



## **ESG Report**

Environmental, Social and Governance

**2020-2021**

# **NEWMEDENERGY**





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## From the Chairman of the Board of the Partnership, Mr. Gabriel Last, and the CEO of the Partnership, Mr. Yossi Abu

NewMed Energy is the leading Israeli partnership in the natural gas exploration, development, production and sale industry. The Partnership's activity in various projects has facilitated and driven forward the natural gas sector in Israel and has made a crucial contribution to the transition to power production by and industrial use of natural gas in lieu of polluting fuels, such as mazut and coal. This activity has a dramatic positive effect on the air quality in Israel and it represents a substantial milestone in the national vision of reducing Israel's carbon footprint, reducing the State of Israel's dependency on import of raw materials such as coal and oil from outside sources, and its positioning as an energetically independent country, which wholly relies on its own natural resources, and even as an exporter of natural gas. In the Israeli market in recent years, natural gas has become the key component within the range of energy sources for power production, and a significant energy source for industry. In addition, given the scale and reliability of Israel's gas production systems, in which the Partnership is a partner, a significant transition by additional sectors, such as transportation and industry, from polluting fuels to natural gas will be facilitated in the future. In fact, the natural gas resources that have been discovered in Israel are large enough to provide for all of Israel's gas needs and most of its energy needs in the coming decades.

**Our activity is an economic growth driver of utmost importance for the State of Israel, having a positive impact on the economy, the environment and society. NewMed Energy's activity has led, and continues to lead, to a dramatic reduction in the emission of pollutants and greenhouse gases in Israel and in additional countries to which we**

**market natural gas, and it also aids GDP increase, import reduction, the enhancement of energetic security and the reinforcement of our relations with other countries in the Middle East, including Egypt, Jordan, Cyprus, Greece and the UAE. These actions are conducted in correspondence with our long-term view in relation to the promotion of sustainability values as part of NewMed Energy's business operations.**

In addition to high professional standards, striving to lead transparency and action in the domain of ESG is our motto. In this context, we are proud to be the first public Israeli partnership in the oil and gas sector to release an ESG report. The report, which is publicly presented herein, reviews key ESG aspects in the years 2020-2021, during which we have dealt, among other things, with the widespread effects of the Covid-19 pandemic, and it has been written in accordance with the international GRI standard. In addition, our actions strictly adhere to the development principles and the goals set by the United Nations (the UN-SDGs).

As Israel's leading oil and gas exploration partnership, we conduct ourselves in accordance with the vision and values we have embraced, and believe in an ethical, professional and transparent business culture vis-à-vis our partners, stakeholders and the community. We are aware that our operations have substantial implications for the environment and the community in Israel and the region, and in order to enhance the positive effects and reduce the negative ones, we strive to meet higher standards than the ones prescribed by the Israeli and international laws

and regulations that govern our operations. Therefore, NewMed Energy continues to review the environmental aspects and safety policy in the projects to which it is party and maintains high corporate governance standards with supervision over enforcement, the prevention of bribery and corruption, risk management, information security, and more. Furthermore, NewMed Energy works together with partners and stakeholders in a manner that takes account of all the effects that are related to the employees, supply chain, unit holders, customers, communities and ecosystems that are affected by the projects to which NewMed Energy is party.

In the past year, we have continued to develop infrastructures that enable the realization of the benefits of use of natural gas by private consumers, industrial companies and the Israeli economy. The share of natural gas in power production and industry use continues to grow at the expense of polluting fuels, and leads to enormous financial saving by the economy, while reinforcing the energetic security of the State of Israel.

In the coming years, the natural gas we market will continue to play a key role in the Israeli Government's plans to discontinue coal use, and it will also aid the reduction of emissions in the export markets where we operate. Accordingly, we continue to invest in the Partnership's natural gas assets and act to promote projects for increase of the scale of natural gas use at the expense of polluting fuels, by transitioning to power production that is exclusively based on natural gas and renewable energies, increasing industrial use of natural gas in lieu of mazut and diesel oil and incorporating natural gas uses into public transport,

trucks, new residential neighborhoods, and more, in place of the petroleum-based fuels that are currently in use.

We wish to thank the employees, business partners, investors, organizations and communities of which our stakeholders are composed. You allow us to move forward in our path, grow in our field of activity and evolve in new directions, which fittingly reflect the ideas of innovation and progress we have embraced. We are proud to serve as a model for other companies and are confident and assured that we will continue to lead Israel to a future of energetic independence and clean environment.

Have a pleasant read,



**Gabriel Last,**  
Chairman of the Board



**Yossef Abu,**  
CEO





# NewMed Energy's Structure and Financials

NewMed Energy is listed on the Tel Aviv Stock Exchange (TASE), TA-90 Index.

NewMed Energy is a subsidiary partnership of Delek Group. The general partner, Newmed Energy Management Ltd. (the “**General Partner**”) runs the Partnership's business. For convenience, the Partnership and the General Partner shall hereinafter be referred to as “NewMed Energy” or the “**Partnership**”.

As of the date of release of this report, the rate of interested party holdings is approx. 55%, and holdings by the public make up approx. 45%.

## The Partnership's key financials:

# 2020

Net profit in 2020  
**approx. \$365 million**

Total assets, as of December 31, 2020  
**approx. \$4,585 million**

Equity totaled  
**approx. \$998 million**

Current assets  
**approx. \$418 million**

Partnership's investments in oil and gas  
**approx. \$3,440 million**

# 2021

Net profit in the first nine months of 2021  
**approx. \$187 million**

Total assets, as of September 30, 2021  
**approx. \$4,969 million**

Equity totaled  
**approx. \$1,107 million**

Current assets  
**approx. \$840 million**

Partnership's investments in oil and gas  
**approx. \$2,565 million**



For current financials, please see the Partnership's financial statements on the [TASE Website](#).





# Our Vision and Values

We strive to act with **integrity, credibility, mutual respect, responsibility and leadership**, and be a leading and influential force in the areas of our activity. We aspire to conduct ourselves in this manner concurrently with our continued development and the enhancement of the positive effects of our operations, as pertains to protecting the environment, reducing pollutant and greenhouse gas emissions, ensuring reliable and economic energetic security and deepening the collaborations with entities and countries in and beyond the Middle East.

We set store by strict adherence to an ethical business culture, and we believe that our strengths and advantages are reflected in the integration of the values to which we subscribe with a management strategy that drives initiative, identification and promotion of business opportunities to maximize the value for our investors. **Enterprise, professionalism and transparency** are key principles at NewMed Energy, among other things, based on our record of success and achievements owing to our employees, and thanks to the stakeholders with whom we are associated, including customers, investors, regulators and all of the residents who are affected by our activity.

