Genel Energy

Resilience Growth Returns

ANNUAL REPORT 2020

A socially responsible contributor to the global energy mix

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

Integrity

Dealing with all stakeholders in an honest and transparent way is vital to having a positive corporate reputation, garnering trust and supporting our activities, providing the social licence to operate, and driving investor support

Respect

Respecting people, valuing employees of all cultures and developing an inclusive environment motivates people, and treating all partners and stakeholders in a way that builds relationships helps drive the delivery of common goals. Respecting the environment, minimising the impact of our operations and promoting biodiversity is also necessary to retaining the social licence to operate

Accountability

A culture of accountability and responsibility in which people take pride in their commitments supports the safe delivery of objectives and drives the quality of our work

Collaboration

Working with a collaborative mindset, both internally and externally, maximises synergies and increases the quality of outputs across the business, also boosting motivation and inclusivity in a way that drives production and a feeling of being valued

Ingenuity

Ingenuity is where Genel can set itself apart. A culture of a curious and open minded workforce, bold, inquisitive, and ready to challenge accepted ways of doing things can help open up new opportunities and drive profitability

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

Front cover image: Road on Qara Dagh licence
This page: Pipeline at Peshkabir *(photo courtesy of DNO)*

Highlights

NET PRODUCTION
31,980bopd

DIVIDENDS DECLARED
$41million

LOST TIME INCIDENTS
0
since 2015

PRODUCTION COST
$2.8/bbl

CASH GENERATED FROM PRODUCING ASSETS*
$85million

CASH AT END 2020 (POST BOND SETTLEMENT)*
$274million

FREE CASH OUTFLOW*
$4million

2P OIL RESERVES
117MMbbls

2C OIL RESOURCES
143MMbbls

PRODUCING EMISSIONS
13kgCO_2e/bbl

* Free cash flow, cash generated from producing assets, and cash at year end 2020 are non GAAP measures and are explained and reconciled in the financial review section on page 14.

Contents

What we do

Generate cash

Genel's low-cost production is cash generative even at a low oil price.

$358million

in cash generated since 2017

Invest in growth

This cash generation provides the funds to invest in growth, focused on material assets with near-term cash generation.

$41million

capital expenditure on Sarta and Qara Dagh in 2020

Return excess cash to shareholders

Our financial strength and positive outlook allows us to return material cash to our shareholders.

$41million

dividends declared in 2020

Why we do it

Genel aims to be a socially responsible contributor to the global energy mix, creating value for shareholders through a resilient business model focused on low-cost and low-carbon oil production that is rapidly recycled into growth opportunities, with sufficient cash remaining to pay a material and sustainable dividend.

We strive to have the right people doing the right things. Our values – Integrity, Respect, Accountability, Collaboration and Ingenuity – 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 deliver on our goals, we aim to have a positive economic impact on the Kurdistan Region of Iraq both by growing the production of the hydrocarbons that fuel the economy and directly supporting the communities in which we operate by improving infrastructure and providing employment and development opportunities.

15

villages near Taq Taq receiving medical visits

217

Kurdish workers employed by Genel and TTOPCO

14

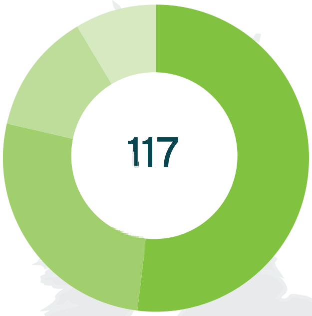
social projects funded in the KRI in 2020

28

local companies supported by Genel assets

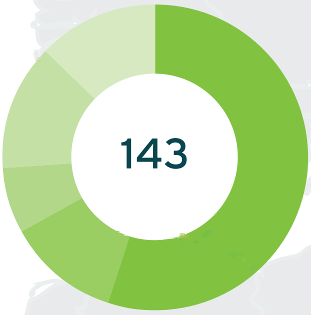
How we are doing

NET 2P OIL RESERVES (MMbbls)



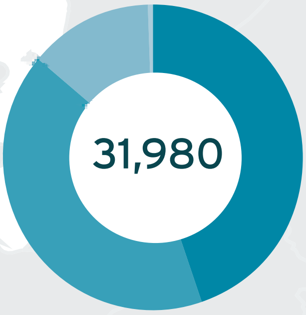
TAWKE	61
PESHKABIR	31
TAQ TAQ	15
SARTA	10

NET 2C OIL RESOURCES (MMbbls)



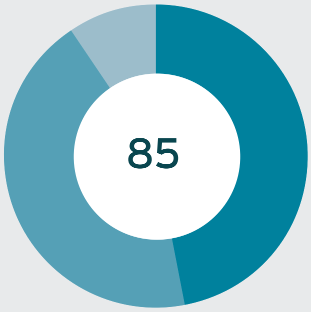
SARTA	79
BINA BAWI	17
TAWKE	10
QARA DAGH	19
MIRAN	13

WORKING INTEREST PRODUCTION (bopd)



TAWKE	14,390
PESHKABIR	13,180
TAQ TAQ	4,250
Sarta	160

ASSET LEVEL CASH GENERATION ($ million)



TAWKE	40
PESHKABIR	37
TAQ TAQ	8

Where we do it

Kurdistan Region of Iraq

- Development assets
- Oil production
- Exploration and appraisal analysis

TAWKE
25% working interest

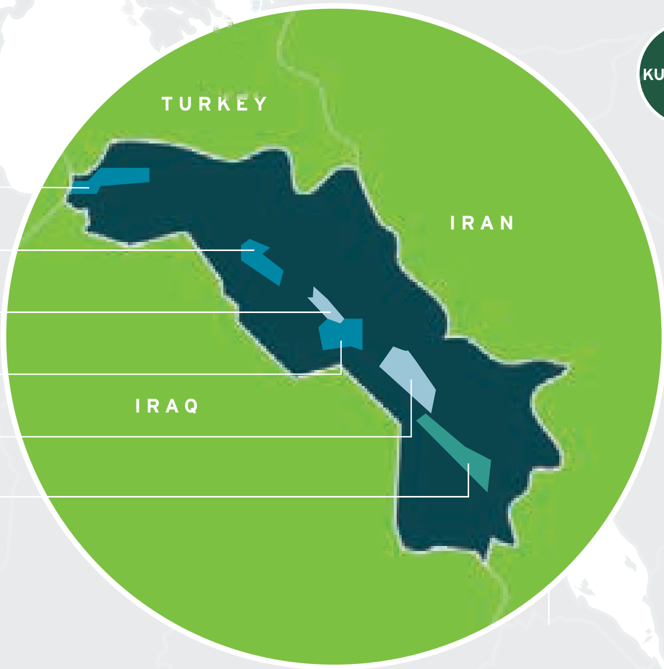
SARTA
30% working interest

BINA BAWI
100% working interest, operator

TAQ TAQ
44% working interest, joint operator

MIRAN
100% working interest, operator

QARA DAGH
40% working interest, operator



Morocco

LAGZIRA
75% working interest, operator

Somaliland

ODEWAYNE
50% working interest, operator

SL10B13
100% working interest, operator

Chairman's statement

"Genel is confident that we can continue delivering on our strategy and create material value for our stakeholders."

DAVID MCMANUS
CHAIRMAN

Delivering value to our shareholders

I am pleased to welcome you to Genel Energy's ninth annual report. 2020 was a difficult year for everybody, with COVID-19 impacting the global business environment in a way that was unexpected and unforeseeable. The challenges that it presented were unique, but the low-oil price environment that it created was a powerful reminder of the need to have a business model that is both robust and adaptable to rapidly changing external conditions.

Genel has worked to put in place a business model that is appropriate for fluctuating market conditions, allowing the Company to continue strategic delivery when times are tough and lay the foundations to thrive in better times ahead. 2020 was a strong indicator that our strategy is the right one as we not merely survived but had the financial strength to invest in our key growth projects, and maintain our material dividend, delivering on our promises to investors with a reliability for which we are striving to be well known.

Focusing on key areas

As the impact of COVID-19 became clear and the oil price collapsed in the first quarter of the year, the flexibility and elasticity of our business model was demonstrated. Swift decisions were made to focus on key areas and fit our investment programme to the external environment. We reshaped our capital expenditure programme to live within our means, removing c.$80 million from our original guidance, while still investing in growth and maintaining the dividend.

The low oil price helped to reinforce our capital investment priorities, which as you would expect support our strategic priorities. Investment at Tawke was delayed appropriately by the operator DNO, with whom we are closely aligned, and the decision was made to continue investing in the delivery of first oil at Sarta. This was achieved in November, only 21 months after completing the acquisition of the stake in the field. This rapid delivery, despite the challenges of COVID-19, was an exceptional achievement and a testimony to our workforce and field partners.

Already the only multi-licence oil producer in the Kurdistan Region of Iraq, the addition of Sarta provides us with a material growth opportunity going forward, as we work with Chevron to develop what could potentially be the largest field in the KRI.

Our final capital allocation priority is the dividend, and we are proud of our ability to retain this at such a significant level despite the external upheaval, a testament to the resilience of our strategy and business model.

A strategy resilient by design

Our strategy remains very simple. We aim to increase our low-cost production, invest in growth, and retain surplus cash to pay a material and sustainable dividend.

Central to this strategy is prudent financial planning, as your Board and management team look to minimise risk and create sustainable shareholder value. The successful bond refinancing in September allowed us to extend the tenor of our debt while reducing the interest cost. Genel remains committed to retaining a robust balance sheet and strong liquidity, providing the foundation for our flexible capital investment programme.

It is this financial strength and focus on the balance sheet, together with a positive business outlook, that underpins our confidence in the sustainability of our dividend, which we are once again pleased to maintain in 2021.

With the worst of the pandemic hopefully now behind us and a recovery in the oil price further boosting our finances as we enter a year of exciting investment in the portfolio, Genel is confident that we can continue delivering on our strategy and create material value for our stakeholders.

The ramp up of work at Sarta promises to increase our low-cost production in 2021, with the possibility for much more to come in 2022 and the years ahead. Work at Qara Dagh also offers the potential to unlock value from a fifth field in the KRI, and we will of course remain prudent in our expenditure as we aim to provide a compelling mix of growth and returns.

A socially responsible contributor

Last year I discussed the period of significant and necessary change into which the energy industry is entering. Despite the pressures and challenges of 2020, we retained our focus on ensuring that Genel is at the forefront of this process.

As we grow, we continue to focus on our social and environmental responsibilities as we look to live up to our mantra of having the right assets, in the right location, with the right emissions, in the hands of the right people. The frequency and intensity of Board discussions on ESG signify how seriously we take the issue, and we firmly believe that responsible producers have a key part to play in the energy transition and delivering the goals of the Paris Agreement.

We will be measured against the promises that we make, and we issued our first GRI compliant Sustainability Report in 2020 setting out where we are on our sustainability journey. The report illustrates our commitment to support the communities in which we operate and solidify our place in the energy transition, minimising emissions as we look to play our part through delivering some of the fewer and better natural resources projects that the world needs as it moves towards clean energy.

Given our low-cost and low-carbon barrels, and the positive social impact our operations have on the Kurdistan Region of Iraq, it is our belief that Genel has the right portfolio to continue powering the energy transition and deliver value to our shareholders as a socially responsible contributor to the global energy mix.

Chief Executive Officer's statement

"With the external environment looking far brighter, 2021 is now about delivering the growth that we spent 2020 gearing up for."

BILL HIGGS
CHIEF EXECUTIVE OFFICER

Driving sustainable growth and social progress

It would be an understatement to say that 2020 was not the year that anyone expected. In spite of the challenges that resulted, we continued to do what we say and delivered on our strategy.

Executing our strategy

Our first strategic priority remains the maximisation of the value of our low-cost production. Despite the reduction of investment at Tawke, production at the licence remained over 100,000 bopd again in 2020, and this continues to form the bedrock of our production, which averaged just under 32,000 bopd in the year. We see this as being a platform for Genel going forward, as we expect year-on-year production growth in both 2021 and 2022.

This robust and predictable production, and the low production cost, meant that we continued to generate material cash at an asset level. Taken in isolation, our producing assets generated $85 million of cash, even allowing for the low oil price, delayed KRG payments and suspended override proceeds. Despite the suspension of the override payments, and $159 million of unpaid KRG debts in 2020, our free cash outflow in the year was only $4 million. Given the fact that we also continued to invest in the priority growth projects that provide us with exciting value creation potential, this is a creditable performance powered by a cost base that is amongst the lowest in the sector.

Further diversifying production

The key project that formed the bulk of our investment in growth in 2020 was Sarta, and first oil was successfully delivered in November. This was an important strategic and operational milestone for Genel, not least given the challenges presented by COVID-19. This operational delivery, brought in on budget, was a tribute to the quality and professionalism of our workforce, and the close cooperation we enjoy with partners and contractors.

Production began with the Sarta-3 well, which has produced in line with expectations. Sarta-2 then entered production in Q1 this year, and the Sarta-1 well will hopefully add to production around the end of this year. Should we have appraisal success in 2021, then material further production can be added in 2022.

It is not just the geological potential of Sarta that excites us, but the low-cost of the field and impressive margins that promise material value creation. The unrecovered back costs support PSC economics that mean field production achieves a margin of c.$21/bbl at a Brent oil price of $60/bbl, which to put it into context is more than equal to that of Tawke with the override. This cash generation makes Sarta a perfect fit for our low-cost and high-margin portfolio, and a key growth and value driver for Genel, and hopefully the KRI oil industry as a whole going forward.

Strengthening the foundations

Given the lower oil price and overdue payments, the fact that we still ended 2020 in a net cash position - even after dividend distributions and making the investment to bring Sarta to production this year - was a testament to our resilience.

This resilience comes in part due to our focus on the minimisation of risk and the retention of a strong balance sheet, combining to provide us with the ability to invest in areas that have the potential to provide the highest returns to shareholders. Our production is robust, and assets generate cash flows even at a low oil price. Our financial strength was bolstered by our decision to refinance our bond early, which gives us the certainty about our near-term liquidity position to invest confidently in future growth.

Following the refinancing, we have liquidity of over $270 million, no debt maturity until 2025, a flexible capital programme, and the financial foundations from which to grow. Investment programmes at the Tawke licence resumed as conditions improved through the second half of 2020, and the operator expects another year of production over 100,000 bopd. With the external environment looking far brighter, 2021 is now about delivering the growth that we spent 2020 gearing up for.

Delivering growth and returns

The key focus of our near-term growth investment remains Sarta and Qara Dagh.

At Sarta, our appraisal campaign is targeting a material reserves addition, with net 79 MMbbls currently designated as 2C resources. This is only scratching the surface of the field's potential. Appraisal activity is scheduled to begin early in the second quarter, with the drilling of the Sarta-5 well. This will immediately be followed by Sarta-6, with results from the first well expected in Q3, and both will be completed by end-Q4. We very much look forward to the results of these wells, which could provide a roadmap for significant and long-term growth.

The second area of focus of our growth investment is Qara Dagh where the QD-2 well is set to be spud around the end of Q1. This well will test the commerciality of a potentially very large resource, estimated by Genel at gross mean c.400 MMbbls. We are already the only multi licence oil producer in the KRI and the potential to add a fifth field is very exciting, especially one that could possibly be so material and with light oil.

As we invest in these growth projects and significantly increase our capital expenditure year-on-year, increased payments from the KRG will help us retain our strong financial position. From January 2021, invoices once again include our contractual override payments and a receivable recovery mechanism tabled in December 2020 and implemented by the KRG starting with the January 2021 payment.

Payments in 2020 were impacted by external factors, of which the volatile oil price was then the final straw, that temporarily derailed the KRG's ability to make payments in the first two months of the year. Consistent payments from March onwards once again illustrated the KRG's willingness and ability to prioritise payments to IOCs, and the track record over the last six years gives us confidence that these will continue going forward.

We have a constructive relationship with the government, and we are hopeful that the confirmation of a new oil minister will also help provide the clarity that the industry requires as we work together for the benefit of all stakeholders. We look forward to working with the minister as we continue to search for a solution that will help unlock the potential of Bina Bawi, the priority of our gas strategy.

Supporting the energy transition

A core stakeholder group on which we continue to focus is the local community in Kurdistan. We continue to invest in the local community, while maximising local employment. We are committed to utilising local people and companies wherever possible, and currently employ around 217 Kurdish nationals directly, with just under 30 local companies supported by Genel assets.

Providing meaningful benefit to society while providing the power to increase living standards is something that we see as key to deciding which barrels of oil should be produced as we transition to clean energy. As activity ramps up at Sarta, and hopefully in turn Qara Dagh, we look forward to deepening our local community involvement and increasing our positive impact on the local area.

Of course, the production of natural resources has a wider impact than just that of the financial benefits to the local area, and we recognise that as a natural resources company we have a role to play in the energy transition. As such, we have evaluated the best way to manage emissions in order to deliver the Paris Agreement goals of limiting global warming to 1.5 degrees and leading to net zero by 2050. In order to meet this goal, energy efficiency and flaring management practices have been formalised in a GHG Emissions Management Standard that emphasises an asset life-cycle approach to emission mitigation. This standard applies to all operated and non-operated assets, and provides a systematic framework to identify an asset's carbon budget that aligns with the Paris Agreement pathway.

Bill Higgs, CEO, and Esa Ikaheimonen, CFO, at Taq Taq

The enhanced oil recovery project at the Tawke PSC was a key step on our emission reduction journey, and the carbon intensity of our portfolio reduced to 7kg CO_2e/bbl for scope 1 and 2 emissions in the second half of 2020 following the material reduction in flaring at the Tawke PSC. This intensity will rise during early production at Sarta, but we are already committed to a flares out programme at the asset as production increases, and we will aim to live up to our value of ingenuity by seeking innovative ways to further reduce our footprint going forward.

As well as the local community and global environment, our commitment to safe operations remains at the forefront of everything that we do. We are proud of our safety record, and we have not had a lost time incident for five years and 13 million hours worked. This is the result of a lot of hard work and a commitment to a culture of incident-free operations for which I would like to pay tribute to our team. Our success in this area does not make us complacent, and we will endeavour to repeat this performance going forward.

A year of growth and catalysts

With the challenges of 2020 hopefully now receding, the work we did in the year to build the foundations for growth can now be delivered on, as we continue to execute our simple strategy. Sarta will help us to increase our low-cost production, and investment in growth both there and at Qara Dagh will tell us a lot more about their value creation potential, with four appraisal wells that have the potential to add reserves and production going forward.

Despite this material expenditure we expect to generate material free cash flow at the prevailing oil price. Our strong financial position, and confidence in increased payments, also supports the maintenance of material distributions to shareholders, as we aim to fulfil our goal of being a world-class creator of shareholder value.

QD-2 well pad construction, Qara Dagh

Scenery at Qara Dagh

Strategic report
Governance
Financial statements
Other information

Our business model and strategy

Our resilient business model supports our ambition of being a world-class creator of shareholder value

OUR PURPOSE

To be a socially responsible contributor to the global energy mix

WHAT MAKES US DIFFERENT

Experience

Our Board and management team have significant experience in international oil and gas markets, with the technical and commercial experience to create value out of opportunities, and to execute a strategy fit for an uncertain macroeconomic environment.

Approach

Our strategy is based around a strong balance sheet and capital efficiency, benefitting shareholders, and giving back to the local community. We are committed to ESG issues, with clear values and commitments underpinning all business decisions and a low-cost, low-carbon portfolio of assets that fit a future of fewer and better natural resources projects.

Returns

We have a balanced portfolio of assets, with high-margin and low-cost production, appraisal assets that offer material growth and near-term production, with a financial approach that offers shareholder returns even in a low-oil price environment.

HOW WE CREATE VALUE

Focused on cash generation, the below aspects of our business model form a virtuous circle that generates cash and recycles it into key growth areas, with enough remaining to pay a material dividend, offering shareholders a compelling mix of growth and returns.

High-margin production

Low-cost and high-margin producing assets are the bedrock of our business, with material asset level cash generation even at a low oil price.

› See page 21

Financial discipline

We take a prudent approach to capital allocation, retaining our financial strength through targeted investment in key growth areas, focused on near-term cash generation.

› See page 15

Downside risk mitigation

We are committed to operating in a way that minimises possible downside and maximises benefits, acquiring and developing assets in a cost-effective way, accelerating cash generation.

› See page 34

Capital velocity

Our assets provide a speed of payback which is hard to match, with rapid recycling of cash allowing deployment of capital to key growth areas.

› See pages 16

Capital returns

The end result of the business model is the generation of sufficient cash throughout the investment cycle to fund a material and sustainable dividend.

› See page 16

Genel aims to generate value for all stakeholders, generating cash from low-cost and low-carbon production in order to be a world-class independent E&P creator of shareholder value, and having a positive impact by fueling economic growth and directly supporting the communities in which we operate.

Growing our resource base

Increasing reserves and resources through cost-effective development, exploration and appraisal campaigns, and selective acquisitions

Development and production

Safely and efficiently deliver development projects for the benefit of both Genel and the communities in which we operate

Finance and portfolio management

Manage financial and business assets to provide flexibility in our capital structure in order to invest in growth and pay a material and progressive dividend

Our simple strategy aims to provide investors with a compelling mix of growth and returns, as we aim to deliver on our ambition of being a world-class creator of shareholder value.

OUR STRATEGY

Generate cash

Safely and efficiently delivering high-margin oil production, with a disciplined use of capital minimising cost and maximising cash generation, for the benefit of both Genel and the communities in which we operate.

Invest in growth

The cash we generate is rapidly recycled into development projects that offer quick payback and the potential to deliver significant and sustained cash flow growth.

Return excess cash to shareholders

Retaining a strong balance sheet and generating sufficient cash throughout the investment cycle funds a material and sustainable dividend.

UNDERPINNED BY

Minimising downside and maximising benefit

Financial discipline and a focus on rapid returns, helps reduce expenditure and optimise cash generation.

› See pages 15 to 17

Risk management

Genel brings the same rigour to organisational risk management processes as we do to health, safety and the environment, as we look to mitigate key risks through firm oversight, a resilient business model, and a strong balance sheet.

› See pages 34 to 37

Strong corporate governance practices

Robust corporate governance is proven to provide benefits to a business and value to shareholders, and Genel has a strong Board overseeing all key business aspects.

› See pages 41 to 47

THE VALUE WE CREATE

Dividend and share value

› See pages 15 to 17

Value for wider stakeholders

employees, suppliers and contractors, customers, the public

› See page 28

Contribution to local economy

› See pages 27 and 28

Direct community development programmes

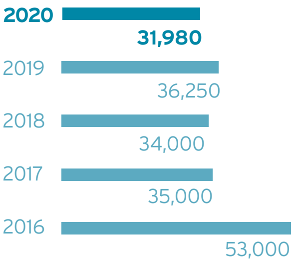
› See pages 27 and 28

Key performance indicators

Measuring our progress

NET PRODUCTION

31,980 bopd



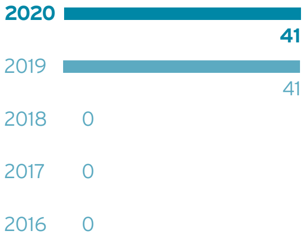
Definition
Production is measured in barrels of oil produced per day.

Performance
2020 net production averaged just short of 32,000 bopd, a decrease of 12% on 2019 as a result of a reduction in drilling at both Tawke and Taq Taq, as spending was reduced due to the collapse in oil price and uncertainty caused by COVID-19. An active drilling programme at Tawke in 2021 will help reduce the decline rate at the field, and Genel expects a year-on-year production increase as volumes at Sarta more than outweigh declines at our mature fields.

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.

DIVIDENDS ANNOUNCED

$41 million



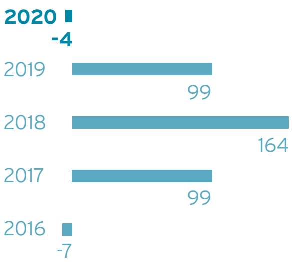
Definition
The combined total distribution of the final and interim dividends announced in the calendar year.

Performance
The final dividend of 10¢ per share, and interim dividend of 5¢ per share, were maintained in 2020. Our ability to retain this at such a significant level despite the external upheaval is a testament to the resilience of our business model. Due to Genel's robust financial position and confidence in future prospects, the Board is recommending a final dividend of 10¢ per share.

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

FREE CASH FLOW

$-4 million



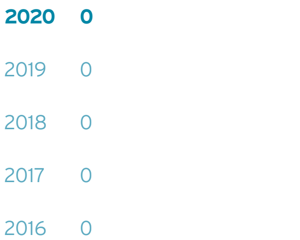
Definition
Cash flow generated from operating activities, minus capital expenditure.

Performance
Free cash flow (pre dividend payment) was impacted by a lower oil price, with Brent averaging $42/bbl in 2020, compared to $64/bbl in 2019. The fall in the oil price, amongst other factors, led to the non-payment by the KRG of $121 million relating to oil sales from November 2019 to February 2020, and the suspension of override payments with a cashflow impact totalling $38 million in 2020. Considering these outstanding funds, the performance indicates our resilience and low-costs and, in line with Genel's strategy, helped us retain the financial strength to invest in growth assets and pay a material dividend.

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

LOST TIME INCIDENTS

0



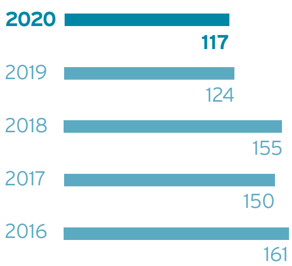
Definition
Lost time incident frequency measures the number of lost time incidents per millions work hours.

Performance
There were no lost time incidents in 2020, and it is now over five years and more than 13 million hours worked since the last incident. As Genel increases its operated activities, work continues to ensure that processes and procedures remain of the highest possible standard. Robust training and emergency preparedness planning has been implemented across the workforce. 67 HSE management site visits conducted, 77 emergency response drills took place, and 626 safety observations were submitted, illustrating the continuous focus on safety despite COVID-19 restrictions.

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.

NET 2P RESERVES

117 MMbbls



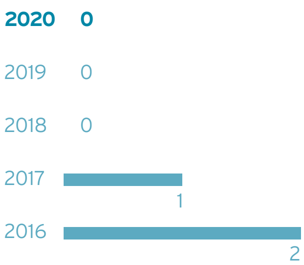
Definition
2P reserves are proved plus probable reserves.

Performance
Gross upward technical revisions of 47 MMbbls at the Tawke PSC, relating to both the Tawke and Peshkabir fields, more than offset the 40 MMbbls of production at the licence, and contributed to our reserves remaining materially unchanged. The appraisal campaign getting underway at Sarta in 2021 has the potential to convert material 2C resources into reserves.

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.

SPILLS – LOSS OF PRIMARY CONTAINMENT

0



Definition
Loss of primary containment records any 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 one loss of primary containment incidents in 2020, and it is now three 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.

Financial review

"The combination of oil price, payment for overdue receivables, and the resumption of override payments, significantly increases the cash generation of our production business."

ESA IKAHEIMONEN
CHIEF FINANCIAL OFFICER

Financial strength driving growth

Our now well-established and proven business model enabled us to successfully navigate the extremely challenging conditions faced in 2020, with COVID-19's adverse impact on oil price and operating conditions severely testing our ability to deliver against our priorities. Our success in doing so has positioned us well to maximise the benefit from the recent oil price improvement with a stronger and more diverse portfolio.

Resilient operating model and assets

2020 demonstrated the resilience of our operating model and assets in three principal ways. Firstly, through the speed at which we were able to reduce capital activity and spend. Secondly, by the ability of our production assets to be profitable even at low oil prices. That profitability meant that we generated sufficient income to cover our outgoings. Thirdly, our success at Sarta proved the benefits of bringing assets onto production quickly and at low cost, meaning that the cost to first oil was affordable even in stressed conditions.

- Our producing assets have delivered predictable production, and liquidity has been preserved by taking quick steps to materially reduce capex to a level appropriate to the oil price
- General and administration costs have been optimised

Strong balance sheet with no near-term debt maturity

Maintaining a strong balance sheet remains one of our key priorities. We reported net cash at the end of the year, despite not being paid $159 million owed to us by the KRG for oil sales.

The resilient business, strong balance sheet and significant liquidity enabled the Company to take an important and proactive step forward and derisk the balance sheet and the funding of our capital activity programme by refinancing our debt, thereby moving the maturity date from December 2022 to October 2025.

