widening employee share ownership by the use of share incentives granted under our share plans. As a result currently approximately 80% of employees participate in our share plans.

The Committee does not directly consult with our employees as part of the process of determining executive pay. However, there is wide employee participation in our share plans.

Chairman and Non-Executive Directors	
Chairman fees	
Purpose and link to strategy	– To provide an appropriate reward to attract and retain a high calibre individual with the relevant skills, knowledge and experience to lead the Board of Directors
Operation	– The fee for the Chairman is normally reviewed annually but not necessarily increased – The remuneration of the Chairman is set by the Committee – The Chairman receives a set fee for the role; no additional fees are payable for other Committee memberships – The fee is payable in cash, although the Committee retains the right to make payment in shares

Maximum opportunity	– Whilst there is no maximum level, fees are set considering:
	  – market practice for comparative roles
	  – the time commitment and duties involved
	  – the requirement to attract and retain the quality of individuals required by the Company
	– Expenses reasonably and wholly incurred in the performance of the role of Chairman of the Company may be reimbursed or paid for directly by the Company, as appropriate, and may include any tax due on the expense
	– The Chairman does not participate in any of the Company's incentive plans

Performance measures	None
Non-Executive Director (NED) fees	
Purpose and link to strategy	– To provide an appropriate reward to attract and retain high calibre individuals with the relevant skills, knowledge and experience
Operation	– The fees for the Non-Executive Directors are normally reviewed annually but not necessarily increased – The remuneration of the Non-Executive Directors is a matter for the Chairman and the Executive Directors – Non-Executive Directors receive a standard basic fee. Where applicable, they also receive additional fees for Committee chairmanship and for the membership of two or more Committees – The Committee has the flexibility to pay an additional fee for the roles of Senior Independent Director and Deputy Chairman – Although no additional fee is currently paid for the role of the Chairman of the Nomination Committee, the Company retains the flexibility to pay such a fee if appropriate – The fee is payable in cash, although the Committee retains the right to make payment in shares

Maximum opportunity	– Whilst there is no maximum level, fees are set considering:
	  – market practice for comparative roles
	  – the time commitment and duties involved
	  – the requirement to attract and retain the quality of individuals required by the Company
	– Expenses reasonably and wholly incurred in the performance of the role of Non-Executive Director of the Company may be reimbursed or paid for directly by the Company, as appropriate, and may include any tax due on the expense
	– The Non-Executive Directors do not participate in any of the Group's incentive plans

Performance measures	None

Non-Executive Directors may receive professional advice in respect of their duties with the Company which will be paid for by the Company. Non-Executive Directors are also covered by the Company's directors' and officers' insurance policy and provided with an indemnity.

Recruitment policy

In determining remuneration for new appointments to the Board, the Committee will consider all relevant factors including, but not limited to, the calibre of the individual and their existing package, the external market and the existing arrangements for the Company's current Executive Directors, with a view that any arrangements offered are in the best interests of the Company and shareholders and without paying any more than is necessary.

Where the new appointment is replacing a previous Executive Director, salaries and total remuneration opportunity may be higher or lower than the previous incumbent. If the appointee is expected to develop into the role, the Committee may decide to appoint the new Executive Director to the Board at a lower than typical salary. Larger increases (above those of the wider employee population) may be awarded over a period of time to move closer to market level as their experience develops.

Benefits will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Committee considers it reasonable and necessary to do so. Such circumstances may include where an Executive Director is required to relocate in order to fulfil their duties. In such cases, additional allowances would normally be provided under a standard expatriate package in respect of certain benefits, which may include the provision of a housing allowance, education support, health insurance, tax advice, a relocation or repatriation allowance and a home leave allowance.

It is expected that the structure and quantum of the variable pay elements would reflect those set out in the policy table above. However, the Committee recognises that, as an independent oil and gas company, it is competing with global firms for its talent. As a result, the Committee considers it important that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires.

Therefore:

- Under the annual bonus, the Committee reserves the right to provide either a one-off or ongoing maximum bonus opportunity of up to 200% of salary if this is required to secure an external appointment
- The Committee would also retain the discretion to flex the balance between annual and long-term incentives and the measures used to assess performance for these elements, whilst maintaining the intention that a significant portion of variable pay would be delivered in shares
- Variable pay could, in exceptional circumstances, be delivered via alternative structures, again with the intention that a significant portion would be share-based, but in all circumstances subject to an ongoing over-riding cap of 600% of salary. This cap excludes any awards made to compensate the Director for incentive awards or any other remuneration arrangements forfeited from their previous employer (see below)

The above flexibility will only be used if the Committee believes such action is absolutely necessary to recruit and motivate a candidate from the global market. The Committee commits to explain to shareholders the rationale for the relevant arrangements following any appointment.

Where an Executive Director is appointed from within the Group, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following an acquisition of or merger with another company, legacy terms and conditions would be honoured.

The Committee retains the discretion to make appropriate remuneration decisions outside the standard policy to meet the individual circumstances of the recruitment, when an interim appointment to fill an Executive Director role is made on a short-term basis or a Non-Executive Director or the Chairman takes on an executive function on a short-term basis.

Buy-outs

In order to facilitate recruitment, the Committee may make a one-off award to 'buy-out' incentive awards and any other compensation arrangements that a new hire has had to forfeit on leaving their previous employer. In doing so, the Committee will take into account all relevant factors including any performance conditions attached to the forfeited awards, the likelihood of those conditions being met, the proportion of the vesting/performance period remaining and the form of the award (e.g. cash or shares). Where possible, the forfeited awards will normally be bought out on an estimated like-for-like basis. Any such awards may be made under the terms of the PSP or as permitted under the Listing Rules.

The Committee is at all times conscious of the need to pay no more than is necessary, particularly when determining any possible buy-out arrangements.

Recruitment of Chairman and Non-Executive Directors

In the event of the appointment of a new Chairman and/or Non-Executive Director, remuneration arrangements will normally be in line with those detailed in the relevant table above.

Executive Director service contract

The key employment terms and other conditions of the current Executive Directors, as stipulated in their service contracts which are not of any fixed term, are set out below.

Element	Policy
Notice period	– 12 months' notice by either the Company or the Executive Director. This is also the policy for new recruits
Termination payment	– It is the Company's policy for new service contracts that it may terminate employment by making a payment in lieu of notice ('PILON') equivalent to (i) 12 months' base salary and (ii) the Executive Director's annual benefit allowance – Upon termination by the Company, an Executive Director has a duty to mitigate, and use reasonable endeavours to secure alternative employment as soon as reasonably practicable. There are specific provisions requiring a reduction in any phased PILON payments in the event that the Executive Director finds alternative employment
Remuneration and benefits	– Participation in all incentive schemes, including the annual bonus, the DBP and the PSP, is non-contractual – Outstanding awards will be treated in accordance with the relevant plan rules

Executive Director services contracts and Non-Executive Director letters of appointment are available for inspection at the Company's registered office address.

The service contract of an Executive Director may also be terminated immediately and with no liability to make payment in certain circumstances, such as the Executive Director bringing the Group into disrepute or committing a fundamental breach of their employment obligations.

Unless otherwise approved, an Executive Director may accept only one position as a Non-Executive Director (but not as a Non-Executive Chairman) of a FTSE 100 company that is not a competitor of the Company, subject to prior notification to the Chairman of the Company and the approval of the Board or duly authorised Committee thereof.

Policy on payment for loss of office

In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Payments for loss of office may only be made within the terms of the Remuneration Policy.

The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss (for example by gaining new employment) and other relevant circumstances (e.g. ill health). The Committee may make other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

If an Executive Director's employment is terminated by the Company, the Executive Director may receive a time pro-rated bonus, subject to Remuneration Committee discretion. The Company's Share Retention Policy continues to apply once an Executive Director leaves office, subject to Remuneration Committee discretion where the Remuneration Committee considers there are exceptional circumstances or on death.

Payments for loss of office can be made where an amendment to the Remuneration Policy authorising the Company to make the payment has been approved by the shareholders.

The treatment of outstanding share awards is governed by the relevant share plan rules. The following table summarises the leaver provisions of share plans under which Executive Directors may currently hold awards.

PSP	
Leaver reasons where awards may continue to vest	– Death – Redundancy, injury, ill health or disability – Retirement – Sale of the Company or business by which the participant is employed outside the Group – Any other scenario in which the Committee determines good leaver treatment is justified (other than summary dismissal)
Vesting arrangements	– Awards will vest to the extent determined by the Committee taking into account the achievement of any performance conditions at the relevant vesting date and, unless the Committee determines otherwise, the period of time which has elapsed between grant and cessation of employment – The vesting date for such awards will normally be the original vesting date and not accelerated, although the Committee has the flexibility to determine that awards can vest upon cessation of employment – In the event of death, all unvested awards will normally vest at that time to the extent determined by the Committee taking into account the achievement of any relevant performance conditions as at the date of death and, unless the Committee determines otherwise, the period of time that has elapsed since grant – Under ordinary circumstances the Company's Share Retention Policy will continue to apply, unless the Committee determines otherwise
Treatment for any other leaver reason	– Awards lapse in full
DBP	
Leaver reasons where awards may continue to vest	– Death – Any other scenaro
Vesting arrangements	– The vesting date for such awards will normally be the original vesting date and not accelerated, although the Committee has the flexibility to determine that awards can vest upon cessation of employment – In the event of death, all unvested awards will normally vest at that time to the extent determined by the Committee
Treatment for any other leaver reason	– Summary dismissal – awards lapse in full – If there is an ongoing investigation unless otherwise determined by the Committee, awards will only vest, become exercisable or settled after the conclusion of the investigation

Chairman and Non-Executive Director letters of appointment

The Chairman and Non-Executive Directors have letters of appointment which set out their duties and responsibilities. They do not have service contracts with either the Company or any of its subsidiaries.

The key terms of the appointments are set out in the table below.

Provision	Policy
Period	– In line with the UK Corporate Governance Code, the Chairman and all Non-Executive Directors are subject to annual re-election by shareholders at each AGM – After the initial three-year term, the Chairman and the Non-Executive Directors are typically expected to serve a further three-year term
Termination	– The appointment of the Chairman and Non-Executive Directors is terminable by either the Company or the Director by giving three months' notice – The Chairman and Non-Executive Directors are not entitled to any compensation upon loss of office – The Chairman and Non-Executive Directors are entitled to payment in lieu of notice in line with their letter of appointment

Consideration of shareholder views

The Committee continues to be mindful of shareholder views when evaluating and setting ongoing remuneration strategy and we commit to consulting with shareholders prior to any significant changes to our Remuneration Policy.

It is the Committee's policy to correspond with shareholders that have engaged on remuneration matters during the year, which it has done and the Committee has considered their views at its meetings.

Minor changes

The Committee may make minor amendments to the Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment.

Other statutory and regulatory information

Management report

The Directors' Report, together with the Strategic Report set out on pages 1 to 38, form the Management Report in alignment with the purposes of Disclosure Guidance and Transparency Rule (DTR) 4.1.5R.

Statutory information contained elsewhere in the Annual Report

Information required to be part of a Directors' Report can be found elsewhere in the Annual Report as indicated in the table below and is incorporated into this report by reference.

Information	Location in annual report
Results and dividends	Pages 100 to 126
Likely future developments in the business of the Company or its subsidiaries	Pages 18 to 19
Subsequent events	Page 125
Corporate social responsibility	Pages 20 to 31
Greenhouse gas emissions	Page 28
Section 172 statement and stakeholder engagement	Page 37
Colleagues (employment of disabled persons, workforce engagement and policies)	Pages 24 to 25
Engagement with suppliers, customers and others in a business relationship	Page 37
Corporate Governance Statement	Pages 41 to 42
Directors' details (including changes made during the year)	Pages 57 to 59
Related party transactions	Note 22 on page 125
Diversity	Page 25
Share capital	Note 17 on page 122
Viability statement	Page 36
Going concern and Fair, balanced and understandable statements	Pages 36 and 40
Employee share schemes (including long-term incentive schemes)	Note 20 on pages 124 to 125
Financial instruments: information on the Group's financial instruments and risk management objectives and policies, including our policy for hedging	Notes 15 and 16 on pages 121 to 122
Statements of responsibilities	Page 93

Disclosure table pursuant to Listing Rule (LR) 9.8.4C

The following table provides references to where the information required by Listing Rule 9.8.4C is disclosed:

Listing Rule and requirement [1]	Disclosure
9.8.4(4) Long-term incentive schemes (LR 9.4.3R)	Note 20 on pages 124 to 125

[1] Each of the other disclosures required under Listing Rule 9.8.4c are not applicable to Genel Energy plc

Principal activities

The Company is the holding company for the Group. The Group is principally engaged in the business of the exploration, development and production of natural resources.

Genel Energy plc is a Jersey incorporated company with a standard listing on the London Stock Exchange. We are committed to complying with the regulatory requirements in both Jersey and the UK. We are in full compliance with the provisions of the Code with the exception of provision 11 as between 6 May 2021 and 22 December 2021 at least half the Board (excluding the Chairman) were not independent and provision 32 since 22 November 2021 when David McManus was appointed the Interim Chair of the Remuneration Committee. A copy of the Code can be found at frc.org.uk/corporate/ukcgcode.cfm.