NewMed Energy is committed to compliance with higher standards than the ones prescribed by the Israeli and international laws and regulations that govern its activity and has therefore adopted rules that are intended to serve as the Partnership's values-based normative identity card.

NewMed Energy works together with partners and stakeholders in a manner that takes account of all the effects that are related

to the employees, supply chain, unit holders, customers, communities and ecosystems that are affected by the projects to which we are party.

As part of the Partnership's vision for the years to come, we have defined short-medium term goals and medium-long term goals. These goals are reflected in the Partnership's strategy and work plans.



## What We Do

Increasing the transparency in our conduct vis-à-vis our stakeholders:  
Release of a first ESG report in accordance with the GRI methodology.



Revision and release of the Code of Ethics.

Joining the GCCSI



Activity in correspondence with the United Nations SDGs



## Short-Medium Term Goals

Devising an impact strategy and a long-term volunteer program.

Joining international initiatives for consideration and promotion of shared agendas.

Establishing and implementing a strategy for counterbalancing the Partnership's carbon emissions.

Examining directions for investment in renewable energies and low-carbon alternative energies.

## Medium-Long Term Goals

By 2050 – neutrality in terms of carbon dioxide emissions (net zero).

Maintaining low carbon emissions across the portfolio.

Continuing to work in cooperation with our stakeholders for constant improvement.





# Strategy

NewMed Energy believes that natural gas plays a material role in the world's transition from extensive use of polluting energy sources to the use of cleaner energy sources, while cutting down on harmful emissions of greenhouse gases and pollutants. This belief is supported by the step-change improvement in air quality in Israel with the penetration of natural gas into the power generation sector. This approach has most recently been confirmed by the European Commission, which indicated that economic activities in the natural gas (and nuclear) sector can be considered as facilitating climate change mitigation and adaptation.

Accordingly, NewMed Energy's strategy is to build on its proven track record in finding, developing, producing and marketing natural gas, **in a responsible fashion**, striving to maximize its positive impacts and minimize the negative ones. We know that such ambition requires knowledge

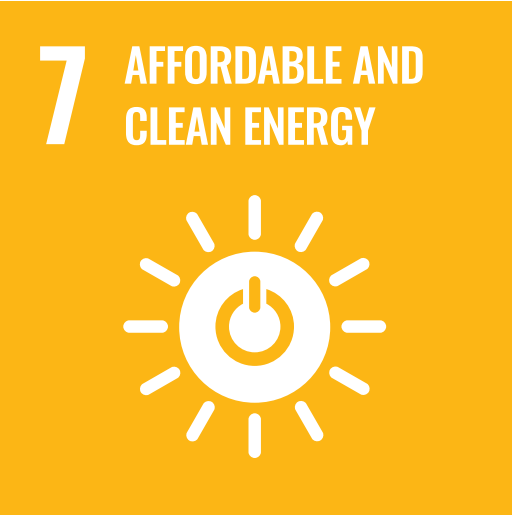
and awareness of the entire value chain, and to that end we meticulously monitor and scrutinize our safety and environmental performance, to facilitate future improvements. We plan to continue surveying and monitoring across our assets, and to analyze data with various stakeholders, to facilitate meaningful impact reduction programs.

Because we think that natural gas facilitates energy transition, we plan to expand the production capacity of Leviathan and to develop Aphrodite. Both projects, which are expected to serve export markets, should bring about immediate reductions in emissions at their destinations.

NewMed Energy is actively pursuing measures and projects that will reduce greenhouse gas emissions and concentrations. Accordingly, NewMed Energy is exploring the feasibility of blue hydrogen projects. NewMed Energy is uniquely positioned to tackle such challenge, due to it being a major regional supplier of natural gas, and due to its expertise and experience in subsurface geology and engineering. NewMed Energy also has joined the GCCSI<sup>1</sup>, an international nonprofit organization, that strives to accelerate the initiation, development and implementation of carbon capture, utilization, and storage (CCUS) throughout the world. The members of the organization include the world's largest energy players, including governments, public and private companies, research bodies and nongovernmental

organizations, and NewMed Energy is the first, and as of now only, Israeli member of the organization. The GCCSI forum believes that CCUS is essential in order to reach net zero emissions by 2050. NewMed Energy views its active membership in the organization as another vehicle for forming collaborations with other leading international companies that share a similar vision.

NewMed Energy is exploring entries into the renewable energies and energy storage sectors. Such entries were made possible only recently, upon the change in the TASE Rules and Regulations, which now permit oil and gas partnerships to operate in the renewable energies segment.



<sup>1</sup>Global Carbon Capture and Storage Institute.





# The Partnership’s Portfolio

## The Leviathan Reservoir

The Leviathan reservoir was discovered in December 2010, and gas therefrom was first piped to the domestic market in 2019, and to Jordan and Egypt in early 2020. Leviathan holds approx. 639 BCM of natural gas and approx. 50 million barrels of condensate.

The Leviathan reservoir expands the available supply of natural gas to the Israeli market and constitutes a strategic anchor that allows for significant expansion of the use of natural gas in Israel and in the region.

The supply of gas to the Israeli market in 2020 breaks down into approx. 31% from Leviathan and approx. 69% from Tamar. The breakdown of the gas supply for export was 89% from Leviathan and approx. 11% from Tamar<sup>3</sup>.

In 2020, Leviathan supplied the Israeli market with approx. 3.5 BCM of natural gas, and additionally supplied approx. 3.8 BCM to Egypt and Jordan. The demand in the regional market originates from a variety of customers, such as liquefied natural gas facilities, private electricity producers, refineries, industrial customers, and others, such that considerable growth is expected in the export to these countries.

The gas export policy was determined by the Israeli Government, adopting the recommendations of the “Tzemach Committee” that acted after the discovery of the Tamar and Leviathan gas fields. Tamar, and primarily Leviathan, have made clear that Israel has a

gas quantity that is larger than the quantity it requires in the next decades, which allows for large-scale export of natural gas to the countries of the region, while maximizing the environmental, economic and political benefits of the discoveries.

In October 2020, Chevron announced the closing of a merger transaction between itself and Noble Energy Inc., the parent company of Noble Energy, which is the operator of the petroleum assets of Tamar, Leviathan and Block 12 in Cyprus. Chevron is a foreign public corporation whose shares are listed on the NYSE. For convenience, Chevron shall be referred to herein as the “Operator”.