The old bonds of $300 million were settled at an average redemption price of 106.5, a small premium over the 103 that we would have paid if we had waited until the final year of the bond to redeem, or 102 if we waited as late as the last 6 months.

New bonds, maturing in 2025, were issued in October at a 3% discount. The issue discount of 3% results in an implied coupon of 9.85%. The Company has taken the opportunity to purchase $20 million of its own bonds, in order to reduce interest cost but retain optionality.

Our current debt level of $280 million reduced materially after year-end following settlement of the remaining $77 million 2022 bonds at the call price of 105, resulting in net cash of $6 million.

FY2020 financial priorities and financial performance

The table below summarises our progress against the 2020 financial priorities of the Company as set out at our 2019 results.

FY2020 FINANCIAL PRIORITIES	PROGRESS
Maintaining our financial strength through existing market conditions	Net cash position maintained at YE2020, with the expectation of the same in 2021 at the prevailing oil price
Continued focus on capital allocation, with prioritisation of highest value investment in assets with ongoing or near-term cash and value generation	Despite COVID-19 bringing material challenges: we invested to bring Sarta to first oil in 2020 and prepared for the drilling of the Qara Dagh-2 well in 2021
Delivery of a 2020 work programme on time and on budget, that is appropriate to the external environment	A recut 2020 work programme and budget, appropriate to the external environment, was delivered on time and within budget
Continued focus on identifying and developing additional assets that offer potential for significant value to the Company with near to mid-term cash generation, primarily to further build the Company's cash generation options when the override royalty agreement ends in Q3 2022 and provide the basis for increasing the dividend in the future	With a specific reference to progressing Sarta and Qara Dagh, management continues to seek to mature further growth opportunities that fit the Company's capital structure and business model both within and outside the existing portfolio

The table below summarises our financial performance in the year (all figures $ million unless stated) reporting a free cash outflow of only $4.4 million despite the non-payment of $159 million that was due in the period:

(all figures $ million) Brent average oil price	**FY2020** **$42/bbl**	FY2019 $64/bbl
Revenue	**159.7**[1]	377.2
Production costs	**(32.7)**	(37.7)
Producing asset capex	**(56.5)**	(115.1)
Working capital	**14.9**	(59.7)
Cash generated from producing assets	**85.4**[1]	164.7
G&A (excl. depreciation and amortisation)	**(12.4)**	(17.7)
Net cash interest[2]	**(23.8)**	(23.4)
Free cash flow before investment in growth	**49.2**	123.6
Pre-production capex	**(53.2)**	(43.0)
Working capital and other	**(0.4)**	18.4
Free cash flow	**(4.4)**	99.0
Sales receipts due but not received (see note 10) plus suspended override[1]	***158.6***	*54.1*

1. Revenue does not include $37.8 million of invoiced override revenue where payment was suspended from March 2020 to December 2020 because it did not meet criteria for recognition (see note 1)
2. Net cash interest is bond interest payable less bank interest income (see note 5)

Fully funded appraisal and development programme for Sarta; Qara Dagh funded in success case

The combination of our resilient assets, strong balance sheet, and extended debt maturity puts us in a position where we are not dependent on oil price or recovery of monies owed by the KRG to execute Sarta and Qara Dagh appraisal and, in the success case, subsequent expansion of both.

We are pleased to note the recent oil price improvement and are encouraged at the progress regarding payment of the monies owed to us by the KRG. The KRG has announced incremental repayments based on 50% of the surplus of average monthly Brent price above $50/bbl multiplied by production. The first payment on this basis was received in March.

The combination of oil price, payment for overdue receivables, and the resumption of override payments, significantly increases the cash generation of our production business. Our production covers costs and investment in production maintenance and growth at lower oil prices and is significantly cash generative based on the current oil price and outlook.

Dividend

In 2019, our confidence in our business plan to replace and grow producing asset cash generation at value accretive cost was demonstrated by the commencement of a material and sustainable dividend, and $41 million was distributed to shareholders in the year.

The Company was committed to and able to maintain our dividend unchanged through the challenges of 2020, illustrating a resilience that we believe sets us apart from many of our peers. The dividend is an important part of our investment story and the hard work done in 2020 has put us in a good position to benefit from oil price improvement and continue that story. Our dividend capacity is solid, despite having Sarta, Qara Dagh and Bina Bawi that all have potential to require near-term capital in the success case. The Board has approved the final dividend unchanged at 10c per share, resulting in a final dividend payment of around $28 million.

Including the earlier distributed interim dividend, this brings our total dividends for the financial year to 15c per share, a total payment of $42 million. We continue to look to increase the dividend, with confidence in a growing reserve base and outlook cash being key to that decision.

Outlook and financial priorities for 2021

With cash of $274 million after settlement of bonds, producing asset cash flows that cover corporate and bond interest costs and fund pre-production investment, and Sarta now contributing meaningfully to our cash generation, the Company is well positioned for 2021.

The Company has a portfolio that contains discovered resource with potential for creation of material shareholder value.

We will continue to focus our capital allocation where we see it delivering most value and the most rapid returns. For 2021, capital expenditure guidance is $150-200 million, which at the upper end of the range is nearly double our spend in 2020 as we appraise Sarta and drill Qara Dagh-2. Although the objective of these wells is primarily to deliver incremental reserves and resources, they have the potential to add significantly to production already in 2022.

For 2021, our financial priorities are the following:

- Maintain our financial strength and continue protecting the balance sheet
- Maximise NPV by prioritising highest value investment in assets with ongoing or near-term cash and value generation
- Deliver 2021 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 2020**	FY 2019
Production (bopd, working interest)	**31,980**	36,250
Profit oil	**55.4**	117.2
Cost oil	**84.9**	147.2
Override royalty	**19.4**	112.8
Revenue	**159.7**	377.2
Production costs	**(32.7)**	(37.7)
G&A (excl. depreciation and amortisation)	**(12.4)**	(17.7)
EBITDAX	**114.6**	321.8
Depreciation and amortisation	**(153.7)**	(158.5)
Impairment	**(323.2)**	(29.8)
Exploration expense	**(2.2)**	(1.2)
Net finance expense	**(52.2)**	(27.7)
Income tax expense	**(0.2)**	(0.7)
(Loss) / Profit	**(416.9)**	103.9

Working interest production of 31,980 bopd decreased year-on-year (2019: 36,250 bopd), with the decrease in revenue from $377.2 million to $159.7 million, principally caused by:

- lower Brent oil price $108 million
- lower capex resulting in lower cost oil $62 million
- override unpaid from March onwards $38 million

Production costs of $32.7 million decreased from last year (2019: $37.7 million) as a result of scaled back activity on producing assets. Production cost per barrel was $2.8/bbl in 2020 (2019: $2.9/bbl).

General and administration costs were $12.8 million (2019: $19.1 million), of which corporate cash costs were $9.6 million (2019: $13.3 million). The reduction from the prior period is a result of optimisation of costs and increased capital activity, principally at Sarta and Qara Dagh.

The decrease in revenue resulted in a similar reduction to EBITDAX of $114.6 million (2019: $321.8 million). EBITDAX is presented in order for the users of the financial statements to understand the cash profitability of the Company, which 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 and impairments.

Depreciation of $98.7 million (2019: $88.8 million) and Tawke intangibles amortisation of $54.6 million (2019: $68.3 million) slightly decreased in total as a net result of decrease in production and impairments at half year lowering the deprecation rate per barrel.

At the half year, an impairment expense of $254.7 million for Tawke CGU, $31.6 million for Taq Taq and $34.9 million for trade receivables was booked which is explained further in note 1 (2019: $29.8 million). There was no further impairment at year-end.

Bond interest expense of $31.5 million was slightly increased due to higher bond payable at year end. Call option for remaining part of existing bond was settled in January 2021. Finance income of $2.0 million (2019: $6.6 million) was bank interest income. Other finance expense of $22.7 million (2019: $4.3 million) included premium on bond buyback and non-cash discount unwind expense on liabilities.

In relation to taxation, under the terms of the 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 (2020: $0.2 million, 2019: $0.7 million).

Capital expenditure

Capital expenditure is the aggregation of spend on production assets ($56.5 million) and pre-production assets ($53.2 million) and is reported to provide investors with an understanding of the quantum and nature of investment that is being made in the business. Capital expenditure for the period was $109.7 million, predominantly focused on production assets and the Sarta PSC ($30.0 million) and Qara Dagh ($10.6 million):

(all figures $ million)	FY 2020	FY 2019
Cost recovered production capex	**56.5**	115.1
Pre-production capex – oil	**30.0**	22.1
Pre-production capex – gas	**10.0**	11.9
Other exploration and appraisal capex	**13.2**	9.0
Capital expenditure	**109.7**	158.1

Cash flow, cash, net cash and debt

Gross proceeds received totalled $173.4 million (2019: $317.4 million), of which $22.9 million (2019: $91.5 million) was received for the override royalty.

Free cash flow is presented in order to show the free cash generated that is available for the Board to invest in the business. The measure provides the reader a better understanding of the underlying business cash flows. Free cash out flow before dividend was $4.4 million (2019: positive $99.0 million), with an overall decrease in cash of $36.2 million in the year (2019: $56.4 million increase).

(all figures $ million) Brent average oil price	FY 2020 $42/bbl	FY 2019 $64/bbl
Operating cash flow	**129.4**	272.9
Producing asset cost recovered capex	**(60.2)**	(105.1)
Development capex	**(25.3)**	(18.7)
Exploration and appraisal capex	**(24.2)**	(26.5)
Restricted cash release	**3.0**	7.0
Interest and other	**(27.1)**	(30.6)
Free cash flow	**(4.4)**	99.0

(all figures $ million)	FY 2020	FY 2019
Free cash flow	**(4.4)**	99.0
Dividend paid (incl. expenses)	**(55.3)**	(29.0)
Purchase of own shares	**(3.4)**	(13.5)
Bond refinancing	**28.9**	-
Other	**(2.0)**	(0.1)
Net change in cash	**(36.2)**	56.4
Opening cash	**390.7**	334.3
Closing cash	**354.5**	390.7
Debt reported under IFRS	**(348.3)**	(297.9)
Net cash	**6.2**	92.8

The bonds maturing 2025 have two financial covenant maintenance tests:

Financial covenant	Test	YE 2020
Equity ratio (Total equity/Total assets)	> 40%	60%
Minimum liquidity	> $30m	$355m

Net assets

Net assets at 31 December 2020 were $929.8 million (2019: $1,386.1 million) and consist primarily of oil and gas assets of $1,095.1 million (2019: $1,412.5 million), trade receivables of $94.0 million (2019: $150.2 million) and net cash of $6.2 million (2019: $92.8 million).

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.

Dividend

Total dividends declared in 2020 amounted to $41.5 million (2019: $40.8 million), representing 15¢ per share (2019: 15¢ per share).

The Board is recommending no change in the final dividend of 10¢ per share (2019: 10¢ per share), a total distribution of c.$27.9 million.

The payment timetable for the final dividend is below:

- Annual General Meeting: 6 May 2021
- Ex-dividend date: 28 May 2021
- Record Date: 29 May 2021
- Payment Date: 29 June 2021

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 2020 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 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.

Business model in action
Sarta

Genel entered the Sarta licence in 2019, acquiring 30% of the licence and partnering with Chevron. Despite the challenges of COVID-19, the field was rapidly brought to production, with first oil in November 2020. Sarta has the potential to grow to be one of the largest fields in the Kurdistan Region of Iraq, and three appraisal wells are set to be drilled in 2021. The field illustrates our business model.

GROSS 2P RESERVES

34MMbbls

GROSS 2C RESOURCES

264MMbbls

Financial discipline

Genel acquired equity in the Sarta licence in exchange for paying a 50% share of ongoing field development costs until a specific production target is reached. This aligned with our value of ingenuity and also illustrates our financial discipline, providing access to a material growth asset for zero upfront cost.

Downside risk mitigation

The lack of upfront acquisition cost, and work done with Chevron to materially reduce the pre-production capital expenditure programme, significantly mitigated the financial risk of the acquisition. Delivering early production also provides revenues to help fund the appraisal programme and bring forward free cash generation.

Capital velocity

Genel aims to only spend capital and invest in growth in a way that can deliver rapid returns. Bringing Sarta to production within 20 months of the acquisition completing perfectly fits this strategic imperative.

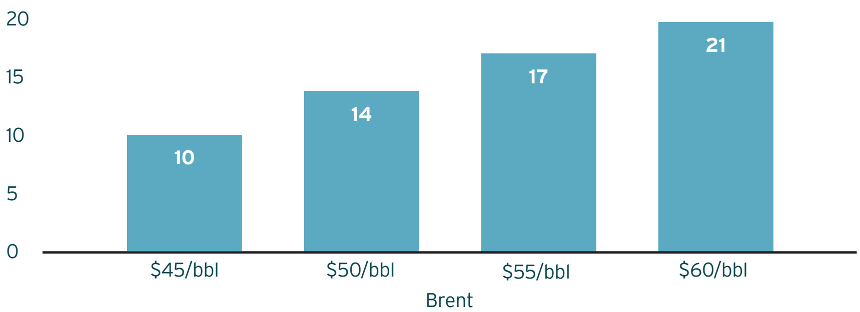
High-margin production

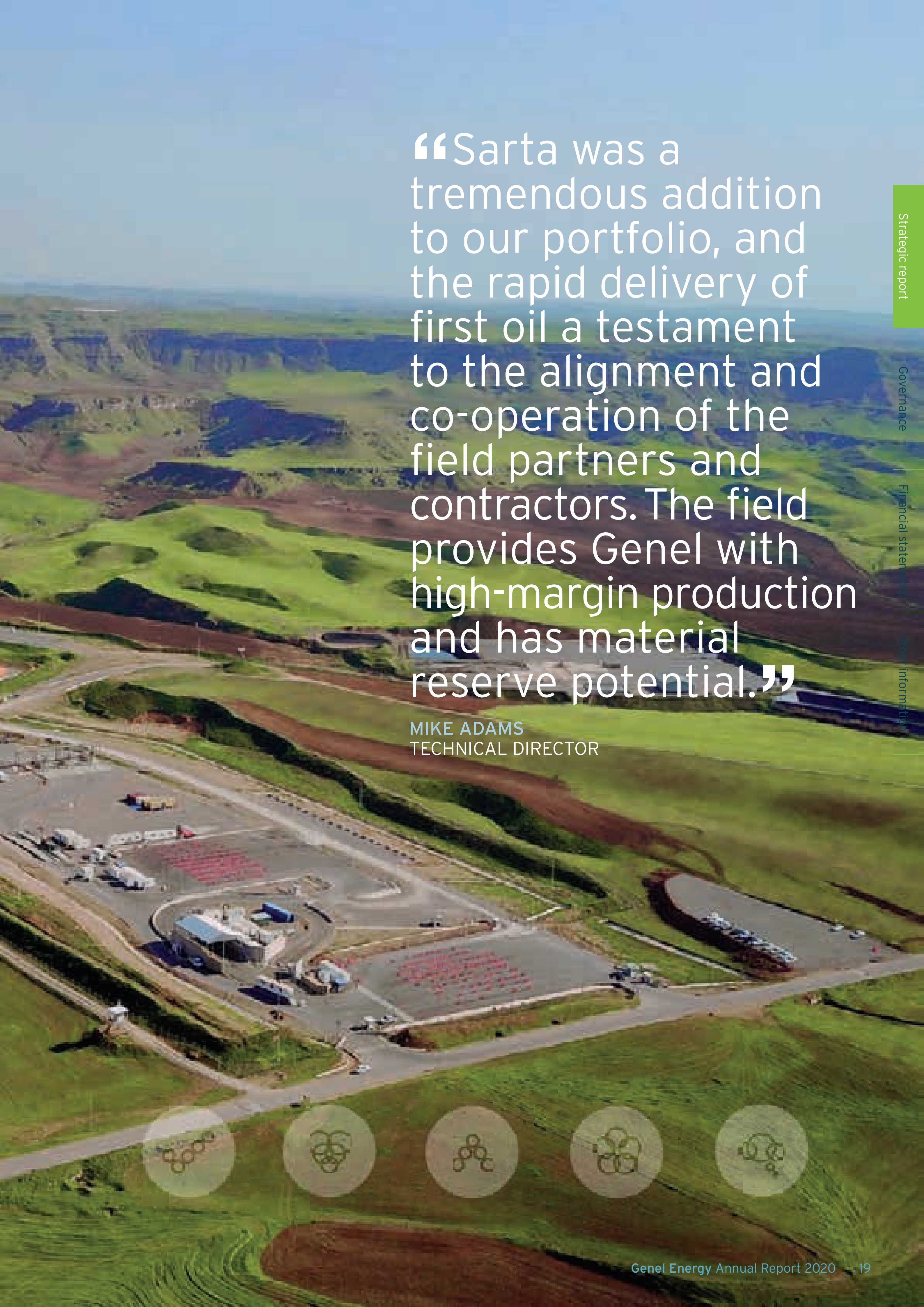
Benefitting from material unrecovered back costs, PSC economics mean that 2021 production is expected to deliver a margin of c.$21/bbl at a $60/bbl Brent oil price. This is comparable to the Tawke PSC with override payments, and illustrates the cash generation potential.

Capital returns

The high-margin of production and potential for a rapid return on investment, coupled with the material growth potential, makes Sarta a perfect fit for our strategy, and in a success case will further Genel's robust financial situation and finances, solidifying our platform for the payment of a material and sustainable dividend.

FY2021 MARGIN PER BARREL ($/BBL)





> “Sarta was a tremendous addition to our portfolio, and the rapid delivery of first oil a testament to the alignment and co-operation of the field partners and contractors. The field provides Genel with high-margin production and has material reserve potential.”

MIKE ADAMS
TECHNICAL DIRECTOR

Operating review
Production

“Sarta provides the potential for production growth in 2021 and beyond.”

PAUL WEIR
CHIEF OPERATING OFFICER

The only multi-licence producer in the Kurdistan Region of Iraq

Reserves and resources development

Genel's proved (1P) and proven plus probable (2P) net working interest reserves totalled 69 MMbbls (31 December 2019: 69 MMbbls) and 117 MMbbls (31 December 2019: 124 MMbbls) respectively at the end of 2020.

Gross upward technical revisions of 47 MMbbls at the Tawke PSC, relating to both the Tawke and Peshkabir fields, more than offset the 40 MMbbls of production at the licence, and contributed to our reserves remaining materially unchanged. The appraisal campaign getting underway at Sarta in 2021 has the potential to convert material 2C resources into reserves.

Production

Working interest production in 2020 averaged 31,980 bopd (2019: 36,250 bopd). This decrease was largely due to the delay in the investment programme at the Tawke PSC following the deterioration of the external environment, which resumed later in 2020 as things stabilised and improved.

Production currently comes from 76 wells, with the addition of Sarta meaning that we now have four producing fields, making production yet more diverse and reliable. Production from Sarta in 2021 is expected to more than offset declines from Tawke and Taq Taq, and full-year production is expected to be slightly above the 2020 average. Year to date production averages c.33,000 bopd.

Depending on the success of the Sarta appraisal programme and the timing of possible production from the Sarta-1 well, there is the clear potential for a higher 2021 exit rate and further production growth in 2022.

Producing assets

Tawke PSC (25% working interest)

Gross production at the Tawke PSC averaged 110,280 bopd in 2020, of which Peshkabir contributed 52,710 bopd.

There will be an active drilling campaign in 2021 on the Tawke licence as we continue to work in close alignment with the operator, DNO.

Up to eight new development wells are set to be drilled and multiple workovers on existing producing wells to be undertaken in the drive to maintain production above 100,000 bopd.

Sarta (30% working interest)

Bringing Sarta to production was a key goal in 2020. As expenditure was reduced across the portfolio, the decision was made to continue investment in this goal, as Sarta is a key growth asset going forward. With first oil having been achieved in November 2020, the field is now generating cash that will support the funding of future appraisal and development, as we look to replicate the success of the Peshkabir produce while appraise model.

The first well on production was Sarta-3. This was joined in February 2021 by the Sarta-2 well, and production from the field is now over 10,000 bopd with more to come following the optimisation of facilities configuration, expected shortly.

Sarta will again form the majority of our pre-production expenditure in 2021, with c.$60 million to be spent on the appraisal drilling campaign and associated facilities work. The campaign will begin at the start of Q2 and Sarta-5 and Sarta-6 will be drilled back to back, with results from the first well expected in Q3, and operations on both wells complete in Q4 2021. The campaign is targeting a material portion of the 250 MMbbls of existing contingent resources, and prospective resources, in Jurassic formations.

Re-entry and deepening of the Sarta-1 (S-1D) well is expected around the middle of the year. Should this be successful, a flowline will be constructed in order to enable the well to enter production around the end of 2021.

Taq Taq (44% working interest, joint operator)

Gross production at Taq Taq averaged 9,670 bopd in 2020, following the suspension of drilling activity in H1 2020.

Operations at Taq Taq are focused on optimising cash flow, and no drilling is scheduled in 2021, with activity limited to workovers that will help manage field decline. Genel continues to explore the best way to obtain value from future production at the licence.

	Remaining reserves (MMbbls)				Resources (MMboe)					
					Contingent				Prospective	
	1P		2P		1C		2C		Best	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2019	258	69	455	124	1,294	1,173	2,592	2,313	4,372	3,536
Production	(44)	(12)	(44)	(12)	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-
Extensions and discoveries	-	-	-	-	-	-	-	-	-	-
New developments	-	-	-	-	-	-	-	-	-	-
Revision of previous estimates	48	12	26	5	(34)	(9)	(38)	(10)	1,335	931
31 December 2020	**262**	**69**	**437**	**117**	**1,259**	**1,164**	**2,554**	**2,303**	**5,706**	**4,467**

Operating review
Pre-production

“Qara Dagh offers an exciting appraisal opportunity.”

MIKE ADAMS
TECHNICAL DIRECTOR

The potential for material organic growth

Pre-production assets

Qara Dagh (40% working interest, operator)

Preparations were well under way to spud the QD-2 well in H1 2020, prior to the uncertainty caused by COVID-19 forcing Genel to notify the KRG of the occurrence of a force majeure event preventing the Company from being able to perform its contractual obligations as scheduled.

The increased certainty in the operating environment, and Genel's ability to operate under the expected level of restrictions, allowed the lifting of force majeure at Qara Dagh in early Q4 2020. Genel was able to proceed with approvals for activities necessary in order to reach a spud date for the QD-2 well, which is expected in coming weeks.

The Parker rig has now been mobilised, and the well is expected to spud in line with this schedule, with drilling operations anticipated to complete in Q3 2021.

Qara Dagh offers an exciting appraisal opportunity. The QD-1 well, completed in 2011, tested light oil in two zones from the Shiranish formation. The QD-2 well location has been selected c.10 km to the northwest of QD-1, and will test a more crestal position on the structure with a high angle well to maximise contact with reservoir fractures. The field holds resources estimated by Genel at gross mean c.400 MMbbls.

Bina Bawi and Miran (100% working interest, operator)

Bina Bawi and Miran are assets that have the potential to generate significant shareholder value, and efforts have continued to explore a commercial solution to allow the unlocking of the material resources.

Discussions with the KRG are ongoing at the highest levels, which would enable the Company to progress to the next stage of activity.

Genel continues to maintain capex discipline, and will only commence investment upon certainty of alignment with the KRG and a clear path to monetisation.

African exploration

The uncertainty created by COVID-19 delayed the search for partners to fund and minimise Genel's spend on our potentially high-impact exploration wells, but the farm-out process relating to the highly prospective SL10B13 block in Somaliland (100% working interest and operator) continues to progress, with potential partners involved in assessing the opportunity.

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

COVID-19 response

In the wake of the COVID-19 pandemic, Genel put in place an action plan to understand the scale of the challenge, develop protection mechanisms for staff, and mitigate the impact on our operations. The plan was executed through a steering Committee led by the CEO.

Early in the pandemic, Genel evacuated all non-essential workers from operating fields in the KRI and quickly organised very reliable working from home arrangements, then implemented a pandemic plan for ongoing field development work. Staffing requirements were re-examined to keep work site numbers to a minimum, critical operations were identified, groups of personnel were organised into discrete working 'bubbles', PPE distributed and logistical solutions were formalised, including transportation, hotel quarantines, catering, medical support, suspected case management, medevac arrangements, and infection control. Genel also adapted arrangements with regulators, host governments, business partners and suppliers, to achieve timely approvals for operations and minimise supply chain disruptions.

It is a testament to the success of these controls, and the commitment of our workforce and field partners, that there was no day of production downtime from our operations due to the pandemic in 2020, and that Sarta first oil was successfully delivered in the year.

"We strongly believe that fulfilling our purpose requires that Genel not only be measured by what we achieve, but also by the way in which we achieve it"

BILL HIGGS
CHIEF EXECUTIVE OFFICER

Sustainability
A socially responsible contributor to the global energy mix

A core element of Genel's success is our dedication to supporting and respecting the environment and communities in which we operate. We believe our portfolio fits a future of fewer and better natural resources projects - they provide value for all stakeholders, they are low-cost, generate social benefits, provide local employment and foster wider economic opportunities for the Kurdistan Region of Iraq. Recognising this context is fundamental to our business as we strive to be a socially responsible contributor to the global energy mix.

The COVID-19 pandemic brought with it many challenges in 2020, not least for our number one priority – the safety of our workforce and local communities. I am proud of the work that has been done this past year, with early actions and our strong governance structure enabling us to respond quickly and provide essential resources to staff in the field in order to remain safe and healthy. This response builds upon our excellent health and safety record that we have demonstrated over the past few years. Working together as a business to continue delivering on our goals during this challenging time has really demonstrated how embedded our corporate values are in our daily practices.

The pandemic caused many people to reassess the fundamentals of the global economy, highlighting the importance of adapting to the energy transition and integrating climate awareness into business strategies. We see our low-carbon and low-cost asset strategy as being the right one for the energy transition, and this has been a key focus area for our management team this past year. 2020 saw the elimination of routine flaring at Peshkabir, our implementation of a GHG emissions management standard, our first submission to CDP, and the issuing of our first GRI compliant Sustainability Report.

As we move forward we are focused on an asset life-cycle approach to emissions management, ensuring assets deliver an environmental footprint over the life of field production period that will leave us well placed to grow our business in a way that supports the goals of the Paris Agreement. More information on these endeavours and Genel's approach to climate change was included in our Sustainability Report, the release of which represented an important opportunity for us to communicate with our stakeholders and demonstrate the progress we are making towards implementing our long-term ESG strategy.

As part of our efforts to further strengthen our ESG performance, Genel pledged its commitment to the UN Sustainable Development Goals and UN Global Compact's 10 Principles on human rights, labour standards, environment and anti-corruption. Genel is also a member of both Transparency International UK and Trace. Combined, adherence to these international agreements illustrates our commitment to maintain high ethical standards throughout our business practices and effectively manage environmental and social concerns.

We strongly believe that fulfilling our purpose requires that Genel not only be measured by what we achieve, but also by the way in which we achieve it. Our corporate values embody the way in which we live and work on a daily basis, the Code of Conduct that we refreshed in 2020 stems from these values and illustrates our dedication to acting the right way towards all stakeholders. It outlines corporate commitments as well as individual requirements for Genel's entire workforce and encompasses the ethos of Genel.

As our operations continue to grow and take root in Sarta and Qara Dagh we will be provided with greater opportunities to demonstrate our responsible business practices and make further significant contributions to society. The following pages showcase the progress we've made to date and outline our future goals and ambitions as we continue to fulfil our promise of being a socially responsible contributor to the global energy mix.

Sustainability Report

In order to better communicate our strategy towards the environmental, social and governance topics that matter most to our stakeholders, and underline its importance to Genel, we reached a significant milestone on our ESG journey with the publication of our first GRI compliant Sustainability Report in September 2020.

The report demonstrates how our projects, investment, and direct employment has benefited the KRI in both 2019 and in the previous decade, illustrating our longstanding commitment to the underlying principles of ESG. The report includes greater detail on the energy transition, GHG emissions management, and the ongoing actions we are taking to advance our environmental performance. The report also highlights some of the extensive operational and training practices we have put in place that help deliver our excellent health and safety record, and the investment we make in our employees, our inclusive work environment, and the governance policies and procedures we have established. We will continue to publish an annual sustainability report and further enhance our disclosures, as we work to illustrate what it means to Genel to be a socially responsible contributor to the global energy mix.