AGM

Your attention is drawn to the Notice of AGM enclosed with this report, which sets out the resolutions to be proposed at the forthcoming AGM. The meeting will be held at Linklaters, One Silk Street, London EC2Y 8HQ on Thursday, 12 May 2022 at 11.00am.

Articles of Association of the Company

Under the Jersey Companies Law, the capacity of a Jersey company is not limited by anything contained in its memorandum or articles of association. Accordingly, the memorandum of association of a Jersey company does not contain an objects clause.

Certain provisions have been incorporated into the articles of association to enshrine rights that are not conferred by the Jersey Companies Law, but which the Company believes shareholders would expect to see in a company listed on the London Stock Exchange.

Provisions in the articles of association also require shareholders to make disclosures pursuant to Chapter 5 of the Disclosure and Transparency Rules, and require the Directors to comply with Chapter 3 of the Disclosure and Transparency Rules and themselves to require any persons discharging managerial responsibilities (within the meaning ascribed in the Disclosure and Transparency Rules) in relation to the Company who are not Directors to do so, and to use reasonable endeavours to procure that their own and such persons' connected persons do so. The articles of association may be amended by a special resolution of the shareholders.

Appointment and replacement of Directors

The rules for the appointment and replacement of Directors are set out in the articles of association.

Directors

The biographical details of the Directors of the Company who were in office during the year and as at the date of this Annual Report are set out on pages 57 to 59. Details of Directors' service agreements and letters of appointment are set out on pages 86 to 88.

Details of the Directors' interests in the ordinary shares of the Company and in the Group's long-term incentive schemes are set out in the Annual Report on Remuneration on page 77.

Details of Directors submitting themselves for re-election and election at the AGM are set out in the Notice of Meeting.

Service contracts and letters of appointment for all Directors are available for inspection at the registered office of the Company and will be available for inspection at the AGM.

Subject to applicable law and the articles of association and to any directions given by special resolution, the business of the Company will be managed by the Board, which may exercise all the powers of the Company.

Directors' indemnities

As at the date of this Annual Report, indemnities granted by the Company to the Directors are in force to the extent permitted under Jersey law. The Company also maintains directors' and officers' liability insurance cover, the level of which is reviewed annually.

Employee share schemes

Details of the Company's employee share schemes are set out in note 20 to the financial statements of this Annual Report.

Employee Benefit Trust ('EBT')

Equiniti Jersey Limited was appointed as trustee of Genel Energy's EBT in 2012. The voting rights relating to the shares held by the employee benefit trust are exercisable by the trustees in accordance with their fiduciary duties.

Further details regarding the EBT and of shares issued pursuant to Genel Energy's various employee share plans during the year, are set out in note 20 to the financial statements.

Political donations

No political donations were made, nor was any political expenditure incurred, by any Group company in the year ending 31 December 2021 (2020: nil).

Share capital

As at 14 March 2022, the Company had allotted and fully paid up share capital of 280,248,198 ordinary shares of 10 pence each with an aggregate nominal value of £28,024,819.80. These consist of 278,302,114 voting ordinary shares and 1,946,084 shares held as treasury shares.

Resolutions in relation to share capital

At the AGM of the Company held on 6 May 2021, the shareholders granted the Company authority to make market purchases of up to 27,767,047 ordinary shares (representing approximately 10% of the aggregate issued ordinary share capital of the Company at 1 April 2021) and hold as treasury shares any ordinary shares so purchased. During 2021, no shares were purchased by the Company under this authority.

Shareholders will be asked to renew this authority at the forthcoming AGM. Full details are included in the Notice of AGM.

Rights attaching to the ordinary shares

Holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company and may receive a dividend and, on a winding-up, may share in the assets of the Company.

As of 24 February 2016, the Company no longer has any suspended voting ordinary shares in issue.

Restrictions on transfer of shares

There are no specific restrictions on the transfer of shares in the Company other than (i) as set out in the articles of association, (ii) pursuant to the Company's share dealing policy, (iii) as imposed from time to time by law and regulation and (iv) as set out in the Merger Agreement[1]. Save as set out in the Merger Agreement and the Relationship Agreement, the Company is not aware of any arrangements or agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Related party transactions

Details of transactions with Directors and Officers are set out in note 22 to the financial statements. There were no other related party transactions to which the Company was a party during the period.

[1] Following the transfer of a certain number of shares in the Company from Focus Investments to Türkiye İş Bankası A.Ş. the Company entered into a separate agreement with Türkiye İş Bankası A.Ş. which provides the Company with a right of first refusal over its shares in the Company on substantially the same terms as those contained in the Merger Agreement.

Shareholder agreements

Merger Agreement

On 7 September 2011, the Company, Elysion Energy Holding B.V. (formerly Genel Energy Holdings B.V.), Focus Investments and PRM entered into a merger agreement (the 'Merger Agreement') pursuant to which the Company agreed to purchase, and the Sellers agreed to sell, the entire issued ordinary share capital of Genel Energy International Limited in consideration for the issue of 130,632,522 ordinary shares (the 'Consideration Shares'). The Merger Agreement was amended by a deed of amendment entered into on 29 October 2011.

Relationship Agreement

On 7 September 2011, the Company, Elysion and Focus Investments entered into a relationship agreement to regulate the ongoing relationship between Elysion, Focus Investments and the Company (the 'Relationship Agreement').

On 14 October 2015 Mehmet Sepil retired as President and on 18 November 2015 Mehmet Sepil's holding in the Company fell to below 10% of the voting rights in the Company. Accordingly, certain rights of Elysion under the Relationship Agreement ceased to have effect including the right to nominate a representative to the Genel Board.

In December 2021, the Company was notified that Focus Investments was no longer controlled by Mehmet Emin Karamehmet. Accordingly, certain rights of Focus Investments under the Relationship Agreement ceased to have effect, including the right to nominate a representative to the Genel Board. The Director nominated by Focus Investments pursuant to its previous right under the Relationship Agreement is Nazli K. Williams (Non- Executive Director). The Board intends to put forward Nazli K. Williams for re-election as a Non Executive Director at our upcoming AGM on Thursday, 12 May 2022 in light of the valuable contributions she provides to Board discussions.

The Relationship Agreement will terminate upon the earlier of (i) the Company ceasing to have any of its ordinary shares listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities, and (ii) Elysion and Focus Investments together with their respective Associates ceasing between them to be entitled to exercise, or control the exercise of, in aggregate 10% or more of the Voting Rights.

Substantial shareholdings

As at 31 December 2021, the Company had been notified of the following significant holdings (being 5% or more of the voting rights in the Company) in the Company's ordinary share capital.

Name	Number of ordinary shares
Bilgin Grup Doğal Gaz A.Ş.	62,523,017
Daax Corporation FZE	46,338,622
Focus Investments Limited	34,419,883
NR Holdings Limited	21,214,583
Türkiye Iş Bankası A.Ş.	19,000,000

Auditors

A resolution to reappoint BDO LLP as the Company's auditor will be proposed at the 2022 AGM.

By order of the Board

Bill Higgs
Chief Executive Officer

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with International Reporting Standards (IFRSs) as adopted by the European Union and the Companies (Jersey) Law 1991 and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the IFRSs as adopted by the European Union and the Companies (Jersey) Law 1991 and the Directors' Remuneration Report complies with the Companies Act 2006, given the Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the United Kingdom Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom and Jersey governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that they face.

By order of the Board.

Bill Higgs
Chief Executive Officer

Independent auditor's report to the members of Genel Energy Plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union ; and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

We have audited the financial statements of Genel Energy Plc (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, and the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 15 March 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the year ended 31 December 2021. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and evaluating the Board papers assessing going concern for the forecast period, the assessment of risks and uncertainties and the supporting cash flow forecasts. We formed our own assessment of risks and uncertainties based on our understanding of the business and the oil and gas sector and compared this to the Board's assessment;
- Discussing the going concern assessment with the Chief Executive Officer, the Chief Operating Officer, the Technical Director, General Counsel and In-House Legal, and the Chief Financial Officer to understand their views on the ability of the Group to continue as a going concern;
- Performing a detailed review of the cash flow forecasts prepared by Management and assessing the appropriateness of the period over which going concern is being assessed;
- Assessing Management's base case cash flow forecast and the underlying key assumptions which have been approved by the Board and the clerical accuracy of such. In doing so, we considered factors such as historical operating costs, production, actual performance in 2021, forecast oil prices and capital expenditure approved by the Board;
- Agreeing the 31 December 2021 cash position to bank confirmations, and the latest available cash position to bank statements;
- Verifying that covenants have not been breached during the current period and are not expected to be breached in the forecast period through reperformance of calculations where appropriate;
- Reviewing the profile of proceeds to be received from the Kurdistan Regional Governmental of Iraq (KRG) in the cash flow forecasts against the established payment mechanism for the overdue receivables and the recent payment trends for the current receivables;
- Reviewing the various PSCs, licences and work programmes and comparing the commitments to the forecasts;
- Considering the impact of COVID-19 and the implications on the Group;
- Obtaining and reviewing Management's sensitivity analysis reflecting a worst-case scenario by applying a lower than forecast brent oil price or experiencing significant delays in the receipt of payments from the KRG;
- Reviewing post year end press releases, RNS announcements and board minutes for any indicators of obligations or significant adverse issues, including the matter set out in note 1; and
- Reviewing and evaluating the adequacy and completeness of disclosures in the financial statements in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	
100% of Group losses before tax 100% of Group revenue 99.8% of Group total assets	
Key audit matters	**2021**
Carrying value of exploration assets	✓
Carrying value of oil producing and development assets	✓
Recoverability of overdue KRG receivables	✓
Materiality	
Group financial statements as a whole Group materiality was determined based on 1% of total assets as at year-end which has been calculated at $10.1m.	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group's key producing and exploration assets are almost entirely based in the Kurdistan Region of Iraq (KRI), with exploration assets in Somaliland and activities in Morocco. Our Group audit scope focused on the Group's producing and exploration assets to gain sufficient coverage over the Group's total assets, total revenue and losses before tax while considering the audit risks identified.

As a result, we determined three significant components which were subjected to a full scope audit, two of which hold the producing assets namely: (1) Genel Energy International Limited which holds the Kurdistan producing assets of Taq Taq and Tawke, and (2) Genel Energy Sarta Limited which holds the oil producing Sarta asset in Kurdistan. One further exploration entity, Genel Energy Miran Bina Bawi Limited, which held the Miran and Bina Bawi assets before the termination on 10 December 2021 of both Production Sharing Contracts (PSCs) pre-year end was also considered a significant component. Non-significant components that require statutory audits in the UK and Jersey were also subjected to a full scope audit which contributed to the above-mentioned audit coverage.

The financial information of the remaining non-significant components, where there is no statutory audit requirement, were principally subjected to analytical review procedures, with specified audit procedures performed on certain elements of their trial balances where there were material balances identified such as in respect of operating costs, finance expenses, cash and interest-bearing loans.

The accounting functions of the Group are largely performed from its Ankara office in Turkey. As a result of travel restrictions due to the COVID-19 pandemic, we were unable to visit the Ankara office and undertake site visits to the Group's principal assets in the KRG. The BDO International member firm in Turkey provided assistance on specific testing where local verification of source documents was required in Turkish. The audit was primarily performed remotely in the UK using BDO cloud-based audit tools and through teleconferencing. Except for the limited specific testing performed by the BDO International member firm in Turkey, at the request of the Group engagement team, all of the audit work was conducted by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Carrying value of exploration assets (see notes 1.2 and 8)

The exploration assets form a significant part of the Group's statement of financial position. Management is required to consider if there are any facts or circumstances (potential impairment triggers) that would suggest that the exploration costs would be impaired in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. If an indication of impairment exists, Management is required to perform a full impairment assessment in accordance with IAS 36 Impairment in order to ensure that the exploration assets are carried at no more than their recoverable amount.

The impairment indicator assessment under IFRS 6 requires judgement, and consideration of all relevant information in terms of the licences, status of PSCs, discussions with local government, the local political and economic environment, strategic plans, status of the funding requirements and the results of activity in the year.

Following the termination by Genel of the PSCs, Management have determined that the Bina Bawi and Miran assets were fully written-off as at 31 December 2021.

Management concluded that there were no indicators of potential impairment present in the year on the remaining exploration assets including the Qara Dagh asset where drilling operations were suspended towards the end of the year due to complex geology.

Due to the significance of the carrying value of these exploration assets and the level of judgement being exercised in the impairment assessment, we consider the above to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our specific audit testing in this regard included:

- Evaluating the status of licences and PSCs through our review of government correspondence, PSCs and assessing whether commitments and terms under the PSCs have been adhered to.
- We also held discussions with senior Management to understand the rationale for the termination of the Bina Bawi and Miran PSCs. We corroborated Management's representation and assessed the appropriateness of Management's view with the Group's external litigation legal counsel.
- Holding discussions with Management, including the Technical Director, the Chief Operating Officer, and the Chief Financial Officer to understand the impact of the drilling suspension on the Qara Dagh asset in regard to the impairment assessment of the field. We have assessed the suspension against the requirements of IFRS 6.
- Obtaining the Group's budget and strategic plans for future exploration and development and checked that expenditure has been planned to maintain these licences and has been budgeted for further expenditure or development in these licence areas.

