



Black Sea Oil & Gas SA

ESG Report 2024



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01

Introduction

Welcome to Black Sea Oil and Gas’s first environmental, social and governance (ESG) report, which sets out our priorities as a company active in the energy transition. In this report, we share our ambitions for embedding ESG throughout the company and give a performance update for 2024.

Black Sea Oil & Gas SA (BSOG) is an independent Romania-based energy company headquartered in Bucharest, with additional offices in Constanța and Vadu.

BSOG’s key focus is to provide natural gas as a transition fuel, while developing the infrastructure needed to support green energy projects in Romania. Our flagship initiative is the Midia Gas Development (MGD) Project – the first offshore gas development in the Romanian Black Sea in over 30 years. Operating since mid-2022, the MGD Project is centred around the Ana and Doina gas fields and currently supplies 12% of Romania’s gas demand.

In 2024, we launched BSOG Energy to focus on green energy projects, with two biogas projects in progress.

BSOG’s shareholders include Carlyle International Energy Partners (CIEP) and the European Bank for Reconstruction and Development (EBRD).



100+

Employees



2022

First gas produced



5

Operational wells in 2024



3rd

Largest gas producer in Romania



ESG Approach

Strategic approach

BSOG is strategically positioned as a pioneer in the energy transition in Romania. Our core business is focused on the extraction and production of natural gas, a key transition fuel. Our production methods are focused on keeping production emissions low, while maintaining strong environmental and health and safety management.

Our vision extends beyond natural gas – advancing the energy transition with renewable energy production. We have two biogas facilities in development, which will provide 72 MW of biomethane capacity. In addition, we have offshore wind capacity in the pipeline, and ambitions to enable carbon capture and storage (CCS) exploration once gas reservoirs are depleted.



Material topics

Our reporting covers all of BSOG’s operations. Material topics for reporting were informed by the Sustainability Accounting Standards Board (SASB) Oil & Gas – Exploration & Production sector standard, the RiskHorizon™ ESG screening tool and with reference to our business model.

We have made strong progress across the most material ESG topics and have ambitions to embed sustainability across the entire company. We are currently working on formalising our overall sustainability strategy while increasing data coverage across all material ESG topics.

- Priority ↑
- Climate change
 - Environmental management
 - Air quality
 - Health & safety
 - Business ethics
 - Waste management
 - Community relations
 - Ecological impacts

Advancing the energy transition

In 2024, BSOG launched a wholly owned subsidiary, BSOG Energy, to focus on green energy projects across Romania. With an initial focus on large-scale biomethane opportunities, BSOG Energy is currently involved in the development of two sites:

- **Project Alba** will provide 15 MW biomethane capacity and will use feedstock provided by the largest dairy farm in Romania, with additional feedstock coming from nearby farms, crop producers, and other organic waste sources.
- **Project Sud** will provide 57 MW biomethane capacity and will also produce over 250,000 tons of organic fertilisers per annum.

Biogas offers significant carbon reduction benefits compared to fossil methane, while also removing organic waste from landfill sites and farmland.

Our strategic focus highlights our commitment to driving the energy transition, whilst also positioning BSOG as a front-runner in green energy development in Romania and the Black Sea region.

“A strong Romanian biogas industry has the potential to increase domestic production of gas with zero carbon emissions, upgrade agricultural waste into new income streams for the agricultural sector and create new jobs in the country.”

Mark Beacom
Managing Director BSOG Energy

A Statement from our CEO



“The energy transition and energy independence are priorities for our company and Romania. They represent a significant opportunity for BSOG and the wider gas industry.”

Mark Beacom

Chairman & CEO Black Sea Oil & Gas SA
Managing Director BSOG Energy SRL

We've built a strong reputation, based on credible evidence, among stakeholders by delivering real, tangible ESG progress. We maintain extremely low Scope 1 and 2 operational emissions compared to industry peers. Beyond gas production, we have established BSOG Energy, a subsidiary dedicated to green projects.

Our focus on health and safety has been a priority from day one, driving our success with zero Lost Time Incidents (LTI) to date, in over five million staff hours. We maintain a strong culture of compliance and proactively disengage from activities that don't align with our values. Additionally, we've taken numerous actions to support the community and help small entities grow alongside us.

Looking to the future, BSOG Energy has a pipeline of exciting projects in line with the European Union's Zero Emissions Goal by 2050. Many of these are firsts for Romania, positioning BSOG Energy as pioneers. With no existing biomethane plants in Romania, we aim to be the first to build them – advancing the energy transition and contributing to a circular economy project.