Code of conduct

It is important to all of us working at Genel that we are measured not just by what we achieve but also by the way in which we achieve it. Infusing our corporate values in all decisions that we make both individually and as a business will help deliver our strategic goals in a way that can make each employee and contractor proud.

The values are practical and aligned with Genel's goals – they are values that we live and work by on a daily basis that guide the direction in which the Company is going. As we adhere to these values, it is our belief that the strategic goals of the business will be delivered. We look to attract employees who share them – the right people, delivering the right actions, in the right way.

We refreshed our formal code of conduct in 2020, which solidifies what these values mean to Genel.

A CULTURE OF FAIRNESS AND RESPECT

Creating a workplace that values diversity, where everyone is treated fairly and with respect, in a spirit of collaboration, openness, and entrepreneurialism, and behaving with respect, integrity and working collaboratively in all our dealings with stakeholders, large or small.

PROVIDING A SAFE, SECURE, AND HEALTHY WORKPLACE

Creating a safe, secure and healthy workplace for our employees and contractors to prevent work-related injury or illness, reducing risk through regular training and the right equipment and processes, and empowering the workforce to stop unsafe work.

BEHAVING LAWFULLY AND ETHICALLY

Ensuring transparency in our business and supply chains, where bribery in any form is not tolerated, as we commit to conducting our business in accordance with the more stringent of the local laws and regulations of each jurisdiction where we operate.

RESPECTING HUMAN RIGHTS

Conducting our business in a manner that respects the human rights and the dignity of people, we support and respect the protection of internationally recognised human rights in our areas of operation.

RESPECTING THE ENVIRONMENT

Adhering to high environmental standards, minimising emissions and resource use, and not compromising our environmental values for profit or production, minimising our environmental footprint and protecting biodiversity, as we support the goals of the energy transition.

WORKING WITH OUR COUNTERPARTS

Working collaboratively with third parties who reflect our values and operate accordingly, ensuring that they operate in compliance with all applicable local laws and are aligned with the same ethical standards that we support.

MARKET DISCLOSURE AND PREVENTING INSIDER DEALING

Reporting on our business in a transparent, accurate and timely manner, committing to providing the governance, systems and processes to identify if the Company is in possession of inside information and control employee dealing in shares and other securities.

RESPONSIBLE COMMUNITY ENGAGEMENT AND INVESTMENT

Treating the communities in which we operate with respect, with a social investment and engagement programme based on sustainable economic development, meaningful community relations, capacity building through education and training, and community health.

OUR ASSETS

Protecting the Company's physical and intangible assets for the benefit of its shareholders.

DUTY TO SPEAK UP AND REPORT

Providing a secure, safe and healthy workplace, positively encouraging all employees and contractor staff to raise any work related concerns, supporting staff who raise genuine concerns, and taking action against any individual who threatens or retaliates against an employee for raising a concern in good faith.

Integrity Respect Accountability Collaboration Ingenuity

Contributions to society

14

social investment and community projects funded and delivered near Qara Dagh and Taq Taq

217

employees from the KRI working for Genel and TTOPCO

28

local companies established to provide services and implement projects at Genel assets

15

villages around Taq Taq receive regular medical visits

Stakeholder & community engagement

At the centre of Genel's sustainability strategy is a focus on local communities. Genel has a responsibility and obligation to our host societies and communities and as such, the proper implementation of our CSR programme aims to enhance local social capital, improving community and stakeholder relationships through sharing the benefits of our work.

Genel has a decade long track record of working with the community in the KRI, and is now implementing a company outreach CSR policy that was first introduced in 2019 and is based on ISO 26000 Guidance on Social Responsibility. This policy helps Genel manage regional community expectations and the broader internationally accepted scope of CSR, including areas such as sustainable development, human rights, and the environment. It also promotes sustainability and expands Genel's efforts to create more strategic plans and apply a systematic methodology to the implementation of the Company's CSR programmes.

Plans in 2020 were impacted by COVID-19, limiting the movement of our staff and their interaction with the local community from March until October. To adapt to the new circumstances the CSR team prioritised projects that were urgent and required less personal interaction with community members over other more interactive projects such as group trainings. In total our CSR team successfully delivered 14 social investment projects valued at over $900,000, focused on the key areas of economic opportunity and development, improved community health and local education.

Koya Arts College orchestra students

Social investments in health & education

At our Taq Taq site, Genel continues to share its medical team's resources and expertise with the local communities and conducted nine medical visits to 15 villages surrounding the field. As always, these clinic services are free of charge. The medical team also conducted 865 PCR COVID-19 tests. Genel also distributed emergency food packages to poor families in the Qara Dagh and Sewsenan areas, and continued its waste management collection service for nine villages surrounding Taq Taq.

Education remains a key priority, and Genel aims to help develop the workforce of the future through empowering local children and young adults to improve their competency skills and enhance their own capabilities. This past year Genel funded the renovation of a primary school in the Goshan village in Qara Dagh, and at Taq Taq 49 local university students participated in the summer training programme. Genel also renovated a sports facility for children in the town of Qara Dagh and supplied equipment for two youth athletic sports clubs.

In an effort to provide critical life-saving equipment and supplies to the people of Somaliland, a country with less than a dozen intensive care unit beds for the entire population, Genel funded the procurement and instalment of an oxygen plant capable of simultaneously filling 15 sets of high pressure oxygen cylinders per day. Genel also supplied thirty oxygen concentration machines and thirty patient monitors. The medical equipment, valued at c.$100,000, was delivered to the Burano Regional Hospital in collaboration with the African Network for Prevention and Protection Against Child Abuse and Neglect-Somali Chapter (ANPPCAN-SOM). This investment will have a significant impact on the local community and serve medical benefits beyond the pandemic.

Economic development & local employment

Genel believes that investment in high-impact community development projects is essential as it allows host communities to invest their own resources into future projects and enhance the overall well-being of the entire area. In 2020 Genel helped connect homes in the village of Jafaran to the power grid, bringing access to electricity to its 450 people. Genel also donated firefighting equipment to the Forestry Policy Department of Qara Dagh and renovated the Dewana bridge in the neighbouring Sarko village. Also in the village, Genel sponsored the replacement of water pipelines in order to improve the potable water supply for its 210 inhabitants. The contract was awarded to a local company and lead to the additional hiring of locals.

Genel is committed to the utilisation of local workforce development programmes to employ locals in its projects, making them stakeholders and adding value to the local economy through their participation in our operations. In 2020, 28 local companies provided services across our four blocks of operation, through which 355 locals were indirectly employed. Another way Genel creates economic benefits is through the hiring and rental of local vehicles and heavy machinery. This past year Genel and its contractors rented 234 vehicles and pieces of machinery. Genel is proud of its social impacts on our host communities and the multitude of ways in which we deliver these.

"Genel is committed to the utilisation of local workforce development programmes to employ locals in its projects, making them stakeholders and adding value to the local economy"

Local students at an environmental awareness day, Sulaimaniyah

People & diversity

Employee & talent management

The success of our business is reliant on the diversity, talent, experiences, and commitment of our world-class workforce. Our employees embody our Corporate Values daily and help us deliver our strategy. Accordingly, Genel aims to foster a rewarding work environment based on equal opportunity for all employees and job applicants.

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 & 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 Genel's employees to capitalise on their skillset and maximise their value and impact on the Company and its work. The process, first completed in 2020, assesses culture, leadership, talent potential, and alignment with Company strategy and goals. Moving forward, Genel will continue this process on an annual basis.

COVID-19 led to new challenges for the human resources department and drove innovative solutions to make the transition to remote working from home easy and effective. The physical, mental health and wellbeing of employees were central points of discussion on a weekly basis for senior management, and mental health awareness guidelines were distributed to all employees. Furthermore, two employee surveys were sent out with 120 responses and Genel introduced an Employee Assistance programme to help monitor the transition. A home working ergonomics outline assessment was also rolled out with products delivered to homes. The long-term effects of the pandemic will continue to be assessed.

Diversity

As a truly international enterprise, Genel champions diversity in all forms whether through ideas, skills, knowledge, experience, culture, ethnicity and gender through our daily operations as well as formalised in our policies and procedures. Genel's commitment to inclusivity is evident in its employee profile. As of 31 December 2020, we employed 127 people across four regional offices, with 56 employees in Ankara, 33 in London, 21 in the Kurdistan Region of Iraq, and 17 in our African operations. Our talented employees come from around the world, representing 14 different nationalities. Genel is proud of its promotion of women into leadership positions across all levels of the Company. 35% of our total workforce are women, and women make up 18% of the Board of Director positions, 12.5% of the Executive Committee and 15% of management.

ESG management

ESG management & responsible business practices

2020 was defined by a significant advancement in developing the internal awareness, capabilities and processes necessary to deliver a first-class ESG management system. In recognition of its growing importance to stakeholders, ESG metrics are now incorporated in annual incentive plans and in 2020, Genel held ESG-themed meetings and workshops for the management committee on a monthly basis in order to monitor progress on the completion of the annual ESG workplan. These events complemented the regular HSSE Committee meetings to further foster a culture of ESG integration and effective governance. Placing greater emphasis on our commitments, 2020 was also the first year a portion of our annual bonus for all Genel employees was linked to broad based ESG related goals. The inclusion of ESG criteria in Genel remuneration packages has also been approved for 2021.

Central to our ESG management is a commitment to continue to conduct our business in a manner that respects human rights, and we are committed to acting ethically and with integrity in all of our business dealings, implementing and enforcing effective systems that mitigate the risk of modern slavery in our own business or in any of our supply chains. We expect the same high standards from all our contractors, suppliers and other business partners. As part of our contracting processes, 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.

Health and safety

COVID-19 pandemic response

The health and safety of our workforce has always been a top priority at Genel and never has that been more important than during the COVID-19 pandemic. Our HSE management team responded swiftly to enact the procedures, controls and protocols necessary to minimise risk and continue safe operations. Leadership and direction were provided on a weekly basis by the steering committee, led by the CEO, and continuous review was carried out on COVID-19 procedures to ensure correct measures were implemented according to the latest medical information available through International SOS, World Health Organization (WHO), Center for Disease Control and Prevention (CDC) and local Kurdish Ministry of Health.

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

Dissemination of the latest up-to-date COVID-19 prevention information was provided via all staff townhall meetings and was communicated on a site level through site-specific induction. All persons, whether it was company or contractor, were subject to Genel COVID-19 procedures. Strict quarantine measures were taken to ensure all persons working in field-based operations were COVID-19 free. These measures were also implemented contractually with Genel service providers to ensure clarity and transparency.

Emergency preparedness & training

Genel implemented a robust emergency preparedness plan throughout 2020 to ensure employees are trained and equipped for safe field operations as we step up our field operated activities in KRI. The trainings also involved senior managers who are responsible for crisis management, business support and in country incident management teams. Genel has also recruited and developed dedicated emergency response teams who have undertaken fire response and rescue training. As part of Genel's emergency response equipment we have purchased a three agent (water, foam and dry-powered) fire response vehicle. The purpose of the response vehicle with an array of rescue equipment is to enhance our capabilities to protect lives in a fire or rescue incident.

Crude trucking & spill mitigation

In recognition that one of our greatest future risks is the trucking of crude oil from the Sarta facility to the offloading station some 100 km away, we prepared extensive risk mitigation measures throughout 2020. As part of our these, a driver competency training package was developed where all drivers engaged on the project were assessed by a ROSPA certified driving examiner. This included additional elements covering hazard identification, working in operation facilities, and spill response. By the end of 2020, a total of 101 drivers successfully achieved a certificate of competency. Genel has also invested in spill response equipment and provided training to personnel involved in spill response, including the company responsible for the crude oil trucking contract.

Genel distributing PPE to local hospitals in response to Covid-19

Operational safety

Site training, monitoring, supervision of ongoing activities and regular audits and inspections are key to Genel's strong operational safety record with 2020 another year of successful operations without major incident or lost time injury. All projects are subject to an operational readiness review that confirms all HSE deliverables (training, competency, procedures, risk controls etc) are in place before a contractor can commence work on site. Once operations commence, Genel's HSE representative visits the sites daily to confirm contractors are following the agreed safety practices.

At the Sarta Early Production Facility, the HSE team implemented a prestart up readiness document to ensure all elements required in operating a new facility in a safe manner had been detailed and tracked to closure. Furthermore, with Sarta being a sour field, an H2S procedure was implemented with training and regular drills to reinforce safety requirements.

All lifting activities are considered of a higher level of risk, and in order to mitigate this risk Genel has retained the service of an independent lifting inspection company to inspect and certify all of its lifting equipment, including those provided and used by all contractors, regardless of whether the equipment is supplied with a valid certificate upon its rental. This strategy has led to no lifting incidents occurring as a result of a failure of equipment.

Process safety & asset integrity

Managing process safety and asset integrity risks underpins our commitment to safe and reliable operations and an Asset Integrity Management Plan ('AIMP') is developed and implemented. Each of the AIMP elements has a specific aim and a clear set of expectations to continuously improve operational integrity. Safety Critical Elements ('SCE') are identified at all facilities and operations. SCE are those systems whose failure could result in a major accident, and defined associated operational performance standards to improve operational integrity and the safe working environment critical to the long-term success of Genel.

Tier 1 and 2 Process Safety Events ('PSE') are reported and investigated to determine how to improve equipment reliability and related operating integrity practices, and to identify barriers aimed at managing and mitigating major accident hazards. Our Tier 1 and 2 process safety definitions align with those of the American Petroleum Institute, and the International Association of Oil and Gas Producers. Tier 1 events are classified as those involving any major release of hazardous materials with the potential for serious consequences resulting in injuries, harm to the environment and/or asset damage. In 2020, we had zero T1 or T2 PSE.

H2S training drill at Sarta

Climate risk mitigation

GHG management approach

Genel is committed to producing the low carbon intensity and high-margin barrels that will characterise industry leaders in a sustainable world, and our operations will continue to be managed in accordance with our aim of minimising emissions in order to mitigate potential adverse effects. We focus on effective design, efficient operations and responsible energy use to lower emissions to as low as reasonably possible to provide assurance to our investors that Genel's asset development plans are sustainable from 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 the Paris Agreement 1.5°C pathway.

GHG emissions profile

In 2020 Genel took the significant step to enhance GHG emissions reporting by shifting to an equity-shared approach for Scope 1 and 2 emissions. This represents a move towards best practice and provides a more comprehensive overview of our GHG impact. Genel reports its global GHG emissions and intensity ratio in compliance with the Companies Act 2006 (Strategic Reports and Directors' Report) Regulations 2013. In addition, Genel Energy is also reporting last year's GHG emissions data, its underlying energy consumption for 2020 and 2019, 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 Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 for Streamlined Energy and Carbon Reporting (SECR). The methodology used for reporting Genel's operated assets follows the 2015 GHG Protocol Corporate Accounting and Reporting Standard. Non-operated assets' GHG emissions data are provided by our joint venture partners.

Our 2020 GHG and energy figures on an equity share control basis are as below:

	Global	UK
Scope 1 emissions (tCO_2e)	148,318	-
Scope 2 emissions (tCO_2e)	263	8.43
Associated energy use (kWh)	125,258,811	36,162
Intensity ratio ($kgCO_2e/bbl$)	13	-

In addition, we have presented our 2020 numbers on the same basis as our published 2019 figures i.e. operational control basis:

	2020	2019
Global Scope 1 emissions (tCO_2e)	3,876	816.16
Global Scope 2 emissions (tCO_2e)	263	507.45

Our operational emissions increased significantly due to the inclusion of Sarta production commencing from 27 November 2020.

Emission reduction efforts

One of the biggest factors influencing our GHG emissions profile is flaring and in June 2020, with our joint venture partner and operator of the Tawke PSC, DNO, we successfully completed the first gas injection project in the KRI. The project eliminated the need for routine flaring, reducing total flaring volume by over 65%, with the potential for enhanced oil recovery that will make the project a cost benefit. Moving forward with our Sarta operations, we are committed to a flares out programme at the asset as production increases, and are currently in the process of evaluating possible solutions to achieve this.

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. As such, in 2020 we submitted our first ever disclosure to CDP for scoring with the aim of continuing to further enhance our data collection and reporting capabilities. We are also in the process of calculating our Scope 3 emissions profile and will disclose this figure in our upcoming CDP submission and 2020 sustainability report.

Checking recordings on an air monitoring station tracking pollutants

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 environment management system requirements. 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. We develop environment, social and health impact assessment (ESHIA) reports and seek regulatory approvals for all field development activities and develop environmental and social management plan (ESMP) 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 implement recycling practices wherever feasible. As we increase our operational footprint in the KRI, we have developed a new reporting format to start collecting data on our water use, its source and post use disposal at all of our sites. For example, at Sarta, Genel has invested in a high-grade sewage treatment unit that will treat effluent wastewater to meet the regulatory limits.

Waste management

Genel continues to build upon its strong waste management reputation in the KRI. At Taq Taq we successfully surpassed our annual internal non-hazardous recycling rate of 60%. At Sarta, prior to commencing operations we implemented a waste segregation awareness programme with all site personnel and contractors to ensure that the principles and hierarchy of waste management will be followed. As operations progress, we are developing plans for waste removal, recycling and treatment contractors from local communities as part of our ongoing support for capacity building for local enterprises. Our staff liaise closely with our waste contractors, introducing them to new recycling initiatives and mentoring the workforce in effective and safe waste handling, disposal and management processes.

Air quality monitoring

In our efforts to mitigate any adverse effects associated with our operations, Genel has successfully implemented three new continuous air quality monitoring units following first oil at Sarta in November 2020. The goal of this programme is to establish a baseline understanding of local air quality conditions around the early production facility at the site, and enable the constant supervision of our operations in a way that does not adversely impact the public health of neighbouring communities.

Biodiversity and land management

Genel is working in collaboration with partners to protect nature and achieve no net loss of biodiversity wherever we operate. Genel acknowledges the importance of conserving biodiversity as an integral part of sustainable development, and is committed to protecting the flora and fauna in the proximity of its assets throughout the project cycle. The Biodiversity Management Plan ('BMP') provides a framework for managing project risks and impacts specifically to biodiversity and to identify and prioritise appropriate impact management actions relating to assets in the Kurdistan Region of Iraq. For example, our environmental consultants, in partnership with government forest authorities and a local NGO, will further develop Genel's BMP to include the implementation of an offset programme of additional conservation measures that will achieve a net positive impact in biodiversity values for habitat temporarily affected during the Qara Dagh project.

Biodiversity survey at Qara Dagh

Risk management
Principal risks and uncertainties

Mitigating downside risk is a key component of our business model. The benefits of this approach, and the resilience that it provides, was demonstrated in 2020, as Genel retained a robust financial position and continued to deliver on its operational strategy despite the collapse in the oil price and logistical challenges resulting from COVID-19.

"Our approach to COVID-19 illustrates the robust risk management policies and procedures that we have in place"

VK GUPTA
HEAD OF HSE AND RISK MANAGEMENT

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.

Mitigating the risks presented by 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 robust controls to mitigate them. We view risk through the same lens as we view HSE, looking to prevent problems before they arise, having the right controls in place to mitigate as much as possible any potentially negative outcomes.

Following the World Health Organization (WHO) declaring COVID-19 to be a Public Health Emergency of International Concern in January 2020, Genel identified the risk, began monitoring the situation and exploring ways in which the Company may be affected. From our fields to head office, we implemented quick actions to keep people safe and continue business critical operations without interruptions. For staff in London and Ankara this included locking down our offices, preventing non-essential travel, and supporting work from home arrangements. At our fields strict procedures were put in place, including quarantine, preventing visitors to camps, regular disinfection of facilities, safe transportation, mandatory facemasks, social distancing and hygiene practices.

Through these steps and appropriate controls we attempted to reduce the risk to As Low As Reasonably Practical ('ALARP').

The impact of COVID-19 was swift and constantly changing, and we continued to assess it on a weekly basis through the COVID-19 steering committee, 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 an initial update on the Genel action plan on 10 March 2020, with the Board as a whole being updated in May. Given the impact of COVID-19 it was a tremendous performance to safely continue operations at all fields, and bring Sarta into production in 2020.

As with HSE, we will 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 management.

↑ Risk Improved ↔ Risk Unchanged ↓ Risk Deteriorated

RISK	TREND	APPROACH	OPPORTUNITIES	THREATS	CONTROLS
BOARD					
Development and recovery of oil reserves Paul Weir, COO › Read more - page 23	↔	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.	• Correctly characterising uncertainty in reserves outcomes • Cost effective development of fields	• Underestimation of reservoir uncertainty and reservoir performance to the downside • Poor drilling execution performance • Poor reservoir performance • COVID-19 prevents execution of field development plans	• 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 › Read more - page 21	↔	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.	• Successful exploration and appraisal activity increase resources • Moving projects and developments into execution increases reserves • Progress on current assets (Sarta, Bina Bawi, Qara Dagh, and Miran) unlocks resource value • Successful addition of inorganic opportunities to the portfolio	• Inability to progress assets in the portfolio and convert contingent resources to reserves • Failure to add inorganic opportunities to the portfolio • COVID-19 prevents execution of field appraisal plans	• Life of field Asset Development Plans in place • Active management of contingencies to convert contingent resources to reserves • Sarta Phase 1A production project executed, appraisal activity also commenced at Sarta and Qara Dagh
Commercialisation of KRI gas business Bill Higgs, CEO › Read more - page 8	↓	The development and commercialisation of Genel's existing gas assets in the KRI is a key focus for the Company. There is potential to generate material and stable cash flows from these assets once onstream.	• Progress on the gas business moves Bina Bawi and Miran towards commercial development and transformational monetisation	• The gas project is reliant on certain key milestones some of which are beyond the control of the Company • Slow progress in negotiations with KRG	• Expenditure maintained at an appropriate level for current probability of success • Ongoing dialogue with the MNR
M&A activity Esa Ikaheimonen, CFO › Read more - page 16	↓	The pursuit of selective, value accretive M&A opportunities is part of the Company growth strategy.	• Execution of a transaction positively impacts the Company's valuation, asset quality, and equity story, among other factors	• 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	• Clearly defined strategic framework and characteristics for deals that Genel should pursue • Senior management review and assess resilience of investment to downside risks • An experienced Board oversees and signs off on all material M&A decisions

RISK	TREND	APPROACH	OPPORTUNITIES	THREATS	CONTROLS
KRI natural resources industry and regional risk Pars Kutay, Head of Government Affairs › Read more – page 8	↓	A strong relationship with the KRG facilitates the realisation of the value of Genel's principal oil and gas assets.	• Ongoing strong relationship with KRG facilitates further success in KRI • Stable environment for operations allows Genel to pursue strategic objectives	• A change in situation of the KRG, Turkey or of Baghdad and the wider region adversely effects operating environment in the KRI, including payments • In the past, the Iraqi Ministry of Oil has disputed the validity of PSCs entered into by the KRG. If the validity of the Company's PSCs were successfully challenged, the Company could be required by the KRG to accept contractor entitlements that may be materially less favourable than the current PSCs • Ongoing pandemic, low oil price, OPEC quota challenges, and the ongoing inability for Baghdad and Erbil to form a lasting agreement on oil and revenue sharing	• Regular dialogue with key decision makers in the KRI, including meetings with the Prime Minister of the Kurdistan Regional Government
Payment for KRI export sales Bill Higgs, CEO › Read more – page 8	↓	The Kurdistan Regional Government purchases all crude oil at the wellhead and arranges for payment to be made to Genel for ongoing exports.	• Payments provide increased cashflow strengthening balance sheet and enabling growth • Regular payments improve market sentiment • Payment plan proposed by the KRG for unpaid 2020 receivable	• Payments from the KRG delayed, reducing the Company's ability to re-invest in line with its strategic priorities • Payment plan initiated by KRG that includes monthly ORRI payments	• Payments not made for sales entitlements from November 2019 to February 2020 • KRG has made monthly payments on their updated payment plan for nine months • Genel continues dialogue with KRG regarding recovery of monies owed, with payment recovery beginning in Q1 2021
Corporate governance failure Stephen Mitchell, GC › Read more – page 41	↔	The Company's strategy is to maintain high standards of corporate governance.	• Good corporate governance is proven to provide benefits to business and value to shareholders	• Corporate governance failure would have a negative impact on investor perception of the Company	• 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 • Commitment to an effective legal compliance training program periodically to the Genel workforce
Environmental, social & governance expectations Bill Higgs, CEO › Read more – page 24	↔	Position the Company as a natural winner during the energy transition.	• 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	• Reduced access to capital • Negative stakeholder publicity • Introduction of punitive carbon or other taxation	• ESG strategy in place and agreed by Board • ESG plan, leadership and progress review • ESG specific scorecard included in the 2020 annual targets • First GRI compliant Sustainability Report issued in September 2020 • First CDP submission in 2020 • Proactive engagement with ESG rating agencies

RISK	TREND	APPROACH	OPPORTUNITIES	THREATS	CONTROLS
AUDIT COMMITTEE					
Liquidity outlook sources and uses, capital structure and financing Esa Ikaheimonen, CFO › Read more – page 16	↑	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.	• 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	• Failure of KRG to make payments for sales (as above) • A deterioration in the oil price • Lack of access to capital due to macro developments • A failure in executing M&A strategy	• Disciplined capital allocation, clear investment priorities and strong expenditure controls • Low cost of production, competitive onshore development costs • Strong balance sheet and asset level free cash flow even at distressed oil price • Early refinancing successfully completed in October 2020, with no debt maturity until 2025
HSSE COMMITTEE					
Local communities Pars Kutay, Head of Government Affairs › Read more – page 27	↔	Supporting and sustaining the communities in which we operate is fundamental to Genel's success.	• Positive local relationships continue to facilitate Genel's pursuit of strategic objectives	• A loss of local community support could give rise to disruption to projects or operations, or cause material reputational damage, which could in turn affect the Company's revenues, operations, and cash flows	• Appropriate community projects developed in accordance with the CSR policy, stakeholder management policies, commitment to local employment and local contractors • Sustainability Report issued in Kurdish, with increased social media activity in the local language
Health and safety risks Vrijesh Kumar Gupta, Head of HSE and Risk › Read more – page 30	↔	Health, safety and environment management is a primary consideration across all Genel operations.	• Continued strong HSE performance reduces business loss, boosts employee motivation and enhances Company reputation • Positive HSE reputation enables timely approvals of environmental permits and asset development plans	• Failure of HSE procedures and controls leads to injuries/illnesses and/or fatalities, adverse environmental impact, process safety accidents and material reputational damage • Poor HSE performance can have licence to operate risks	• Ongoing continuous improvement in processes, procedures and performance as we aim for HSE excellence and incident-free operations • Regular HSE & process safety risk assessments • Regular HSE leadership site visits • Regular HSE supervision and assurance
COVID-19 Vrijesh Kumar Gupta, Head of HSE and Risk › Read more – page 30	New	Proactive assessment of the latest scientific advice to design fit for purpose and flexible COVID-19 controls with a learning mindset for all business-critical operations through expert led health risk assessments.	• Prevent COVID-19 infection and keep people safe and healthy • Continue business critical operations without interruptions	• Inadequate design and implementation of COVID-19 protocols and controls • Prolonged pandemic waves • Government restrictions that impact or delay business travel or operations adversely • Delays in vaccination	• COVID-19 protocols and controls for all business-critical operations, that include shielding vulnerable, seven days quarantine with two PCR tests, safe transportation, mandatory masks, social distancing, hygiene, disinfection, and more. • Expert medical advice, education and awareness • COVID-19 steering committee and all staff townhall • Work-at-home ICS, HR, line manager support • Ergonomics online assessment, employee assistance programme, staff support survey

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 felt 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 December 2025
- The override paid from the Tawke PSC as part of the RSA ends in 2022
- 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 Company's 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 financial 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

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 2025.

Our 2020 Strategic Report from pages 1 to 39 has been reviewed and approved by the Board of Directors on 17 March 2021.

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 Energy plc consider, both individually and collectively, that they have acted in the way they consider, in good faith, 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 2020 (see Corporate Governance report). In particular the Board considered this to be the case, by reference to the approval of our strategy and business model supported by our viability statement on page 38:

(a) The likely consequences of any decision in the long-term
Genel has a balanced portfolio, with material high-margin production and significant growth opportunities in the pipeline. Growth of our oil business continues to be well funded from our liquidity and, despite the impact of COVID-19 on the oil price, our outlook illustrates that our financial strength allows for ongoing portfolio investment and the payment of a material dividend. In order to maintain our strong balance sheet through cycles and proactively manage our liquidity runway and debt maturity profile, during 2020 the Board took the decision to refinance our bond that was due to mature in 2022. See CFO reports for more information.