## Leviathan The National Project

650

650 BCM are equivalent to decades of natural gas consumption in Israel

160

160 Israeli companies have taken part in the Leviathan project

12

The development cost of the largest energy project in the history of Israel is over ILS 12 billion

499

State revenues from royalties from the Leviathan reservoir in 2020 totaled approx. ILS 499 million

330

The reservoir’s area is approx. 330 km2

## The Tamar Reservoir

The end of March 2013 saw the commencement of gas flow from the Tamar reservoir, a mere four years after it had been discovered. The significant volume of resources found in Tamar (approx. 320 BCM) enabled Israel to take a huge step toward energetic independence and pointed to the great promise held by the “Tamar sands”, the geological formation where the reservoir is situated, following which multiple additional natural gas resources have been discovered. In December 2021, the Partnership closed the sale of its interests in the reservoir to the Mubadala Petroleum company, in accordance with the Gas Framework.

## The Aphrodite Reservoir in Cyprus

The Aphrodite natural gas field, which is situated in the exclusive economic zone (EEZ) of Cyprus, was discovered by Noble Energy and the Partnership in 2011. Aphrodite is the first gas discovery in the Cyprus EEZ, with approx. 129 BCM of natural gas, and has led to substantial investments in Cyprus by key players in the industry. In 2019, the Cypriot Government granted the partners in the reservoir a production license. The gas from the reservoir is intended to be marketed to neighboring countries and expected to serve as a significant growth driver for Cyprus.

<sup>2</sup> [Energean's report to TASE with respect to the Karish and Tanin gas reservoirs](#)

<sup>3</sup> According to reports to TASE by the Israeli gas partnerships and companies in 2020.





## The Partnership's Portfolio

### The Yam Tethys Reservoir

The Yam Tethys project was the harbinger of the natural gas revolution in Israel. In this project, the first two natural gas discoveries off the shores of Israel were developed – the Mari-B and Noa reservoirs, setting in motion an immense national infrastructure enterprise that included, for the first time since the State of Israel was established, the development of a gas transmission pipeline in Israel by the Israel National Gas Lines company (INGL) and the conversion of coal-fired power plants into natural gas-fired power plants by the Israel Electric Corporation (IEC), thereby making it possible, for the first time, to generate clean, local and inexpensive electricity.

Since 2004, approx. 25 BCM have been produced from the project's reservoirs. The Yam Tethys project and the local natural gas sector that developed in the wake thereof paved the way for the major deep-sea discoveries that followed.

The project includes the Noa gas field, which was discovered in 1999 and was the first commercial gas discovery off the shores of Israel, the Mari-B gas field, which was discovered in 2000, and Pinnacles, its satellite reservoir, which was discovered in 2012.

### The Karish and Tanin Reservoir

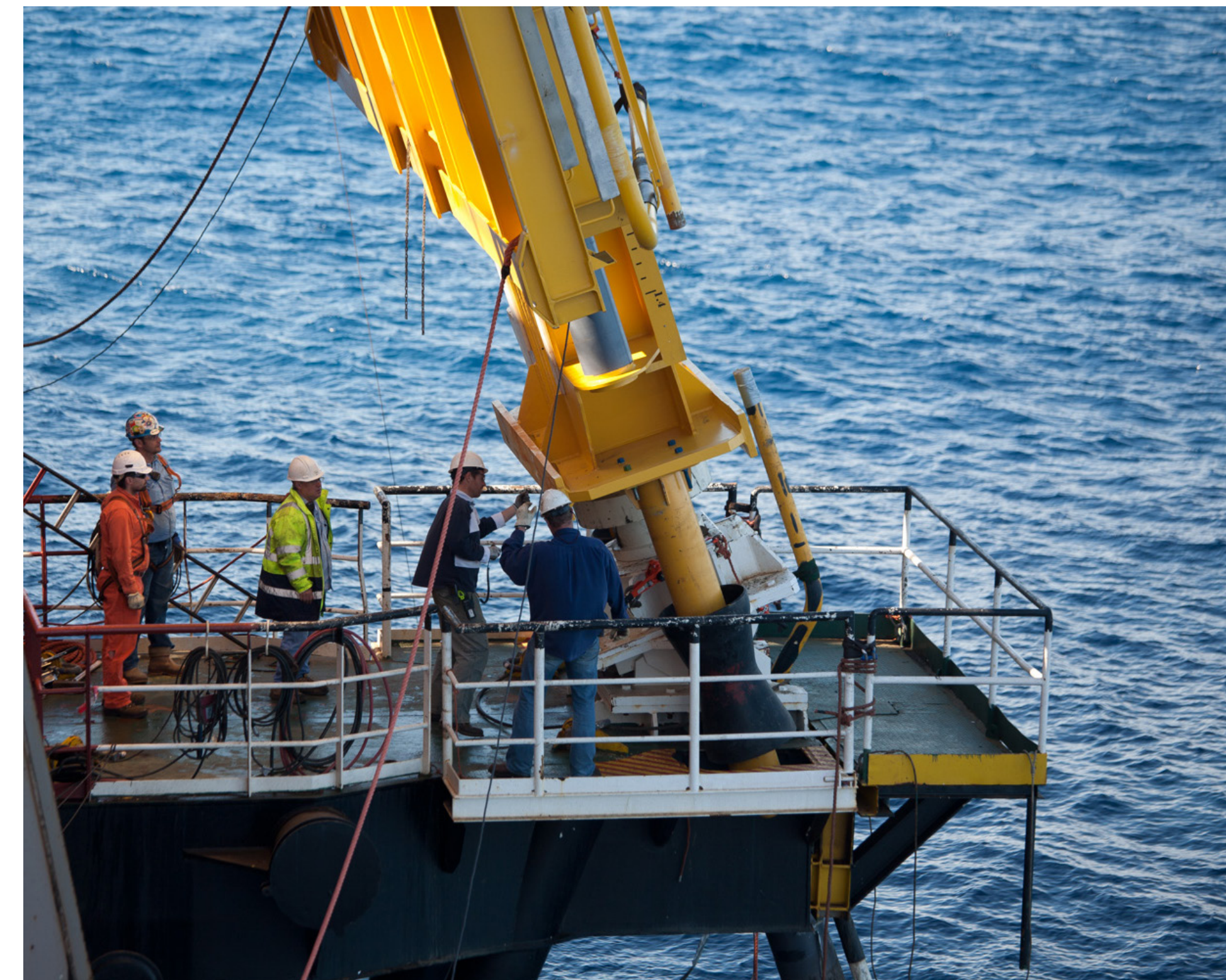
The Tanin and Karish reservoirs were discovered by Noble Energy and the Partnership in 2011 and in 2013, about

120 km and 80 km west of Nahariya. In August 2016, the Partnership sold the Karish and Tanin reservoirs to the Energean company, in accordance with the Gas Framework. According to a report by Energean in November 2021, these assets hold an aggregate amount of approx. 98 BCM of recoverable natural gas<sup>2</sup>. NewMed Energy has royalty interests in the production from these reservoirs, which is expected to commence in the course of 2022.