Offshore wind is another major focus, critical for decarbonisation due to its gigawatt-scale potential. Leveraging our expertise in offshore gas development, existing infrastructure, and knowledge of environmental restrictions in the Danube Delta Biosphere Reserve and Natura 2000 areas, we are well-positioned to lead in this space. Furthermore, our infrastructure also enables carbon capture and storage (CCS) exploration once gas reservoirs are depleted. Just as we led Romania's first offshore gas development in over 30 years, we are setting the trail for innovative renewable energy projects.

Our culture is defined by perseverance and resilience. We continuously push forward, overcoming blockages and challenges – many of which stem from the political sphere. This mindset is essential for the success of our sustainability efforts, particularly in an environment without subsidies. This determination is what drives us to achieve our goals and make a positive impact.”

02

Environment

Management & Protection

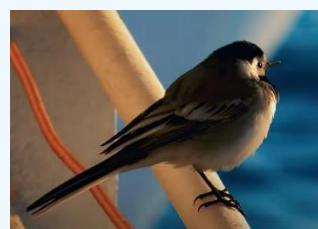
BSOG is committed to leading the energy transition in Romania, with our core gas operations and a strong focus on future green energy projects.

Environmental policy

Environmental considerations are integrated from the outset of planning operations, to reduce and prevent waste and the consumption of resources, prevent spillages, and minimise BSOG's environmental footprint.

BSOG commits to best practice with an ISO 14001-certified environmental management system to identify and manage environmental threats. Emergency response plans for spill scenarios are developed and implemented across all operations which may impact the environment.

We strive for continuous improvement in our environmental performance, and have explored opportunities to reduce our emissions impact, such as improving logistical efficiencies. We welcome input from employees and stakeholders on ways to reduce waste, emissions, air pollution, spills, and other environmental impacts.



Our commitment to environmental protection and biodiversity

BSOG operates in the vicinity of the Danube Delta Biosphere Reserve and holds the required environmental permits from the Administration of the Danube Delta Biosphere Reserve, the National Agency for Protected Areas and the National Administration of Romanian Waters. These permits mandate continuous reporting and studies on biodiversity, water quality and waste management, ensuring a high standard of environmental protection.

As part of the development process of the MGD project, BSOG conducted an Environmental and Social Impact Assessment (ESIA) between 2016 and 2019. This was carried out in line with the relevant performance requirements and standards of the EBRD and the International Finance Corporation (IFC).

We have also conducted a specific assessment on the effects of the project on critical habitats and priority biodiversity features and set a biodiversity action plan.

GHG emissions

Emissions calculations are conducted in accordance with the GHG Protocol and are based on Romanian emissions factors, with third-party validation to ensure accuracy.

BSOG's emissions profile is primarily attributed to our onshore gas treatment plant and the offshore ANA platform, in addition to emissions from two offices, a small fleet of vehicles, a contracted vessel and a shared helicopter.

For the 2024 reporting period, Scope 1 emissions related to both onshore and offshore activities, including but not limited to those associated with generators, turbo compressors and transportation (vehicles, helicopter flights and support vessel activities). Scope 2 emissions were associated with electricity consumption at BSOG's two offices in Bucharest and Constanța.

We have so far only calculated Scope 3 emissions associated with business-related air travel. However, we appreciate that the large majority of our total emissions profile will relate to the combustion of gas we sell to our customers (use of sold products). We also expect there to be significant emissions associated with other Scope 3 categories under the GHG Protocol: processing of sold products; purchased goods and services; and upstream and downstream transportation and distribution of products.

Between 2023 and 2024, our Scope 1 emissions increased by 35%. While this can be partially explained by the increase in gas production (2% increase over the same period), most of the increased Scope 1 emissions can be attributed to our use of a turbo compressor¹ from October 2024.

The turbo compressor is used to balance reservoir pressure to support gas extraction. However, this results in increased emissions compared to free flow gas production.

Even with the turbo compressor in use, the MGD project maintains a lower emissions intensity than the industry average. This is due to the clean chemical composition of the gas (99.8% methane with minimal contaminants) and the use of modern technology.

The Midia Gas Development Project (MGD Project)

The MGD Project supports the European Union's Zero Emissions by 2050 goal by providing natural gas as a transition fuel. The project has a commitment to maintaining low carbon intensity and operated with a carbon intensity of 1.45 kg CO₂e/boe² in 2024. This is 92% lower than the global industry average of 17.9 kg CO₂e/boe.³

Looking ahead, with robust offshore infrastructure in place, the project lays a strong foundation for advancing BSOG's green energy initiatives, including offshore wind, carbon capture and storage (CCS), and green hydrogen production.