- Reviewing the available resource statements and technical reports to determine if there is any evidence of impairment and assessing the underlying valuations of the relevant licence areas. Our audit included assessing the independence ,competence, capabilities and objectivity of Management's expert involved in the preparation of these resource statements and technical reports. We also made enquiries of members of the operations team to understand any issues or impairment triggers identified on these assets.
- Evaluating the impact of Covid-19 on the projects such as identifying potential significant delays or the suspension of exploration activities due to Covid-19 restrictions imposed.
- Reviewing public announcements, board minutes, press releases and results of activities carried out in the year on the licence areas for evidence of indicators of impairment.

We also assessed the adequacy of the disclosures in the financial statements.

Key observations:

Based on the procedures performed we consider that Management's decision to fully write-off the Bina Bawi and Miran assets is appropriate and in accordance with the accounting standards.

For the remaining assets which are not impaired we found the carrying amounts of these assets were supportable.

Key audit matter

Carrying value of oil producing and development assets (see notes 1.2 and 9)

The producing and development assets form a significant part of the Group's statement of financial position. Management is required to consider if there are any facts or circumstances (potential impairment triggers) that would suggest that the oil producing and development assets would be impaired in accordance with IAS 36 Impairment. Where indicators of impairment are identified, impairment testing is required to ensure that the Group's assets are carried at no more than their recoverable amount. Management is also required to assess impaired assets for any potential reversals of impairment.

Following their assessment, Management have not identified any impairment indicators on its oil producing assets nor any reversal of previously recognised impairment losses on the Taq Taq and Tawke Cash Generating Units (CGUs).

Given the materiality of the assets in the context of the Group's statement of financial position and the judgements involved in making this assessment we consider this to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our specific audit testing in this regard included:

- Reviewing and assessing Management's allocation of assets to CGUs for the purpose of the impairment assessment, and Management's assessment of impairment indicators against the requirements of the applicable accounting standards;
- Assessing performance against budgets/plans in FY 2021 for the Taq Taq, Tawke and Sarta operating fields in order to identify indicators of impairment or indicators of a reversal of previously recognised impairments;
- Performing a high-level review of the key impairment model assumptions, challenging the appropriateness of estimates with reference to historical data and external evidence where available (e.g. consistency of oil price assumptions with oil price forecasts);
- Confirming the consistency of the reserves and resources in the models with the latest Competent Person Reports;
- Verifying the reasonableness of the discount rate used by Management with the assistance of our internal valuation experts;
- Holding discussions with Management and Operations to gain an understanding of the performance of these producing assets;
- Assessing the experts used by Management in compiling the underlying Competent Person Reports on the reserves, particularly focused on the competency of the expert and the scope of their work to ensure they have been prepared under the required guidelines and are appropriate for their intended purpose. We engaged an auditor's expert to assist with our review in this area; and
- Evaluating the impact of climate change on the impairment of the Group's producing assets taking into consideration the Group's initiatives specifically in regard to gas flaring.

Key observations:

Based on the procedures performed we found the Group's assessments that there were no indicators of impairment at 31 December 2021 and that no previously recognised impairment should be reversed in the year, to be appropriate.

Key audit matter

Recoverability of overdue KRG receivables (see notes 1.2 and 10)

As at 31 December 2021, the Group has overdue nominal receivables of $76.8m (31 December 2020: $120.8m) due from the KRG.

Management are required to make an assessment of the expected credit loss (ECL) provisions relating to the overdue receivable, considering both the likelihood of receiving payment and the timing of recoverability.

Following this assessment, the Group concluded that an expected credit loss of $10.8m was appropriate at 31 December 2021, leading to a reversal of $24.1m of the previously recognised ECL.

The amounts relating to his area are material to the Group and significant judgements and estimation are involved in reaching a conclusion on the appropriate ECL at year end. We therefore consider this to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our specific audit testing in this regard included:

- Challenging Management's assessment of the recoverability of the balance under the relevant accounting standard including the appropriateness of the different scenarios considering the level, nature and timing of receipts. The sensitivity analysis applied by Management include scenarios where brent prices range from $65/bbl to $85/bbl;
- Reviewing the correspondence with the KRG confirming the validity of the amounts due and the details of the recovery mechanisms;
- Holding discussions with Management to understand the status of discussions and negotiations for an improved recovery mechanism with the KRG;
- Verifying receipts for the year to supporting evidence such as bank statements and comparing to the agreed payment mechanism to confirm that the payment mechanism is working as intended;
- Obtaining and reviewing the expected credit loss calculation prepared by Management. We have assessed the appropriateness of the methodology adopted and confirmed this is in line with the requirements of IFRS 9 Financial Instruments;
- Reviewing and considering the appropriateness of the inputs in the ECL model, specifically running our internal recovery scenarios on oil prices and involving our independent valuation expert in testing the discount rate applied; and
- Checking the consistency of the model mechanics against the payment mechanism and its mathematical accuracy.

Key observations:

Based on the work performed we consider the Group's assessment in regard to the recoverability of the overdue KRG receivables to be appropriate. We consider the ECL provision and release in the year to be appropriately accounted for.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole, performance materiality and a lower testing threshold as follows:

Group financial statements	
	2021
Materiality	$10.1m
Basis for determining materiality	1% of Total Assets
Rationale for the benchmark applied	Given the asset-based focus of the Group with its significant producing and exploration asset base, historic track record of variable profits and the key risk areas being balance sheet-related, we consider it appropriate to adopt a total assets-based measure of materiality.
Performance materiality	70%
Basis for determining performance materiality	Performance materiality was set at 70% due to this being our first-year as auditors and that the Group have a number of accounts subject to high degrees of estimation and judgement.
Statement of comprehensive income testing threshold	We applied a lower testing threshold of $7.1m based on 7% of loss before impairment, interest and tax to the testing of the statement of comprehensive income to ensure appropriate coverage of costs incurred in the year.

Component materiality

We set materiality for each component of the Group based on a percentage of 90% and 70% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. For components requiring a statutory audit in the UK or Jersey, a lower materiality was used to comply with the statutory audit requirement. Component materiality ranged from $9.0m to $0.1m. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $0.2m. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

As the Group has voluntarily adopted the UK Corporate Governance Code 2018, we are required to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	– The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 36; and – The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate as set out on page 36.
Other Code provisions	– Directors' statement on fair, balanced and understandable as set out on page 40; – Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 40; – The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on pages 64-66; and – The section describing the work of the audit committee as set out on page 67.

Other Companies (Jersey) Law 1991 reporting

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Other voluntary reporting

Directors' remuneration (United Kingdom Companies Act 2006)

The Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the United Kingdom Companies Act 2006. The directors requested that we audit the part of the Directors' Remuneration Report specified by the United Kingdom Companies Act 2006 to be audited as if the Group were a quoted company.

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the requirements of the United Kingdom Companies Act 2006 that would have applied had the Company been a quoted company under the provisions of that Act.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Our procedures included:

- Enquiring of management, and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, and
  - Obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Holding discussions with the audit engagement team as to how and where fraud might occur in the financial statements and where any potential indicators of fraud may arise in the Group in order to consider how our audit strategy should reflect our considerations; and
- Obtaining an understanding of the legal and regulatory frameworks that the Group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Group. The key laws and regulations we considered in this context included the Company law in the countries in which the Group operates. For example, our considerations covered laws and regulations in the Kurdistani Region of Iraq, Somaliland and Morocco, IFRS as adopted by the European Union, the Companies (Jersey) Law 1991, the LSE Listing Rules, Bribery Act, Oil and Gas Industry regulation, environmental compliance, labour regulations, health and safety regulations and local and international tax legislation.
- We also assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and revenue recognition.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations noted above;
- Enquiring of Management, the Audit Committee, Internal and External legal counsels of known or suspected instances of fraud, potential litigation and claims;
- Reading minutes of meetings of those charged with governance, and reviewing correspondence with local tax and regulatory authorities;
- Testing the design and implementation of relevant controls surrounding the financial reporting close process such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes;
- Addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries where we considered there to be a higher risk of potential fraud and other adjustments, assessing whether the judgements made in making accounting estimates specifically those in the Key Audit Matters section of the report are indicative of a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- Testing all the oil sales in the 12-month period to supporting documentation from delivery through to cash received. In addition, we performed cut-off testing by verifying the sales volume to the statement approved by the operators and officials of the KRG;
- Assessing Management's judgement on the continued non-recognition of the override royalty revenue interest ('ORRI'). This involved considering the facts and circumstances related to the recoverability of the balance and timing of cashflows, whilst being alert to any indication of management bias;
- Applying professional scepticism in our audit procedures and performing randomised procedures to include a level of unpredictability; and
- Performing an assessment of the Group's IT and the wider control environment and as part of this work we tested the design and implementation of IT access controls.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Anne Sayers
For and on behalf of BDO LLP
Chartered Accountants
London, UK
14 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	**2021 $m**	2020 $m
Revenue	2	**334.9**	159.7
Production costs	3	**(45.9)**	(32.7)
Depreciation and amortisation of oil assets	3	**(172.7)**	(153.3)
Gross profit / (loss)		**116.3**	(26.3)
Exploration expense	3	**-**	(2.2)
Impairment / write-off of intangible assets	1,3,8	**(403.2)**	(44.3)
Impairment of property, plant and equipment	3,9	**-**	(242.0)
Reversal of impairment / (impairment) of receivables	3,10	**24.1**	(36.9)
General and administrative costs	3	**(14.0)**	(12.8)
Operating loss		**(276.8)**	(364.5)
Operating loss is comprised of:			
EBITDAX		**275.1**	114.6
Depreciation and amortisation	3	**(172.8)**	(153.7)
Exploration expense	3	**-**	(2.2)
Impairment / write-off of intangible assets	3,8	**(403.2)**	(44.3)
Impairment of property, plant and equipment	3,9	**-**	(242.0)
Reversal of impairment / (impairment) of receivables	3,10	**24.1**	(36.9)
Finance income	5	**0.2**	2.0
Bond interest expense	5	**(26.3)**	(31.5)
Other finance expense	5	**(4.9)**	(22.7)
Loss before income tax		**(307.8)**	(416.7)
Income tax expense	6	**(0.2)**	(0.2)
Loss and total comprehensive (expense) / income		**(308.0)**	(416.9)
Attributable to:			
Owners of the parent		**(308.0)**	(416.9)
		(308.0)	(416.9)
(Loss) / earnings per ordinary share		**¢**	¢
Basic	7	**(111.4)**	(152.0)
Diluted	7	**(111.4)**	(152.0)
Underlying[1]		**25.8**	(34.2)

[1] Underlying EPS / (LPS) is loss and total comprehensive income / (expense) adjusted for the add back of impairment / write-off of intangible assets, impairment of property, plant and equipment and reversal of impairment / (impairment) of receivables divided by weighted average number of ordinary shares.

Consolidated balance sheet

At 31 December 2021

	Note	2021 $m	2020 $m
Assets			
Non-current assets			
Intangible assets	8	**186.8**	699.4
Property, plant and equipment	9,19	**352.5**	395.7
Trade and other receivables	10	**18.4**	52.1
		557.7	1,147.2
Current assets			
Trade and other receivables	10	**145.0**	48.9
Cash and cash equivalents	11	**313.7**	354.5
		458.7	403.4
Total assets		**1,016.4**	1,550.6
Liabilities			
Non-current liabilities			
Trade and other payables	12,19	**(4.9)**	(100.4)
Deferred income	13	**(14.0)**	(19.7)
Provisions	14	**(42.6)**	(45.9)
Interest bearing loans	15	**(269.8)**	(267.7)
		(331.3)	(433.7)
Current liabilities			
Trade and other payables	12,19	**(97.5)**	(99.0)
Deferred income	13	**(6.5)**	(7.5)
Interest bearing loans	15	**-**	(80.6)
		(104.0)	(187.1)
Total liabilities		**(435.3)**	(620.8)
Net assets		**581.1**	929.8
Owners of the parent			
Share capital	17	**43.8**	43.8
Share premium account		**3,947.5**	3,991.9
Accumulated losses		**(3,410.2)**	(3,105.9)
Total equity		**581.1**	929.8

These consolidated financial statements on pages 100 to 126 were authorised for issue by the Board of Directors on 14 March 2022 and were signed on its behalf by:

Bill Higgs
Chief Executive Officer

Esa Ikaheimonen
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Note	Share capital $m	Share premium $m	Accumulated losses $m	Total equity $m
At 1 January 2020		43.8	4,033.4	(2,691.1)	1,386.1
Loss and total comprehensive (expense) / income		-	-	(416.9)	(416.9)
Contributions by and distributions to owners					
Share-based payments	20	-	-	5.5	5.5
Purchase of shares for employee share awards		-	-	(3.4)	(3.4)
Dividends provided for or paid[1]	18	-	(41.5)	-	(41.5)
At 31 December 2020 and 1 January 2021		43.8	3,991.9	(3,105.9)	929.8
Loss and total comprehensive (expense) / income		**-**	**-**	**(308.0)**	**(308.0)**
Contributions by and distributions to owners					
Share-based payments	20	**-**	**-**	**5.0**	**5.0**
Purchase of shares for employee share awards		**-**	**-**	**(1.3)**	**(1.3)**
Dividends provided for or paid[1]	18	**-**	**(44.4)**	**-**	**(44.4)**
At 31 December 2021		**43.8**	**3,947.5**	**(3,410.2)**	**581.1**

[1] The Companies (Jersey) Law 1991 does not define the expression "dividend" but refers instead to "distributions". Distributions may be debited to any account or reserve of the Company (including share premium account).