### The onshore New Ofek and New Yahel licenses

Are oil and gas exploration licenses situated in the Judean Foothills and in the north of Israel, respectively. In 2019, the Partnership acquired a 25% interest in each of these licenses, thereby becoming a partner therein, with the operator of the licenses being SOA Energy.

As there is little available information about the rock strata in these areas, the exploration activity is challenging. In the New Ofek license, encouraging signs of gas and oil were found in 2013, and it was accordingly decided to conduct production tests using advanced technology that allows for the examination of several strata in the well. In the New Ofek license, drilling to the target strata has not been conducted yet.







# Direct and Indirect Impacts

Natural gas is used by the State of Israel in the production of approx. 70% of all electricity<sup>4</sup>, and is a substitute for refined oil products such as mazut, diesel oil and LPG. Pilots have recently been launched for the use of natural gas in resorts and retail structures, agriculture, transportation and even private homes. In coming years, the growing electricity market is expected to highly increase the use of renewable energies, and, at the same time, reduce the use of polluting coal up to termination in 2025<sup>5</sup>. Accordingly, natural gas allows for a gradual transition from the use of polluting fossil fuels to the use of renewable energies, while maintaining the reliability of the power supply and constantly reducing the environmental footprint.

As noted in the Ministry of Energy's Report on Developments in the Natural Gas Sector: "Natural gas is a major and leading energy source that carries a significant contribution to the Israeli market by reducing dependency on the import of oil and coal and reducing the scope of economic, strategic and environmental costs in the energy sector".

The Natural Gas Authority shows that the upward trend in natural gas consumption continued in 2020, despite the spread of the Covid-19 pandemic. Total consumption (including export) amounted to approx. 16.5 BCM, which reflect an increase of approx. 42.7% compared with consumption in 2019.

Chart 1 – Total Natural Gas Consumption in 2004-2020, including Export, in BCM

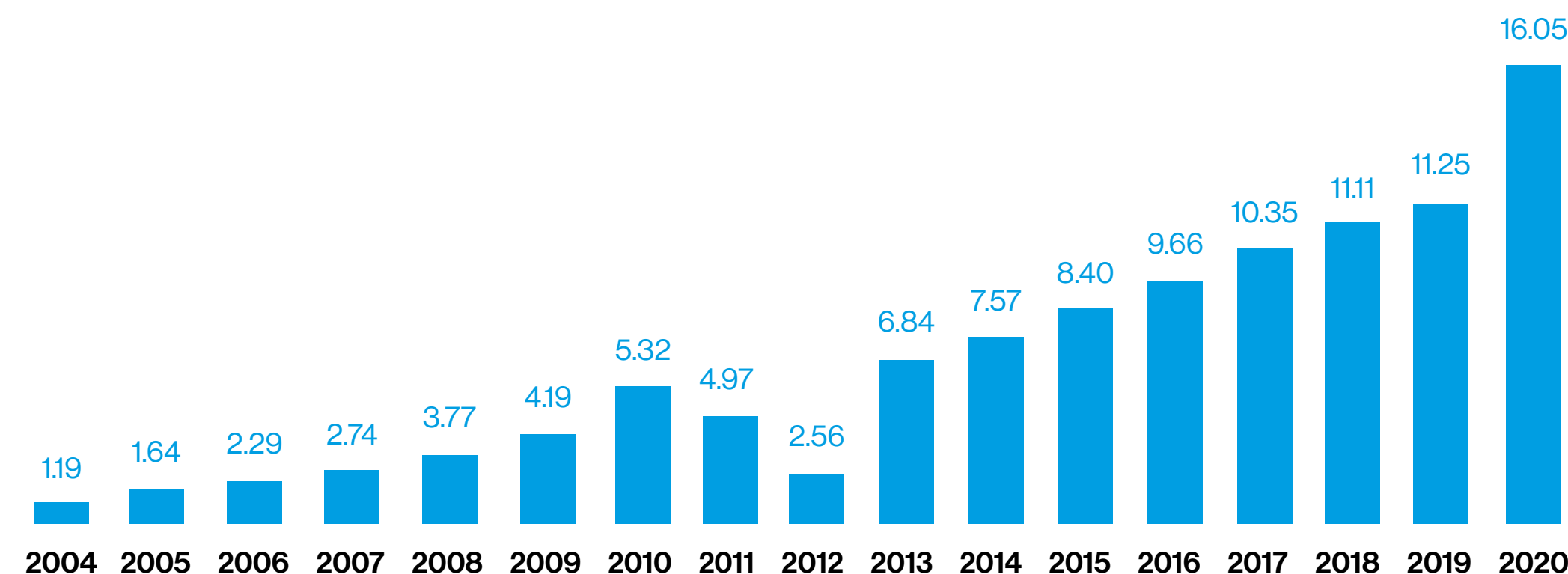
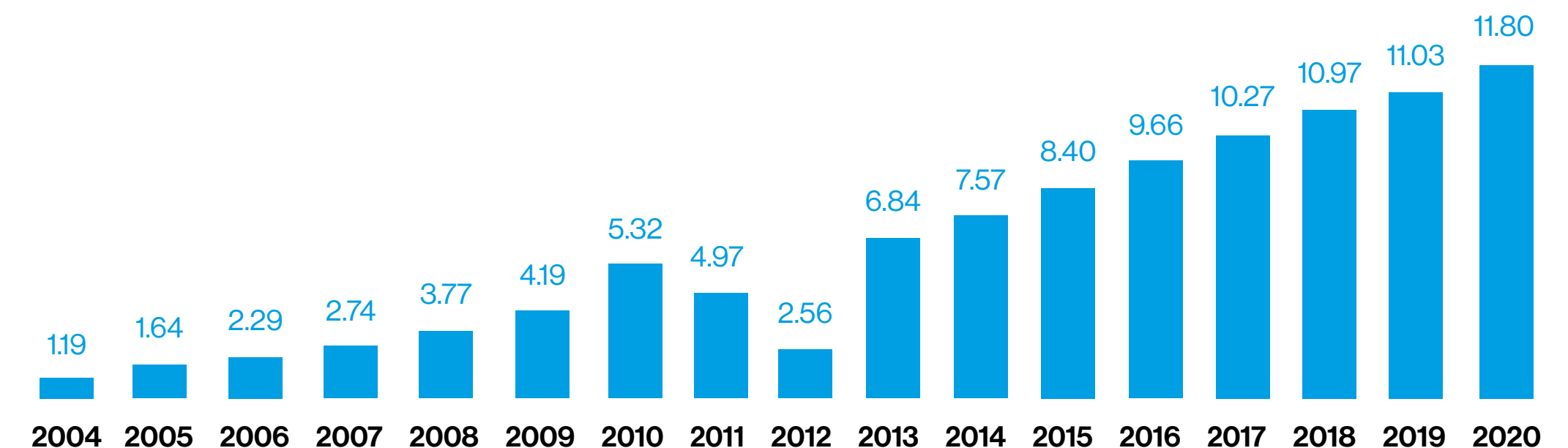


Chart 2 – Natural Gas Consumption in 2004-2020, Domestic Market Only\*, in BCM



The Ministry of Energy further states in the Report<sup>6</sup> that, from 2004 to the end of 2020, the Israeli market saved approx. ILS 78.6 billion in direct energy costs, approx. 76% of which result from the reduction of costs related to electricity production, which contributes to a significant reduction in electricity prices in the market. This fact supports the aspiration to continue investing in the development of the natural gas sector, inter alia, in order to increase economization in the market, reduce environmental costs and increase State revenues.