1. The turbo compressor is a mechanical device used to compress and increase the pressure of gas.
2. Barrel of oil equivalent. Across Scopes 1 and 2 GHG emissions.
3. According to the [Oil and Gas Climate Initiative](#) 2024 Progress Report. It includes upstream Scope 1 and 2 carbon dioxide and methane emissions on an operated basis.
4. We expect the large majority of our Scope 3 emissions and total emissions (over 90%) to be associated with the combustion of gas supplied to our customers (use of sold products – Scope 3 category 11 emissions under the GHG Protocol). Using an emissions factor of 320 kgCO₂e/boe from the IEA's "Emissions from Oil and Gas Operations in Net Zero Transitions" report published in 2023, we estimate that Scope 3 emissions from use of sold products totalled 2,211 ktCO₂e in 2024 and 2,166 ktCO₂e in 2023. Having benchmarked other companies within the oil and gas sector, we expect the proportion of emissions associated with use of sold products to be between 70% and 95% of all our scope 3 emissions and our total emissions.

GHG emissions	2023	2024
Scope 1 (tCO ₂ e)	7,428	10,044
Scope 2 (tCO ₂ e)	9	9
Scope 3 – business travel ⁴ (tCO ₂ e)	46	47
Scope 1 & 2 CO ₂ e intensity (kg CO ₂ e/boe)	1.21	1.45
Gas production (boe)	6,767,784	6,908,154

Energy consumption	2023	2024
Total energy consumption from natural gas – onshore gas treatment plant (MWh)	1,566	3,654
Total energy consumption from diesel – onshore gas treatment plant (MWh)	1,960	0
Total energy consumption from diesel – onshore ANA platform (MWh)	259	261
Total energy consumption from electricity – offices in Bucharest and Constanta (MWh)	40	39

03

Social

Health & Safety

BSOG records health & safety data for our own workforce and dedicated contractors, ensuring comprehensive coverage in reporting and supply chain accountability.

During the 2024 reporting period, BSOG's total workforce, comprising both permanent and temporary contractors totalled 202 staff members.

The total number of working staff hours for BSOG's total workforce during the reporting period was 384,550 hours.

BSOG's total workforce composition



■ Own Workforce ■ Contractors



Gas treatment plant

In alignment with the guidelines set by the International Association of Oil & Gas Producers (IOGP), all near misses and hazards are systematically documented. During the 2024 reporting period, BSOG's workforce reported two near misses, which subsequently led to two incident/accident investigations. Contractors and third-party employees reported no near misses during this period. BSOG's own workforce identified 1,580 hazards, whilst contractors identified 733 hazards. To support hazard identification, BSOG Management carried out 173 site walkthrough visits.

2024 highlights
across BSOG's
total workforce

0

Lost Time to
Incidents (LTI)

0

Fatalities as a result
of work-related injuries and
work-related ill-health

0

Recorded
work-related accidents

0

Cases of reported
work-related ill-health

0

Security incident
cases reported

100%

Of our own workforce
is covered by our Health & Safety
Management System

38%

Of our contractors
are covered by our Health & Safety
Management System

BSOG is committed to conducting its activities in compliance with the highest standards of health, safety, and security practices, prioritising stakeholder protection and ensuring a safe working environment across all its operations.

BSOG recognises that the nature of its activities may give rise to major accident hazards for employees, contractors, visitors and members of the public. To mitigate these risks, BSOG has established a robust framework of key policies including those related to Health & Safety, Major Accidents Prevention and Physical Security.



Health & Safety Policy

BSOG recognises the value of both its own employees and its contractors, considering their health and safety to be a major factor in the success of all its business activities.

To ensure compliance with applicable health and safety legislation and international best practice, BSOG has established and implemented an ISO 45001-certified Health, Safety, Security and Environmental Management System (HSE MS). This system also includes arrangements for major accident prevention.

The HSE MS is regularly reviewed and audited to ensure compliance, facilitate continuous improvement, and align with the development of BSOG's business activities.

**ISO
45001:2018**
Compliant Health, Safety, Security and
Environmental Management System

0
Lost Time to Incidents (LTI)
with over 5 million
staff hours to date

Physical security framework

BSOG is committed to developing and implementing security systems, procedures, and control measures that ensure all activities are performed in a safe and secure environment.