(b) The interests of the Company's employees
Our talented, experienced, and motivated staff are key to the success of our Company. As the COVID-19 global pandemic impacted the business we sought to support and ensure the safety of our employees; new health and safety protocols were introduced for field based staff and office employees transitioned to working from home. Further information on this can be found on page 30 of the report. The Board has also appointed a 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 47 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. Further information can be found in the sustainability report on pages 24 to 33.

(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. Further information can be found in the Strategic Report.

(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. Genel has developed policies and procedures that help us maintain and strengthen relations with the local communities near our operations. These include a Local Content Policy and Local Workforce Development Plan that promote local employment and contracting so that the economic benefits generated from our operations are shared within the region. Furthermore, our CSR policy strategically prioritises long-term high-impact projects centred on education, health, and economic development with the aim of generating self-sustaining prosperity. In addition to generating economic benefits for 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 24 to 33.

(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. Genel remains committed to operating to high standards of corporate governance. Our 2020 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 as part of the Board responsibility to ensure all shareholders are treated equally. More information on our relationship with shareholders can be found in the Corporate Governance report.

Sarta-5 well site, Sarta

Chairman's statement

Continued commitment to high standards of corporate governance

Dear Shareholder,

I am pleased to present my second Corporate Governance Report to shareholders as your Chairman. Genel remains commited to operating to high standards of corporate governance, and our 2020 Governance Report illustrates how the Board and its Committees have supported business activities while maintaining a strong governance culture.

As the external environment deteriorated in 2020 due to COVID-19 our corporate governance framework continued to support decision making by the Board of Directors, including rapid confirmation of a reduction in planned activity for 2020. While reducing activity, we continued to invest in key areas that will drive future growth, and were pleased in November 2020 to announce the achievement of first oil at Sarta, a key capital allocation priority for the year. The delivery of this milestone safely during a global pandemic is an incredible achievement.

Genel entered 2021 with a robust financial position, boosted by the October 2020 refinancing of our bond. This provides us with a stable platform from which to execute our strategy and meet our business objectives as we move through these difficult times.

In our 2019 Annual Report the Board recognised that the majority of the Board (excluding the Chairman) was not independent and committed to returning the Board to an equal balance of independent and non independent Directors. Following an analysis of which additional skills and experience was required around the boardroom, performed by the Nomination Committee, a search process was commenced and in June 2020 Canan Ediboğlu was appointed to the Board of Directors as an Independent Non-Executive Director.

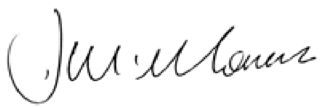
Following her appointment to the Board, Canan Ediboğlu received a comprehensive induction programme which due to travel restrictions was delivered remotely. The induction programme included meeting with key departments heads and relevant external advisors.

On 17 March 2021 we announced that after over nine year's on the Board George Rose would be standing down as an Independent Non-Executive Director at the conclusion of our 2021 AGM. I would like to thank George for his significant contribution to the Company over his tenure on the Board. The Board will continue to keep its size and composition under review, including the balance between independent and non-independent directors in light of the recommendations under the UK Corporate Governance Code, to ensure the Board as a whole contains a broad range of skills, experience and backgrounds

Throughout the year the Company continued to engage with our shareholders and stakeholders on the current position of the business and its future strategy. Further information on stakeholder engagement can be found on page 39.

The Board is cognisant of the changing environment in which we operate, and in September 2020 we published our first GRI compliant Sustainability Report detailing our ESG activities as we strive to be a socially responsible contributor to the global energy mix. Further information on the Company's focus on sustainability can be found on pages 24 to 33.

In accordance with the Company's commitment to comply with the UK Corporate Governance Code, the Board undertook a formal and rigorous external evaluation of its own performance and that of its Committees and each individual Director led by Russell Reynolds. Further details of the Board evaluation can be found on page 58.



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.

In 2020, we announced that in order to facilitate the creation of shareholder value through the ability to make rapid capital allocation decisions, it was an appropriate time to step back from our previous decision to act as if we were a premium listed company. Notwithstanding this change, the Board continues to be committed to a high standard of corporate governance and will continue to comply 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 summarised on page 26 and is available on our website at www.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 www.frc.org.uk. The Company has applied the principles, as explained on pages 43 to 44. We are in full compliance with the provisions of the Code with the exception of provision 11 as between 3 December 2019 and 21 June 2020 at least half the Board (excluding the Chairman) were not independent.

Going concern

The going concern statement is made on page 38.

Viability

The viability statement is made on page 38. Further details of the Board's assessment of the viability of the Company are set out in Audit, risk and internal control on pages 66 to 68.

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 34 to 37 and the procedures followed to identify these risks on pages 66 to 68.

Review of risk management and internal control

A continous 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 Audit, risk and internal control on pages 66 to 68.

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 performance, business model and strategy. See the Audit Committee report on pages 69 to 72 for further information on how this conclusion was reached.

Section 172(1)

A Section 172(1) statement is made on page 39. 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 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 to 39 › Governance pages 41 to 95 › Directors' Remuneration Report pages 73 to 90
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 to 39 › Company purpose, values and strategy 10 to 12 › Division of responsibilities pages 54 to 56 › Directors' Remuneration Report pages 73 to 90
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 24 to 33 › Principal risks and uncertainties pages 34 to 37 › Section 172 statement page 39 › Audit, risk and internal control pages 66 to 68 › Audit Committee Report pages 69 to 72
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 24 to 33 › Section 172 statement page 39 › Communication with investors page 47
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 24 to 33 › Section 172 Statement page 39 › Directors' Remuneration Report pages 73 to 90
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 54 to 58
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 54 to 58 › Board biographies pages 59 to 62
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 54 to 58
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 24 to 33 › Division of responsibilities pages 54 to 58 › Audit, risk and internal control pages 66 to 68

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 64 to 65
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 59 to 62
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 64 to 65 › Board effectiveness page 58
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 66 to 68 › Audit Committee Report pages 69 to 72
Principle N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	› Strategic report pages 1 to 40 › Audit, risk and internal control pages 66 to 68 › Audit Committee Report pages 69 to 72 › Financial Statements pages 102 to 123
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 34 to 37 › Viability statement page 38 › Audit, risk and internal control pages 66 to 68 › Audit Committee Report pages 69 to 72
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 to 12 › Directors' Remuneration Report pages 73 to 90
Principle Q. 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 73 to 82
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 73 to 74

Board leadership and company purpose

Our objective remains to create long-term value for shareholders through the exploration, development and production of oil and gas resources. We have low-cost oil producing assets and large-scale gas development assets that are important to the growth of the KRI. Further information on our business model can be found on pages 10 to 12.

ACTIVITY HIGHLIGHTS

January
- Approved the trading and operations update
- Board effectiveness review face-to-face meetings held

February
- Appointed David McManus, Sir Michael Fallon, Hasan Gozal and Tolga Bilgin to the Board of Directors

March
- Reviewed and approved the 2020 Annual Report and Accounts
- Approved the declaration of a 2020 final dividend payment
- Discussed implications of COVID-19 on the business

April
- Discussed the outstanding receivable
- Discussed Bina Bawi PSC

May
- AGM
- Approved a revised 2020 work programme and budget

June
- Appointed Canan Ediboğlu to the Board of Directors

July
- Discussed Bina Bawi PSC

August
- Reviewed and approved the half-year results statements
- Reviewed stakeholder engagement activities

September
- Reviewed business strategy (including ESG strategy)
- Reviewed the five-year business plan
- Approved the Sustainability Report
- Approved refinancing of the high yield bond

November
- Approved the trading and operations update

December
- Approved the 2021 work programme and budget
- Approved the call of the 2022 high yield bond

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 the strategy review process the Board considered and discussed 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 12.

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. In January 2020 the Board adopted a refreshed version of the code of conduct, a summary of which can be found on page 26 and a full copy is availible 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.

During 2020, all members of staff received scenario based training on our refreshed code of conduct and legal compliance. The training was delivered in small group sessions held via video conference and facilitated by at least two members of the Executive Committee, demonstrating the importance the Company places on compliance with our code of conduct.

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 Committee's 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 (2019: 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 2020 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, two annual updates from management on engagement activity that has been undertaken with the Company's key stakeholders are scheduled in the Board calendar. 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 39.

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 27 to 28.

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 27 to 28.

Workforce engagement

The Board recognises the importance of our workforce as a key component in the Company's ability to deliver its strategy. Martin Gudgeon has been appointed as the Designated Independent Non-Executive Director ('DINED') for workforce engagement. The global pandemic meant that workforce engagement activity was unable to take place as planned. However, in order to ensure the employee voice continued to be represented to the Board, employee engagement surveys were introduced with the results shared with Martin Gudgeon and regular updates on support given to the workforce provided to the Board. Following the results of the employee engagement surveys one of the actions taken included introducing an employee assistance programme focused on professional wellbeing support. 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.

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. During the year we also communicated with our bondholders via calls and scheduled meetings.

In 2020, the Chairman and Independent Non-Executive Directors held meetings with 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 www.genelenergy.com

Strategic report
Governance
Financial statements
Other information

2020 INVESTOR ACTIVITY

Over **160** institutional meetings held

Q1

1 conference in Oslo

1 conference in London

1 roadshow in London

1 roadshow in Edinburgh

Q2

COVID-19 investor strategy implemented, focused on online engagement

Q3

Launch of new investor website

Publication of Sustainability Report

2 virtual conferences

Bond refinancing roadshow

Q4

Virtual conference

Virtual presentation alongside trading update

2021 AGM

The 2021 AGM will be held on Thursday, 6 May 2021 at 36 Broadway, Victoria, London, SW1H 0BH 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 www.genelenergy.com

HSSE Committee
Ensuring a focused approach to HSSE

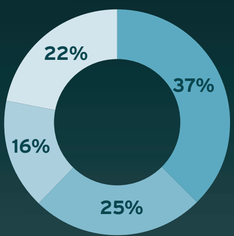
MEETINGS IN 2020

3 MEETINGS HELD (3 SCHEDULED)

Members		Attendance scheduled[1]
Tim Bushell (Chairman)	● ● ●	100%
David McManus[2]	● ● ●	100%

1 Denotes the attendance percentage at scheduled Committee meetings by each Director
2 David McManus was appointed as a member of the Committee on the 5 February 2020

HSSE COMMITTEE TIME SPENT



HIGHLIGHTS OF HSSE COMMITTEE ACTIVITY

- Monitored progress made against the 2020 HSE plan
- Received updates on COVID-19 protocols and controls
- Approved the 2020 corporate KPI's in relation to HSE
- Reviewed disclosures made in the 2019 Annual Report in relation to HSSE
- Reviewed key risks in relation to HSE
- Received security updates
- Reviewed CSR activity and budget
- 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 been central to the culture of Genel and none more so than in 2020. Genel's HSE policy continues to reflect international best practice including, but not limited to, the IFC Performance Standards and ICMM Sustainable Development Framework.

Throughout 2020 at each meeting of the Committee, an update was provided by management on security in the region and the progress made against the HSE strategic plan which the Committee approved at the beginning of the year. In addition, the Committee was regularly kept abreast of measures and protocols established to ensure the safety of our workforce and enable critical business activity to continue in the face of the global pandemic.

In 2020 the HSE plan contained actions in the following areas: leadership, culture and capability, risk, contractor management, emergency incident and performance management, operations management and assurance. During the course of the year progress was made against each of these areas. Activities undertaken included designing protocols and systems to ensure operations in the KRI could continue as the COVID-19 pandemic progressed. As part of the operations work to reach first oil at Sarta the HSE team worked closely with Oilserv to ensure the Sarta production facility met safety requirements before the introduction of hydrocarbons into the facility. 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 continued preparatory work to enable 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.

OBJECTIVE	ACTIONS	
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	• Discussed and monitored the approach taken to ensure the safety of the workforce and operations in response to the global pandemic • Supported participation of the Company in the Carbon Disclosure Project and became a member of the UN Global Compact • Reviewed the Company's GHG Emissions Management Standard • Received regular updates on security within the KRI	› See pages 30 to 32
To assist the Company in maintaining its relationships with local communities 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 2020 and plan for 2021	› See pages 27 to 29
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 37
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 targets and LTI targets • Reviewed and monitored the GHG emissions output and disclosure made in the Annual Report within the sustainability section	› See pages 13 and 32
To assist the Company in developing the HSSE 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 2020 annual bonus performance targets	› See page 30 to 31 and 85

During the year the Committee monitored progress against the Company's environmental, social and governance implementation plan. This included participation in the Carbon Disclosure Project and becoming a signatory to the UN Global Compact. In September 2020 the Company published a standalone Sustainability Report, which was prepared in accordance to Global Reporting Initiative (GRI) Standards core option. The Sustainability Report illustrates the key values that continue to drive decision making within the business and support the delivery of Genel's strategy. The Committee also reviewed the Company's GHG Emissions Management Standard that is aligned to the focus on developing low-cost and low carbon producing assets which was subsequently approved by the Board of Directors in January 2021.

In line with the UK's Streamlined Energy and Carbon reporting requirements our greenhouse gas emissions in 2020 are being reported using an equity share approach for the first time. Further information can be found on page 32.

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 2020 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 27 to 33.

In recognition of the importance of HSE to our business the 2020 annual bonus objectives contain an element specifically allocated to HSE. The Committee reviewed progress against the 2020 HSE objectives and made recommendations to the Remuneration Committee on these elements, the details of which may be found on page 85 of the Annual Report on Remuneration.

The HSSE Committee effectiveness for the year ending 31 December 2020 was reviewed as part of the wider Board effectiveness Review, details of the Board effectiveness review can be found on page 58. The Committee also reviews its terms of reference annually, which can be viewed at www.genelenergy.com.

Tim Bushell
Chair, HSSE Committee

International Relations Committee

Monitoring external developments

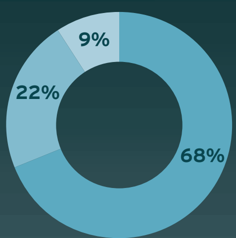
MEETINGS IN 2020

3 MEETINGS HELD (3 SCHEDULED)

Members		Attendance scheduled[1]
Rt Hon Sir Michael Fallon (Chairman)	● ● ●	100%
Hassan Gozal	● ●	100%
Tolga Bilgin	● ● ●	100%
Canan Ediboğlu[2]	● ●	100%
David McManus	● ● ●	100%
George Rose	● ● ●	100%

1 Denotes the attendance percentage at scheduled Committee meetings by each Director
2 Canan Ediboğlu appointed to the Committee on 21 June 2020

INTERNATIONAL RELATIONS COMMITTEE TIME SPENT



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
- Reviewed the political risk policy and procedures
- Discussed external stakeholder engagement
- Considered implications of the new US Administration for US foreign policy, trade policy and climate change agenda

Dear Shareholder,

I am pleased to present the first report of the International Relations Committee. The purpose of the Committee is to provide oversight to 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.

The Committee held three 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. Given the global and wide-ranging impact of COVID-19 in 2020, the Committee also closely monitored the implications of the pandemic on the KRI and Federal Iraq in respect of the wider implications on the business. These included the operating environment, fiscal impact, and the receipt of monthly payments for exports.

Following the US election, the Committee also considered possible policy changes the new administration may bring forward to foreign policy, trade policy and climate change agenda which may in turn have a wider impact on the region and our industry.

During the year, the Committee reviewed enhancements proposed by management to the Company's political risk policy and procedures. The Committee also considered the Company's key external stakeholders in relations to the strategic objectives. 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.

International Relations Committee

Distribution of Wonderbags, Somaliland

OBJECTIVE	ACTIONS	
To monitor and review political developments in the regions in which the Company operates	• Received regular reports on political developments within Iraq, Middle East and USA	
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 reviewed potential implications for external political events on the Company and the industry within which it operates	
To review the quality of the Company's reporting in relation to political risk and controls	• Reviewed disclosures contained with the Annual Report • Reviewed in detail risks allocated to the Committee under the risk management system and reported the effectiveness of these controls and risk mitigation processes to the Audit Committee	› See pages 35 to 37

In the year ahead, 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 has detailed terms of reference which can be viewed at www.genelenergy.com. As part of the Company's governance practices, an effectiveness review for the year ending 31 December 2020 was completed as part of the wider Board Effectiveness Review, further details of this can be found on page 58.

Michael C. Fallon

Rt HON Sir Michael Fallon
Chair, International Relations Committee

Reserves Committee

Ensuring a robust reserves and resources process

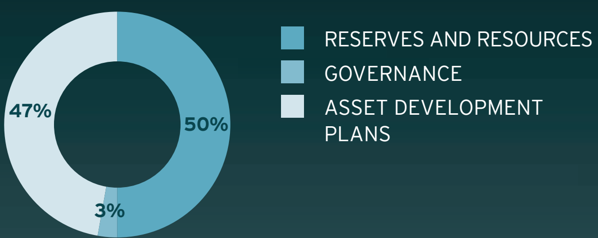
MEETINGS IN 2020

5 MEETINGS HELD (3 SCHEDULED, 2 AD-HOC)

Members		Attendance scheduled[1]
Tim Bushell (Chairman)	● ● ● ● ●	100%
David McManus[2]	● ● ● ● ●	100%
Bill Higgs	● ● ● ● ●	100%

1 Denotes the attendance percentage at scheduled Committee meetings by each Director
2 David McManus was appointed to the Committee on 5 February 2020

RESERVES COMMITTEE TIME SPENT



HIGHLIGHTS OF RESERVES COMMITTEE ACTIVITY

- Reviewed the reserves and resources for each of the Company's assets
- Approved the 2019 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
- Deep dive performed on Somaliland assets

Dear Shareholder,

I am pleased to present this report from the Reserves Committee. The objective of the Committee is to provide oversight of the assessment of the Company's reserves and resources.

As part of the Committee's work ahead of approving the 2020 annual reserves and resources statement, the Committee received and considered reports from management, and external independent reserves evaluators.

The Committee reviewed assessment from DeGolyer and MacNaughton on the Tawke and Peshkabir licences at which Genel has a 25% working interest. The Committee also considered the positive impact of the Enhanced Oil Recovery project at the Tawke field and agreed that pending further work on the project the 23 MMbbls of 2P and 45 MMbbls of 3P gross reserves that DeGolyer and MacNaughton previously included in their figures would continue to be maintained as 2C and 3C resources by Genel. The Committee reviewed an 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 revision of gross 2P reserves by 8 MMbbls as a result of a reduction to the number of wells planned for the future, and their associated expected productivity. Further information on our reserves and resources can be found on page 21.

In September 2020, the Reserves Committee held a meeting during which asset development plans were presented to the Committee by each of the Asset Managers. The asset level strategy, opportunities and risks were reviewed by the Committee for each of the Company's assets. The annual review of each asset development plan enables the Committee to scrunitise the way forward to monetise value from each of our assets. A separate meeting of the Committee was also held during which a deep dive into the Company's assets in Somaliland was discussed.

Site visit, Sarta

OBJECTIVE	ACTIONS	
To increase shareholder confidence by ensuring a robust reserves and resources review process	• Reviewed the reserves and resources assessment procedure • Review asset development plans for each of the operated and non operated assets	› See page 21
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 page 21 › See page 52
To review the qualification and independence of the independent qualified reserves evaluator	• Endorsed the appointment of each of the assets reserves evaluator	› See page 52

The Reserves Committee has detailed terms of reference which can be viewed at www.genelenergy.com and, as part of the Company's governance practices, an effectiveness review of the Committee for the year ending 31 December 2020 was completed as part of the wider Board Effectiveness Review, further details of this can be found on page 58.

Tim Bushell
Chair, Reserves Committee

Division of responsibilities
Independence of the Board

The Independent Non-Executive Directors Tim Bushell, Canan Ediboğlu, Sir Michael Fallon, Martin Gudgeon and George Rose 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. 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 and Hassan Gozal who were both appointed on 5 February 2020 and Nazli K. Williams who has been nominated for appointment to the Board by Focus Investments Limited in accordance with the relationship agreement between the Company and Focus.

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 60.

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.

THE BOARD - 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: George Rose	**Chairman:** Martin Gudgeon	**Chairman:** David McManus	**Chairman:** Tim Bushell	**Chairman:** Tim Bushell	**Chairman:** Sir Michael Fallon
Members: Canan Ediboğlu Martin Gudgeon	**Members:** Sir Michael Fallon George Rose	**Members:** Tim Bushell Sir Michael Fallon George Rose Canan Ediboğlu	**Members:** David McManus	**Members:** David McManus Bill Higgs	**Members:** David McManus Tolga Bilgin Canan Ediboğlu Hassan Gozal George Rose
Meetings in 2020: 4 scheduled	**Meetings in 2020:** 6 scheduled 4 ad hoc	**Meetings in 2020:** 2 scheduled 2 ad hoc	**Meetings in 2020:** 3 scheduled	**Meetings in 2020:** 3 scheduled 2 ad hoc	**Meetings in 2020:** 3 scheduled
Read more page 69	Read more page 73	Read more page 64	Read more page 48	Read more page 52	Read more page 50

BOARD ATTENDANCE

MEMBER	SCHEDULED MEETINGS	AD-HOC MEETINGS	% ATTENDED THROUGHOUT THE YEAR[7]
DAVID McMANUS[1]	6/6	12/12	100%
SIR MICHAEL FALLON[2]	6/6	12/12	100%
BILL HIGGS	7/7	13/13	100%
ESA IKAHEIMONEN	7/7	13/13	100%
TOLGA BILGIN[3]	6/6	11/12	94%
TIM BUSHELL	7/7	13/13	100%
CANAN EDIBOĞLU[4]	4/4	6/6	100%
HASSAN GOZAL[5]	4/6	10/12	78%
MARTIN GUDGEON	7/7	12/13	94%
GEORGE ROSE[6]	7/7	13/13	100%
NAZLI K. WILLIAMS	7/7	13/13	100%

1. David McManus was appointed as Non-Executive Director and Chairman on 5 February 2020
2. Sir Michael Fallon was appointed as Senior Independent Non-Executive Director and Deputy Chairman on 5 February 2020
3. Tolga Bilgin was appointed as Non-Executive Director on 5 February 2020
4. Canan Ediboğlu was appointed as an Independent Non-Executive Director on 21 June 2020
5. Hassan Gozal was appointed as Non-Executive Director on 5 February 2020
6. George Rose stepped down as Interim Chairman on 5 February 2020
7. Denotes the attendance percentage at scheduled and ad-hoc Board Meetings by each Director

Meetings of the Board

During the year the Board held twenty meetings in total of which thirteen were in addition to those scheduled. Due to the 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 could only be held in January, March and September, each of the other meetings was 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.

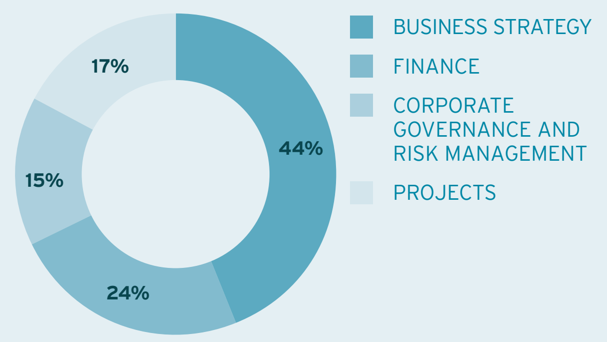
The Directors receive board papers and other relevant information in a timely manner ahead of meetings. Board papers are delivered through an electronic portal that enables Directors to access them wherever they are in the world. The timely provision of relevant information to Directors is vital in ensuring 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 and copies of which are available at www.genelenergy.com. The Audit Committee, Remuneration Committee and Nomination Committee consists only of Independent Non-Executive Directors. David McManus, who was independent upon his appointment as Chairman, chairs the Nomination Committee.

BOARD TIME SPENT (%)



Composition, succession and evaluation

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

TOTAL NUMBER OF DIRECTORS:

11

BOARD COMPOSITION:

Independent Directors: (6)

55%

Non-Independent Directors: (3)

27%

Executive Directors: (2)

18%

INTERNATIONAL DIVERSITY:

Number of Directors

British 6

Finnish 1

Swiss 1

Turkish 2

Azerbaijani 1

SKILLS AND EXPERIENCE OF THE BOARD:

Number of Directors

Oil and gas 6

Managing and leading 11

Governance 8

Financial capital markets 5

HSSE 5

Remuneration 6

Foreign affairs 6

Board composition

There are eleven directors on the Board, of whom two are Executives and nine (including the Chairman) are Non-Executive. Five (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 in accordance with the high standards of governance.

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 62 of this Annual Report.

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 her appointment to the Board Canan Ediboğlu received a full and comprehensive induction to the operations, processes, policies and procedures across the business.

The induction included a comprehensive schedule of meetings during June and July 2020. Due to COVID-19 restrictions the induction was completed virtually. The Board induction programme also includes new Directors visiting each of the Company's offices in London, Ankara and in the KRI. Due to travel restrictions during 2020 it was not possible to complete this aspect of the induction, it is intended that each of these visits will be arranged as travel restrictions ease.

As part of the ongoing training and development programme throughout the year training on specific topics including the code of conduct and Market Abuse Regulations were scheduled into the Board calendar. It is intended that this programme will continue throughout 2021.

Board effectiveness

The Board engaged independent advisors Russell Reynolds to facilitate an evaluation of the Board's effectiveness during 2020. The previous two Board evaluations were conducted internally by the Chairman, with the last external evaluation being conducted in 2017. The scope of the evaluation covered performance of the Board, its Committees and the Directors. The external evaluation considered strategic, risk and ESG oversight; composition including an assessment of the balance of skills, experience, diversity, independence and knowledge of the company; functioning of Board processes and meetings and the quality of materials presented and Board culture and behaviors. As part of the Board evaluation Russell Reynolds conducted an electronic survey among Board members, held one-to-one virtual meetings with each member of the Board and the Executive Team and an external audit partner and a broker, and were invited to observe a Board meeting. Russell Reynolds was also engaged by the Nomination Committee at the beginning of the year to undertake a comprehensive search process for the appointment of a new Independent Non-Executive Director. Russell Reynolds has no other connection with the Company or any of its individual Directors.

OUTPUT FROM THE 2020 EFFECTIVENESS REVIEW

Overall, the 2020 Board effectiveness review concluded that the Board functions well and each of its Committees was effective with strong leadership and engagement, allowing adequate time to discuss areas within their remit. An independent review of the performance of each of the Directors was undertaken by Russell Reynolds.

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. It is the Board's intention to continue to review its performance annually including that of its Committees and individual Directors. Accordingly, the Board recommends the election/re-election of each Director with the exception of George Rose who will stand down as a Director at the Company's forthcoming AGM.

The key actions arising from the effectiveness review are:

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.
Long-term strategy	To create further alignment on long-term strategy and risk appetite, especially on the way the growth strategy is implemented.
Talent management and succession	To review succession plans to ensure they are appropriate and support development of a diverse pipeline of executives.

ACTIONS TAKEN FOLLOWING THE 2019 EFFECTIVENESS REVIEW

Strategy	During the year, the Board of Directors continued to focus on executing the Company's strategy, including arranging a two day meeting focused on strategy. Key topics of focus continued to be monetisation of Bina Bawi, monitoring progress ahead of achieving first oil at Sarta, refinancing of the high yield bond and progress against our ESG strategy, including the publication of our Sustainability Report in September 2020.
Risk	During the year the Board of Directors undertook regular reviews of the Company's risk register and a deep dive into 'process safety incident' was conducted. The Board will continue to perform deep dives into specific risks throughout 2021.
Effectiveness	Following changes to the Board composition in 2020 with the appointment of five new Non-Executive Directors and moving to an environment of virtual board meetings the effectiveness of the Board was closely monitored and Russell Reynolds were asked to provide an external perspective as part of the 2020 review.

Board of Directors

1. David McManus
2. Bill Higgs
3. Esa Ikaheimonen
4. Rt Hon Sir Michael Fallon KCB
5. George Rose
6. Canan Ediboğlu
7. Martin Gudgeon
8. Tim Bushell
9. Hassan Gozal
10. Ümit Tolga Bilgin
11. Nazli K Williams

1. David McManus (67)
Chairman

Appointed
5 February 2020.