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	2021 $m	2020 $m
Cash flows from operating activities			
Loss for the year		**(308.0)**	(416.9)
Adjustments for:			
Net finance expense	5	**31.0**	52.2
Taxation	6	**0.2**	0.2
Depreciation and amortisation	3	**175.3**	153.7
Exploration expense	3	**-**	2.2
Impairments, write-off and reversals	3	**379.1**	323.2
Other non-cash items		**(5.4)**	(3.7)
Changes in working capital:			
(Increase) / Decrease in trade receivables		**(42.4)**	15.8
(Increase) / Decrease in other receivables		**(0.4)**	0.6
(Decrease) / Increase in trade and other payables		**(1.4)**	0.4
Cash generated from operations		**228.0**	127.7
Interest received	5	**0.2**	2.0
Taxation paid		**(0.1)**	(0.3)
Net cash generated from operating activities		**228.1**	129.4
Cash flows from investing activities			
Net payments of intangible assets		**(24.1)**	(24.2)
Net payments of property, plant and equipment		**(88.5)**	(85.5)
Movement in restricted cash		**-**	3.0
Net cash used in investing activities		**(112.6)**	(106.7)
Cash flows from financing activities			
Dividends paid to company's shareholders	18	**(44.4)**	(55.3)
Purchase of own shares		**(1.3)**	(3.4)
Bond refinancing: part-settlement and new issuance	15	**(81.0)**	28.9
Other		**(3.3)**	(3.3)
Interest paid		**(26.3)**	(25.8)
Net cash used in financing activities		**(156.3)**	(58.9)
Net decrease in cash and cash equivalents		**(40.8)**	(36.2)
Cash and cash equivalents at 1 January	11	**354.5**	390.7
Cash and cash equivalents at 31 December	11	**313.7**	354.5

Notes to the consolidated financial statements

1. Summary of significant accounting policies

1.1 Basis of preparation

Genel Energy Plc – registration number: 107897 (the Company) is a public limited company incorporated and domiciled in Jersey with a listing on the London Stock Exchange. The address of its registered office is 12 Castle Street, St Helier, Jersey, JE2 3RT.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (together 'IFRS'); are prepared under the historical cost convention except as where stated; and comply with Company (Jersey) Law 1991. The significant accounting policies are set out below and have been applied consistently throughout the period.

The Company prepares its financial statements on a historical cost basis, unless accounting standards require an alternate measurement basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed either in the relevant accounting policy or in the notes to the financial statements.

Items included in the financial information of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollars to the nearest million ($ million) rounded to one decimal place, except where otherwise indicated.

For explanation of the key judgements and estimates made by the Company in applying the Company's accounting policies, refer to significant accounting judgements and estimates on pages 106 and 108.

Going concern

The Company regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants by considering multiple combinations of oil price, discount rates, production volumes, payments, capital and operational spend scenarios.

The Company has reported cash of $313.7 million, with no debt maturing until the second half of 2025 and significant headroom on both the equity ratio and minimum liquidity financial covenants. The strength of the balance sheet is expected to be enhanced through 2022.

The Company's low-cost assets and flexibility on commitment of capital mean that it is resilient to low oil prices, with the only customer, the KRG, demonstrating its ability to pay consistently in times of financial stress. In addition, specifically for the purposes of the going concern, management have modelled a downside scenario, recognising the impact of the COVID-19 pandemic, which includes a significant reduction in oil price from current levels combined with a reduction in production. Even with these downsides there is considered to be sufficient cash in the business and still more room for flexibility if needed given the nature of the discretionary capex planned.

Longer term, our low-cost, low-carbon assets, located in a region where oil revenues provide a material proportion of funding to the government and its people means that we are well positioned to address the appropriate challenges and demands that climate change initiatives are bringing to the sector. Given the footprint and the benefit to society generated, we see our portfolio as being well-positioned for a future of fewer and better natural resources projects, while the global energy mix continues to require hydrocarbons.

The majority Iraq Federal Supreme Court judgment handed down on 15 February 2022 has had no impact on our operations and does not impact our assessment of Genel's going concern status.

As a result, the Directors have assessed that the Company's forecast liquidity provides adequate headroom over its forecast expenditure for the 12 months following the signing of the annual report for the period ended 31 December 2021 and consequently that the Company is considered a going concern.

Foreign currency

Foreign currency transactions are translated into the functional currency of the relevant entity using the exchange rates prevailing at the dates of the transactions or at the balance sheet date where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Consolidation

The consolidated financial statements consolidate the Company and its subsidiaries. These accounting policies have been adopted by all companies.

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Transactions, balances and unrealised gains on transactions between companies are eliminated.

Joint arrangements and associates

Arrangements under which the Company has contractually agreed to share control with another party, or parties, are joint ventures where the parties have rights to the net assets of the arrangement, or joint operations where the parties have rights to the assets and obligations for the liabilities relating to the arrangement. Investments in entities over which the Company has the right to exercise significant influence but has neither control nor joint control are classified as associates and accounted for under the equity method.

The Company recognises its assets and liabilities relating to its interests in joint operations, including its share of assets held jointly and liabilities incurred jointly with other partners.

Acquisitions

The Company uses the acquisition method of accounting to account for business combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquiree at fair value at time of recognition or at the non-controlling interest's proportionate share of net assets. Acquisition-related costs are expensed as incurred.

Farm-in/farm-out

Farm-in/farm-out transactions undertaken in the exploration phase of an oil and gas asset are accounted for on a no gain/no loss basis due to inherent uncertainties in the exploration phase and associated difficulties in determining fair values reliably prior to the determination of commercially recoverable proved reserves. The resulting exploration and evaluation asset is then assessed for impairment indicators under IFRS 6. Any cash payment or proceeds are presented as an increase or reduction to additions respectively. Net additions to exploration and appraisal assets include farm out proceeds relating to SL10B13.

1.2 Significant accounting judgements and estimates

The preparation of the financial statements in accordance with IFRS requires the Company to make judgements and estimates that affect the reported results, assets and liabilities. Where judgements and estimates are made, there is a risk that the actual outcome could differ from the judgement or estimate made.

Significant judgements

The following are the significant judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The significant judgements also include recognition of revenue generated by the override royalty which is explained in the context of the significant estimates below.

Bina Bawi / Miran

The Company has recognised an accounting expense of $403 million relating to the required derecognition of the intangible assets of $489 million and liabilities of $86 million relating to the Bina Bawi and Miran PSCs following Genel's termination of the PSCs on 10 December 2021. The Bina Bawi and Miran assets and liabilities were part of the pre-production segment as disclosed in note 2. The impairment expense of $403 million represents the write off of 100% of the asset balances relating to the PSCs. The liabilities which remain largely reflect the demobilisation.

	Note	**$m**
Write-off of intangible assets	8	**(489.3)**
Derecognition of other payables, accruals and provisions	12,14	**86.1**
		(403.2)

Significant estimates

The following are the critical estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Estimation of hydrocarbon reserves and resources and associated production profiles and costs

Estimates of hydrocarbon reserves and resources are inherently imprecise and are subject to future revision. The Company's estimation of the quantum of oil and gas reserves and resources and the timing of its production, cost and monetisation impact the Company's financial statements in a number of ways, including: testing recoverable values for impairment; the calculation of depreciation, amortisation and assessing the cost and likely timing of decommissioning activity and associated costs. This estimation also impacts the assessment of going concern and the viability statement.

Proved and probable reserves are estimates of the amount of hydrocarbons that can be economically extracted from the Company's assets. The Company estimates its reserves using standard recognised evaluation techniques. Assets assessed as having proven and probable reserves are generally classified as property, plant and equipment as development or producing assets and depreciated using the units of production methodology. The Company considers its best estimate for future production and quantity of oil within an asset based on a combination of internal and external evaluations and uses this as the basis of calculating depreciation and amortisation of oil and gas assets and testing for impairment under IAS 36.

Hydrocarbons that are not assessed as reserves are considered to be resources and the related assets are classified as exploration and evaluation assets. These assets are expenditures incurred before technical feasibility and commercial viability is demonstrable. Estimates of resources for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and being depleted and are likely to contain estimates and judgements with a wide range of possibilities. These assets are considered for impairment under IFRS 6.

Once a field commences production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Assessment of reserves and resources are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves.

Change in accounting estimate

Where the Company has updated its estimated reserves and resources any required disclosure of the impact on the financial statements is provided in the following sections.

Estimation of oil and gas asset values (note 8 and 9)

Estimation of the asset value of oil and gas assets is calculated from a number of inputs that require varying degrees of estimation. Principally oil and gas assets are valued by estimating the future cash flows based on a combination of reserves and resources, costs of appraisal, development and production, production profile and future sales price and discounting those cash flows at an appropriate discount rate.

Future costs of appraisal, development and production are estimated taking into account the level of development required to produce those reserves and are based on past costs, experience and data from similar assets in the region, future petroleum prices and the planned development of the asset. However, actual costs may be different from those estimated.

Discount rate is assessed by the Company using various inputs from market data, external advisers and internal calculations. A post tax nominal discount rate of 13% derived from the Company's weighted average cost of capital (WACC) is used when assessing the impairment testing of the Company's oil assets at year-end. Risking factors are also used alongside the discount rate when the Company is assessing exploration and appraisal assets.

Estimation of future oil price and netback price

The estimation of future oil price has a significant impact throughout the financial statements, primarily in relation to the estimation of the recoverable value of property, plant and equipment and intangible assets. It is also relevant to the assessment of ECL, going concern and the viability statement.

The Company's forecast of average Brent oil price for future years is based on a range of publicly available market estimates and is summarised in the table below, with the 2026 price then inflated at 2% per annum.

$/bbl	2021	2022	2023	2024	2025
Actual / Forecast	**71**	**75**	**75**	**70**	**70**
HY2021 forecast	65	65	65	65	65
Prior year forecast	55	55	60	60	60

The netback price is used to value the Company's revenue, trade receivables and its forecast cash flows used for impairment testing and viability. It is the aggregation of Brent oil price average less transportation costs, handling costs and quality adjustments. The Company does not have direct visibility on the components of the netback price realised for its oil because sales are managed by the KRG, but invoices are currently raised for payments on account using a netback price agreed with the KRG.

Estimation of the recoverable value of deferred receivables (note 10)

At the end of March 2020, in line with other International Oil Companies (IOCs) in Kurdistan, the KRG informed the Company that payments owed for sales made in the four months from November 2019 to February 2020 would be deferred. For Genel this amounted to $120.8 million.

For the period ended 30 June 2020, the Company estimated recovery of these deferred amounts, which resulted in an impairment of $34.9 million.

In December 2020, the KRG announced a reconciliation model for payment of the receivable relating to the unpaid invoices, whereby for each dollar above a monthly dated Brent average of $50/bbl, 50 cents per paying interest barrel would be paid towards monies owed. In May 2021, the KRG amended this reconciliation model so that it paid 20 cents per paying interest barrel would be paid towards monies owed.

Given the KRG has established a reconciliation model for payments, in order to assess the recoverable amount of deferred receivables at 31 December 2021, the Company has compared the carrying value of deferred receivables with the present value of the estimated future cash flows based on the KRG's communications, and using estimations of future oil prices and production scenarios. Under IFRS9, the Company has used a forward-looking impairment model based on a lifetime expected credit loss (ECL) assessment. The model calculates the net present value of deferred receivables using the effective interest rate for the period in which the revenue was recognised, which was 13%. The expected credit loss is the weighted average of these scenarios and is recognised in the income statement. The result of the Company's assessment was a reversal of previously recognised impairment in the amount of $24.1 million, principally as an output of clarity on the mechanism and increase in oil price. The Company has provided the detailed disclosures required by IFRS 9 ECL assessment in note 10.

Recognition of revenue generated by the override royalty, arising from the RSA

Since 2017 when the RSA was signed, the Company has received override revenue from Tawke sales. At the end of March 2020, the KRG informed the Company that this override income was suspended for a minimum period up to December 2020. Because management did not have visibility on how or when this contractual right would be received, it assessed that the criteria for revenue recognition under IFRS15, specifically on payment terms and collectability, have not been met. The total amount of override revenue for the period between 1 March 2020 to 31 December 2020 that has not been recognised is $37.8 million.

The KRG has now communicated that override income owed will be paid by the reconciliation model explained above. Final position on an acceptable resolution on this has not yet been reached and with receipt of cash still dependent on oil price and production no revenue will be recognised until the Company has appropriate confidence in timing of receipt of payment.

Change in estimated cost of the financial commitment made on acquisition of Sarta PSC (note 12)

The estimated cost of the financial commitment made on acquisition of the Sarta PSC has been updated to reflect the estimated cost of fulfilling that commitment and the success demonstrated in FY2021 of producing and receiving cash flows for the reserves of the licence. This resulted a $19.7 million decrease in other payables.

Decommissioning provision (note 14)

Decommissioning provision is calculated from a number of inputs such as costs to be incurred in removing production facilities and site restoration at the end of the producing life of each field and that require varying degrees of estimation. These inputs are based on the Company's best estimate of the expenditure required to settle the present obligation at the end of the period inflated at 2% (2020: 2%) and discounted at 4% (2020: 4%). The cash flows relating to the decommissioning and abandonment provisions are expected to occur between 2028 and 2043.