BSOG's Physical Security Policy provides a framework to identify, assess, and manage physical security risks, ensuring the safety and security of BSOG's assets, personnel, and contractors, as far as reasonably practicable. The policy is aligned with the Physical Security for Critical Infrastructure Framework, which contains security plans, procedures, and risk analysis. All BSOG facilities are required to conduct security risk assessments, implement countermeasures, and regularly reassess risks and systems to ensure continuous improvement.

Prioritising health & safety in daily operations

BSOG integrates health and safety into daily operations, through periodic internal training sessions. These sessions focus on topics selected through risk assessments, covering priority areas such as permits to work, working at height, and confined spaces.

Additionally, the ANA Gas Platform is designed to operate as a Normally Unmanned Installation (NUI), prioritising the safety of personnel through the implementation of advanced technology.

Ensuring a safe and compliant value chain

BSOG works closely with contractors to ensure awareness of health and safety policies and relevant legal requirements. Contractors must provide evidence of their health and safety certifications and training, which are evaluated and scored during the tendering process. They must also participate in dedicated training sessions aligned with IOGP standards.

Diversity & Inclusion

Guided by the principle of treating people with dignity and respect, BSOG supports a positive environment in which all individuals may grow, contribute, and participate free from discrimination.

Diversity & Inclusion Policy

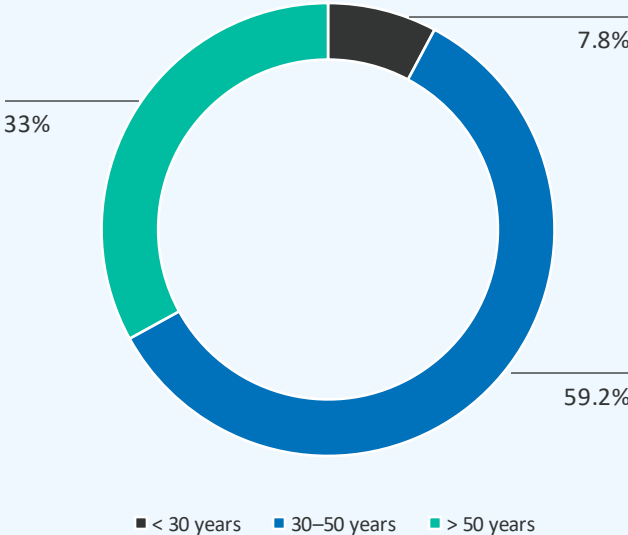
We are committed to legally compliant human resource policies and practices in all aspects of employment, including recruiting, hiring, evaluation, training, discipline, work and career development, compensation, promotion, and termination.

BSOG adheres to the Voluntary Principles on Security and Human Rights, extending these standards to contractors.

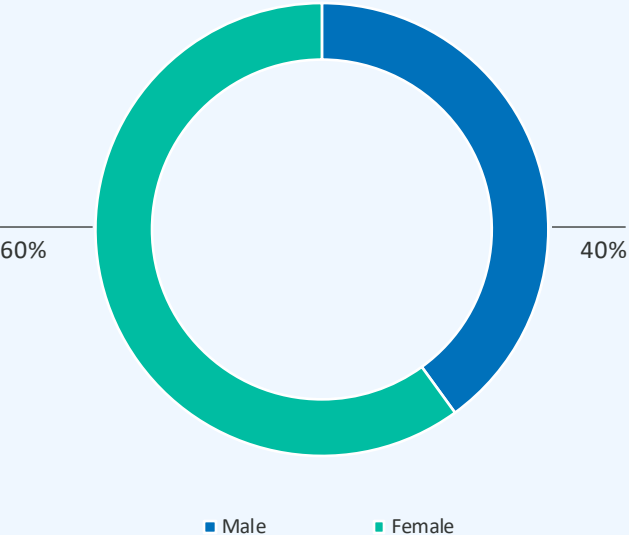
BSOG maintains a strict zero-tolerance policy for unlawful discrimination, harassment, workplace violence, and any form of child, illegal, abusive, or forced labour. We strive to offer a workplace free from bias based on gender, race, creed, colour, nationality, ethnic origin, social group, age, marital status, disability, religion, political affiliation, sexual orientation, or socio-economic status.

We actively promote diversity by respecting each individual's talents, skills, and experiences, valuing the input of others and cultivating an atmosphere of trust and openness.

Employees by age group



Gender distribution at top management level¹



1. Top management includes Board members and those that report directly to them.

Community Engagement

BSOG is committed to building a receptive, trusting and mutually supportive relationship with the Corbu Community.