Committee memberships
Chairman of the Nomination 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
Between May 2014 and May 2020, David was a Non-Executive Director on the Board of Costain Group PLC. David retired as a Non-Executive Director from the Board of Rockhopper Exploration plc in May 2019, where he served as Chairman from 2016 to 2019. Other past Directorships include Costain plc, 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 (56)
Chief Executive Officer

Appointed
As an 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 nearly 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 joined Genel as Chief Operating Officer in 2017 where he was responsible for delivering all aspects of the asset lifecycle. Prior to joining Genel, he was Chief Operating Officer for Ophir Energy plc, 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. Esa Ikaheimonen (57)
Chief Financial Officer

Appointed
As Chief Financial Officer on 3 July 2017 and as an Executive Director on 7 April 2019.

Key skills and experience
Esa 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. Esa holds a Masters Degree in Law from the University of Turku, specialising in tax law and tax planning.

Current external appointments
Senior Independent Director and Chairman of the Audit Committee of Independent Oil and Gas plc. Esa is also the Non-Executive Chairman of Lamor Corporation, a leading environmental service company.

Previous relevant experience
Between February 2016 and August 2018 Esa was a director of Vantage Drilling International, he was Chairman of Transocean Partners plc from April 2014 to June 2015, and Non-Executive Director of Ahlstrom plc from April 2011 to April 2015.

4. Rt Hon Sir Michael Fallon KCB (68)

Senior Independent Non-Executive Director and Deputy Chairman

Appointed
5 February 2020.

Committee memberships
Chairman 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
Sir Michael is currently a member of the International Advisory Board of Investcorp, an alternative investment management company; Chairman of Avanton Ltd (a property development firm) and Deputy Chairman of Nova Innovation Ltd (tidal stream energy).

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

5. George Rose (68)

Independent Non-Executive Director

Appointed
2 June 2011.

Committee memberships
Chairman of the Audit Committee and member of the Remuneration Committee, Nomination Committee and International Relations Committee.

Key skills and experience
George brings with him recent and relevant financial experience. Until March 2011 George served as the Group Financial Director and member of the Board of BAE Systems plc a position he held for 13 years. George is also a Fellow of the Chartered Institute of Management Accountants and has a wealth of experience in governance to draw on from his former appointment as Non-Executive Chairman of the Audit Committee of Laing O'Rourke plc amongst other appointments.

Current external appointments
George is the Senior Independent Non-Executive Director of Experian plc and on 16 February 2016 George was appointed as a Non-Executive Director of EXPO 2020 LLC.

Previous relevant experience
George retired from the Board of National Grid plc in July 2013, where he served as a Non-Executive Director and was Chairman of the Audit Committee. Other past Non-Executive Directorships include Orange plc and Saab AB. He was previously a member of the UK's Financial Reporting Review Panel and the Industrial Development Advisory Board. George's earlier career consisted of several financial management positions in the automotive sector, at Ford Motor Company, Leyland Vehicles Ltd and the Rover Group.

6. Canan Ediboğlu (65)

Independent Non-Executive Director

Appointed
21 June 2020.

Committee memberships
Member of the Audit Committee, 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.

7. Martin Gudgeon (54)
Independent Non-Executive Director

Appointed:
11 September 2017.

Committee memberships:
Chairman of the Remuneration Committee and member of the Audit Committee.

Key skills and experience:
Martin Gudgeon has significant financial and corporate experience, and is a Partner at PJT Partners. Prior to joining PJT Partners he worked at Blackstone for eight years, serving as a Senior Managing Director, and was the Chief Executive at Close Brothers Corporate Finance. Before that, he was at Hill Samuel, including two years on secondment to Macquarie Bank in Sydney, Australia.

Current external appointments:
None.

8. Tim Bushell (61)
Independent Non-Executive Director

Appointed
11 September 2017.

Committee memberships
Chairman of the HSSE and Reserves Committees, and member of the Nomination Committee.

Key skills and experience
Tim Bushell is a qualified geologist with over 38 years' experience working in the oil and gas sector. He has worked at British Gas, Ultramar, LASMO, and Paladin Resources. 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 Deputy Chairman at Wentworth Resources, and Non-Executive Director at Petro Matad and Sval Energi AS.

9. Hassan Gozal (50)
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 Healthcare Limited, a company recently set up to develop new health initiatives in Iraq and the Middle East; Kuraz Enerji Ltd, an energy production business in Iraq; Daax Construction MMC, a construction company; and Ocean Energy FZE, an oil trading company.

10. Ümit Tolga Bilgin (46)
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.

11. Nazli K Williams (43)
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).

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 28 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. Stephen Mitchell
General Counsel

Stephen Mitchell has practiced as a lawyer for over 35 years. 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.

4. Pars Kutay
Head of Government & Public Affairs

Pars Kutay joined Genel in December 2010. Pars is responsible for developing, co-ordinating and implementing policies on government and public affairs as regards countries where we operate. Pars was a partner at AB Consultancy and Investment Services from 1995 to 2010. Between 1984 and 1995 he served in Turkey's Undersecretariat of Treasury and Foreign Trade. He is a graduate of Law from Ankara University and holds degrees in International Finance and Environmental Law from Ankara University.

5. 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.

6. 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.

Nomination Committee report

Ensuring a high calibre Board

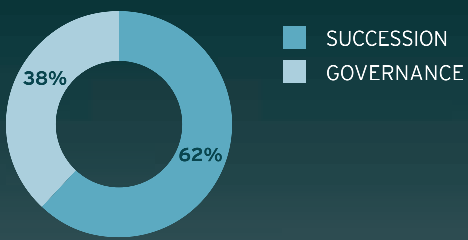
MEETINGS IN 2020

4 MEETINGS HELD (2 SCHEDULED, 2 AD-HOC)

Members		Attendance scheduled[1]
David McManus[2] (Chairman)	● ● ●	100%
Tim Bushell	● ● ● ●	100%
Rt Hon Sir Michael Fallon[2]	● ● ●	100%
Canan Ediboğlu [3]	n/a	n/a
George Rose	● ● ● ●	100%

1 Denotes the attendance percentage at scheduled Committee meetings by each Director
2 David McManus and Sir Michael Fallon were appointed to the Committee on 10 March 2020
3 Canan Ediboğlu was appointed to the Committee on 17 March 2021

NOMINATION COMMITTEE TIME SPENT



HIGHLIGHTS OF NOMINATION COMMITTEE ACTIVITY

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

As part of the Company's commitment to return the Board to 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. George Rose completed nine years as a member of the Board of Directors and Audit Committee Chair in June 2020, in order to prepare for his eventual retirement from the Board of Directors the Committee agreed to focus the search for a new Independent Non-Executive Director on an individual who had relevant financial and industry experience.

OBJECTIVE	ACTIONS	
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 64 to 65
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 the CEO, CFO and each of the Non-Executive Directors was undertaken. • Recommended the re-election/election of each Director at the 2021 AGM	See pages 57 to 58
Keeping under review succession arrangements for Directors and other senior executives	• During the course of the year recommended the appointment of Canan Ediboğlu to the Board of Directors • Undertook a review of talent management across the Company	See page 65

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. Following initial interviews with the Committee the candidates met with other members of the Board. In June 2020, the Board approved the recommendation of the Committee that Canan Ediboğlu be appointed as an Independent Non-Executive Director.

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 29.

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. Following the appointment of Canan Ediboğlu to the Board there are now two female Directors and as part of its remit the Nomination Committee will continue to keep under review the composition and balance of the Board including diversity.

In late 2020, a revised Talent Management process was rolled out across Genel globally, identifying current and future talent potential, learning and development needs, and succession plan gaps. At present our succession planning is focussed on two key areas; senior management and operational capability in the KRI. The Committee discussed a succession gap analysis put together following discussion by our Executive Committee. This provided us with both internal candidates and aligned development needs as well as key areas where outside talent mapping exercises may be required. During 2021, planning will take place to reduce our succession gaps for the near term and future.

The Nomination Committee has detailed term of references which can be viewed at www.genelenergy.com and as part of the Company's governance practices an effectiveness review of the Committee for the year ending 31 December 2020 was completed as part of the wider Board Effectiveness Review. Further information can be found on page 58.

David McManus
Chair, Nomination Committee

Strategic report
Governance
Financial statements
Other information

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 of the Company. 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 34 to 37.

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 robust controls and policies to mitigate as much as possible any potentially negative outcomes.

Overall responsibility for risk management remains with the Board of Directors and 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 the Board and relevant Committee.

Bowtie method

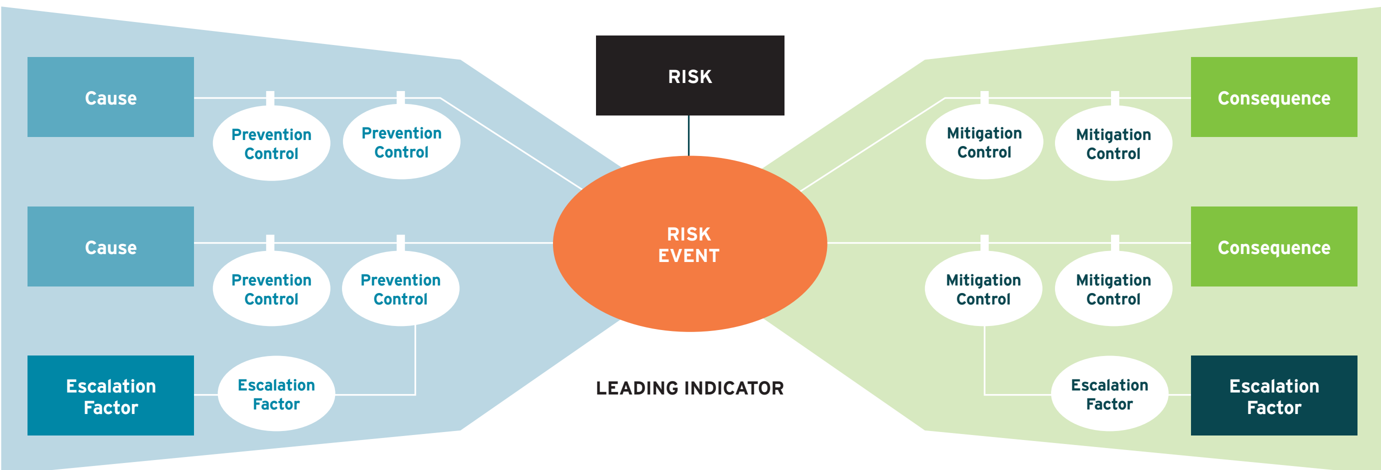
The Company uses the bowtie method of risk management which is widely used in the industry to improve the identification, design and management of prevention and mitigation controls. Departmental champions are identified to develop and maintain bowtie diagrams for the risks that they are managing. An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

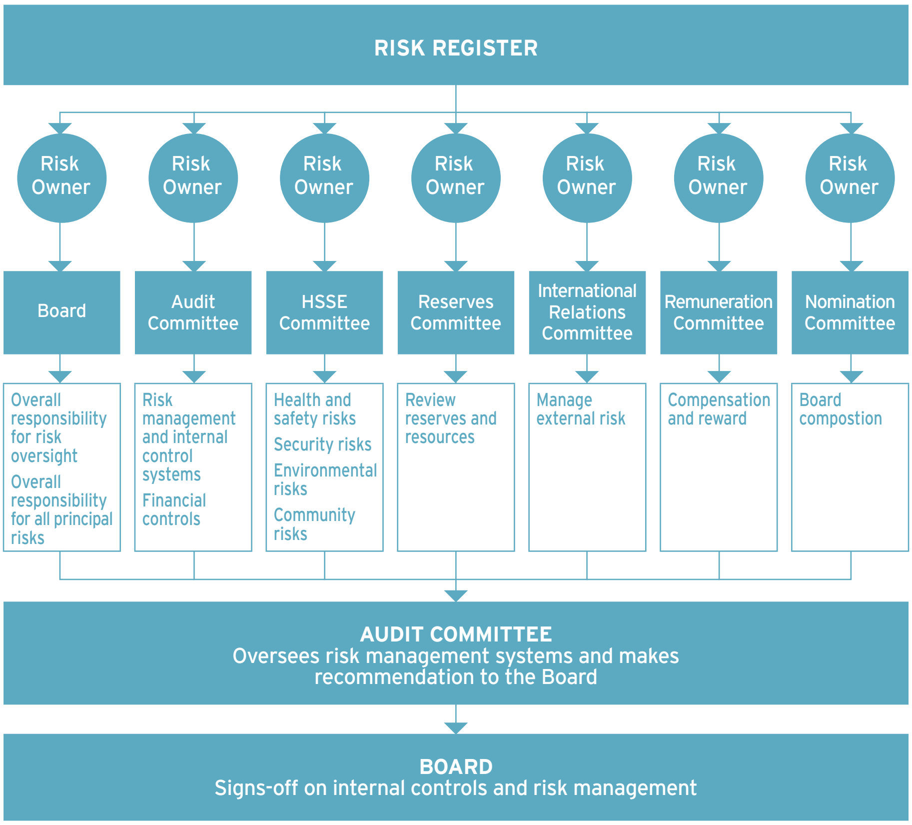
The centre of the bowtie is referred to as the 'risk event' or 'top event', the undesired event at the end of the fault tree and at the beginning of the event tree.

BOWTIE METHOD



COMPANY RISK MANAGEMENT PROCESS & STRUCTURE

1. Risk Register identifies, assesses and documents the risks of the Company
2. Each risk has a Risk Owner responsible for the design and operation of effective controls (prevention and mitigation) to manage that risk
3. Risk Owners report and sign-off risk management form that is presented to the Board and Committees responsible for oversight of that risk
4. The Audit Committee oversees the risk management system of the Company and makes recommendation to the Board
5. The Board signs-off on internal controls and risk management of the Company



RESPONSIBILITIES

Board	Strategy Risk assessment and review identified risks Board sets controls to mitigate or manage risks	• 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 • Where appropriate, approves policies on key risks and provides direction on risk management and appropriate risk mitigation • 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
Executive Committee	Risk register documents risks and allocates each risk to a risk owner Risk owner reports assessment of risks to the Board Risk owner reports assessment of risks to the Board/Committees	• 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	Risk owner designs, operates, monitors and reports on controls	• Put in place process and procedures that execute the decision taken by the Board for the appropriate management or mitigation of each principal risk • Assess and report risk 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
Control Owners	Control owner manages the risk on a day-to-day basis	

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 38.

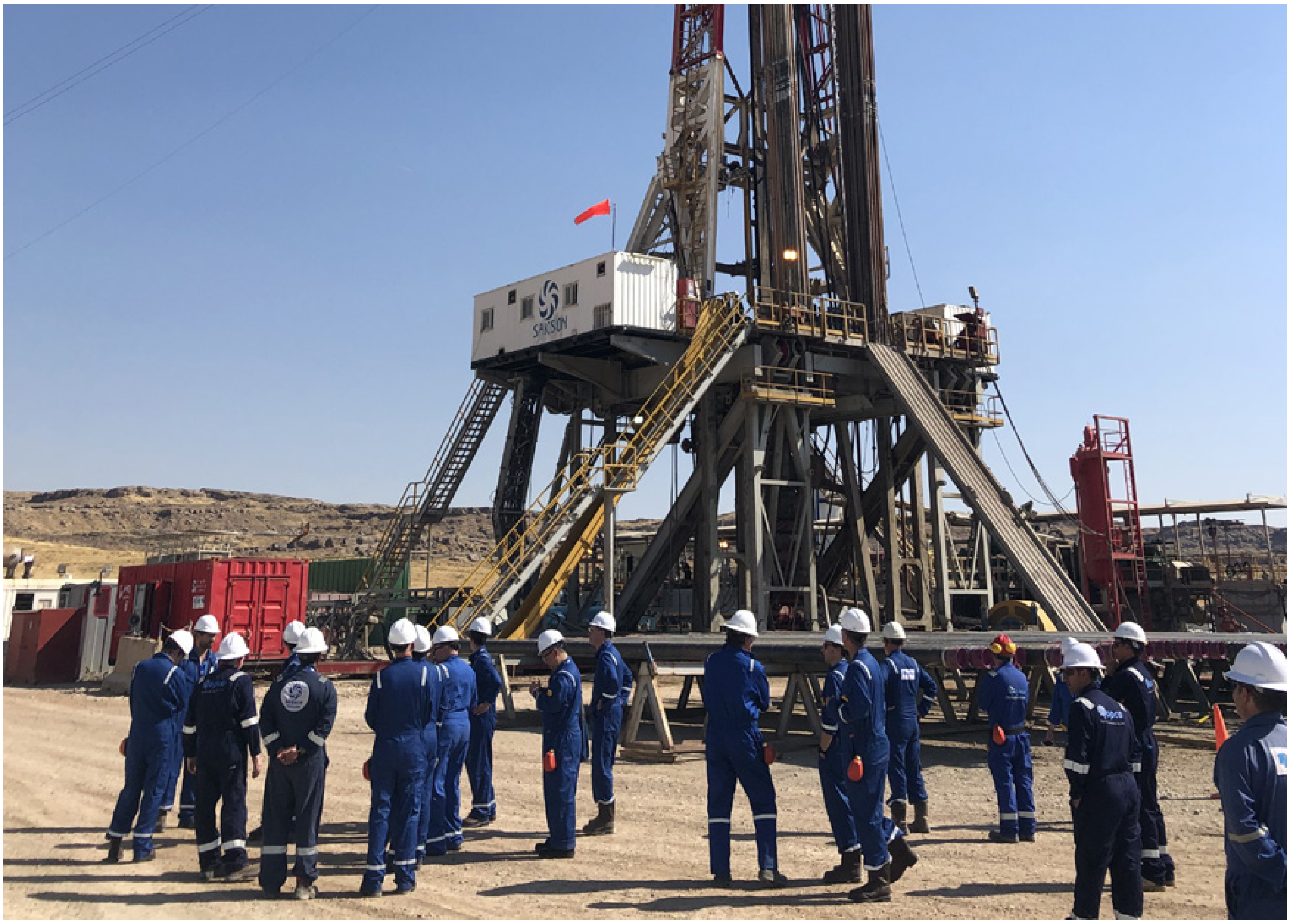
The Audit Committee supports the Board in the performance of its responsibilities by reviewing those procedures that relate to risk management and internal control. The Audit Committee considers the reports of the internal audit function and the external auditor and reports to the Board on such matters 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 69 to 72.

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 2020 and up to the date of the signing of the financial statements, and is satisfied that it remains appropriate to the business.

Site visit, Taq Taq



Audit Committee Report
Ensuring integrity and clarity of published financial information

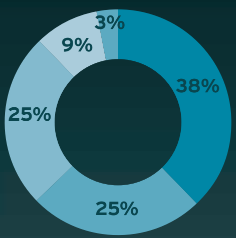
MEETINGS IN 2020

4 MEETINGS HELD (3 SCHEDULED, 1 AD-HOC)

Members		Attendance scheduled[1]
George Rose (Chairman)	● ● ● ●	100%
Martin Gudgeon	● ● ● ●	100%
Canan Ediboğlu [2]	● ● ●	100%

1 Denotes the attendance percentage at scheduled Committee meetings by each Director
2 Canan Ediboğlu was appointed to the Committee on 21 June 2020

AUDIT COMMITTEE TIME SPENT



- GOVERNANCE AND AUDIT
- RISK MANAGEMENT AND INTERNAL CONTROL
- FINANCIAL REPORTING
- FINANCING
- RESERVES AND RESOURCES

HIGHLIGHTS OF AUDIT COMMITTEE ACTIVITY

- Reviewed the 2019 Annual Report and Accounts and 2020 half-year results
- Reviewed significant estimates and judgements in relation to the 2019 full-year accounts and 2020 half-year accounts
- Received reports from the external auditors
- Undertook an external auditor tender process
- Reviewed internal control and risk
- Approved the 2020 internal audit plan
- Received reports from internal audit
- Received updates on the legal compliance programme
- Reviewed risk management processes and the risk register
- Reviewed the effectiveness of external and internal audit functions

Dear Shareholder,

I am pleased to present this 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, are 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 makes 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 www.genelenergy.com

OBJECTIVE	ACTIONS	
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 71 to 72 › See pages 21 to 23
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 69 to 72
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 supported the Board in assessing the Company's tolerance for risk • Kept key accounting policies and practices under review to ensure that they remain appropriate	› See Note 1, page 106 to 112 › See pages 66 to 68
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 66 to 68, and 71
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
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 71
To review the performance of the Company's internal and external auditing arrangements	• Undertook an external auditor 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 page 72 › See page 71
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 46

Membership

In June 2020, following her appointment to the Board of Directors, Canan Ediboğlu was appointed as a member of the Audit Committee. Canan brings her wealth of financial and sector experience to the Committees deliberations. During 2020 all members of the Audit Committee were Independent Non-Executive Directors and are 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 the Committee relies on information and support from management and invites the CEO (Bill Higgs), CFO (Esa Ikaheimonen), Head of HSE and Risk Management (VK Gupta), General Counsel and Company Secretary (Stephen Mitchell), 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 2020 accounts and how these were addressed were:

Oil price forecast – following changes in the macro environment as a result of the global COVID-19 pandemic's impact on brent oil price when assessing the half year and full year accounts the Committee reviewed the Company's oil price forecast. When considering the Company's oil price forecast, at the half-year a forward oil price evolving to a long-term price of $60/bbl in line with market consensus at the time was used. For the year ended 31 December 2020, an oil price deck reviewed by the Board in January 2021, updated to reflect the forward oil price at the 31 December 2020, was adopted. This resulted in an increase in oil price outlook relative to the half-year.

Discount rate – following significant changes in the macro geo-political, economic and industry environment in 2020 the Company's discount rate was assessed at the half-year. The resulting discount rate used to assess the recoverable amount of its producing assets increasing from 12.5% to 13%. This was reviewed again at 31 December 2020 and maintained at 13% for the full year accounts.

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 half-year the impact of lower oil price outlook on cash flows was assessed as an indicator of impairment, with the impairment assessment resulting in impairment of the Tawke PSC and the Taq Taq PSC. At the full-year the Committee also considered the output of the Reserves Committee process, there were no impairment indicators for the full-year accounts.

Impairment indicators for gas assets – with active discussions ongoing with the KRG regarding the development of the Company's gas assets there were no impairment indicators for Bina Bawi or Miran present in the year.

ORRI – in 2020 the KRG suspended payment under the ORRI, as a result no revenue had been recognised by the Company in respect of the ORRI. 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.

Receivable – the Committee has also considered the approach taken to accounting for the outstanding receivable owed to the Company by the KRG. Key inputs to this assessment were confidence in the payment mechanism communicated by the KRG on 6 December 2020, oil price and production and production outlook. The Committee concluded that the expected credit loss recorded and the resulting reported receivable balance were appropriate and confirmed that it would be assessed again at the next reporting date, with updates for any changes in mechanism, oil price and in the context of confidence in payments.

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 66 to 67 and 34 to 37.

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. Each year the Committee approves an internal audit plan for the year ahead, which is aligned to the Group's risk profile. Before approving the plan for the year ahead the Audit Committee takes 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 2020, the Committee reviewed the outcome of the internal audit work that had been performed in accordance with the 2020 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. Due to the impact of COVID-19 pandemic and with the agreement of the Audit Committee two internal audits that were due to be executed in 2020 will now occur in 2021. Annually, the Committee also reviews the effectiveness of the internal audit arrangements the Company had put in place.

During the year the Audit Committee held private meetings with 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

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. PwC present to the Committee their proposed plan of work which is designed to ensure that there are no material misstatements in the financial statements at the year-end. At the year-end the Committee received and discussed a detailed report from PwC regarding the work performed as part of the audit including the scope, materiality thresholds and risks.

PwC have been appointed as the Company's auditors for the past nine years following a tendering process in 2011. In 2016, the Audit Partner was rotated and Michael Timar was appointed as the Senior Statutory Auditor to the Company. The year ending 31 December 2020 will be Michael Timar's fifth and final year as the Senior Statutory Auditor to the Company.

In 2020, the Audit Committee commenced a formal audit tender process in which five firms including PwC were invited to participate, the invitation to tender included details of the process that would be followed and criteria against which each firm would be assessed. The assessment criteria focused on audit quality but also the industry knowledge, experience, the team and track record. A subset of the firms invited to tender accepted the invitation, submitted a written proposal and made an oral presentation. The Audit Committee assessed the written and oral presentations against the predetermined criteria, and went on to make a recommendation to the Board that BDO LLP be appointed as the Company's auditor for the year ending 31 December 2021. In March 2021 the Board endorsed the Audit Committee's recommendation to appoint BDO LLP. This appointment remains subject to approval by the Company's shareholders at the 2021 AGM.

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 taxation advice) which require preauthorisation by the Committee under the terms of the policy.

In 2020, the ratio of non-audit to audit and audit related fees paid to PwC was 1.08:1, the non-audit fee paid was $0.6 million, further details of which can be found on page 114 of the notes to the financial statements. These fees reflect the services and advice provided by PwC in respect of tax and other assurance services received during the year.

Effectiveness

As part of the Company's governance practices, an effectiveness review of the Committee for the year ending 31 December 2020 was completed as part of the wider Board Effectiveness Review, further information can be found on page 58.

George Rose
Chair, Audit Committee

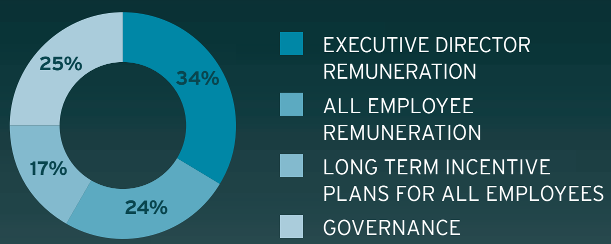
MEETINGS IN 2020

10 MEETINGS HELD (6 SCHEDULED, 4 AD-HOC)

Members		Attendance scheduled[1]
Martin Gudgeon (Chairman)	●●●●●●●●●●	100%
George Rose	●●●●●●●●●●	100%
RT Hon Sir Michael Fallon	●●●●●●●●●	90%[2]

1. Denotes the attendance percentage at scheduled Committee meetings by each Director
2. Sir Michael Fallon was appointed to the Board on 6 February 2020

REMUNERATION COMMITTEE TIME SPENT



ACTIVITIES OF THE REMUNERATION COMMITTEE

The Committee held six scheduled and four ad-hoc meetings during the year. Details of the key activities carried out are set out on page 74. 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, and in my position of Chairman of the Committee, I am pleased to present Genel's Directors' Remuneration Report for the year ended 31 December 2020.

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). 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.

Remuneration Policy

In my letter of 2020 I explained that we proposed to renew the 2017 Policy pending a fuller review of our Policy in 2020. This was to ensure that our review took into account developments that were occurring at Genel as the Company increasingly becomes an operator of assets. The Committee undertook a thorough review of our Policy during the year and has concluded that the main aspects of the 2017 Policy renewed last year remain appropriate for Genel. Short term incentives are based on an operational performance scorecard and long term incentives are based on a combination of relative and absolute TSR. Accordingly, we are proposing to refresh the 2020 Policy with a small number of minor administrative changes aligned to the new share plans and this revised Policy will be brought to shareholders in 2021. The Policy is set out on pages 75 to 82.

The purpose of our Remuneration Policy continues to be to drive performance to deliver shareholder value through the attraction, retention and motivation of the high quality of talent required to develop and implement our strategy. In order to ensure a focus on short-term delivery and align all individual interests with the long-term success of the Company, the same incentive structure for Executive remuneration, including the cash bonus and long-term incentive plans, applies throughout the workforce.

Remuneration for 2020

Full details of the Remuneration Committee's decisions for 2020 are set out in the Annual Report on Remuneration on pages 83 to 90

In 2020, the delivery of culture across the organisation in terms of ESG planning and compliance was excellent, and the necessary COVID-19 measures put in place during the year were all met. Our safety performance remains high. We were pleased to see production delivered as planned following our reassessment of this target in light of the pandemic and activity in the KRI was particularly strong at Sarta where first oil was achieved. However, not all financial performance targets were met and progress at Somaliland and Bina Bawi was missed, as detailed in the company scorecard seen on page 85.

The Committee has reviewed the impact of COVID-19 upon the workforce, and note that no employees were placed on furlough and that no government assistance was received. In addition, management under the guidance of the Executive Directors prevented any negative impact upon workforce headcount or remuneration. Therefore, the Committee did not make any further adjustments to the bonus outcome and determined that 75% of the maximum potential annual bonus was achieved.

Approach to remuneration in 2021

Details of how we intend to apply our Policy over the coming year are set out on pages 88 to 89.