Taxation

Under the terms of KRI PSC's, corporate income tax due is paid on behalf of the Company by the KRG from the KRG's own share of revenues, resulting in no corporate income tax payment required or expected to be made by the Company. It is not known at what rate tax is paid, but it is estimated that the current tax rate would be between 15% and 40%. If this was known it would result in a gross up of revenue with a corresponding debit entry to taxation expense with no net impact on the income statement or on cash. In addition, it would be necessary to assess whether any deferred tax asset or liability was required to be recognised.

1.3 Accounting policies

The accounting policies adopted in preparation of these financial statements are consistent with those used in preparation of the annual financial statements for the year ended 31 December 2020, adjusted for transitional requirements where necessary, further explained under revenue and changes in accounting policies headings.

Revenue

Revenue from contracts with customers is earned based on the entitlement mechanism under the terms of the relevant PSC and overriding royalty income ('ORRI'), which is earned on 4.5% of gross field revenue from the Tawke licence until July 2022.

Under IFRS 15, entitlement revenue and ORRI is recognised when the control of the product is deemed to have passed to the customer, in exchange for the consideration amount determined by the terms of the contract. For exports the control passes to the customer when the oil enters the export pipe.

Entitlement has two components: cost oil, which is the mechanism by which the Company recovers its costs incurred on an asset, and profit oil, which is the mechanism through which profits are shared between the Company, its partners and the KRG. The Company pays capacity building payments on profit oil entitlement earned on the Sarta and Taq Taq licences, which become due for payment once the Company has received the relevant proceeds. Profit oil revenue is always reported net of any capacity building payments that will become due.

On the Tawke licence, the Company also receives override revenue ('ORRI'), which is calculated as 4.5% of Tawke PSC field revenue. The override began in August 2017 and is due to end in July 2022.

The Company's oil sales are made to the KRG and are valued at a netback price which is explained further in significant accounting estimates and judgements.

The Company does not expect to have any contracts where the period between the transfer of oil to the customer and the payment exceeds one year. Therefore, the transaction price is not adjusted for the time value of money.

The Company is not able to measure the tax that has been paid on its behalf and consequently has not been able to assess where revenue should be reported gross of implied income tax paid.

The Company's revenue from other sources includes a non-cash royalty income which is recognised in the statement of comprehensive income in a manner consistent with entitlement mechanism.

Intangible assets

Exploration and evaluation assets

Oil and gas assets classified as exploration and evaluation assets are explained under Oil and Gas assets below.

Tawke RSA

Intangible assets include the Receivable Settlement Agreement ('RSA') effective from 1 August 2017, which was entered into in exchange for trade receivables due from KRG for Taq Taq and Tawke past sales. The RSA was recognised at cost and is amortised on a units of production basis in line with the economic lives of the rights acquired.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is expensed on a straight-line basis over the estimated useful lives of the assets of between 3 and 5 years from the date that they are available for use.

Property, plant and equipment

Producing and Development assets

Oil and gas assets classified as producing and development assets are explained under Oil and Gas assets below.

Other property, plant and equipment

Other property, plant and equipment are principally the Company's leasehold improvements and other assets and are carried at cost, less any accumulated depreciation and accumulated impairment losses. Costs include purchase price and construction cost. Depreciation of these assets is expensed on a straight-line basis over their estimated useful lives of between 3 and 5 years from the date they are available for use.

Oil and gas assets

Costs incurred prior to obtaining legal rights to explore are expensed to the statement of comprehensive income.

Exploration, appraisal and development expenditure is accounted for under the successful efforts method. Under the successful efforts method only costs that relate directly to the discovery and development of specific oil and gas reserves are capitalised as exploration and evaluation assets within intangible assets so long as the activity is assessed to be de-risking the asset and the Company expects continued activity on the asset into the foreseeable future. Costs of activity that do not identify oil and gas reserves are expensed.

All licence acquisition costs, geological and geophysical costs and other direct costs of exploration, evaluation and development are capitalised as intangible assets or property, plant and equipment according to their nature. Intangible assets comprise costs relating to the exploration and evaluation of properties which the directors consider to be unevaluated until assessed as being 2P reserves and commercially viable.

Once assessed as being 2P reserves they are tested for impairment and transferred to property, plant and equipment as development assets. Where properties are appraised to have no commercial value, the associated costs are expensed as an impairment loss in the period in which the determination is made. Development assets are classified under producing assets following the commercial production commencement.

Development expenditure is accounted for in accordance with IAS 16 – Property, plant and equipment. Producing assets are depreciated once they are available for use and are depleted on a field-by-field basis using the unit of production method. The sum of carrying value and the estimated future development costs are divided by total barrels to provide a $/barrel unit depreciation cost. Changes to depreciation rates as a result of changes in forecast production and estimates of future development expenditure are reflected prospectively.

The estimated useful lives of property, plant and equipment and their residual values are reviewed on an annual basis and changes in useful lives are accounted for prospectively. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income for the relevant period.

Where exploration licences are relinquished or exited for no consideration or costs incurred are neither de-risking nor adding value to the asset, the associated costs are expensed to the income statement.

Impairment testing of oil and gas assets is considered in the context of each cash generating unit. A cash generating unit is generally a licence, with the discounted value of the future cash flows of the CGU compared to the book value of the relevant assets and liabilities. As an example, the Tawke CGU is comprised of the Tawke RSA intangible asset, property, plant and equipment (relating to both the Tawke field and the Peshkabir field) and the associated decommissioning provision.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The net book value of the replaced part is expensed. The costs of the day-to-day servicing and maintenance of property, plant and equipment are recognised in the statement of comprehensive income.

Right of use assets / Lease liabilities

The Company recognises a right to use asset and lease liability, depreciate the associated asset, re-measure and reduce the liability through lease payments; unless the underlying leased asset is of low value and/or short term in nature.

The Company uses the following judgements permitted by the standard: applying a single discount rate to a portfolio of leases with reasonably similar characteristics, accounting for operating leases with a remaining lease term of less than 12 months as at balance sheet date as short-term leases, and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Right-of-use assets are depreciated over the lifetime of the related lease contract.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and included within trade and other payables.

Drill rig contracts are service contracts where contractors provide the rig together with the services and the contracted personnel on a day-rate basis for the purpose of drilling exploration or development wells. The Company has no right of use of the rigs. The aggregate payments under drilling contracts are determined by the number of days required to drill each well and are capitalised as exploration or development assets as appropriate.

Financial assets and liabilities

Classification

The Company assesses the classification of its financial assets on initial recognition at amortised cost, fair value through other comprehensive income or fair value through profit and loss. The Company assesses the classification of its financial liabilities on initial recognition at either fair value through profit and loss or amortised cost.

Recognition and measurement

Regular purchases and sales of financial assets are recognised at fair value on the trade-date – the date on which the Company commits to purchase or sell the asset. Trade and other receivables, trade and other payables, borrowings and deferred contingent consideration are subsequently carried at amortised cost using the effective interest method.

Trade and other receivables

Trade receivables are amounts due from crude oil sales, sales of gas or services performed in the ordinary course of business. If payment is expected within one year or less, trade receivables are classified as current assets otherwise they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company's assessment of impairment model based on expected credit loss is explained below under financial assets.

Cash and cash equivalents

In the consolidated balance sheet and consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments and includes the Company's share of cash held in joint operations.

Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of any discount in issuance and transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are presented as long or short-term based on the maturity of the respective borrowings in accordance with the loan or other agreement. Borrowings with maturities of less than twelve months are classified as short-term. Amounts are classified as long-term where maturity is greater than twelve months. Where no objective evidence of maturity exists, related amounts are classified as short-term.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Company's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. The unwinding of any discount is recognised as finance costs in the statement of comprehensive income.

Decommissioning

Provision is made for the cost of decommissioning assets at the time when the obligation to decommission arises. Such provision represents the estimated discounted liability for costs which are expected to be incurred in removing production facilities and site restoration at the end of the producing life of each field. A corresponding cost is capitalised to property, plant and equipment and subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision and capitalised as part of the cost of the assets.

Impairment

Exploration and evaluation assets

Spend on exploration and evaluation assets is capitalised in accordance with IFRS 6. The carrying amounts of the Company's exploration and evaluation assets are reviewed at each reporting date to determine whether there is any indication of impairment under IFRS 6. Impairment assessment of exploration and evaluation assets is considered in the context of each cash generating unit, which is generally represented by relevant the licence.

Producing and Development assets

The carrying amounts of the Company's producing and development assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. For value in use, the estimated future cash flows arising from the Company's future plans for the asset are discounted to their present value using a nominal post tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset. For fair value less costs of disposal, an estimation is made of the fair value of consideration that would be received to sell an asset less associated selling costs (which are assumed to be immaterial). Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash generating unit).

The estimated recoverable amount is then compared to the carrying value of the asset. Where the estimated recoverable amount is materially lower than the carrying value of the asset an impairment loss is recognised. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Property, plant and equipment and intangible assets

Impairment testing of oil and gas assets is explained above. When impairment indicators exist for other non-financial assets, impairment testing is performed based on the higher of value in use and fair value less costs of disposal. The Company assets' recoverable amount is determined by fair value less costs of disposal.

Financial assets

Impairment of financial assets is assessed under IFRS 9 with a forward-looking impairment model based on expected credit losses (ECLs). The standard requires the Company to book an allowance for ECLs for its financial assets. The Company has assessed its trade receivables as at 31 December 2021 for ECLs. Further explanation is provided in significant accounting judgements and estimates.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimate of future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised as an expense in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Equity

Share capital

Amounts subscribed for share capital at nominal value. Ordinary shares are classified as equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects and is recognised as a deduction in equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit of the transaction is transferred to/from retained earnings.

Share premium

Amounts subscribed for share capital in excess of nominal value.

Accumulated loss

Cumulative net losses recognised in the statement of comprehensive income net of amounts recognised directly in equity.

Dividend

Liability to pay a dividend is recognised based on the declared timetable. A corresponding amount is recognised directly in equity.

Employee benefits

Short-term benefits

Short-term employee benefit obligations are expensed to the statement of comprehensive income as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The Company operates equity-settled share-based compensation plans. The expense required in accordance with IFRS2 is recognised in the statement of comprehensive income over the vesting period of the award. The expense is determined by reference to option pricing models, principally Monte Carlo and adjusted Black-Scholes models.

At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. Any revision to the original estimates is reflected in the statement of comprehensive income with a corresponding adjustment to equity immediately to the extent it relates to past service and the remainder over the rest of the vesting period.

Finance income and finance costs

Finance income comprises interest income on cash invested, foreign currency gains and the unwind of discount on any assets held at amortised cost. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, foreign currency losses and discount unwind on any liabilities held at amortised cost. Borrowing costs directly attributable to the acquisition of a qualifying asset as part of the cost of that asset are capitalised over the respective assets.

Taxation

Under the terms of the KRI PSCs, the Company is not required to pay any cash corporate income taxes as explained in significant accounting judgements and estimates. Current tax expense is incurred on profits of service companies.

Segmental reporting

IFRS 8 requires the Company to disclose information about its business segments and the geographic areas in which it operates. It requires identification of business segments on the basis of internal reports that are regularly reviewed by the CEO, the chief operating decision maker, in order to allocate resources to the segment and assess its performance.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial or operational decisions. Parties are also related if they are subject to common control. Transactions between related parties are transfers of resources, services or obligations, regardless of whether a price is charged and are disclosed separately within the notes to the consolidated financial information.

New standards

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2021. Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 16 Leases: Covid-19-related rent concessions beyond 30 June 2021. These standards are not expected to have a material impact on the Company's results or financials statement disclosures in the current or future reporting periods.

The following new accounting standards, amendments to existing standards and interpretations have been issued but are not yet effective: IFRS 17 Insurance contracts (effective 1 Jan 2023), Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (1 Jan 2023), Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (1 Jan 2022), Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (1 Jan 2023), Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (1 Jan 2023), Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 Jan 2023). Nothing has been early adopted, and these standards are not expected to have a material impact on the Company's results or financials statement disclosures in the periods they become effective.

2. Segmental information

The Company has two reportable business segments: Production and Pre-production. Capital allocation decisions for the production segment are considered in the context of the cash flows expected from the production and sale of crude oil. The production segment is comprised of the producing fields on the Tawke PSC (Tawke and Peshkabir), the Taq Taq PSC (Taq Taq) and the Sarta PSC (Sarta) which are located in the KRI and make sales predominantly to the KRG. The pre-production segment is comprised of discovered resource held under the Qara Dagh PSC, the Bina Bawi PSC (derecognised in the year) and the Miran PSC (derecognised in the year), all in the KRI and exploration activity, principally located in Somaliland and Morocco. 'Other' includes corporate assets, liabilities and costs, elimination of intercompany receivables and intercompany payables, which are non-segment items.