Corbu-Vadu road rehabilitation

BSOG has actively supported the Corbu community through various initiatives, including the rehabilitation of the Corbu-Vadu Road, a vital 7.6 km connection between the two villages. The road had significantly deteriorated over time, with the last major repair occurring over 15 years ago.

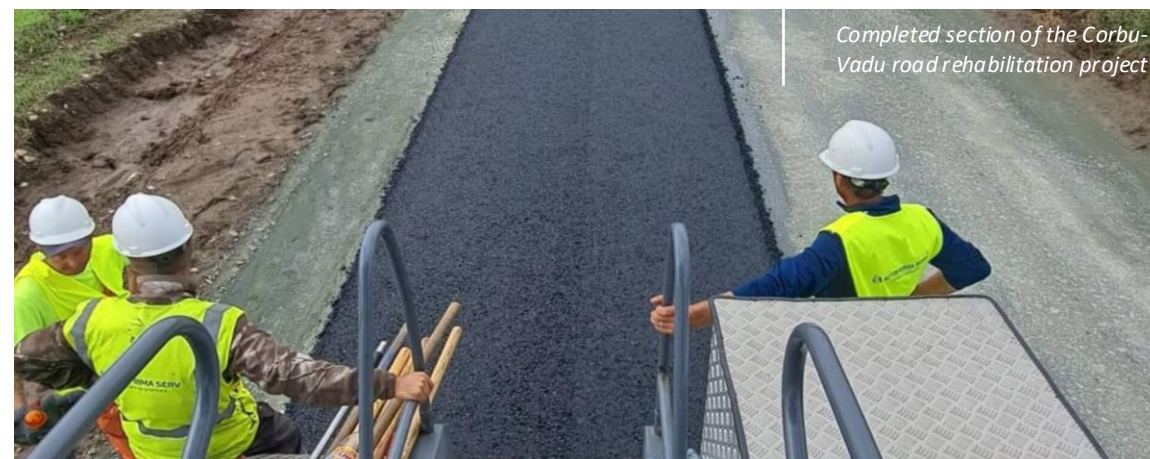
Recognising the importance of this road for both community connectivity and as a key access route for BSOG's gas treatment plant (GTP), we took the initiative to address the issue by proposing the rehabilitation of the road.



To minimise disruption from heavy construction traffic, we proposed that the repairs should be carried out after the completion of the GTP project.

BSOG and MGD Project joint venture partners have allocated \$4 million for the rehabilitation project, including all necessary studies and legal memorandums to help Corbu Commune secure the required authorisations and approvals from relevant authorities.

Construction officially began in 2024, with the project scheduled for completion by May 2025.



04

Governance

BSOG has a strong culture of compliance, rooted in its core values of safety, perseverance, pioneering, teamwork and accountability.

Our governance structure

BSOG's governance framework is led by a Board of Directors and Senior Management team, with additional oversight from the Board of Directors at BSOG Holding Activity SRL (BSOG's majority shareholder). Governance is supported by a comprehensive suite of key policies, including Corporate Social Responsibility, Whistleblowing, Quality and our Code of Conduct and Business Ethics.

ESG matters are governed by a strategic decision-making body, which includes the CEO, Finance Director, Legal Director, and external advisors.

Risk control

Risk control is a continuous and vital process, covering safety, environmental, and financial risks. BSOG regularly conducts integrated risk assessments to identify all potential risks, and develops concrete strategies, measures and procedures to minimise or transfer risks. This ensures compliance with certifications, permits, and strict environmental protection requirements.

Continuous monitoring of the business environment, developments in technology and regulatory changes ensures adaptability.

Quality Policy

BSOG is certified to ISO 9001:2015 for Quality Management Systems. Our Quality Policy ensures clearly defined management structures, required resources, specific roles, and fully documented quality standards, specifications, and procedures.

We are committed to enhancing client satisfaction and extend this responsibility to our contractors by encouraging them to actively seek customer feedback. Contractors must also commit to maintaining an ethical and safe working environment for employees.

Code of Conduct and Business Ethics

The Code of Conduct and Business Ethics establishes the foundation for corporate and individual conduct. It addresses core values, guiding principles, roles and responsibilities, grievance mechanisms, guidance on anti-bribery and corruption, third-party due diligence and compliance with laws and regulations.

Our Guiding Principles



We understand and act in compliance with all applicable laws



We act in the best interests of the company, avoiding conflicts of interest



We treat people with dignity and respect, fostering an inclusive environment



We maintain accurate and honest records



We take responsibility for our impact on the global community and the environment



We honour our commitments and business obligations



We safeguard company information, assets and interests

Disclaimer

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