In coming years, the natural gas sector is expected to continue to develop, both on the supply end (following the expansion of preexisting projects, the development of the Tanin and Karish

reservoirs and continued exploration) and on the demand end (due to the projected increase in the demand for natural gas in the electricity sector and in the industry sector, including small consumers of the distribution networks who will contribute to the advancement of distribution networks for new consumers of the system). Furthermore, the demand for natural gas is expected to increase as a result of the development of the transportation sector, which includes the transition from private vehicles that run on conventional fuel to electric vehicles.

<sup>4</sup> As of 2020, according to the [Israeli Energy Sector Review](#) released by the Ministry of Energy in August 2021.

<sup>5</sup> In October 2020, the Government decided to increase the target for the rate of renewable energy use by 2030 to 30%, in correspondence with the United Nations' sustainable development goals – see [Government Resolution 465 of October 25, 2020](#).

<sup>6</sup> [https://www.gov.il/BlobFolder/reports/ng\\_2020/he/ng\\_2020.pdf](https://www.gov.il/BlobFolder/reports/ng_2020/he/ng_2020.pdf)

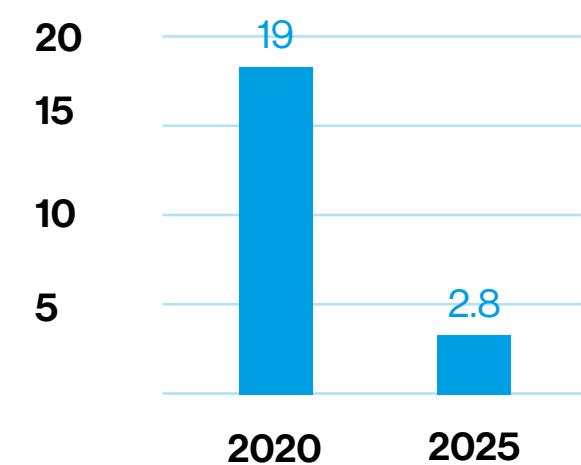




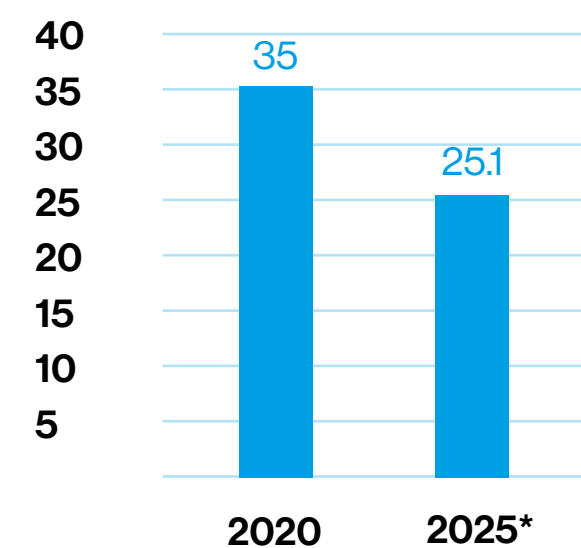
## Direct and Indirect Impacts

Natural gas production **allows for implementation of the plan announced by the Israeli Government to discontinue the use of coal by 2025<sup>7</sup>**. The termination of coal use and the switch to using natural gas will lead to the reduction of approx. 10 million tons of CO<sub>2</sub> emissions in the target year, in comparison with 2020, despite the constant increase in electricity production.

Coal-Fired Power Production Capacity in Israel (TWH)



CO<sub>2</sub> Emissions from Power Production (tons in millions)



The Government's policy to increase the use of natural gas and gradually discontinue the generation of electricity by means of polluting coal-fired power plants, as well as the connection of an increasing number of gas suppliers to the national transmission system and the incorporation of natural gas use into various sectors, such as transportation, housing, services, etc., are expected, according to estimates, to increase the demand for natural gas in the next two decades.



### The impacts of the switch from coal to natural gas:

1. Reduction of sulfur dioxide emissions by 92 times<sup>8</sup>.
2. Reduction of nitrate oxides by 2.8 times.
3. Reduction of particulate matter by 7.5 times.
4. Reduction of carbon dioxide by 4.2 times.
5. Reinforcement of national energetic security.
6. Reduction of the dependence on import of energy products and polluting fuels<sup>9</sup>.
7. GDP growth (contribution to State revenues).
8. Less coastal areas occupied by power plants.



### The Market-Wide Significance of Using Natural Gas in lieu of Coal and Refined Oil Products

Since the dawning of the industrial era, mankind has increasingly learned how to harness natural resources for its own benefit, an activity that has had a vast impact on climate changes, some of which are already felt around the world. Greenhouse gas emissions, which directly result from human activity, are the primary cause of the rise in global temperature as compared with the beginning of the modern industrial era, which has led to changes in climate patterns and to the climate crisis. In order

to maintain a global warming goal of 1.5 degrees above the temperature in the pre-industrial era, it has been determined that action should be taken to reach zero greenhouse gas emissions by 2050<sup>10</sup>.

Because greenhouse gas emissions in natural gas-fired power production processes are much lower than the ones released in coal-fired power production processes, the replacement of coal and petroleum products with natural gas in the electricity production process directly affects the extent of emissions of greenhouse gases and other pollutants.