For the year ended 31 December 2021

	Production	Pre-production	Other	Total
	$m	$m	$m	$m
Revenue from contracts with customers	322.9	-	-	322.9
Revenue from other sources	12.0	-	-	12.0
Cost of sales	(218.6)	-	-	(218.6)
Gross profit	116.3	-	-	116.3
Write-off of intangible asset	-	(403.2)	-	(403.2)
Reversal of impairment on receivables	24.1	-	-	24.1
General and administrative costs	-	-	(14.0)	(14.0)
Operating profit / (loss)	140.4	(403.2)	(14.0)	(276.8)
Operating profit / (loss) is comprised of				
EBITDAX	289.0	-	(13.9)	275.1
Depreciation and amortisation	(172.7)	-	(0.1)	(172.8)
Write-off of intangible assets	-	(403.2)	-	(403.2)
Reversal of impairment of receivables	24.1	-	-	24.1
Finance income	-	-	0.2	0.2
Bond interest expense	-	-	(26.3)	(26.3)
Other finance expense	(2.1)	(0.2)	(2.6)	(4.9)
Profit / (Loss) before income tax	138.3	(403.4)	(42.7)	(307.8)
Capital expenditure	105.3	58.4	-	163.7
Total assets	644.0	88.3	284.1	1,016.4
Total liabilities	(118.2)	(22.4)	(294.7)	(435.3)

Revenue from contracts with customers includes $101.9 million (2020: $14.7 million) arising from the ORRI, which is explained further in note 1. The ORRI was suspended from March 2020 to December 2020 and consequently no revenue has been recognised relating to this period as further explained in note 1.

Total assets and liabilities in the other segment are predominantly cash and debt balances.

For the year ended 31 December 2020

	Production	Pre-production	Other	Total
	$m	$m	$m	$m
Revenue from contracts with customers	155.0	-	-	155.0
Revenue from other sources	4.7	-	-	4.7
Cost of sales	(186.0)	-	-	(186.0)
Gross loss	(26.3)	-	-	(26.3)
Exploration expense	-	(2.2)	-	(2.2)
Impairment of intangible asset	(44.3)	-	-	(44.3)
Impairment of property, plant and equipment	(242.0)	-	-	(242.0)
Impairment of receivables	(34.9)	-	(2.0)	(36.9)
General and administrative costs	-	-	(12.8)	(12.8)
Operating loss	(347.5)	(2.2)	(14.8)	(364.5)
Operating loss is comprised of				
EBITDAX	127.0	-	(12.4)	114.6
Depreciation and amortisation	(153.3)	-	(0.4)	(153.7)
Exploration expense	-	(2.2)	-	(2.2)
Impairment of intangible assets	(44.3)	-	-	(44.3)
Impairment of property, plant and equipment	(242.0)	-	-	(242.0)
Impairment of receivables	(34.9)	-	(2.0)	(36.9)
Finance income	-	-	2.0	2.0
Bond interest expense	-	-	(31.5)	(31.5)
Other finance expense	(1.6)	(0.3)	(20.8)	(22.7)
Loss before income tax	(349.1)	(2.5)	(65.1)	(416.7)
Capital expenditure	56.5	53.2	-	109.7
Total assets	672.5	539.0	339.1	1,550.6
Total liabilities	(146.3)	(98.2)	(376.3)	(620.8)

Total assets and liabilities in the other segment are predominantly cash and debt balances.

3. Operating loss

	2021 $m	2020 $m
Operating costs	**(45.5)**	(32.6)
Trucking costs	**(0.4)**	(0.1)
Production cost	**(45.9)**	(32.7)
Depreciation of oil and gas property, plant and equipment	**(115.1)**	(98.7)
Amortisation of oil and gas intangible assets	**(57.6)**	(54.6)
Cost of sales	**(218.6)**	(186.0)
Exploration expense	**-**	(2.2)
Impairment / write-off of intangible assets (note 1,8)	**(403.2)**	(44.3)
Impairment of property, plant and equipment (note 9)	**-**	(242.0)
Reversal of impairment / (impairment) of receivables (note 10)	**24.1**	(36.9)
Corporate cash costs	**(12.2)**	(9.6)
Other operating expenses	**(0.2)**	(1.8)
Corporate share-based payment expense	**(1.5)**	(1.0)
Depreciation and amortisation of corporate assets	**(0.1)**	(0.4)
General and administrative expenses	**(14.0)**	(12.8)

Trucking costs are not cost-recoverable and relate to the Sarta licence only, where production is in its early stages.

	2021 $m	2020 $m
Audit of the Group's consolidated financial statements	**(0.3)**	(0.3)
Audit of the Group's subsidiaries pursuant to legislation	**(0.1)**	(0.2)
Total audit services	**(0.4)**	(0.5)
Tax and advisory services	**-**	(0.6)
Interim review	**(0.1)**	(0.1)
Total audit related and non-audit services	**(0.5)**	(1.2)

All fees paid to the auditor were charged to operating loss in both years.

4. Staff costs and headcount

	2021 $m	2020 $m
Wages and salaries	**(23.3)**	(21.9)
Contractors costs	**(21.2)**	(7.7)
Social security costs	**(3.2)**	(2.0)
Share based payments	**(5.5)**	(5.8)
	(53.2)	(37.4)

Average headcount was:

	2021 number	2020 number
Turkey	**51**	56
KRI	**28**	21
UK	**33**	33
Somaliland	**16**	17
Contractors	**110**	38
	238	165

5. Finance expense and income

	2021	2020
	$m	$m
Bond interest	**(26.3)**	(31.5)
Accelerated cost of bond settlement (note 15)	**-**	(19.4)
Other finance expense (non-cash)	**(4.9)**	(3.3)
Finance expense	**(31.2)**	(54.2)
Bank interest income	**0.2**	2.0
Finance income	**0.2**	2.0
Net finance expense	**(31.0)**	(52.2)

Bond interest payable is the cash interest cost of the Company bond debt. Other finance expense (non-cash) primarily relates to the discount unwind on the bond and the asset retirement obligation provision.

6. Income tax expense

Current tax expense is incurred on profits of service companies. Under the terms of the KRI PSCs, the Company is not required to pay any cash corporate income taxes as explained in note 1.

7. Loss per share

Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of shares in issue during the period.

	2021	2020
Loss attributable to owners of the parent ($m)	**(308.0)**	(416.9)
Weighted average number of ordinary shares – number [1]	**276,408,652**	274,202,853
Basic loss per share – cents per share	**(111.4)**	(152.0)

1 Excluding shares held as treasury shares

Diluted

The Company purchases shares in the market to satisfy share plan requirements so diluted earnings per share is adjusted for performance shares, restricted shares and share options not included in the calculation of basic earnings per share. Because the Company reported a loss for the year ended 31 December 2021 and 31 December 2020, the performance shares, restricted shares and share options are anti-dilutive and therefore diluted LPS is the same as basic LPS:

	2021	2020
Loss attributable to owners of the parent ($m)	**(308.0)**	(416.9)
Weighted average number of ordinary shares – number[1]	**276,408,652**	274,202,853
Adjustment for performance shares, restricted shares and share options	**-**	-
Weighted average number of ordinary shares and potential ordinary shares	**276,408,652**	274,202,853
Diluted loss per share – cents per share	**(111.4)**	(152.0)

1 Excluding shares held as treasury shares

8. Intangible assets

	Exploration and evaluation assets	Tawke RSA	Other assets	Total
	$m	$m	$m	$m
Cost				
At 1 January 2020	1,518.5	425.1	7.3	1,950.9
Additions	23.2	-	0.1	23.3
Other	(0.2)	-	-	(0.2)
At 31 December 2020 and 1 January 2021	1,541.5	425.1	7.4	1,974.0
Net additions	**33.2**	**-**	**0.1**	**33.3**
Other	**1.3**	**-**	**-**	**1.3**
Derecognition of accumulated costs (note 1)	**(1,005.3)**	**-**	**-**	**(1,005.3)**
Write-off in the year (note 1)	**(489.3)**	**-**	**-**	**(489.3)**
At 31 December 2021	**81.4**	**425.1**	**7.5**	**514.0**
Accumulated amortisation and impairment				
At 1 January 2020	(1,005.3)	(163.2)	(6.8)	(1,175.3)
Amortisation charge for the year	-	(54.6)	(0.4)	(55.0)
Impairment	-	(44.3)	-	(44.3)
At 31 December 2020 and 1 January 2021	(1,005.3)	(262.1)	(7.2)	(1,274.6)
Amortisation charge for the year	**-**	**(57.6)**	**(0.3)**	**(57.9)**
Derecognition of accumulated impairment (note 1)	**1,005.3**	**-**	**-**	**1,005.3**
At 31 December 2021	**-**	**(319.7)**	**(7.5)**	**(327.2)**
Net book value				
At 1 January 2020	513.2	261.9	0.5	775.6
At 31 December 2020	536.2	163.0	0.2	699.4
At 31 December 2021	**81.4**	**105.4**	**-**	**186.8**

Book value		**2021 $m**	2020 $m
Bina Bawi PSC	*Discovered gas and oil, appraisal*	**-**	360.5
Miran PSC	*Discovered gas and oil, appraisal*	**-**	123.2
Somaliland PSC	*Exploration*	**10.6**	34.7
Qara Dagh PSC	*Exploration / Appraisal*	**70.8**	17.8
Exploration and evaluation assets		**81.4**	536.2
Tawke overriding royalty		**27.5**	73.3
Tawke capacity building payment waiver		**77.9**	89.7
Tawke RSA assets		**105.4**	163.0

9. Property, plant and equipment

	Producing assets	Development assets	Other assets	Total
	$m	$m	$m	**$m**
Cost				
At 1 January 2020	2,876.1	68.0	13.5	2,957.6
Additions	56.5	30.0	1.0	87.5
Right-of-use assets (note 19)	-	-	8.1	8.1
Net change in payable	-	(5.4)	-	(5.4)
Other[1]	2.3	8.8	-	11.1
Transfer to producing assets	101.4	(101.4)	-	-
At 31 December 2020 and 1 January 2021	3,036.3	-	22.6	3,058.9
Net additions	**69.3**	**-**	**0.4**	**69.7**
Right-of-use assets (note 19)	**-**	**-**	**1.5**	**1.5**
Transfer of right-of-use assets	**7.4**	**-**	**(7.4)**	**-**
Other[1]	**4.2**	**-**	**-**	**4.2**
At 31 December 2021	**3,117.2**	**-**	**17.1**	**3,134.3**
Accumulated depreciation and impairment				
At 1 January 2020	(2,310.7)	-	(10.0)	(2,320.7)
Depreciation charge for the year	(98.7)	-	(1.8)	(100.5)
Impairment	(242.0)	-	-	(242.0)
At 31 December 2020 and 1 January 2021	(2,651.4)	-	(11.8)	(2,663.2)
Depreciation charge for the year	**(115.1)**	**-**	**(3.5)**	**(118.6)**
Transfer	**(2.7)**	**-**	**2.7**	**-**
At 31 December 2021	**(2,769.2)**	**-**	**(12.6)**	**(2,781.8)**
Net book value				
At 1 January 2020	565.4	68.0	3.5	636.9
At 31 December 2020	384.9	-	10.8	395.7
At 31 December 2021	**348.0**	**-**	**4.5**	**352.5**

[1] Other line includes non-cash asset retirement obligation provision, share-based payment costs and production bonuses.

Sarta asset was transferred from development assets to producing assets following the commencement of production from the field at December 2020.

Book value		**2021** **$m**	2020 $m
Tawke PSC	*Oil production*	**196.4**	228.2
Taq Taq PSC	*Oil production*	**37.2**	56.2
Sarta PSC	*Oil production/development*	**114.4**	100.5
Producing assets		**348.0**	384.9

An impairment trigger assessment review was conducted by Management and the Board which concluded that there were no impairment triggers noted.

10. Trade and other receivables

	2021	2020
	$m	$m
Trade receivables – current	**139.7**	41.9
Trade receivables – non-current	**18.4**	52.1
Other receivables and prepayments	**5.3**	7.0
	163.4	101.0

From February 2016, payments were received consistently three months in arrears, which was assessed as the operating cycle under IAS1. From March 2020, payments were received one month in arrears, which was consequently used to assess receivables that were not due at 31 December 2020. At 31 December 2021, the Company is currently owed three months of payments, but there is no established operating cycle.

	Period when sale made					
		Deferred receivables				
	Oct-Dec 2021	2020	2019	Total nominal	ECL provision	Trade receivables
	$m	$m	$m	$m	$m	$m
31 December 2020	-	69.0	59.9	128.9	(34.9)	94.0
31 December 2021	**92.1**	**55.4**	**21.4**	**168.9**	**(10.8)**	**158.1**

	2021	2020
Movement on trade receivables in the period	**$m**	$m
Carrying value at 1 January	**94.0**	150.2
Revenue from contracts with customers	**322.9**	155.0
Cash proceeds	**(281.3)**	(173.4)
Offset of payables due to the KRG	**(2.9)**	(5.5)
Expected credit loss reversal / (provision)	**24.1**	(34.9)
Capacity building payments	**1.3**	2.6
Carrying value at 31 December	**158.1**	94.0
Of which non-current	***18.4***	*52.1*

Recovery of the carrying value of the deferred receivables

At the end of March 2020, in line with other International Oil Companies (IOCs) in Kurdistan, the KRG informed the Company that payments owed for sales made in the four months from November 2019 to February 2020 would be deferred. For Genel this amounted to $120.8 million. In 2021, the balance owed has reduced by $44.0 million from the opening balance of $120.8 to $76.8 million. This reduction is the result of nine payments being received in the period (the first two under the initial mechanism announced in December 2020 and the rest made under the revised mechanism announced in May 2021) and offset of payables due to KRG. The Company expects to recover the full nominal value of $76.8 million receivables owed from the KRG. Explanation of the assumptions and estimates in assessing the net present value of the deferred receivables are provided in note 1. Neither the nominal value nor the net present value includes $38 million owed to the Company for override revenue earned but not received for the period March 2020 to December 2020, which was not recognised as revenue for the reasons explained in note 1.