For 2021, the Committee approved an increase in base salary for the Executive Directors at a rate of 1% which is in line with the wider UK workforce. The annual bonus for 2021 for the Executive Directors 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 2021 company scorecard will focus on delivery of culture, balance sheet, production and activity, measuring delivery of the work plan and budget and annual performance. The measurements set out in the Company scorecard have been adjusted (as set out on page 89) to drive the performance of our Executives and wider workforce. The Committee considers that these targets are appropriately stretching and that maximum vesting would represent significant value creation.

2021 AGM

At the AGM in 2021, our shareholders will be asked to approve this Annual Report on Remuneration, the Remuneration Policy for the next three years along with the new share plans 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.

Martin Gudgeon
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	Applied the Remuneration Policy principles in discussion and implementation of remuneration for Executive Directors and Executive Committee members Applied the Remuneration Policy respect of the appointment of the Chairman
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, including a adjustment for COVID-19 Review of performance objectives of the Executive Directors and Executive Committee in order to determine the level of bonus earned in respect of the 2020 financial year
To review all aspects of any equity incentive plans operated or to be established by the Company	The Committee set targets for 2020 PSP awards and reviewed the relative TSR peer group for 2021 awards Review of term sheets for PSP and DBP being put forward for shareholder approval at the 2021 AGM
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 Considered the remuneration-related elements of the 2018 UK Corporate Governance Code Revised the Remuneration Policy for 2021

Remuneration Policy

This part of the report sets out our proposed Directors' Remuneration Policy (the 'Policy'). This Policy will be put forward for shareholder approval at the 2021 AGM, and it will take effect from the date on which it is approved by shareholder vote.

As outlined in the Remuneration Committee Chairman's statement, the Committee reviewed the Company's remuneration arrangements during 2020 to ensure that they are aligned with the Company's strategy of delivering shareholder value through maximising the value of our asset portfolio. Following this review, and introduction of our updated Performance Share Plan ('PSP') and new Deferred Bonus Plan ('DBP') the revised policy set out on pages 75 to 82 will be put forward for approval at our 2021 AGM.

The Policy includes a number of changes from that which was approved by shareholders in 2020. These changes have been made in order to align our Remuneration Policy with the terms of our new PSP and DBP.

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

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Salary	• 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	• 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	• 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	None
Benefits	• To provide a simple and broadly market competitive benefit cash allowance	• 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	• 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	None

VARIABLE REMUNERATION

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	• To incentivise and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's strategy	• 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 award opportunity for Executive Directors is 150% of base salary for each financial year	• 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')	• To incentivise and reward the creation of long-term shareholder value • To align the interests of the Executive Directors with those of shareholders	• 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.	• 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	• 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 abosolute 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

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Chairman fees	• 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	• 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	• 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	• None
Non-Executive Director (NED) fees	• To provide an appropriate reward to attract and retain high calibre individuals with the relevant skills, knowledge and experience	• 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	• 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	• 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.

Plan	Leaver reasons where awards may continue to vest	Vesting arrangements	Treatment for any other leaver reason
PSP	• 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)	• 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	• Awards lapse in full
DBP	• Death • Any other scenaro	• 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	• 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

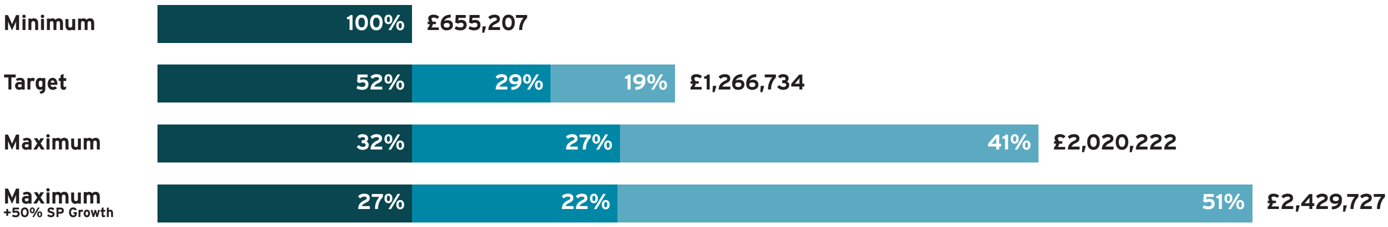
Illustration of the remuneration policy

Genel's remuneration arrangements have been designed to ensure that a significant proportion of pay is dependent on the delivery of stretching short-term and long-term performance targets, aligned with the creation of sustainable shareholder value. The Committee considers the level of remuneration that may be received under different performance outcomes to ensure that this is appropriate in the context of the performance delivered and the value added for shareholders.

The charts that follow provide illustrative values of the remuneration package for Executive Directors under four assumed performance scenarios. These charts are for illustrative purposes only and actual outcomes may differ from that shown.

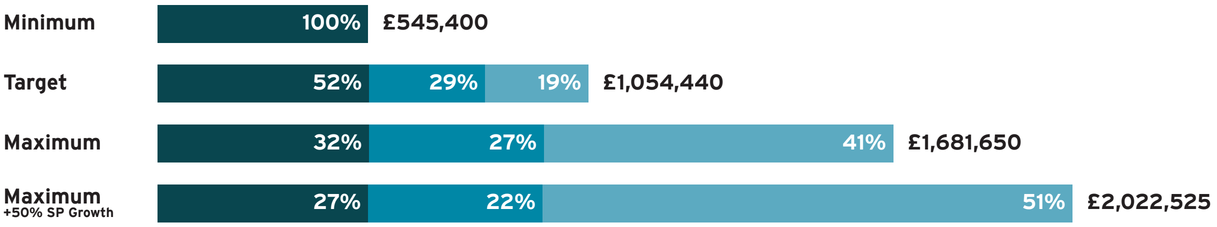
CHIEF EXECUTIVE OFFICER

Bill Higgs



CHIEF FINANCIAL OFFICER

Esa Ikaheimonen



Assumed performance	Assumptions used
All performance scenarios	• Consists of total fixed pay, consisting of base salary and cash supplement in lieu of benefits and pension • Base salary – salary effective as at 1 January 2021 • Benefits – 20% of base salary
Minimum performance	• No pay-out under the annual bonus • No vesting under the PSP
Performance in line with expectations	• Two thirds of the maximum pay-out under the planned operation of the annual bonus for 2021. This represents 67% of base salary for both executive directors • 30% vesting under the PSP • Value of awards under the PSP based on 2021 award levels of 150% of salary
Maximum performance	• 100% of the maximum pay-out under the planned operation of the annual bonus for 2021. This represents 100% of base salary for both executive directors. This is lower than the maximum limit set out in the Policy • 100% vesting under the PSP • Value of awards under the PSP based on 2021 award levels of 150% of salary
Maximum performance (including 50% share price growth)	• 100% of the maximum pay-out under the planned operation of the annual bonus for 2021. This represents 100% of base salary for both executive directors. This is lower than the maximum limit set out in the Policy 100% vesting under the Performance Share Plan, and assuming 50% share price growth between grant and vesting • Value of awards under PSP based on 2021 award levels of 150% of salary • The basis of the calculation of the share price appreciation is that the share price embedded in the calculation for the 'maximum' bar chart is assumed to increase by 50% across the performance period

Unless otherwise stated, PSP awards have been shown at face value, with no share price growth or dividend accrual assumptions.

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.

Advisers to the Committee

The Committee has once again appointed Deloitte LLP ('Deloitte') to provide independent advice on remuneration matters under consideration by the Committee. The Committee continues to believe that Deloitte has 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. During 2020, Deloitte also provided the Company with risk advisory services, and advised on the revision of the Company's share plans as required by law. Deloitte's fees in respect of advice to the Committee in the year under review were £89,350 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 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 2020 and discusses how the Policy has been implemented in the 2020 financial year. Details of the Policy can be found on pages 75 to 82.

Strategic report
Governance
Financial statements
Other information

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 Page 82 contains charts illustrating the implementation of the Remuneration Policy for Executive Directors under four scenarios, including one scenario demonstrating the impact of share price appreciation on the overall size of remuneration packages
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

At the AGM held on 14 May 2020, votes cast by proxy and at the meeting in respect of the Annual Report on Remuneration for the year ended 31 December 2019 were as follows:

	Number of votes cast	For	Against	Abstentions
To approve the Annual Report on Remuneration for the year ended 31 December 2019	201,669,968	196,814,878	4,636,633	215,857
		97.70%	2.30%	
To approve the Directors' Remuneration Policy	201,669,968	199,377,586	473,925	1,815,857
		99.76%	0.24%	

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 2020, and comparison figures for 2019.

Name	Salary/ fees **£'000 2020**	Salary/ fees £'000 2019	Benefits **£'000 2020**	Benefits £'000 2019	Total Fixed Pay **£'000 2020**	Total Fixed Pay £'000 2019	Bonus **£'000 2020**	Bonus £'000 2019	LTIP[2] **£'000 2020**	LTIP[2] £'000 2019	Total Variable Pay **£'000 2020**	Total Variable Pay £'000 2019	Total **£'000 2020**	Total £'000 2019
Executive Director														
Bill Higgs[1]	**540**	390	**108**	78	**648**	468	**422**	254	**48**	390	**470**	644	**1,118**	1,112
Esa Ikaheimonen[1]	**450**	323	**90**	65	**540**	388	**351**	207	**450**	225	**801**	432	**1,341**	820

1. 2019 data relates to the period held as Executive Director
2. LTIP includes shares under the Company's PSP and RSP

Name	2020	Salary/ fees £'000 2019	2020	Benefits £'000 2019	2020	Bonus £'000 2019	2020	LTIP £'000 2019	2020	Total £'000 2019
Non-Executive Directors										
David McManus[1]	**208**	-	**-**	-	**-**	-	**-**	-	**208**	-
Sir Michael Fallon[1]	**90**	-	**-**	-	**-**	-	**-**	-	**90**	-
Tolga Bilgin[1]	**51**	-	**-**	-	**-**	-	**-**	-	**51**	-
Tim Bushell	**91**	91	**-**	-	**-**	-	**-**	-	**91**	91
Canan Ediboğlu[2]	**37**	-	**-**	-	**-**	-	**-**	-	**37**	-
Hassan Gozal[1]	**51**	-	**-**	-	**-**	-	**-**	-	**51**	-
Martin Gudgeon	**84**	81	**-**	-	**-**	-	**-**	-	**84**	81
George Rose[3]	**96**	93	**-**	-	**-**	-	**-**	-	**96**	93
Nazli K. Williams	**56**	56	**-**	-	**-**	-	**-**	-	**56**	56

1. Appointed to the Board on 5 February 2020
2. Appointed to the Board on 21 June 2020
3. George Rose was appointed Interim Chairman from 3 December 2019 until 5 February 2020 for which an interim fee of £200,000 was set

Additional disclosures in respect of the single total figure table

Base salary

The table below shows base salaries which were effective during 2020.

	Base salary on 1 Jan 2019 or date of appointment	Base Salary on 1 January 2020
Bill Higgs[1]	£530,000	£540,600
Esa Ikaheimonen[2,3]	£422,300	£450,000

1. Bill Higgs was appointed as CEO on 7 April 2019
2. Esa Ikaheimonen was appointed as Executive Director on 7 April 2019
3. Esa Ikaheimonen's base salary was increased to £450,000 on 1 August 2019 to reflect increased functional responsibilities

Salary information for 2021 is provided on page 88.

Benefits

In line with the Committee's aim to provide a simple, transparent package, the 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 the cash supplement will be reduced by the amount contributed by the Company into the Mandatory Pension Plan.

Annual bonus

The 2020 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 for both Bill Higgs and Esa Ikaheimonen.

Bill's score at 90% demonstrates his continued personal success against operational readiness and leadership objectives in a challenging year, in particular the swift and effective decision to reshape our capital expenditure programme in the first quarter of 2020 and the successful decision to press ahead and invest in the delivery of first oil at Sarta. The personal score for Esa of 90% reflects a year of continued strong financial management. Our robust balance sheet, supported by the successful bond refinancing in September, has allowed the Company to invest in our key growth projects, and maintain our material dividend despite the impact of COVID-19 and the oil price collapse early in 2020.

Bill Higgs chose to defer £80,120 of his 2019 bonus into Company shares, and Esa Ikaheimonen elected to defer £194,392. The Executive Directors will again be invited to voluntarily defer up to 100% of their 2020 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 2020 bonuses that are deferred will be reported in the 2021 Annual Report.

	2020 bonus	**As % of maximum**
Bill Higgs	**£422,000**	**78%**
Esa Ikaheimonen	**£351,000**	**78%**

2020 – Annual bonus, Remuneration Committee assessment of performance against targets

In light of the impact of the COVID-19 pandemic and the material adverse impact on prevailing oil price, the 2020 work programme and budget was revised early in the year. As a result, the Committee reassessed the scorecard and approved changes accordingly in May. Company metrics focused on the delivery of culture, dividend, production and activity, based on our final 2020 budget and work programme. This included increased weightings on culture delivery given the importance of safety, and on activity delivery that will support share price growth. The weighting on production delivery was reduced to reflect the anticipated lower production activity in 2020.

The company scorecard was assessed by the Committee, based upon the achievement of these performance targets, which resulted in a corporate scorecard outcome of 75% of maximum.

Bonus performance measure	Weighting	Performance target	Assessment of performance against metrics	Performance assessment
Culture Delivery	30%	• Safety • ESG implementation plan complete • Strong compliance culture	• Excellent safety record • Implementation of ESG plan completed on time	30%
Dividend Delivery	20%	• Free cash flow neutral for the year • Finance plan that delivers business objectives at $40/bbl • Derisk impact of bond covenants on dividend payments	• Successful derisking and completion of early refinancing	10%
Production Delivery	5%	• Deliver production as per plan	• Full year production in line with plan and budget	5%
Activity Delivery	45%	• 2020 activity programme delivered within Capex and Opex budget • Delivery of Sarta first oil • Progress objectives at Bina Bawi and Somaliland	• Activity delivered within Opex and Capex budget • First oil at Sarta delivered successfully • Somaliland and Bina Bawi progress not in place	30%

Share plan awards made in 2020

During 2020 the Committee assessed the appropriateness of TSR metrics. Genel has several near term strategic and operational milestones and we determined to replace the absolute TSR targets in 2020 with PSP awards linked to our organic FID pipeline to deliver high margin production. Whilst details of the strategic goals and measures, accounting for 50% of the assessment, remain commercially sensitive (and therefore will only be disclosed retrospectively following any vesting), the measures have appropriately challenging targets.

PSP awards continued to be assessed 50% on relative TSR against our peer group. The peer group for the 2020 PSP awards is below.

Africa Oil	Energean Oil and Gas	Kosmos	Seplat Petroleum
Aker BP	Enquest	Lundin	Pharos Energy
Cairn Energy	Gulf Keystone	Nostrum Oil & Gas	Tullow Oil
DNO	Hurricane	Premier Oil	

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 DBP during 2020. 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]	£810,900	150% of salary	30%	100%	02/04/2023
	DBP[2]	£80,120	voluntary election			22/06/2022
Esa Ikaheimonen	PSP[1]	£675,000	150% of salary	30%	100%	02/04/2023
	DBP[2]	£194,392	voluntary election			22/06/2022

1. The face value of the PSP is calculated as a percentage of base salary as at 1 January 2020
2. The Executive Directors were invited to defer a percentage of their 2019 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 126.3 pence

Share awards

The following table provides a summary of all share awards as at 31 December 2020. Further details of the Company's share plans are set out on pages 121 and 122.

Scheme	Grant date	Exercise price (pence)	As at 1 Jan 2020	Granted during the year	Dividend during the year	Vested during the year	Exercised during the year	Lapsed during the year	As at 31 Dec 2020	Performance period end	Expiry date
Bill Higgs[1]											
PSP	22/12/2017	-	63,773	-	6,595	35,184[2]	-	35,185	35,183	22/12/2020	22/12/2027
PSP	11/04/2018	-	303,158	-	31,357	-	-	-	334,515	11/04/2021	11/04/2028
PSP	07/05/2019	-	378,755	-	39,177	-	-	-	417,932	07/05/2022	07/05/2029
PSP	22/06/2020	-	-	642,042	19,893	-	-	-	661,935	03/04/2023	22/06/2030
RSP	22/12/2017	-	146,603	-	7,581	80,884	-	-	154,184	22/12/2020	22/12/2027
RSP	07/05/2019	-	185,566	-	14,395	46,391		-	199,961	07/05/2022	07/05/2029
DBP	22/06/2020	-	-	63,436	1,965	-	-	-	65,401	22/06/2022	22/06/2030
Esa Ikaheimonen[1]											
PSP	25/08/2017	-	507,067	-	35,635	357,204[3]	-	185,498	357,204	25/08/2020	25/08/2027
PSP	11/04/2018	-	379,254	-	39,228	-	-	-	418,482	11/04/2021	11/04/2028
PSP	07/05/2019	-	301,788	-	31,215	-	-	-	333,003	07/05/2022	07/05/2029
PSP	22/06/2020	-	-	534,441	16,559	-	-	-	551,000	03/04/2023	22/06/2030
RSP	25/08/2017	-	455,643	-	16,173	246,312	-	-	471,816	25/08/2020	25/08/2027
RSP	27/08/2019	-	127,381		12,119	34,082	-	-	139,500	21/08/2022	27/08/2029
DBP	22/06/2020	-	-	153,912	4,768	-	-	-	158,680	22/06/2022	22/06/2030

Performance against targets for 2017 PSP awards

Targets

Both Dec 2017 PSP and Aug 2017 PSP

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	Ophir Energy
Cairn Energy	Premier Oil
DNO	Royal Dutch Shell
EnQuest	Seplat Petroleum
Gulf Keystone	Pharos Energy
Nostrum Oil & Gas	Tullow Oil

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

August 2017:

- Based on the Company's TSR performance over the performance period the Company is ranked 1st 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 15.47% p.a., resulting in vesting of 31.64% of this element.
- Cumulative performance outcome: the cumulative impact of the above performance for the relative and absolute TSR elements results in 65.82% of August 2017 awards vesting.

Dec 2017:

- Based on the Company's TSR performance over the performance period the Company is ranked 1st against the comparator group and achieved vesting of 100% of this element.
- Absolute TSR performance: Based on the Company's TSR performance over the performance over the three year performance period was 7.69% p.a., resulting in vesting of 0% of this element.
- Cumulative performance outcome: The cumulative impact of the above performance for the relative and absolute TSR elements results in 50% of December 2017 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. £6,450 of the 2020 LTIP value shown for Bill Higgs on page 83 is due to share price growth between grant and vesting of the 22 December 2017 PSP award (excluding dividend equivalents)
3. No element of the 2020 LTIP value shown for Esa Ikaheimonen on page 83 is due to share price growth between the grant and vesting of the 25 August 2017 PSP award (excluding dividend equivalents)

Payments to past Directors

In 2020, there were no payments made to past Directors.

As disclosed in the 2019 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 2020 was in respect of this new role.

Payments for loss of office

In 2020, 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 2020 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 2019	Ordinary shares as at 31 Dec 2020	Interest in share options granted under the Company share plans as at 31 Dec 20
David McManus	-	-	-
Sir Michael Fallon	-	9,000	-
Bill Higgs	37,829	37,829	1,869,112
Tolga Bilgin[1]	-	-	-
Tim Bushell	-	-	-
Canan Ediboğlu	-	-	-
Hassan Gozal	-	46,338,622[2]	
Martin Gudgeon	100,000	150,000	-
Esa Ikaheimonen	-	-	2,429,685
George Rose	90,000	90,000	-
Nazli K. Williams	-	-	-

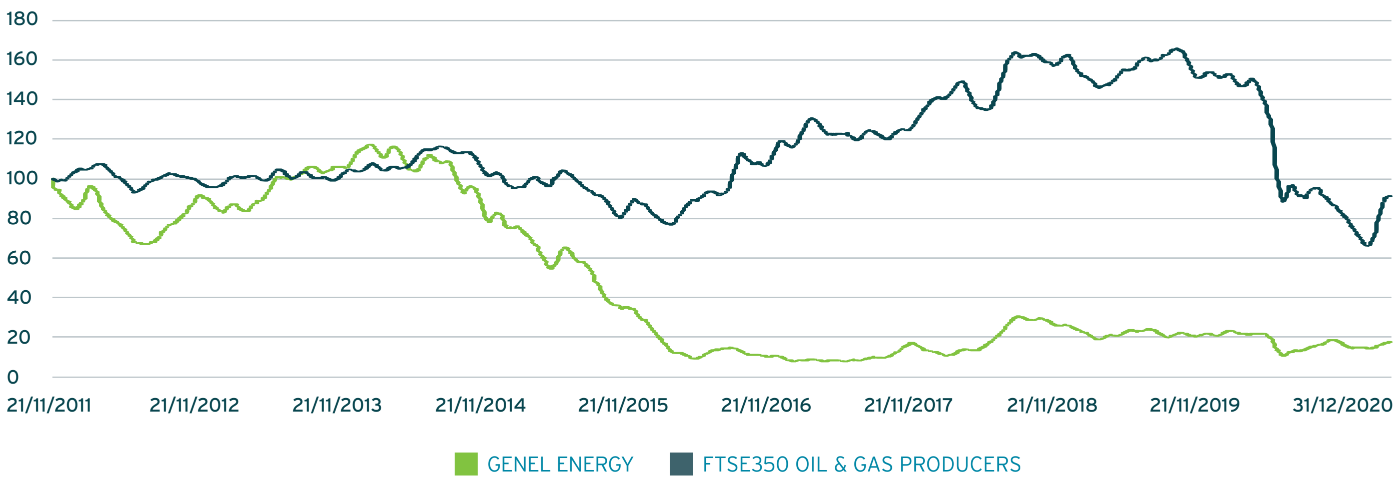
1. Bilgin Grup Doğal Gaz A.Ş, of which Tolga Bilgin is the CEO, holds 62,523,017 shares in the Company as at 31 December 2020
2. These shares are held by Daax Corporation FZE, of which Hassan Gozal is the sole owner

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 2020 financial year.

	2012	2013	2014	2015	2015	2016	2017	2018	2019	2019	2020
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**
CEO single figure remuneration (£'000)	1,691	1,779	2,521	468	531	1,519	1,765	1,882	299	1,112	**1,118**
Annual bonus pay-out (as a % of maximum opportunity)	90%	95%	90%	0%	36.25%	71.4%	82.14%	72.5%	60%	65%	**78%**
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]

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 2019 and 31 December 2020 compared to the average for permanent employees of the Company.

	% change in base salary 2019/2020	% change in benefits 2019/2020	% change in annual bonus 2019/2020
Bill Higgs	38.4%	38.4%	66.08%
Esa Ikaheimonen	39.39%	39.39%	69.88%
All employees	10.4%	6.8%	9.7%

The percentage change in annual bonus for the Executive Directors compares outcomes of the period spent holding the Executive Directorships in 2019 against 2020.

Non-executive Directors received only a fee in 2020 and did not receive benefits or an annual bonus. For those Non-executive Directors that were in role in 2019 and 2020, the year-on-year changes in their fee received were: Tim Bushell and Nazli K. Williams: 0%; Martin Gudgeon: 3.7%; George Rose: 3.2%.

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 2020 was $41m.

Remuneration paid to all employees	$m
2019	20.2
2020	23.9

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

Implementation of Remuneration Policy in 2021

This section provides an overview of how the Committee is proposing to implement our Remuneration Policy in 2021.

In determining Executive Director salary increases for 2021, 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 salaries of the Executive Directors by 1% with effect from 1 January 2021, in line with the wider UK workforce. The table below shows the base salaries for Executive Directors in 2021.

Base salary from 1 Jan 2021	
Bill Higgs	£546,006
Esa Ikaheimonen	£454,500

Benefits

As outlined above, the Executive Directors receive 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 2021, 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.

2021 benefits allowance	
Bill Higgs	£109,201
Esa Ikaheimonen	£90,900

2021 – Annual bonus targets

The target bonuses for the Executive Directors for 2020 will be at a maximum of 100% of base salary. For 2021, the performance of the Executive Directors will be measured 20% against personal performance metrics and 80% against Company metrics.

The focus for the 2021 cash bonus will again be on short-term delivery over the year. In order to continue our focus on the performance required to deliver share price growth, the financial measure has been renamed. 50% of the bonus will rely on the delivery of production and activity. We continue to maintain the focus on high performance in safety and compliance with an added focus on personal high performance culture across the workforce in all functions. The implementation of the ESG plan that was delivered in 2020 will be measured in 2021.

Bonus performance measures	Specific targets	Percentage
Culture Delivery	• Health and Safety • ESG implementation • Strong compliance culture • High performance culture	20%
Balance Sheet Delivery	• Maintain strong balance sheet • Significant reduction in unpaid receivables	30%
Production Delivery	• Production delivered within budget	10%
Activity Delivery	• 2021 activity programme delivered within Capex and Opex budget • Drilling campaign within budget • Progress to operatorship at Sarta	40%

Performance share plan

PSP awards are normally granted as nil-cost options to UK based participants, and conditional share awards to participants in Turkey. The number of awards granted are normally determined by reference to a percentage of base salary.

The ultimate goal of our strategy is to provide long-term sustainable returns to shareholders. Following a thorough review of a range of alternative long term incentive plans the Committee has 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.

The 2021 award for the Executive Directors 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 2021 award, representing 50% of the award, has been reviewed and revised to reflect the latest market developments as shown below:

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

The relative TSR vesting schedule will remain the same as for awards made in 2020, as outlined on page 85.

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 2020 against benchmark data for companies with a similar market cap, and also against comparable E&P companies. The fees for all remain unchanged for 2020.

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	£14,000
HSSE Committee	£10,500
Reserves Committee	£10,500
Nomination Committee	No additional fee
International Relations Committee	£10,000

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.

Martin Gudgeon
Chairman of the Remuneration Committee

17 March 2021

Directors' Report
Other statutory and regulatory information

Management report

The Directors' Report, together with the Strategic Report set out on pages 1 to 40, 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 96 to 120
Likely future developments in the business of the Company or its subsidiaries	Page 23
Subsequent events	Page 122
Corporate social responsibility	Pages 24 to 33
Greenhouse gas emissions	Page 32
Section 172 statement and stakeholder engagement	Pages 39
Colleagues (employment of disabled persons, workforce engagement and policies)	Pages 26, 29
Engagement with suppliers, customers and others in a business relationship	Pages 29, 39
Corporate Governance Statement	Pages 41 to 44
Directors' details (including changes made during the year)	Pages 59 to 62
Related party transactions	Note 22 on page 122
Diversity	Page 29
Share capital	Note 17 on page 119
Viability statement	Page 38
Going concern and Fair, balanced and understandable statements	Pages 38 and 42
Employee share schemes (including long-term incentive schemes)	Note 20 on pages 121-122
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 118 to 119
Statements of responsibilities	Page 95

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*	Disclosure
9.8.4(4) Long-term incentive schemes (LR 9.4.3R)	Note 20 on pages 121 to 122

*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 oil and gas exploration and production.

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 3 December 2019 and 21 June 2020 as at least half the Board (excluding the Chairman) were not independent. A copy of the Code can be found at www.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 36 Broadway, Victoria, London, SW1H 0BH UK on Thursday, 6 May 2021 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. Certain additional provisions relating to the appointment of Directors are included in the Relationship Agreement between the Company and Focus Investments.

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 59 to 62. Details of Directors' service agreements and letters of appointment are set out on pages 80 and 81.

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 87.

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 2020 (2019: nil).

Share Capital

As at 17 March 2021, 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. These consist of 277,670,478 voting ordinary shares and 2,577,720 shares held as treasury shares.

Resolutions in relation to share capital

At the AGM of the Company held on 14 May 2020, 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 9 April 2020) and hold as treasury shares any ordinary shares so purchased. During 2020, 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.

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 which regulates 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.

The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of Focus Investments (and their Associates) and that all transactions and relationships between the Company and Focus Investments are at arm's length and on a normal commercial basis. For the purposes of the Relationship Agreement, the term 'Associate' includes, in the case of Focus Investments, Mehmet Emin Karamehmet.

On 12 February 2015 the Relationship Agreement was amended to reflect changes to the Listing Rules that apply to controlling shareholders. Whilst the Relationship Agreement reflected the majority of the requirements, the Company felt it prudent to amend it to align it to the specific obligations under Listing Rule 6.1.4(d) in effect at the time.

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.