<sup>7</sup>[https://www.gov.il/he/departments/news/ng\\_131119](https://www.gov.il/he/departments/news/ng_131119)

<sup>8</sup>[https://www.gov.il/he/Departments/publications/reports/mediniyout\\_peham](https://www.gov.il/he/Departments/publications/reports/mediniyout_peham)

<sup>9</sup><https://economy.pmo.gov.il/CouncilActivity/Documents/mithadesh180917.pdf>

<sup>10</sup>[https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15\\_SPM\\_version\\_report\\_HR.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_HR.pdf)

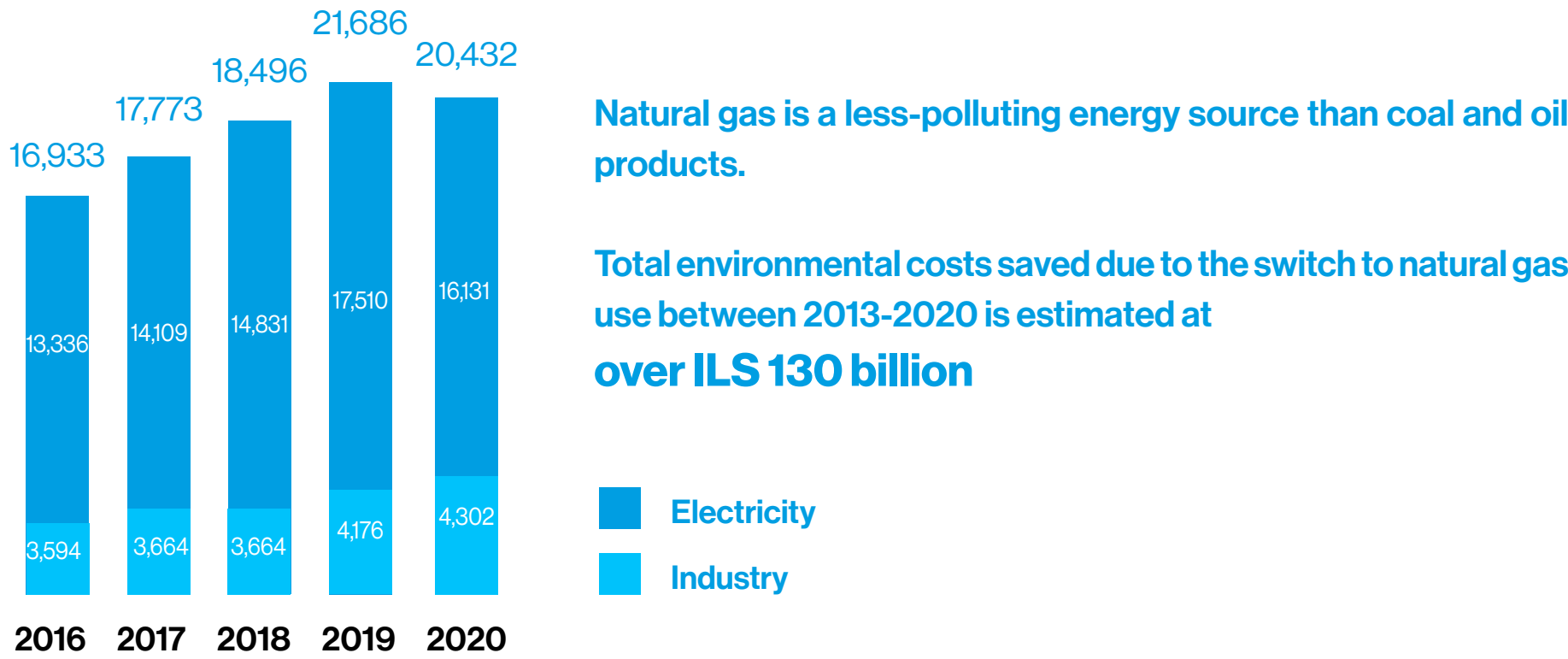




# Direct and Indirect Impacts

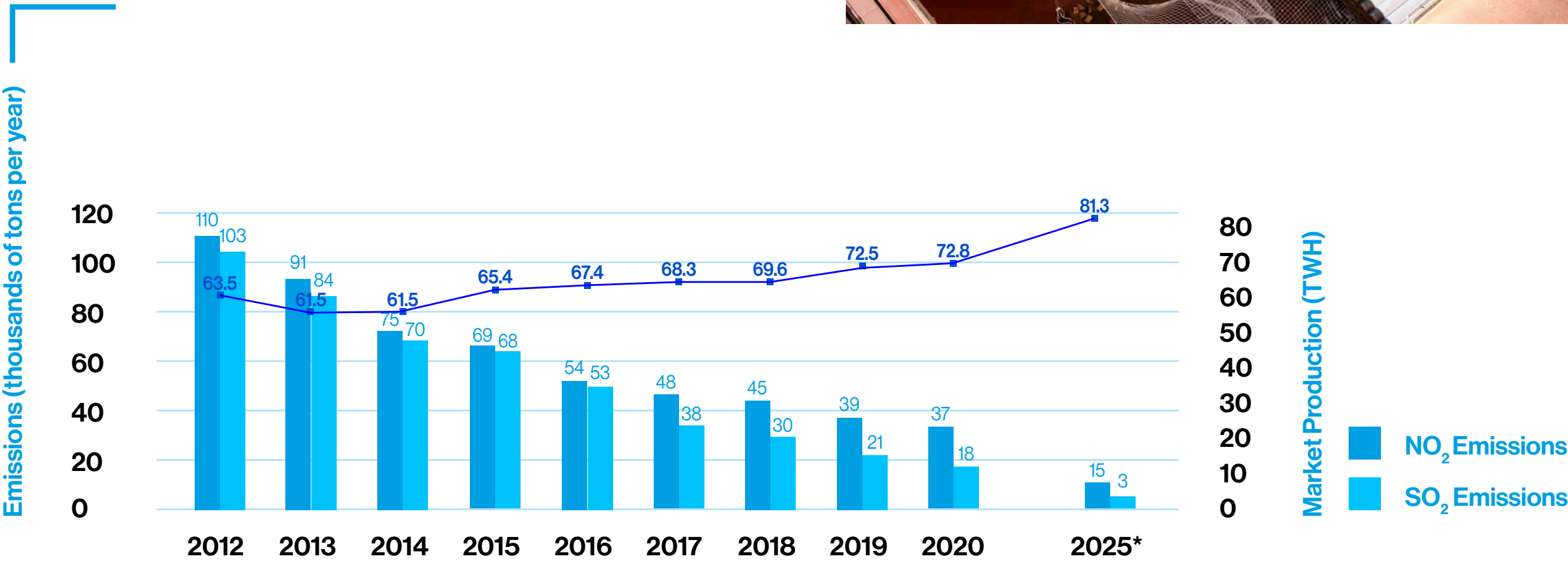
Since the commencement of natural gas supply from the Tamar reservoir, and subsequently from the Leviathan reservoir, in the years 2013 to 2020<sup>11</sup>, the market has saved a myriad of environmental costs:

Environmental Savings resulting from the Switch to Natural Gas  
Annual Environmental Amount Saved by the Market (ILS in millions), Past 5 Years



Source: Processing by the Natural Gas Authority based on the exogenous cost of fuel emissions according to the “Green Book” of the Ministry of Environmental Protection. A document pricing the exogenous costs deriving from air pollutant emissions.