	2021
	$m
Nominal value of deferred receivables	**76.8**
Book value of deferred receivables	**66.0**

Sensitivities

The table below shows the sensitivity of the net present value of the deferred receivables to oil price, assuming flat production and payment is received in line with the mechanism proposed by the KRG in May 2021, which is explained in note 1.

Deferred receivables ($m)		Timing of repayment 2022	2023	2024	Total nominal	NPV13.0
Brent	$65/bbl	35.0	35.0	6.8	76.8	63.1
	$70/bbl	46.7	30.1	-	76.8	64.9
	$75/bbl	**58.4**	**18.4**	**-**	**76.8**	**66.0**
	$80/bbl	70.1	6.7	-	76.8	67.3
	$85/bbl	76.8	-	-	76.8	68.0

11. Cash and cash equivalents

	2021	2020
	$m	$m
Cash and cash equivalents	**313.7**	354.5
	313.7	354.5

Cash is primarily held on time deposit with major international financial institutions or in US Treasury bills.

12. Trade and other payables

	2021	2020
	$m	$m
Trade payables	**19.5**	16.7
Other payables	**14.3**	128.1
Accruals	**68.6**	54.6
	102.4	199.4
Non-current	**4.9**	100.4
Current	**97.5**	99.0
	102.4	199.4

Current payables are predominantly short-term in nature or are repayable on demand and, as such, for these payables there is minimal difference between contractual cash flows related to the financial liabilities and their carrying amount. For non-current payables, liabilities are recognised at discounted fair value using the effective interest rate. Following the Bina Bawi PSC termination, other payables of $73.7 million related to Bina Bawi PSC have been derecognised which is further explained in note 1. Lease liabilities are included in other payables, further explanation is provided in note 19.

13. Deferred income

	2021	2020
	$m	$m
Non-current	**14.0**	19.7
Current	**6.5**	7.5
	20.5	27.2

14. Provisions

	2021	2020
	$m	$m
Balance at 1 January	**45.9**	37.4
Interest unwind	**1.8**	1.5
Additions	**2.2**	7.0
Reversals	**(7.3)**	-
Balance at 31 December	**42.6**	45.9

Provisions cover expected decommissioning and abandonment costs arising from the Company's assets which are further explained in note 1. Reversals are related to the termination of the Miran and Bina Bawi PSCs.

15. Interest bearing loans and net cash

	1 Jan 2021	Discount unwind	Buyback	Dividend paid	Net other changes	31 Dec 2021
	$m	$m	$m	$m	$m	$m
2022 Bond 10.0% (current)	**(80.6)**	**(0.4)**	**81.0**	**-**	**-**	**-**
2025 Bond 9.25% (non-current)	**(267.7)**	**(2.1)**	**-**	**-**	**-**	**(269.8)**
Cash	**354.5**	**-**	**(81.0)**	**(44.4)**	**84.6**	**313.7**
Net cash	**6.2**	**(2.5)**	**-**	**(44.4)**	**84.6**	**43.9**

At 31 December 2021, the fair value of the $280 million of bonds held by third parties is $287.8 million (2020: $274.4 million).

The bonds maturing in 2025 have two financial covenant maintenance tests:

Financial covenant	*Test*	**YE 2021**	YE 2020
Equity ratio (Total equity/Total assets)	*> 40%*	**57%**	60%
Minimum liquidity	*> $30m*	**$313.7m**	$354.5m

	1 Jan 2020	Discount unwind	Buyback / (Issuance)	Purchase of own bonds	Net other changes	31 Dec 2020
	$m	$m	$m	$m	$m	$m
2022 Bond 10.0% (current)	(297.9)	(0.5)	221.7	-	(3.9)	(80.6)
2025 Bond 9.25% (non-current)	-	(0.3)	(286.8)	19.4	-	(267.7)
Cash	390.7	-	28.9	-	(65.1)	354.5
Net cash	92.8	(0.8)	(36.2)	19.4	(69.0)	6.2

In October 2020, the Company issued a new $300 million senior unsecured bond with maturity in October 2025. The new bond has a fixed coupon of 9.25% per annum. In connection with the issue, the Company repurchased $222.9 million of its existing $300.0 million senior unsecured bond issue with maturity date in December 2022 at a price of 107 per cent. On 22 December 2020, the Company wrote to the Trustees confirming that they were exercising the right to call the remaining $77.1 million of the 2022 bond at the call price of 105 per cent. This settlement completed on 8 January 2021.

16. Financial Risk Management

Credit risk

Credit risk arises from cash and cash equivalents, trade and other receivables and other assets. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at 31 December was:

	2021	2020
	$m	$m
Trade and other receivables	**160.8**	98.3
Cash and cash equivalents	**313.7**	354.5
	474.5	452.8

All trade receivables are owed by the KRG. Cash is deposited with the US treasury or term deposits with banks that are assessed as appropriate based on, among other things, sovereign risk, CDS pricing and credit rating.

Liquidity risk

The Company is committed to ensuring it has sufficient liquidity to meet its payables as they fall due. At 31 December 2021 the Company had cash and cash equivalents of $313.7 million (2020: $273.5 million, adjusted for settlement of bond debt post-year end).

Oil price risk

The Company's revenues are calculated from netback price as further explained in note 1, and a $5/bbl change in average Dated Brent would result in a (loss) / profit before tax change of circa $25 million.

Currency risk

Other than head office costs, substantially all of the Company's transactions are denominated and/or reported in US dollars. The exposure to currency risk is therefore immaterial and accordingly no sensitivity analysis has been presented.

Interest rate risk

The Company reported borrowings of $269.8 million (2020: $348.3 million) in the form of a bond maturing in October 2025, with fixed coupon interest payable of 9.25% on the nominal value of $280.0 million. Although interest is fixed on existing debts, whenever the Company wishes to borrow new debt or refinance existing debt, it will be exposed to interest rate risk. A 1% increase in interest rate payable on a balance similar to the existing debts of the Company would result in an additional cost of circa $3 million per annum.

Capital management

The Company manages its capital to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. The Company's short-term funding needs are met principally from the cash flows generated from its operations and available cash of $313.7 million (2020: $354.5 million).

Financial instruments

All financial assets and liabilities are measured at amortised cost. Due to their short-term nature, the carrying value of these financial instruments approximates their fair value. Their carrying values are as follows:

	2021	2020
Financial assets	**$m**	$m
Trade and other receivables	**160.8**	98.3
Cash and cash equivalents	**313.7**	354.5
	474.5	452.8
Financial liabilities		
Trade and other payables	**92.4**	188.7
Interest bearing loans	**269.8**	348.3
	362.2	537.0

17. Share capital

	Total Ordinary Shares
At 1 January 2020 – fully paid[1]	280,248,198
At 31 December 2020, 1 January 2021 and 31 December 2021 – fully paid[1]	**280,248,198**

[1] Ordinary shares include 1,946,084 (2020: 2,577,720) treasury shares. Share capital includes 559,216 (2020: 3,236,109) of trust shares.

There have been no changes to the authorised share capital since it was determined to be 10,000,000,000 ordinary shares of £0.10 per share.

18. Dividends

	2021	2020
	$m	$m
Ordinary shares		
Final dividend of 10¢ per share	**27.9**	28.0
Interim dividend of (2021: 6¢ per share, 2020: 5¢ per share)	**16.5**	13.5
Total dividends provided for or paid	**44.4**	41.5
Paid in cash	**44.4**	55.3
Movement in payable	**-**	(13.2)
Foreign exchange expense on dividend paid	**-**	(0.6)
Total dividends provided for or paid	**44.4**	41.5

19. Right-of-use assets / Lease liabilities

The Company's right-of-use assets are related to the Sarta early production facility, offices and car leases are included within property, plant and equipment.

	Right-of-use assets
	$m
Cost	
At 1 January 2020	3.6
Additions	8.4
Disposals due to terminations	(0.3)
At 31 December 2020 and 1 January 2021	11.7
Additions	**1.5**
At 31 December 2021	**13.2**
Accumulated depreciation	
At 1 January 2020	(0.9)
Depreciation charge for the period	(1.3)
At 31 December 2020 and 1 January 2021	(2.2)
Depreciation charge for the period	**(2.9)**
At 31 December 2021	**(5.1)**
Net book value	
At 1 January 2020	2.7
At 31 December 2020	9.5
At 31 December 2021	**8.1**

	2021	2020
Book value	**$m**	$m
Offices	**3.2**	2.4
Cars	**0.2**	-
Production facility	**4.7**	7.1
Right-of-use assets	**8.1**	9.5

The weighted average lessee's incremental borrowing rate applied to the lease liabilities except Sarta early production facility was 2.5%. 4% was applied for the facility. The lease terms vary from one to five years.

	2021	2020
	$m	$m
At 1 January	**(9.8)**	(3.0)
Additions	**(1.4)**	(8.4)
Disposals due to terminations	**-**	0.4
Payments of lease liabilities	**3.3**	1.3
Interest expense on lease liabilities	**(0.4)**	(0.1)
At 31 December (note 12)	**(8.3)**	(9.8)

Included within lease liabilities of $8.3 million (2020: $9.8 million) are non-current lease liabilities of $4.9 million (2020: $6.8 million). The identified leases have no significant impact on the Company`s financing, bond covenants or dividend policy. The Company does not have any residual value guarantees. The contractual maturities of the Company's lease liabilities are as follows:

	Less than 1 year	**Between 1 -2 years**	**Between 2 - 5 years**	**Total contractual cash flow**	**Carrying Amount**
	$m	**$m**	**$m**	**$m**	**$m**
31 December 2020	(3.3)	(3.4)	(4.0)	(10.7)	(9.8)
31 December 2021	**(3.6)**	**(3.5)**	**(1.9)**	**(9.0)**	**(8.3)**

20. Share based payments

The Company has three share-based payment plans: a performance share plan, restricted share plan and a share option plan. The main features of these share plans are set out below.

Key features	PSP	RSP	SOP
Form of awards	Performance shares. The intention is to deliver the full value of vested shares at no cost to the participant (e.g. as conditional shares or nil-cost options).	Restricted shares. The intention is to deliver the full value of shares at no cost to the participant (e.g. as conditional shares or nil-cost options).	Market value options. Exercise price is set equal to the average share price over a period of up to 30 days to grant.
Performance conditions	Performance conditions will apply. Awards granted from 2017 are based on relative and absolute total shareholder return ('TSR') measured against a group of industry peers over a three year period.	Performance conditions may or may not apply. For awards granted to date, there are no performance conditions.	Performance conditions may or may not apply. For awards granted to date, there are no performance conditions.
Vesting period	Awards will vest when the Remuneration Committee determine whether the performance conditions have been met at the end of the performance period.	Awards typically vest over three years.	Awards typically vest after three years. Options are exercisable until the 10th anniversary of the grant date.
Dividend equivalents	Provision of additional cash/ shares to reflect dividends over the vesting period may or may not apply.	Provision of additional cash/ shares to reflect dividends over the vesting period may or may not apply.	Provision of additional cash/ shares to reflect dividends over the vesting period may or may not apply.

In 2021, awards were made under the performance share plan and restricted share plan, no awards were made under the share option plan, the numbers of outstanding shares under the PSP, RSP and SOP as at 31 December 2021 are set out below;

	PSP options (nil cost)	**RSP options (nil cost)**	**Share option plan**	**SOP weighted avg. exercise price**
Outstanding at 1 January 2020	9,990,853	1,723,544	119,588	810p
Granted during the year	4,041,711	598,039	-	-
Dividend equivalents	641,752	121,214	-	-
Forfeited during the year	(1,569,870)	-	-	-
Lapsed during the year	(279,283)	(2,194)	(31,764)	788p
Exercised during the year	(2,778,121)	(280,347)	-	-
Outstanding at 31 Dec 2020 and 1 Jan 2021	10,047,042	2,160,256	87,824	817p
Granted during the year	2,982,524	369,108	-	-
Dividend equivalents	872,036	109,992	-	-
Forfeited during the year	(601,831)	(20,528)	-	-
Lapsed during the year	(1,284,140)	(37,123)	-	-
Exercised during the year	(2,783,799)	(1,136,871)	-	-
Outstanding at 31 December 2021	**9,231,832**	**1,444,834**	**87,824**	**817p**

The range of exercise prices for share options outstanding at the end of the period is 742.00p to 1,046.00p.

Fair value of awards granted during the year has been measured by use of the Monte-Carlo pricing model. The model takes into account assumptions regarding expected volatility, expected dividends and expected time to exercise. Expected volatility was also analysed with the historical volatility of FTSE-listed oil and gas producers over the three years prior to the date of grant. The expected dividend assumption was set at 0%. The risk-free interest rate incorporated into the model is based on the term structure of UK Government zero coupon bonds.