Pursuant to the terms of the Relationship Agreement, it has been agreed that, among other things:

a) For so long as Focus Investments and its respective Associates are entitled to exercise or control the exercise of, in aggregate, 10% or more of the Voting Rights, Focus Investments will, and will procure so far as it is reasonably able to do so, that each of its Associates will:
   i. not take any action which precludes or inhibits any member of the Group from carrying on its business independently of Focus Investments and its respective Associates;
   ii. not exercise any of its Voting Rights to procure any amendment to the articles of association of the Company which would be inconsistent with or breach any provision of the Relationship Agreement;
   iii. if and for so long as paragraph 11.1.7R(3) of the Listing Rules applies to the Company, abstain from voting on any resolution required by paragraph 11.1.7R(3) of the Listing Rules to approve a 'related party transaction' (as defined in paragraph 11.1.5R of the Listing Rules) involving Focus Investments or any of its Associates as the related party;
   iv. comply with all provisions of the Listing Rules, the Disclosure and Transparency Rules, the requirements of the London Stock Exchange and the FSMA that apply to it in connection with the Company;
   v. ensure that the business and affairs of the Company are conducted in accordance with its articles of association; and
   vi. exercise all of its Voting Rights in a manner consistent with the intention that at all times at least half of the Directors (excluding the Chairman) are Independent Non-Executives and that certain committees of the Board shall comply with the UK Corporate Governance Code;
b) For so long as Focus Investments and its respective Associates are, between them, entitled to exercise or control the exercise of, in aggregate, 10% or more of the Voting Rights, Focus Investments will, and will procure that each of its Associates will:
   i. conduct all transactions and arrangements with any member of the Group on arm's length and on normal commercial terms;
   ii. not take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
   iii. not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

1 Following the transfer of a certain number of shares in the Company from Focus Investments to Türkiye İş Bankası A.Ş, the Company has entered into a separate agreement with Türkiye İş Bankası A.Ş providing 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.

c) Provided that Focus Investments and its Associates are entitled to exercise or control the exercise of 10% or more of the Voting Rights, Focus Investments shall be entitled to nominate for appointment to the Board one Director by giving notice to the Company; and

d) For so long as Focus Investments together with their Associates are entitled to exercise or to control the exercise of, in aggregate, 10% or more of the Voting Rights, subject to compliance by the Company with its legal and regulatory obligations, the Company shall procure that Focus Investments is provided with financial and other information as is necessary or reasonably required by them for the purposes of their accounting or financial control requirements or to comply with their legal or tax obligations as a shareholder of the Company.

The rights described at (b)–(d) above will terminate and cease to be of any effect in the event that Focus Investments (or any Affiliate (as defined in the Merger Agreement) of Focus Investments that holds any ordinary shares) ceases to be controlled by Mehmet Emin Karamehmet.

The Director nominated by Focus Investments pursuant to the Relationship Agreement is Nazli K. Williams (Non- Executive Director).

Substantial shareholdings

As at 31 December 2020, 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	39,419,883
NR Holdings Limited	21,214,583
Türkiye İş Bankası A.Ş.	19,000,000

Auditors

Following the completion of a competitive tender process, a resolution to appoint BDO LLP as the Company's auditor will be proposed at the 2021 AGM.

By order of the Board

Bill Higgs
Chief Executive Officer

17 March 2021

Statements of responsibilities

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors 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.

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 Companies (Jersey) Law 1991 and the Directors' Remuneration Report comply with the Companies Act 2006 and Article 4 of the IAS Regulation, given the Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the United Kingdom Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom and Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in Statement of Directors' Responsibilities confirm that, to the best of their knowledge:

- the Group financial statements, which 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 loss of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Annual Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

Bill Higgs
Chief Executive Officer

17 March 2021

Independent auditors' report to the members of Genel Energy Plc

Report on the audit of the financial statements

Opinion

In our opinion, Genel Energy Plc's group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance International Financial Reporting Standards as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated balance sheet as at 31 December 2020; the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (''ISAs (UK)'') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

The collapse of global oil prices, delayed KRG payments and suspended override proceeds amid the COVID-19 pandemic set the context for this year's audit. The group's main cash flow generating assets continue to be its interests in the Tawke and Taq Taq producing oil fields in the Kurdistan Region of Iraq ('KRI'). In December, the group achieved first oil on Sarta its development asset in the KRI. In addition, discussions with the Kurdistan Region Government ('KRG') on the development of the potential gas and oil projects on the Bina Bawi and Miran Production Sharing Contracts ('PSC') continued but had not concluded by the date of this report.

Overview

Audit scope

- We identified two significant components out of the group's 23 reporting entities
- Specific financial statement line items were in scope for an additional 8 entities
- Overall, our scoping strategy resulted in a minimum of 75% of each financial statement line item being in scope for testing

Key audit matters

- Risk of impairment of oil producing assets
- Risk of recoverability of overdue debtors
- Risk of impairment of exploration assets
- COVID-19

Materiality

- Overall materiality: $15 million (2019: $8 million) based on 1% of total assets (2019: 2.5% of EBITDAX).
- Performance materiality: $11.25 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in 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 in the Auditors' responsibilities for the audit of the financial statements section, 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to comply with employment laws, environmental regulations, health and safety regulations and anti-bribery and corruption law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies (Jersey) Law 1991. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including the group legal function to determine whether there were any known or suspected instances of non-compliance with laws and regulation and fraud.

- Understanding and evaluating controls designed to prevent and detect irregularities and fraud.
- Assessing significant judgements and estimates in particular those relating to impairment of producing assets, exploration assets and overdue debtors and the disclosure of these items (and as outlined further in the 'Key audit matters' section of this report).
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

This is not a complete list of all risks identified by our audit.

Risk of recoverability of overdue debtors and COVID-19 are new key audit matters this year. Otherwise, the key audit matters below are consistent with last year.

Strategic report
Governance
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Other information

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
RISK OF IMPAIRMENT OF OIL PRODUCING ASSETS	
IAS 36 requires management to consider whether there are indicators of impairment on a Cash Generating Unit ('CGU') basis, and if any are identified, to carry out a full impairment assessment of the relevant assets. At 30 June 2020, primarily due to the significant decline in current and forecast oil prices, management concluded that impairment indicators existed for both Tawke and Taq Taq. As required, management therefore performed full impairment assessments of the Tawke and Taq Taq CGUs as at 30 June 2020. This resulted in impairment charges of $254 million and $32 million for Tawke and Taq Taq, respectively. At 31 December 2020, as part of their review for impairment indicators, management considered forward looking information in each of the following key areas for both CGUs: reserves, production, costs, oil price and discount rate. Following their assessment, management have not identified any further impairment indicators for the Taq Taq and Tawke CGUs during the period.	At 30 June 2020, in order to challenge management's assessment of the recoverable amount of each CGU, we reviewed the reasonableness of management's key assumptions as follows: **Reserves, production and cost profile** – we compared management's reserves, production and cost assumptions with those of management's experts in the Competent Person's Report ('CPR's), and 3rd Party Operators as relevant. We also held discussions with management's experts and discussed production performance and future drilling plans with operational management. We agreed drilling plans and costs to approved asset development plans. We did not identify any issues from this work. **Oil price forecast** – we benchmarked management's oil price forecast against independent brokers and consultant estimates. We found management's assumptions to be in the lower (less optimistic) quartile of our sample range. **Discount rate** – we benchmarked management's discount rate against an independently determined range calculated by our valuation experts. Management's discount rate was below the lower (more optimistic) end of our acceptable range. We also performed sensitivity analysis over management's key assumptions used in their impairment assessments taking into account the CPRs and our own view of future oil prices and discount rate. Whilst management's discount rate fell outside our acceptable range, when considered in conjunction with their cautious view of oil price forecasts, we found management's assessment of the recoverable values of the Tawke and Taq Taq CGUs at 30 June 2020 to be reasonable, and the calculations of the related impairment charges appropriate. At 31 December 2020, our audit work focused on the reasonableness of management's key assumptions, and by comparison with 30 June 2020, considered whether there was any indicator of impairment. We compared management's reserves, production and cost assumptions with those of management's experts in the Competent Person's Reports ('CPR's), and the operators as relevant. We also held discussions with management's experts and discussed production performance and future drilling plans with management. We had no matters to report arising from this work. We benchmarked management's oil price forecast against independent broker and consultant estimates, and assessed management's discount rate against a discount rate range independently determined by our valuation experts. In both cases, our benchmarks had improved since the impairment assessment as at 30 June 2020. Accordingly, we concurred with management that there were no indicators of impairment at 31 December 2020. We also considered management's disclosure of the impairment testing to be in accordance with IAS 36.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
RISK OF RECOVERABILITY OF OVERDUE DEBTORS	
In March 2020, the Company was informed by the Kurdistan Regional Government ('KRG') that due to the significant fall in the oil price, payments for November 2019 to February 2020 that were overdue would be deferred, and override payments would be suspended. Given the suspension of the override mechanism, management concluded that revenue in respect of the override should not be recognised from 1 March 2020. On 6 December 2020, the KRG announced a payment mechanism for both the overdue receivables and the outstanding override payments, which is dependent on a combination of oil production and the prevailing oil price. Whilst this payment mechanism commenced prospectively from January 2021, the company has not yet agreed to the terms, and there remain areas of interpretation as to how it should operate. In addition, the amount of override revenue due as at 31 December 2020 has not been agreed with the KRG. As management does not have sufficient confidence in the value or timing of payment of the 2020 override revenue of $37.8 million, this amount continues to be unrecognised under IFRS 15. In respect of the overdue payments, management performed the expected credit loss (ECL) assessment based on the KRG proposed terms using a range of oil price scenarios and an effective interest rate of 13%. As a result, an impairment of $34.9 million to trade receivables was recorded.	We have reviewed the relevant correspondence with the KRG and concur with management that it is appropriate under IFRS to not recognise the override revenues. Our review of management's ECL assessment focused on the reasonableness of the key assumptions used in the impairment assessment. **Oil price** - We benchmarked management's Brent scenarios against our range of independent broker and consultant estimates **Production** - We agreed the production profiles utilised to the Asset Development Plans approved by the Board for each field. **Discount rate** - Our valuation experts provided an independent view of an appropriate discount rate range, which management's discount rate of 13% is within. **Recovery scenarios** - We confirmed that the models reflect the payment mechanism proposed by the KRG. We reviewed correspondence from management to the KRG seeking improved terms, and as a result consider this approach to be a reasonable worst-case scenario. **Mathematical accuracy** - We checked the mathematical accuracy of the ECL model. Our work did not identify any issue which would indicate that the ECL recorded is materially misstated. We also considered management's disclosure of the ECL assessment to be in accordance with IFRS 9.
RISK OF IMPAIRMENT OF EXPLORATION ASSETS	
Under IFRS 6, management is required to consider whether there are indicators of impairment and if any are identified, to carry out a full impairment assessment of the relevant assets under IAS 36. Whilst management are continuing discussions with the KRG on the development of Bina Bawi and Miran towards becoming producing assets, following the failure to agree a Gas Lifting Agreement by 30 April 2020 for Bina Bawi and 31 May 2020 for Miran, the PSCs contain clauses which would give the KRG the right to give the company notice that they intend to terminate the related PSCs. The Company's view is that it does not accept that any such right arose or could now be exercised. In addition, the Company has been informed by the KRG that, while negotiations are ongoing, it will not seek to serve notice of an intention to terminate the Bina Bawi PSC. Following their assessment, management have not identified any impairment indicators for the Bina Bawi and Miran CGUs. We consider this to be a key audit matter due to the significance of the carrying value of these exploration assets and the level of judgement being exercised in the impairment assessment.	Our work focused on whether the lack of a field development plan agreed with the KRG as at the date of our audit report, combined with the KRG's right to terminate the PSCs, resulted in an impairment indicator under IFRS 6, which would then require a full impairment assessment to be undertaken. We have confirmed with management and the company's legal advisers their views with regards to rights under the PSCs and that no notification of intention to terminate the PSCs has been received from the KRG. We held meetings with management to discuss the current strategy for development of the assets and understand the outcome of the latest meetings held with the KRG. We reviewed proposals submitted to the KRG in August, and compared these to the basis for management's valuations of the assets at the 2019 year-end. We also reviewed a report by the US Department of Energy on the KRI's natural gas sector which emphasised the importance of collaboration amongst operators and the KRG to unlock the large gas developments, specifically highlighting the role Bina Bawi and Miran can play in meeting the future gas demand in the region. Based on these enquiries we concur with management's assessment that no impairment indicators exist for both Bina Bawi and Miran CGUs as at 31 December 2020. We also reviewed the related disclosures in the Annual Report in order to ensure that they were appropriate and obtained representations from the Directors in relation to the current status of discussions with the KRG.
COVID-19	
COVID-19 was declared a pandemic by the World Health Organisation on 11 March 2020 and the on-going response is having an unprecedented impact on the global economy. It is therefore necessary to consider the impact on the Company. As set out in the Annual Report, management has considered the impact of COVID-19 on the Company, alongside the actions that have been taken in response to the pandemic. The primary impact of COVID-19 on the Company has been the adverse movement in global oil prices which led to delayed KRG payments and suspended override proceeds. Management has also considered the potential impact of COVID-19 in undertaking their assessment of going concern. We determined management's consideration of the impact of COVID-19 to be a key audit matter.	Our procedures in respect of the related financial reporting issues being impairment of producing assets, impairment of exploration assets and recoverability of overdue debtors are set out in the related key audit matter above. Our procedures and conclusions in respect of going concern are set out separately within the Conclusions relating to going concern section of this report. We considered the appropriateness of disclosures in the Annual Report with regards to the impact and risks related to the pandemic and consider these to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The group is structured along two reporting segments being the type of assets it operates: Production assets and Pre-production assets. The group financial statements are a consolidation comprising the group's operating businesses in these reporting segments as well as centralised functions. While the group's key assets are almost entirely based in the Kurdistan Region of Iraq, accounting functions are largely performed in the company's office in Ankara.

Our group scoping was based on total assets, we have identified two financially significant components comprising a high proportion of total group assets, which required an audit of their complete financial information. These two significant components are (a) the trading entity for the Kurdistan oil producing assets Taq Taq and Tawke and (b) the entity that holds the Miran and Bina Bawi assets.

We also performed specific procedures on certain financial statement line items within eleven other components in the group including: operating expenses, finance expenses, cash and cash equivalents and borrowings.

Overall, our scoping strategy resulted in a minimum of 75% of each financial statement line item being in scope for testing. The PwC UK group engagement team performed all of our audit work. As a result of Covid-19, we were unable to visit the accounting function in Ankara but performed our procedures remotely, in most cases with communication through video conferencing.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	$15 million (2019: $8 million)
How we determined it	1% of total assets (2019: 2.5% of EBITDAX)
Rationale for benchmark applied	This reflects the events of 2020 including the fall in oil price, the delay in payments from the KRG and suspension of the ORRI which result in the key risk areas being balance sheet related (a departure from 2019 where we used an EBITDAX benchmark). We used a lower specific materiality for certain income statement financial statement line items. In 2020, we used 5% of EBITDAX (defined in Note 1) ($5.7 million) for revenue, production costs, and general and administrative costs.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was $0.4 million to $13.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to $11.25 million for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $0.8 million (2019: $0.4 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing management's paper to the Audit Committee which outlines the basis for the going concern conclusion, and summarised base case forecasts and downside scenario models;
- Reviewing the key inputs into the model, including production profiles, oil price forecasts, capital expenditure and operating expenditure estimates, to ensure that these were consistent with our understanding of the business, and with the inputs used in other key accounting judgements in the financial statements such as impairment and debtor recoverability;
- Performing our own independent sensitivity analysis to understand the impact of severe changes in cash flows such as complete suspension of payments from the KRG;
- Reviewing the covenants applicable to the Group's borrowings and requirements of farm-in agreements and assessing whether the forecasts supported ongoing compliance with these covenants.

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the ISAs (UK) require us also to report certain opinions and matters as described below.

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance section of the Annual Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties relating to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and its environment obtained in the course of the audit.

In addition, 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 and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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

We have no exceptions to report arising from this responsibility.

Other voluntary reporting

Directors' remuneration (United Kingdom Companies Act 2006)

The parent 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 parent company 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 United Kingdom Companies Act 2006.

Michael Timar
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Recognized Auditor
London

18 March 2021

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	Note	**2020 $m**	2019 $m
Revenue	2	**159.7**	377.2
Production costs	3	**(32.7)**	(37.7)
Depreciation and amortisation of oil assets	3	**(153.3)**	(157.1)
Gross (loss) / profit		**(26.3)**	182.4
Exploration expense	3	**(2.2)**	(1.2)
Impairment of intangible assets	3-8	**(44.3)**	-
Impairment of property, plant and equipment	3-9	**(242.0)**	(29.8)
Impairment of receivables	10	**(36.9)**	-
General and administrative costs	3	**(12.8)**	(19.1)
Operating (loss) / profit		**(364.5)**	132.3
Operating (loss) / profit is comprised of:			
EBITDAX		***114.6***	*321.8*
Depreciation and amortisation	*3*	***(153.7)***	*(158.5)*
Exploration expense	*3*	***(2.2)***	*(1.2)*
Impairment of intangible assets	*3-8*	***(44.3)***	-
Impairment of property, plant and equipment	*3-9*	***(242.0)***	*(29.8)*
Impairment of receivables	*10*	***(36.9)***	-
Finance income	5	**2.0**	6.6
Bond interest expense	5	**(31.5)**	(30.0)
Other finance expense	5	**(22.7)**	(4.3)
(Loss) / Profit before income tax		**(416.7)**	104.6
Income tax expense	6	**(0.2)**	(0.7)
(Loss) / Profit and total comprehensive (expense) / income		**(416.9)**	103.9
Attributable to:			
Owners of the parent		**(416.9)**	103.9
		(416.9)	103.9
(Loss) / earnings per ordinary share		**¢**	¢
Basic	7	**(152.0)**	37.8
Diluted	7	**(152.0)**	37.0
Underlying[1]		**41.8**	116.9

1. Underlying EPS is EBITDAX divided by weighted average number of ordinary shares

Consolidated balance sheet

At 31 December 2020

	Note	2020 $m	2019 $m
Assets			
Non-current assets			
Intangible assets	8	**699.4**	775.6
Property, plant and equipment	9,19	**395.7**	636.9
Trade and other receivables	10	**52.1**	-
		1,147.2	1,412.5
Current assets			
Trade and other receivables	10	**48.9**	157.4
Restricted cash	11	**-**	3.0
Cash and cash equivalents	11	**354.5**	390.7
		403.4	551.1
Total assets		**1,550.6**	1,963.6
Liabilities			
Non-current liabilities			
Trade and other payables	12-19	**(100.4)**	(118.8)
Deferred income	13	**(19.7)**	(26.7)
Provisions	14	**(45.9)**	(37.4)
Interest bearing loans	15	**(267.7)**	(297.9)
		(433.7)	(480.8)
Current liabilities			
Trade and other payables	12-19	**(99.0)**	(91.7)
Deferred income	13	**(7.5)**	(5.0)
Interest bearing loans	15	**(80.6)**	-
		(187.1)	(96.7)
Total liabilities		**(620.8)**	(577.5)
Net assets		**929.8**	1,386.1
Owners of the parent			
Share capital	17	**43.8**	43.8
Share premium account		**3,991.9**	4,033.4
Accumulated losses		**(3,105.9)**	(2,691.1)
Total equity		**929.8**	1,386.1

These consolidated financial statements on pages 102 to 123 were authorised for issue by the Board of Directors on 17 March 2020 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 2020

	Note	Share capital $m	Share premium $m	Accumulated losses $m	Total equity $m
At 1 January 2019		43.8	4,074.2	(2,786.6)	1,331.4
Profit and total comprehensive income		-	-	103.9	103.9
Share-based payments	20	-	-	5.1	5.1
Purchase of shares to satisfy share awards		-	-	(8.2)	(8.2)
Purchase of treasury shares		-	-	(5.3)	(5.3)
Dividends provided for or paid[1]	18	-	(40.8)	-	(40.8)
At 31 December 2019 and 1 January 2020		43.8	4,033.4	(2,691.1)	1,386.1
Loss and total comprehensive income		**-**	**-**	**(416.9)**	**(416.9)**
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		**43.8**	**3,991.9**	**(3,105.9)**	**929.8**

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 2020

	Note	**2020 $m**	2019 $m
Cash flows from operating activities			
(Loss) / Profit for the year		**(416.9)**	103.9
Adjustments for:			
Net finance expense	5	**52.2**	27.7
Taxation	6	**0.2**	0.7
Depreciation and amortisation	3	**153.7**	158.5
Exploration expense	3	**2.2**	1.2
Impairments	3	**323.2**	29.8
Other non-cash items	3	**(3.7)**	(2.4)
Changes in working capital:			
Decrease / (Increase) in trade receivables		**15.8**	(55.4)
Decrease / (Increase) in other receivables		**0.6**	(0.2)
Increase in trade and other payables		**0.4**	3.3
Cash generated from operations		**127.7**	267.1
Interest received	5	**2.0**	6.6
Taxation paid		**(0.3)**	(0.8)
Net cash generated from operating activities		**129.4**	272.9
Cash flows from investing activities			
Purchase of intangible assets		**(24.2)**	(26.5)
Purchase of property, plant and equipment		**(85.5)**	(123.8)
Movement in restricted cash	11	**3.0**	7.0
Net cash used in investing activities		**(106.7)**	(143.3)
Cash flows from financing activities			
Dividends paid to company's shareholders, including expenses	18	**(55.3)**	(29.0)
Purchase of own shares		**(3.4)**	(13.5)
Bond refinancing: part-settlement and new issuance	15	**28.9**	-
Other		**(3.3)**	(0.6)
Interest paid		**(25.8)**	(30.0)
Net cash used in financing activities		**(58.9)**	(73.1)
Net (decrease) / increase in cash and cash equivalents		**(36.2)**	56.5
Foreign exchange loss on cash and cash equivalents		**-**	(0.1)
Cash and cash equivalents at 1 January	11	**390.7**	334.3
Cash and cash equivalents at 31 December	11	**354.5**	390.7
Post year-end payments[1]	15	***(81.0)***	*(13.6)*
Cash and cash equivalents after post year-end payments		***273.5***	*377.1*

1. On 8 January 2021, shortly after the balance sheet date, the Company paid $81.0 million to settle $77.1 million of old bonds reducing its gross debt balance to $280 million, with $267.7 million reported under IFRS in the balance sheet. In the prior year, an interim dividend payment of $13.6 million was made on 8 January 2020, which has been shown as a comparative.

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 ($m) 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 107 and 109.

Going concern

The Company regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants by considering multiple combination of oil price, discount rates, production volumes, payments, capital and operational spend scenarios. The Company has reported liquidity after settlement of bonds post year-end of $273.5 million, with no debt maturing until the second half of 2025 and significant headroom on both the equity ratio and minimum liquidity covenant. Our business model has demonstrated its resilience in 2020, when oil price was low and 4 months of payments with a value of $120.8 million that were due in the year were not received, by delivering a small free cash out flow after investing significantly in bringing Sarta to first production. The strength of the balance sheet is expected to be maintained through 2021, with Sarta adding a new income stream and diversifying production risk, and capital activity in the year focused on expanding the sources of income of the business further. Our low-cost assets with flexibility on commitment of capital means that we are resilient to oil prices as low as the levels reached last year, with the KRG also 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 COVID19 pandemic, which includes a significant reduction in oil price from current levels combined with a reduction in production. 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 2020 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 within finance income or finance costs.

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.

1. Summary of significant accounting policies continued

Farm-in/farm-out

Farm-out transactions relate to the relinquishment of an interest in oil and gas assets in return for services rendered by a third party or where a third party agrees to pay a portion of the Company's share of the development costs (cost carry). Farm-in transactions relate to the acquisition by the Company of an interest in oil and gas assets in return for services rendered or cost-carry provided by the Company.

Farm-in/farm-out transactions undertaken in the development or production phase of an oil and gas asset are accounted for as an acquisition or disposal of oil and gas assets. The consideration given is measured as the fair value of the services rendered or cost-carry provided and any gain or loss arising on the farm-in/farm-out is recognised in the statement of comprehensive income. A profit is recognised for any consideration received in the form of cash to the extent that the cash receipt exceeds the carrying value of the associated asset.

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.

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. The Company has assessed the following as being areas where changes in judgements or estimates could have a significant impact on the financial statements.

Significant judgements

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 include; i) IFRS 15 criteria have not been met for override revenue; ii) the Bina Bawi and Miran projects will progress which are explained in the context of the significant estimates below.

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.

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

The Company has updated its estimated reserves and resources with the accounting impact summarised below under estimation of oil and gas asset values.

Estimation of oil and gas asset values

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.

1. Summary of significant accounting policies continued

In addition, estimation of the recoverable amounts of the Bina Bawi and Miran cash generating units ('CGU's), which are classified under IFRS as exploration and evaluation intangible assets and consequently carry the inherent uncertainty explained above, include the key assessment that the projects will progress. Progression of the project is outside of the control of management and is dependent on the progress of government discussions regarding supply of gas and sanctioning of development of both of the midstream for gas and the upstream for oil. The KRG and the Company have been focusing on progressing the Bina Bawi asset first, with success on Bina Bawi likely to inform both of the likely structure, midstream and downstream solution for Miran. Lack of progress on Bina Bawi could result in significant delays in value realisation and consequently a materially lower asset value for both assets. Under the existing production sharing contracts ('PSC') for both Bina Bawi and Miran, the KRG had a right (not an obligation) effective from 30 April 2020 and 31 May 2020 respectively to take steps to terminate the PSCs if no new Gas Lifting Agreement(s) was in place. Whilst the Company does not accept that any such right arose, or could now be exercised, the Company has in any event been informed by the KRG that, while negotiations are ongoing, it will not seek to serve notice of an intention to terminate the Bina Bawi PSC. Discussions are ongoing.

Change in accounting estimate – Discount rate for assessing recoverable amount of producing assets

Following the significant change in the macro geo-political, economic and industry environment, for the period ended 30 June 2020 the Company has updated the discount rate used for assessing the recoverable amount of its producing assets from 12.5% to 13.0%. At the half year this had a negative impact on the recoverable amount of the Tawke CGU and the Taq Taq CGU. The results of the assessments combining with other factors are explained below. The Company disclosed the sensitivities on net present values in note 9. At the year-end the discount rate is unchanged from the half year at 13.0%.

Change in accounting estimate – Tawke asset and Tawke RSA (receivable settlement agreement) carrying value; Taq Taq carrying value

At the half year, as a result of lower oil prices and lower levels of investment than were forecasted in the preparation of the financial statements for the year-ended 31 December 2019 were finalised, together with the higher discount rate explained above, management assessed that there were impairment indicators for both Tawke and Taq Taq. Management performed impairment assessments and assessed their recoverable values on a fair value less cost to sell basis, resulting in an impairment of $210.4 million for the Tawke; $44.3 million for the Tawke RSA; and $31.6 million for the Taq Taq asset respectively. There were no impairment indicators at the end of the year, and in particular, the oil price outlook has improved since the half year as disclosed below.

Change in accounting estimate – Taq Taq and Tawke depreciation

Management has reassessed the depreciation rate per barrel during the second half, principally as a result of lower estimate of future production and costs for Taq Taq, increased future cost estimate for Tawke and the impact of HY impairments on both assets. Change in future cost estimates do not materially impact NPV as a result of cost recovery which is explained further in the sensitivity to capital expenditure disclosure in note 9. The adjusted depreciation rate results in a depreciation expense that is $6 million higher for Taq Taq and $4 million higher for Tawke than if the previous depreciation rate per barrel was used.

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 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 2025 price then inflated at 2% per annum.

$/bbl	2020	2021	2022	2023	2024
Actual / Forecast	**42**	**55**	**55**	**60**	**60**
HY 2020 forecast	*40*	*43*	*50*	*55*	*60*
Prior year forecast	*65*	*67*	*68*	*72*	*73*

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 realised oil price less transportation and handling costs. 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 trade receivables

At the end of March, 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 overdue 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 working interest barrel shall be paid towards monies owed.

In order to assess the recoverable amount of overdue trade receivables at 31 December 2020, the Company has compared the carrying value of trade 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 outstanding 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 no change to the reported receivable balance, with the impairment of $34.9 million maintained. The accounting and valuation of the receivable will be an output of clarity on the mechanism and that it is working effectively, oil price and production. The Company has provided the detailed disclosures required by IFRS 9 ECL assessment in note 10.