According to the Ministry of Energy’s Report for 2020<sup>12</sup>, from 2015 to 2020, carbon dioxide emissions in Israel’s electricity sector decreased from 37.1 million tons per year to 35 million tons per year (a decrease of approx. 6%), despite the increase in electricity production in the market during those years. Furthermore, since 2012, the level of CO2 emissions per capita has also been on the decline, by a rate of approx. 3% per year from 2015 to 2020. These trends are primarily attributed to the increase in the use of natural gas concurrently with a decrease in the use of coal, diesel oil and mazut in electricity production. The levels of sulfur dioxide (SO2) and nitrogen oxides (NO2) have also decreased at an average rate of approx. 13% per year during the years 2013 to 2020.



<sup>4</sup>Data with respect to the amount of pollution and emissions (in tons) were calculated based on the comparison between actual emissions every year and emissions if no natural gas reservoir were found in Israel, no gas were imported into Israel and the present natural gas use infrastructure were not established. In such a case, the Government’s plans as adopted prior to the gas discoveries in 2009 would be implemented, and all of the initial energy for power production and industrial use would have been based on imported refined oil products and coal. Thus, for example, the coal-fired plants E and D (which were approved over a decade ago) would be established and about one half of the fuel-fired power plants would run on highly polluting mazut.

<sup>11</sup>Based on the costs calculated in the “Green Book” published by the Ministry of Environmental Protection, which determines exogenous cost per ton of emissions and per ton of greenhouse gases.

<sup>12</sup>[https://www.gov.il/BlobFolder/reports/energy\\_sector\\_2020/he/energy\\_sector\\_review\\_2020.pdf](https://www.gov.il/BlobFolder/reports/energy_sector_2020/he/energy_sector_review_2020.pdf).

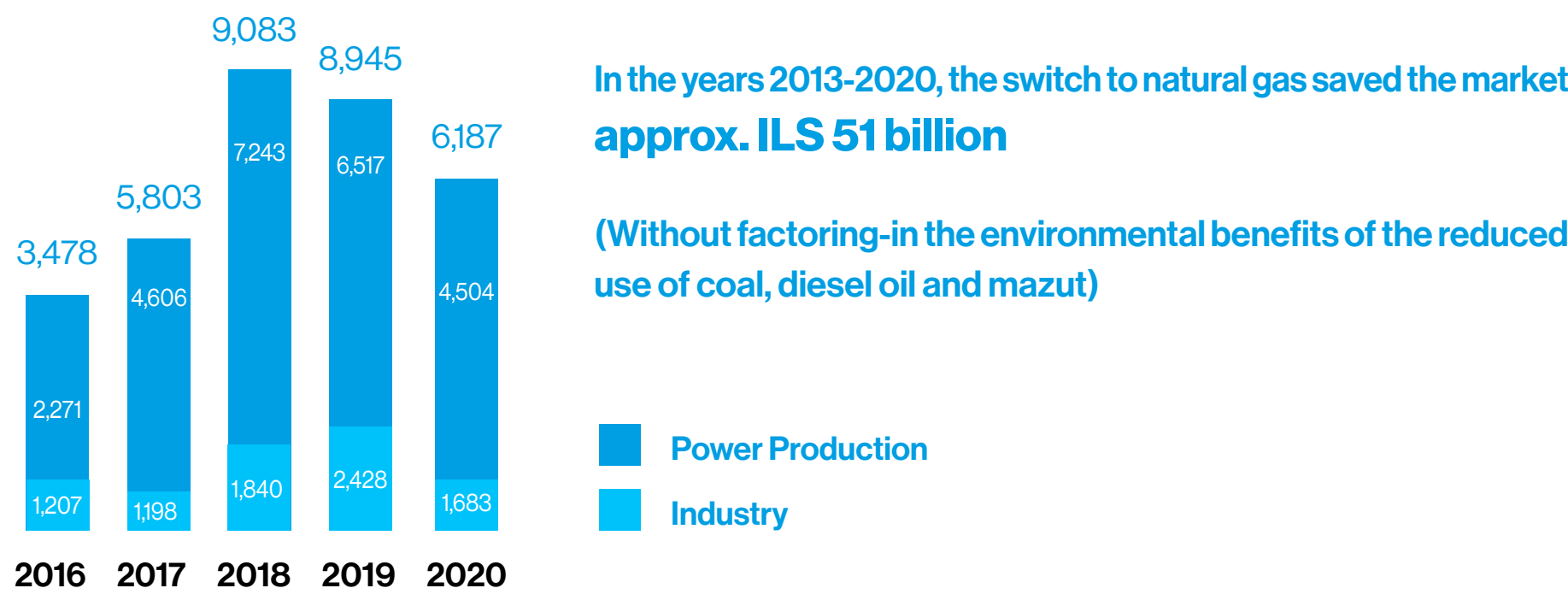




# Direct and Indirect Impacts

## The Market-Wide Saving deriving from the Use of Natural Gas in lieu of Coal, Diesel Oil and Mazut

Market-Wide Saving resulting from Natural Gas  
Annual Amount Saved by the Market (ILS in millions), Past 5 Years



Source: Processing by the Natural Gas Authority of data of the Electricity Authority, prices and other statistics.

The development of the gas sector in Israel, led by NewMed Energy and Noble/Chevron, has directly generated hundreds of professional jobs in Israel, and indirectly generated thousands of other jobs. As of this time, approx. 41% of the employees working in the operation of the Leviathan project are Israelis, and the project's Israelis' employment target rate is 81% by 2025<sup>13</sup>.

In addition, under the Gas Framework, the holders of interests in Leviathan undertook to invest an aggregate amount of \$500 million in local content over an 8-year period as of the date of

the undertaking in December 2015. "Local content" comprises, among other things, expenses in respect of the acquisition of commodities or services from entities registered in Israel, purchase from Israeli contractors, suppliers or manufacturers, investments in research and development in Israel (directly or indirectly), manpower expenses (up to a cap of 20%), expenses in respect of professional training, donations and social responsibility activities. In recent years, the Operator has used local suppliers and service providers, e.g., computer and

IT services, security, engineering services, storage services, levers, medical emergency services, transportation services (helicopters and on land), contractors, engineers, waste removal services, safety solutions, logistics companies, various consulting services, environmental services, leasing, and more. As of this writing, this obligation has been carried out in full.

### The Contribution of Export to the Israeli Market

The export of natural gas from Israel contributes to the Israeli economy in several aspects:

**Geopolitically** – The export of gas to Egypt and Jordan and other countries directly strengthens the relations with them and reinforces Israel's regional position in relation to neighboring countries.