The inputs into the fair value calculation for RSP and PSP awards granted in 2021 and fair values per share using the model were as follows:

	RSP 06/04/2021	PSP 06/04/2021	RSP 07/09/2021	PSP 07/09/2021
Share price at grant date	173p	173p	122p	122p
Exercise price	-	-	-	-
Fair value on measurement date	173p	110p	122p	64p
Expected life (years)	1-3	1-3	1-3	1-3
Expected dividends	-	-	-	-
Risk-free interest rate	0.126%	0.126%	0.182%	0.182%
Expected volatility	48.19%	48.19%	45.63%	45.63%
Share price at balance sheet date	130p	130p	130p	130p
Change in share price between grant date and 31 December 2021	-25%	-25%	7%	7%

The weighted average fair value for RSP awards granted in 2021 is 169p and for PSP awards granted in 2021 is 109p.

The inputs into the fair value calculation for RSP and PSP awards granted in 2020 and fair values per share using the model were as follows:

	RSP 22/06/2020	PSP 22/06/2020
Share price at grant date	119p	119p
Exercise price	-	-
Fair value on measurement date	119p	107p
Expected life (years)	1-3	3-6
Expected dividends	-	-
Risk-free interest rate	0.04%	0.04%
Expected volatility	64.50%	64.50%
Share price at balance sheet date	144p	144p
Change in share price between grant date and 31 December 2020	21%	21%

The weighted average fair value for RSP awards granted in 2020 is 119p and for PSP awards granted in 2020 is 107p.

Total share-based payment charge for the year was $5.5 million (2020: $5.8 million).

21. Capital commitments

Under the terms of its production sharing contracts ('PSC's) and joint operating agreements ('JOA's), the Company has certain commitments that are generally defined by activity rather than spend. The Company's capital programme for the next few years is explained in the operating review and is in excess of the activity required by its PSCs and JOAs.

22. Related parties

The directors have identified related parties of the Company under IAS 24 as being: the shareholders; members of the Board; and members of the executive committee, together with the families and companies, associates, investments and associates controlled by or affiliated with each of them. The compensation of key management personnel including the directors of the Company is as follows:

	2021	2020
	$m	$m
Board remuneration	**1.0**	1.0
Key management emoluments and short-term benefits	**7.9**	7.6
Share-related awards	**7.4**	2.5
	16.3	11.1

There have been no changes in related parties since last year and no related party transactions that had a material effect on financial position or performance in the year.

23. Events occurring after the reporting period

On 24 February 2022 Russia invaded Ukraine. The Company is monitoring the rapidly evolving sanctions situation particularly with regard to the supply chain and the movement and trading of KRG oil.

The Company notes the majority Federal Iraq Supreme Court decision handed down on 15 February 2022 which has had no impact on our operations.

24. Subsidiaries and joint arrangements

The Company has four joint arrangements in relation to its producing assets Taq Taq, Tawke, Sarta and pre-production asset Qara Dagh. The Company holds 44% working interest in Taq Taq PSC and owns 55% of Taq Taq Operating Company Limited. The Company holds 25% working interest in Tawke PSC which is operated by DNO ASA. The Company holds 30% working interest in Sarta PSC which is operated by Chevron. The Company holds 40% working interest in Qara Dagh PSC which is operated by the Company.

For the period ended 31 December 2021 the principal subsidiaries of the Company were the following:

Entity name	Country of Incorporation	Ownership % (ordinary shares)
Barrus Petroleum Cote D'Ivoire Sarl[1]	Cote d'Ivoire	100
Barrus Petroleum Limited[2]	Isle of Man	100
Genel Energy Africa Exploration Limited[3]	UK	100
Genel Energy Finance 2 Limited (dissolved 15 February 2022)[4]	Jersey	100
Genel Energy Finance 4 plc[3]	UK	100
Genel Energy Gas Company Limited[4]	Jersey	100
Genel Energy Holding Company Limited[4]	Jersey	100
Genel Energy International Limited[5]	Anguilla	100
Genel Energy Miran Bina Bawi Limited[3]	UK	100
Genel Energy Morocco Limited[3]	UK	100
Genel Energy No. 6 Limited[3]	UK	100
Genel Energy Petroleum Services Limited[3]	UK	100
Genel Energy Qara Dagh Limited[3]	UK	100
Genel Energy Sarta Limited[3]	UK	100
Genel Energy Somaliland Limited[3]	UK	100
Genel Energy UK Services Limited[3]	UK	100
Genel Energy Yonetim Hizmetleri A.S.[6]	Turkey	100
Taq Taq Drilling Company Limited[7]	BVI	55
Taq Taq Operating Company Limited[8]	BVI	55

[1] Registered office is 7 Boulevard Latrille Cocody, 25 B.P. 945 Abidjan 25, Cote d'Ivoire
[2] Registered office is 6 Hope Street, Castletown, IM9 1AS, Isle of Man
[3] Registered office is Fifth Floor, 36 Broadway, Victoria, London, SW1H OBH, United Kingdom
[4] Registered office is 12 Castle Street, St Helier, JE2 3RT, Jersey
[5] Registered office is PO Box 1338, Maico Building, The Valley, Anguilla
[6] Registered office is Gaziosmanpasa Mahallesi Bogaz Sokak No:10 D.21 Cankaya/Ankara Turkey
[7] Registered office is PO Box 146, Road Town, Tortola, British Virgin Islands
[8] Registered office is 3rd Floor, Geneva Place, Waterfront Drive, PO Box 3175, Road Town, Tortola, Virgin Islands, British

Genel Energy Finance plc was liquidated during the year.

25. Annual report

Copies of the 2021 annual report will be despatched to shareholders in April 2022 and will also be available from the Company's registered office at 12 Castle Street, St Helier, Jersey JE2 3RT and at the Company's website – www.genelenergy.com.

Report on payments to governments for the year 2021

Introduction and basis for preparation

This report sets out details of the payments made to governments by Genel Energy plc and its subsidiary undertakings ("Genel") for the year ended 31 December 2021 as required under the Disclosure and Transparency Rules of the UK Financial Conduct Authority (the 'DTRs') and in accordance with our interpretation of the Industry Guidance issued for the UK's Report on Payments to Governments Regulations 2014, as amended in December 2015 ('the Regulations'). The DTRs require companies in the UK and operating in the extractives sector to publically disclose payments made to governments in the countries where they undertake exploration, prospection, development and extraction of oil and natural gas deposits or other materials.

This report is available to download at www.genelenergy.com/investor-relations/results-reports-presentations.

Governments

All of the payments made in relation to licences in the Kurdistan Region of Iraq have been made to the Ministry of Natural Resources of the Kurdistan Regional Government.

Production entitlements

Production entitlements are the host government's share of production during the reporting period from projects operated by Genel. Production entitlements from projects that are not operated by Genel are not covered by this report. The figures reported have been produced on an entitlement basis rather than on a liftings basis. Production entitlements are paid in-kind and the monetary value disclosed is derived from management's calculation of revenue from the field.

Royalties

Royalties represent royalties paid in-kind to governments during the year for the extraction of oil. The terms of the Royalties are described within our Production Sharing Contracts and can vary from project to project. Royalties have been calculated on the same barrels of oil equivalent basis as production entitlements.

Materiality threshold

Total payments below £86,000 made to a government are excluded from this report as permitted under the Regulations.

Payments to governments – 2021

Country/Licence	**KRI Total**[1]	Taq Taq[2]
Production entitlement (bbls)	**1,234,564.87**	1,234,564.87
Royalties in kind (bbls)	**216,930.95**	216,930.95
Total (bbls)	**1,451,495.82**	1,451,495.82
Value of production entitlements ($million)	**78.52**	78.52
Value of royalties ($million)	**13.74**	13.74
Capacity building payments ($million)[3]	**1.25**	1.25
Total ($million)	**93.51**	93.51

[1] Under the lifting arrangements implemented by the KRG, the KRG takes title to crude at the wellhead and then transports it to Ceyhan in Turkey by pipeline. The crude is then sold by the KRG into the international market. All proceeds of sale are received by or on behalf of the KRG, out of which the KRG then makes payment for cost and profit oil in accordance with the PSC to Genel, in exchange for the crude delivered to the KRG. Under these arrangements, payments are in fact made by or on behalf of the KRG to Genel, rather than by Genel to the KRG. For the purposes of the reporting requirements under the Regulations however, we are required to characterise the value of the KRG's entitlement under the PSC (for which they receive payment directly from the market) as a payment made to the KRG. Therefore, estimated value in $millions is not paid to the KRG, and is calculated to meeting the reporting requirements under the regulations

[2] The amount reported for Taq Taq, is the gross payment made to the KRI by the operating company (TTOPCO), Genel's share of these payments is equal to 55% (with the exception of capacity building payments)

[3] Capacity building payments reported are payments made by Genel directly to the KRI in cash as required by the PSC

Glossary of technical terms

'AGM'	annual general meeting
'BDO'	BDO LLP
'CGU'	Cash Generating Unit
'Companies Act 2006'	Companies Act 2006, as amended
'Company'	Genel Energy plc
'Elysion'	Elysion Energy Holding B.V.
'ESG'	environmental, social and governance
'Focus Investments'	Focus Investments Limited
'FRC'	UK Financial Reporting Council
'FSMA'	the Financial Services and Markets Act 2000 of the UK, as amended
'FTSE'	FTSE International Limited
'Genel'	may refer to Genel Energy plc and/or one of its subsidiaries and/or one or more employees as the case may be. It is used for convenience only and is in no way indicative of how the Genel group, or any entity within it, is structured, managed or controlled
'GHG'	greenhouse gases
'Group'	the Genel Energy group of companies
'HSE'	health, safety and environment
'IFC Performance Standard'	the performance standards set out by the International Finance Corporation
'IOC'	International Oil Company
'Jersey Companies Law'	Companies (Jersey) Law 1991 (as amended)
'KRG'	the Kurdistan Regional Government
'KRI'	the Kurdistan Region of Iraq
'Listing Rules'	the Listing Rules of the UK Listing Authority
'LTI'	lost time incident
'NGO'	non-governmental organisation
'Ordinary Shares'	the voting ordinary shares and/or the suspended voting ordinary shares as the context requires
'PRM'	Petroleum Resources Management N.V.
'PSC'	production sharing contract
'PSP'	performance share plan
'PwC'	PricewaterhouseCoopers LLP
'RSA'	receivable settlement agreement
'RSP'	restricted share plan
'SOP'	share option plan
'Standard Listing'	a standard listing under Chapter 14 of the Listing Rules
'TCFD'	Task Force on Climate-related Financial Disclosures
'TSR'	total shareholder return
'TTOPCO'	Taq Taq Operating Company Limited
Certain resources and reserves terms	
'1P'	proved reserves
'2P'	proved plus probable reserves
'3P'	proved plus probable plus possible reserves
'2C'	contingent resources
Units of measurement	
'bbl'	barrel
'bcma'	billion cubic metres per annum
'bopd'	barrels of oil per day
'km'	kilometres
'mcf'	thousand cubic feet
'MMbbls'	millions of barrels
'MMboe'	million barrels of oil equivalent
'tCO_2e'	tonnes of CO_2 equivalent

Shareholder information

ShareGift

If you hold a small number of shares and find it uneconomical to sell them, you may wish to donate your shares to charity free of charge through ShareGift. ShareGift collects donations of unwanted shares, sells them and donates the proceeds to UK charities. Further details are available at www.sharegift.org or by calling +44 (0) 20 7930 3737.

AGM

This year's AGM will be held at Linklaters, One Silk Street, London EC2Y 8HQ, on Thursday, 12 May 2022 at 11.00am.

Details of the business to be considered at the AGM are set out in the accompanying notice of meeting.

Dividend and dividend history

The Company's 2020 final dividend was paid on 14 June 2021 and an interim dividend on 10 December 2021. Further information can be found on page 15.

Payment of dividends to UK resident shareholders

Shareholders whose dividends are currently sent to their registered address should consider having their dividends paid directly into their personal bank or building society account. This has a number of advantages, including the crediting of cleared funds on the actual dividend payment date. If you would prefer to have future dividends paid in this way, please contact the Registrar for a bank mandate form. Under this arrangement, dividend confirmations are still sent to your registered address.

Ordinary shares

The Company's ordinary shares of nominal value 10p each are traded on the main market for listed securities on the London Stock Exchange (LON: GENL).

Registrars

Our registrars are Equiniti Registrars.

All enquiries relating to the administration of shareholdings should be directed to Equiniti Registrars, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Telephone: 0371 384 2893 lines are open Monday – Friday excluding UK Bank Holidays, 8.30am – 5.30pm (from outside the UK: +44 121 415 7593).

Share price information

The current price of the Company's shares is available on the Company's website at genelenergy.com.

Contacts and Auditors

Registrar

Equiniti (Jersey) Limited
C/O Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Independent auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Registered office

12 Castle Street
St Helier
Jersey
JE2 3RT

London office

Fifth Floor
36 Broadway
Victoria
London
SW1H 0BH

Jersey Company Registration Number: 107897

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Registered Office
12 Castle Street
St Helier
Jersey
JE2 3RT

London Office
Fifth Floor
36 Broadway
Victoria
London
SW1H 0BH

Erbil Office
Empire Business Complex, C3,
Third Floor
Erbil
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