1. Summary of significant accounting policies continued

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, 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 has assessed that the criteria for revenue recognition under IFRS15, specifically on payment terms and collectability, have not been met, and consequently no override revenue has been recognised from 1 March 2020. 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.

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 2019, adjusted for transitional requirements where necessary, further explained under revenue and changes in accounting policies headings.

Revenue

Revenue for oil sales 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, for domestic sales this is when oil is collected by truck by the customer.

Revenue is earned based on the entitlement mechanism under the terms of the relevant PSC; overriding royalty income ('ORRI'), which is earned on 4.5% of gross field revenue from the Tawke licence until July 2022; and royalty income. 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 becomes 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 which is the counterparty of the PSCs and are valued at a netback price, which is calculated from the estimated realised sales price for each barrel of oil sold, less selling, transportation and handling costs and estimates to cover additional costs. A netback adjustment is used to estimate the price per barrel that is used in the calculation of entitlement and is explained further in significant accounting estimates and judgements.

The payment terms for the Company's sales are due within 30 days. 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 revenue is not reported gross of income tax paid.

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.

1. Summary of significant accounting policies continued

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.

Business combinations

The recognition of business combinations requires the allocation of the excess of the purchase price of acquisitions over the net book value of assets acquired to the assets and liabilities of the acquired entity. The Company makes judgements and estimates in relation to the fair value allocation of the purchase price.

The fair value exercise is performed at the date of acquisition. Owing to the nature of fair value assessments in the oil and gas industry, the purchase price allocation exercise and acquisition date fair value determinations require subjective judgements based on a wide range of complex variables at a point in time. The Company uses all available information to make the fair value determinations.

In determining fair value for acquisitions, the Company utilises valuation methodologies including discounted cash flow analysis. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised.

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.

Under the Tawke, Taq Taq and Sarta PSCs, payment for entitlement is due within 30 days. 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.

1. Summary of significant accounting policies continued

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

Impairment
Oil and gas assets
The carrying amounts of the Company's oil and gas 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 2020 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.

Share capital
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.

1. Summary of significant accounting policies continued

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 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. 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 2020. Amendments to References to the Conceptual Framework in IFRS Standards, Amendments to IAS 1 and IAS 8: Definition of Material, Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform, Amendments to IFRS 3 Business Combinations, Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (1 Jun 2020). 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 current or future reporting periods.

The following new accounting standards, amendments to existing standards and interpretations have been issued but are not yet effective and have not yet been endorsed by the EU: 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 2022), 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 IFRS 4 Insurance Contracts – deferral of IFRS19 (1 Jan 2021), Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (1 Jan 2021).

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 and the Miran PSC (all in the KRI) and exploration activity, principally located in Somaliland and Morocco. Sarta asset was transferred from pre-production to production following the production commencement close to the end of the year, whereas capital expenditure incurred for the development of the field until production commenced is reported under pre-production segment. 'Other' includes corporate assets, liabilities and costs, elimination of intercompany receivables and intercompany payables, which are non-segment items.

2. Segmental information continued

For the period ended 31 December 2020

	Production $m	Pre-production $m	Other $m	Total $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)**

Revenue from contracts with customers includes $14.7 million (2019: $104.3 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.

Total assets and liabilities in the other segment are predominantly cash and debt balances.

For the period ended 31 December 2019

	Production $m	Pre-production $m	Other $m	Total $m
Revenue from contracts with customers	368.7	-	-	368.7
Revenue from other sources	8.5	-	-	8.5
Cost of sales	(194.8)	-	-	(194.8)
Gross profit	182.4	-	-	182.4
Exploration expense	-	(1.2)	-	(1.2)
Impairment of property, plant and equipment	(29.8)	-	-	(29.8)
General and administrative costs	-	-	(19.1)	(19.1)
Operating profit / (loss)	152.6	(1.2)	(19.1)	132.3
Operating profit / (loss) is comprised of				
EBITDAX	*339.5*	-	*(17.7)*	*321.8*
Depreciation and amortisation	*(157.1)*	-	*(1.4)*	*(158.5)*
Exploration expense	-	*(1.2)*	-	*(1.2)*
Impairment of property, plant and equipment	*(29.8)*	-	-	*(29.8)*
Finance income	-	-	6.6	6.6
Bond interest expense	-	-	(30.0)	(30.0)
Other finance expense	(1.8)	(0.3)	(2.2)	(4.3)
Profit / (Loss) before income tax	150.8	(1.5)	(44.7)	104.6
Capital expenditure	115.1	43.0	-	158.1
Total assets	998.1	595.2	370.3	1,963.6
Total liabilities	(99.4)	(149.9)	(328.2)	(577.5)

Total assets and liabilities in the other segment are predominantly cash and debt balances.

3. Cost of sales

	2020 $m	2019 $m
Operating costs	**(32.6)**	(37.7)
Trucking costs	**(0.1)**	-
Production cost	**(32.7)**	(37.7)
Depreciation of oil and gas property, plant and equipment	**(98.7)**	(88.8)
Amortisation of oil and gas intangible assets	**(54.6)**	(68.3)
Cost of sales	**(186.0)**	(194.8)
Exploration expense	**(2.2)**	(1.2)
Impairment of intangible assets (note 8)	**(44.3)**	-
Impairment of property, plant and equipment (note 9)	**(242.0)**	(29.8)
Impairment of receivables (note 10)	**(36.9)**	-
Corporate cash costs	**(9.6)**	(13.3)
Other operating expenses	**(1.8)**	(0.8)
Corporate share-based payment expense	**(1.0)**	(3.6)
Depreciation and amortisation of corporate assets	**(0.4)**	(1.4)
General and administrative expenses	**(12.8)**	(19.1)

Exploration expense relates to spend and accruals for costs or obligations relating to licences where there is ongoing activity or that have been, or are in the process of being, relinquished.

Trucking costs are not cost-recoverable and relate to the Sarta licence only, where production is in its early stages.

Fees payable to the Company's auditors:

	2020 $m	2019 $m
Audit of consolidated and subsidiary financial statements	**(0.6)**	(0.7)
Tax and advisory services	**(0.6)**	(0.2)
Total fees	**(1.2)**	(0.9)

4. Staff costs and headcount

	2020 $m	2019 $m
Wages and salaries	**(21.9)**	(18.6)
Contractors costs	**(7.7)**	(1.6)
Social security costs	**(2.0)**	(1.6)
Share based payments	**(5.8)**	(5.8)
	(37.4)	(27.6)

Staff costs include cost of contractors.

Average headcount was:

	2020 number	2019 number
Turkey	**56**	62
KRI	**21**	18
UK	**33**	24
Somaliland	**17**	17
Contractors	**38**	28
	165	149

5. Finance expense and income

	2020 $m	2019 $m
Bond interest paid	**(25.8)**	(30.0)
Bond interest accrued	**(5.7)**	-
Accelerated cost of bond settlement (note 15)	**(19.4)**	-
Other finance expense (non-cash)	**(3.3)**	(4.3)
Finance expense	**(54.2)**	(34.3)
Bank interest income	**2.0**	6.6
Finance income	**2.0**	6.6
Net finance expense	**(52.2)**	(27.7)

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 the 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) / earnings per share

Basic

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit attributable to owners of the parent by the weighted average number of shares in issue during the period.

	2020	2019
(Loss) / Profit attributable to owners of the parent ($m)	**(416.9)**	103.9
Weighted average number of ordinary shares – number[1]	**274,202,853**	275,197,007
Basic (loss) / earnings per share – cents per share	**(152.0)**	37.8

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 2020, diluted EPS is anti-dilutive and therefore diluted EPS is the same as basic EPS:

	2020	2019
(Loss) / Profit attributable to owners of the parent ($m)	**(416.9)**	103.9
Weighted average number of ordinary shares – number[1]	**274,202,853**	275,197,007
Adjustment for performance shares, restricted shares and share options	**-**	5,859,457
Weighted average number of ordinary shares and potential ordinary shares	**274,202,853**	281,056,464
Diluted (loss) / earnings per share – cents per share	**(152.0)**	37.0

1. Excluding shares held as treasury shares

8. Intangible assets

	Exploration and evaluation assets $m	Tawke RSA $m	Other assets $m	Total $m
Cost				
At 1 January 2019	1,493.2	425.1	6.8	1,925.1
Additions	20.9	-	0.5	21.4
Discount unwind of contingent consideration	5.2	-	-	5.2
Other	(0.8)	-	-	(0.8)
At 31 December 2019 and 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	**1,541.5**	**425.1**	**7.4**	**1,974.0**
Accumulated amortisation and impairment				
At 1 January 2019	(1,005.3)	(94.9)	(6.5)	(1,106.7)
Amortisation charge for the period	-	(68.3)	(0.3)	(68.6)
At 31 December 2019 and 1 January 2020	(1,005.3)	(163.2)	(6.8)	(1,175.3)
Amortisation charge for the period	**-**	**(54.6)**	**(0.4)**	**(55.0)**
Impairment	**-**	**(44.3)**	**-**	**(44.3)**
At 31 December 2020	**(1,005.3)**	**(262.1)**	**(7.2)**	**(1,274.6)**
Net book value				
At 31 December 2019	513.2	261.9	0.5	775.6
At 31 December 2020	**536.2**	**163.0**	**0.2**	**699.4**

Tawke RSA asset was impaired by $44.3 million, further explanation is provided in note 1.

8. Intangible assets continued

Book value		2020 $m	2019 $m
Bina Bawi PSC	*Discovered gas and oil, appraisal*	**360.5**	352.9
Miran PSC	*Discovered gas and oil, appraisal*	**123.2**	120.3
Somaliland PSC	*Exploration*	**34.7**	33.8
Qara Dagh PSC	*Exploration / Appraisal*	**17.8**	6.2
Exploration and evaluation assets		**536.2**	513.2
Tawke overriding royalty		**73.3**	160.2
Tawke capacity building payment waiver		**89.7**	101.7
Tawke RSA assets		**163.0**	261.9

Sensitivity of the Tawke CGU is provided in note 9. The Miran intangible asset is most sensitive to timing of its commercialisation. The table below shows the indicative sensitivity of the Bina Bawi CGU net present value to changes to long term Brent, discount rate or production and reserves, assuming no change to other inputs.

	$m
Long term Brent +/- $5/bbl	+/- 13
Discount rate +/-2.5%	+/- 101
Production and reserves +/- 10%	+/- 32

9. Property, plant and equipment

	Producing assets $m	Development assets $m	Other assets $m	Total $m
Cost				
At 1 January 2019	2,757.2	-	9.6	2,766.8
Asset acquisitions	-	49.4	-	49.4
Additions	115.1	22.1	0.3	137.5
Right-of-use assets	-	-	3.6	3.6
Net change in payable	-	(3.6)	-	(3.6)
Non-cash additions for ARO/SBP[1]	3.8	0.1	-	3.9
At 31 December 2019 and 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)**
Non-cash additions for ARO/SBP/Production bonus	**2.3**	**8.8**	**-**	**11.1**
Transfer to producing assets	**101.4**	**(101.4)**	**-**	**-**
At 31 December 2020	**3,036.3**	**-**	**22.6**	**3,058.9**
Accumulated depreciation and impairment				
At 1 January 2019	(2,192.1)	-	(8.9)	(2,201.0)
Depreciation charge for the period	(88.8)	-	(1.1)	(89.9)
Impairment	(29.8)	-	-	(29.8)
At 31 December 2019 and 1 January 2020	**(2,310.7)**	**-**	**(10.0)**	**(2,320.7)**
Depreciation charge for the period	**(98.7)**	**-**	**(1.8)**	**(100.5)**
Impairment	**(242.0)**	**-**	**-**	**(242.0)**
At 31 December 2020	**(2,651.4)**	**-**	**(11.8)**	**(2,663.2)**
Net book value				
At 31 December 2019	565.4	68.0	3.5	636.9
At 31 December 2020	**384.9**	**-**	**10.8**	**395.7**

1. ARO: Asset retirement obligation, SBP: Share-based payment

Sarta asset was transferred from development assets to producing assets following the commencement of production from the field.

Book value		2020 $m	2019 $m
Tawke PSC	*Oil production*	**228.2**	474.9
Taq Taq PSC	*Oil production*	**56.2**	90.5
Sarta PSC	*Oil production / development*	**100.5**	68.0
Producing assets		**384.9**	633.4

9. Property, plant and equipment continued

The sensitivities below provide an indicative impact on net asset value of a change in long term Brent, discount rate or production and reserves, assuming no change to any other inputs.

	Taq Taq CGU $m	Tawke CGU $m
Long term Brent +/- $5/bbl	+/- 2	+/- 16
Discount rate +/- 2.5%	+/- 3	+/- 37
Production and reserves +/- 10%	+/- 4	+/- 39

10. Trade and other receivables

	2020 $m	2019 $m
Trade receivables - current	**41.9**	150.2
Trade receivables - non-current	**52.1**	-
Other receivables and prepayments	**7.0**	7.2
	101.0	157.4

Under the Tawke, Taq Taq and Sarta PSCs, payment for entitlement is due within 30 days. Since February 2016, there was a track record of payments being received three months after invoicing, which was previously assessed as the operating cycle under IAS1. Since April 2020 the KRG has been settling invoices within one month of invoicing, which is now assessed as the operating cycle under IAS1.

	Not due	Year of sale of amounts overdue		Total overdue
	$m	2020 $m	2019 $m	$m
Trade receivables at 31 December 2019 (nominal)	98.8	n/a	54.1	54.1
Trade receivables at 31 December 2020 (nominal)	**14.8**	**55.4**	**65.4**	**120.8**

At 31 December 2020, $120.8 million relating to invoices from November 2019 to February 2020 was overdue and at the half year required impairment of $34.9 million as explained in note 1.

Movement on trade receivables in the period	2020 $m	2019 $m
Carrying value at 1 January	**150.2**	94.8
Revenue from contracts with customers	**155.0**	368.7
Cash proceeds	**(173.4)**	(317.4)
Offset of payables due to the KRG	**(5.5)**	-
Expected credit loss	**(34.9)**	(0.5)
Capacity building payments	**2.6**	4.6
Carrying value at 31 December	**94.0**	150.2

Recovery of the carrying value of the receivable

The Company expects to recover the full nominal value of $120.8 million receivables owed from the KRG, but the terms of recovery are not finalised. Explanation of the assumptions and estimates in assessing the net present value of the deferred receivables are provided in note 1.

	Total $m
Nominal balance to be recovered	**120.8**
Estimated net present value of total cash flows	**85.9**

Sensitivities

The table below shows the sensitivity of the net present value of the overdue trade receivables to oil price, assuming flat production and payment is received in line with the mechanism proposed by the KRG in December 2020.

	Nominal receivables ($m)	Timing of repayment					
		Year 1	Year 2	Year 3	Year 4	Total	NPV13.0
Brent	**$55/bbl**	**30.0**	30.0	30.0	30.0	120.8	89.6
	$60/bbl	60.0	60.8	-	-	120.8	100.6
	$65/bbl	90.0	30.8	-	-	120.8	103.8
	$70/bbl	120.8	-	-	-	120.8	106.8

11. Cash and cash equivalents and restricted cash

	2020 $m	2019 $m
Cash and cash equivalents	**354.5**	390.7
Restricted cash	**-**	3.0
	354.5	393.7

Cash is primarily held on time deposit with major financial institutions or in US Treasury bills.

12. Trade and other payables

	2020 $m	2019 $m
Trade payables	**16.7**	10.3
Other payables	**128.1**	144.4
Accruals	**54.6**	55.8
	199.4	210.5
Non-current	**100.4**	118.8
Current	**99.0**	91.7
	199.4	210.5

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, with the unwind either expensed as finance cost or capitalised against the relevant asset. Other payables include a balance of $73.7 million (2019: $73.7 million) recognised at its discounted fair value using the effective interest rate, which has been added to the book value of Bina Bawi intangible asset. The nominal value of this balance is $145.0 million and its payment is contingent on gas production at the Bina Bawi and Miran assets meeting a certain volume threshold. The unwind of the discount is capitalised against the relevant intangible assets. Additionally, other payables include contingent consideration relating to the acquisition of the Sarta asset. It has been recognised at its discounted fair value using the effective interest rate, which has been added to the book value of the Sarta asset. Lease liabilities are included in other payables, further explanation is provided in note 19.

13. Deferred income

	2020 $m	2019 $m
Non-current	**19.7**	26.7
Current	**7.5**	5.0
	27.2	31.7

14. Provisions

	2020 $m	2019 $m
Balance at 1 January	**37.4**	32.9
Interest unwind	**1.5**	1.3
Additions	**7.0**	3.2
Balance at 31 December	**45.9**	37.4

Provisions cover expected decommissioning and abandonment costs arising from the Company's assets. The decommissioning and abandonment provision 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% (2019: 2%) and discounted at 4% (2019: 4%). The cash flows relating to the decommissioning and abandonment provisions are expected to occur between 2028 and 2038.

15. Interest bearing loans and net cash

	1 Jan 2020 $m	Discount unwind $m	Buyback / Refinance $m	Purchase of own bonds $m	Net other changes $m	31 Dec 2020 $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)**	**-**	**-**	**(287.1)**
Own bonds held (non-current)	**-**	**-**	**-**	**19.4**	**-**	**19.4**
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. 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. This settlement completed on 8 January 2021.

At 31 December 2020, the fair value of the nominal $77.1 million of 2022 bonds is $81.0 million and of the nominal $280.0 million of 2025 bonds held by third parties is $291.0 million (2019: $316.5 million).

15. Borrowings and net cash continued

	1 Jan 2019 $m	Discount unwind $m	Net change in cash $m	31 Dec 2019 $m
2022 Bond 10.0%	(297.3)	(0.6)	-	(297.9)
Cash	334.3	-	56.4	390.7
Net Cash	37.0	(0.6)	56.4	92.8

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:

	2020 $m	2019 $m
Trade and other receivables	**98.3**	155.3
Cash and cash equivalents	**354.5**	390.7
	452.8	546.0

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 2020 the Company had cash and cash equivalents of $273.5 million (2019: $390.7 million) adjusted for settlement of bond debt post-year end.

Oil price risk

The Company's revenues are calculated from Dated Brent oil price, and a $5/bbl change in average Dated Brent would result in a (loss) / profit before tax change of circa $15 million. Sensitivity of the carrying value of its assets to oil price risk is provided in notes 8 and 9.

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 $348.3 million (2019: $297.9 million) in the form of a bond maturing in December 2022, with fixed coupon interest payable of 10% on the nominal value of $77.1 million and 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 $354.5 million (2019: $390.7 million).

17. Share capital

	Total Ordinary Shares
At 1 January 2019 – fully paid[1]	280,248,198
At 31 December 2019, 1 January 2020 and 31 December 2020 – fully paid[1]	**280,248,198**

1. Ordinary shares include 2,577,720 (2019: 2,577,720) treasury shares. Share capital includes 3,236,109 (2019: 4,303,249) 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

	2020 $m	2019 $m
Ordinary shares		
Final dividend of 10¢ per share	**28.0**	27.6
Interim dividend of 5¢ per share	**13.5**	13.2
Total dividends provided for or paid	**41.5**	40.8
Paid in cash	**55.3**	27.4
Movement in payable	**(13.2)**	13.2
Foreign exchange (expense) / income on dividend paid	**(0.6)**	0.2
	41.5	40.8

19. Right-of-use assets / Lease liabilities

The Company's right-of-use assets are related to the Sarta early production facility, office, car, warehouse leases and included within property, plant and equipment. The Company has elected to apply the exemptions for short-term and low-value leases.

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.

	Right-of-use assets $m
Cost	
At 1 January 2019	1.9
Additions	1.7
At 31 December 2019 and 1 January 2020	**3.6**
Additions	**8.4**
Disposals due to terminations	**(0.3)**
At 31 December 2020	**11.7**
Accumulated depreciation	
At 1 January 2019	-
Depreciation charge for the period	(0.9)
At 31 December 2019 and 1 January 2020	**(0.9)**
Depreciation charge for the period	**(1.3)**
At 31 December 2020	**(2.2)**
Net book value	
At 31 December 2019	2.7
At 31 December 2020	**9.5**

Book value	2020 $m	2019 $m
Office	**2.4**	2.6
Warehouse	**-**	0.1
Production facility	**7.1**	-
Right-of-use assets	**9.5**	2.7

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. 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. Right-of-use assets are depreciated over the lifetime of the related lease contract. The lease terms vary from one to five years.

	2020 $m	2019 $m
At 1 January	**(3.0)**	(1.9)
Additions	**(8.4)**	(1.7)
Disposals due to terminations	**0.4**	-
Payments of lease liabilities	**1.3**	0.6
Interest expense on lease liabilities	**(0.1)**	-
At 31 December (note 12)	**(9.8)**	(3.0)

19. Right-of-use assets / Lease liabilities continued

Included within lease liabilities of $9.8 million (2019: $3.0 million) are non-current lease liabilities of $6.8 million (2019: $2.2 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. Extension options are included in the lease liability when it, based on the management's judgement, is reasonably certain that an extension will be exercised. The contractual maturities of the Company's lease liabilities are as follows:

	Less than 1 year $m	Between 1 -2 years $m	Between 2 - 5 years $m	Total contractual cash flow $m	Carrying Amount $m
31 December 2019	(1.0)	(0.8)	(1.4)	(3.2)	(3.0)
31 December 2020	**(3.3)**	**(3.4)**	**(4.0)**	**(10.7)**	**(9.8)**

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 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 2020, 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 2020 are set out below:

	PSP (nil cost)	RSP (nil cost)	Share option plan	SOP weighted avg. exercise price
Outstanding at 1 January 2019	10,148,551	1,511,298	132,334	803p
Granted during the year	1,930,702	850,408	-	-
Dividend equivalents	592,675	84,657	-	-
Forfeited during the year	(2,439,495)	-	-	-
Lapsed during the year	(241,580)	(18,251)	(12,746)	742p
Exercised during the year	-	(704,568)	-	-
Outstanding at 31 December 2019 and 1 January 2020	**9,990,853**	**1,723,544**	**119,588**	**810p**
Granted during the year	4,041,711	598,039	-	-
Dividend equivalents	641,685	120,450	-	-
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 December 2020	**10,046,975**	**2,159,492**	**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.

20. Share based payments continued

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 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 the period is 119p and for PSP awards granted in the period is 107p.

The inputs into the fair value calculation for RSP and PSP awards granted in 2019 and fair values per share using the model were as follows:

	RSP 07/05/2019	RSP 21/08/2019	PSP 07/05/2019	PSP 21/08/2019
Share price at grant date	211p	183p	211p	183p
Exercise price	-	-	-	-
Fair value on measurement date	211p	183p	130p	109p
Expected life (years)	1-3	1-3	3-6	3-6
Expected dividends	-	-	-	-
Risk-free interest rate	0.83%	0.42%	0.83%	0.42%
Expected volatility	57.37%	55.26%	57.37%	55.26%
Share price at balance sheet date	189p	189p	189p	189p
Change in share price between grant date and 31 December 2019	(10%)	3%	(10%)	3%

The weighted average fair value for PSP awards granted 2019 is 129p and for RSP awards granted in 2019 is 206p.

Total share-based payment charge for the year was $5.8 million (2019: $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:

	2020 $m	2019 $m
Board remuneration	**1.0**	0.7
Key management emoluments and short-term benefits	**7.6**	5.6
Share-related awards	**2.5**	0.6
	11.1	6.9

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. There are not significant seasonal or cyclical variations in the Company's total revenues.

23. Events occurring after the reporting period

None.

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 2020 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[4]	Jersey	100
Genel Energy Finance 4 plc[3]	UK	100
Genel Energy Finance plc (in liquidation)[5]	UK	100
Genel Energy Gas Company Limited[4]	Jersey	100
Genel Energy Holding Company Limited[4]	Jersey	100
Genel Energy International Limited[6]	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 Yönetim Hizmetleri A.Ş.[7]	Turkey	100
Taq Taq Drilling Company Limited[8]	BVI	55
Taq Taq Operating Company Limited[9]	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 0BH, United Kingdom
4. Registered office is 12 Castle Street, St Helier, JE2 3RT, Jersey
5. Registered office is 3 Field Court, London, WC1R 5EF
6. Registered office is PO Box 1338, Maico Building, The Valley, Anguilla
7. Registered office is Sehit Omer Haluk Sipahioglu Sokak (Eski Noktali Sokak) No:1 Sheraton Lugal Ofisleri Daire: 21 Kavaklidere 06700, Ankara, Turkey
8. Registered office is PO Box 146, Road Town, Tortola, British Virgin Islands
9. Registered office is 3rd Floor, Geneva Place, Waterfront Drive, PO Box 3175, Road Town, Tortola, Virgin Islands, British

25. Annual report

Copies of the 2020 annual report will be despatched to shareholders in April 2021 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 2020

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 2020 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 ('KRI') have been made to the Ministry of Natural Resources of the Kurdistan Regional Government ('KRG').

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 – 2020

Country/Licence	**KRI Total**[1]	Taq Taq[2]
Production entitlement (bbls)	**1,580,718.64**	1,580,718.64
Royalties in kind (bbls)	**355,074.89**	355,074.89
Total (bbls)	**1,935,793.53**	1,935,793.53
Value of production entitlements ($million)	**56.98**	56.98
Value of royalties ($million)	**12.71**	12.71
Capacity building payments ($million) (3)	**2.59**	2.59
Total ($million)	**72.28**	72.28

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
'CGU'	Cash Generating Unit
'Companies Act 2006'	Companies Act 2006, as amended
'Company'	Genel Energy plc
'Elysion'	Elysion Energy Holding B.V.
'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
'ICMM Sustainable Development Framework'	the sustainable development framework set out by the International Council on Mining and Metals
'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
'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
'Bboe'	billion barrel oil equivalent
'bopd'	barrels of oil per day
'boepd'	barrels of oil equivalent per day
'km'	kilometres
'mcf'	thousand cubic feet
'MMbbls'	millions of barrels
'MMboe'	million barrels of oil equivalent
'tcf'	trillion cubic feet
'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 36 Broadway, Victoria, London, SW1H 0BH UK on Thursday, 6 May 2021 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 2019 final dividend was paid on 29 June 2020 and an interim dividend on 11 December 2020. Further information can be found on page 16.

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 www.genelenergy.com

Contacts and Auditors

Registrar
Equiniti (Jersey) Limited
C/O Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registered Office
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St Helier
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London Office
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36 Broadway
Victoria
London
SW1H 0BH

Ankara Office
Gaziosmanpasa
Mahallesi Bogaz
Sokak No:10
D.21 Cankaya / Ankara
Turkey

Jersey Company Registration Number: 107897

CBG: together
Consultancy, design and production
cbgtogether.com

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Sokak No:10
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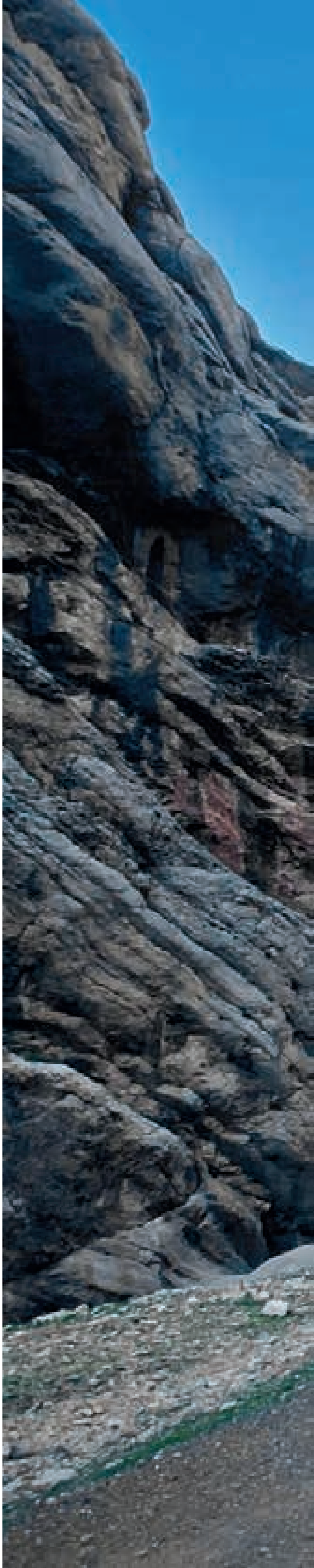
Turkey

genelenergy.com



Genel Energy