**Economically** – Increase of the GDP, increase of export, energy cost savings, increase in State revenues (in an amount of approx. ILS 15 billion, originating from taxes, royalties and various levies related to the export of gas)<sup>14</sup>, improvement of the balance of payments, and more.

**Environmentally** – Export facilitates the improvement of air quality and the reduction of greenhouse gas emissions in the countries to which the gas is exported, thereby serving as a significant factor in the reduction of negative environmental effects in the eastern basin of the Mediterranean.

### Export from the Tamar and Leviathan Reservoirs

**Jordan** – 2017 saw the commencement of export of natural

gas, for the first time, from the **Tamar reservoir** to the Dead Sea plants in Jordan, **Arab Potash** and **Jordan Bromine**. Under the gas supply agreement, natural gas in the aggregate quantity of up to approx. 2 BCM will be supplied for a period of about 15 years.

In addition, in 2016, the **Leviathan partners** signed a gas supply agreement with the Jordanian electricity company (NEPCO) for an aggregate quantity of approx. 45 BCM for a 15-year period. Supply under this agreement began in January 2020.

**Egypt** – February 2018 saw the signing of the Dolphinus agreements for the supply of gas to the local market in Egypt by means of the **EMG subsea pipeline** that connects the Israeli and Egyptian gas transmission systems. Under the agreements, which were amended in 2019 and endorsed to Blue Ocean Energy (an affiliate of Dolphinus) in 2020, the **Leviathan partners will supply** an aggregate quantity of 60 BCM and the Tamar partners will supply an aggregate quantity of 25.3 BCM to the Egyptian market. The piping of gas under the Dolphinus agreements, as noted, began in January 2020 in the Leviathan reservoir and in July 2020 in the Tamar reservoir.

In 2020, the Leviathan reservoir exported approx. 3.8 BCM of natural gas to Jordan and Egypt, in the aggregate.

The Tamar reservoir supplied approx. 0.5 BCM to Jordan and Egypt, in the aggregate.

Such export totals approx. 4.3 BCM.

<sup>14</sup> The Partnership's data from natural gas sales by Tamar and Leviathan.



## Direct and Indirect Impacts

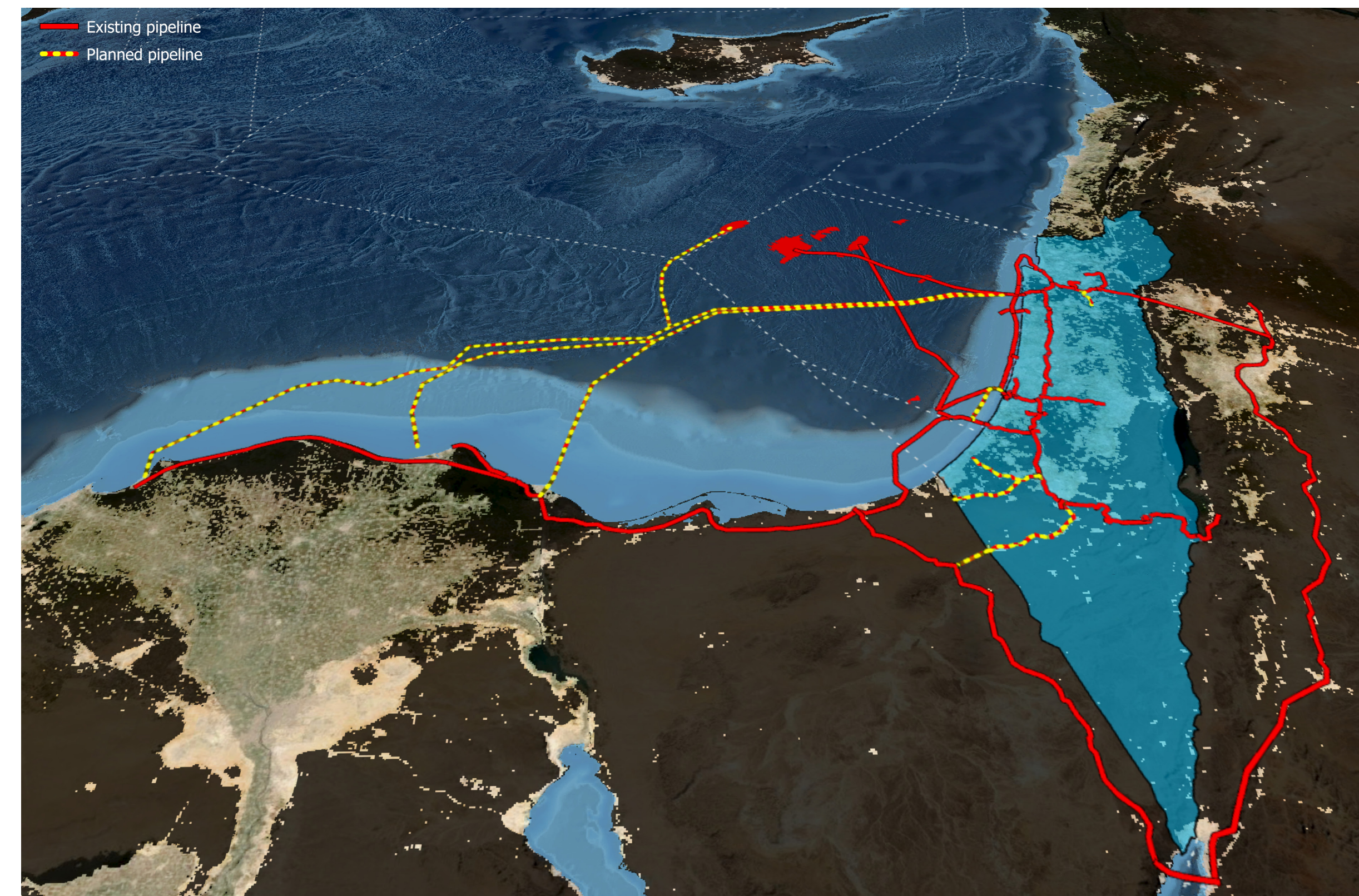


The contribution of the gas export from Israel to the GDP amounts to ILS 2.7 billion, and, in 2020, the added tax revenues from such export totaled approx. ILS 931 million<sup>15</sup>.

Other than the multiple environmental, economic and security-related benefits, the natural gas discoveries contribute to the reinforcement of Israel's foreign relations with its neighbors, which consume natural gas. The natural gas that NewMed Energy exports to Egypt and Jordan helps them achieve environmental goals by reducing the use of fuels that cause greater pollution.

In early 2019, Israel became one of the founders of the East Mediterranean Gas Forum (EMGF)<sup>16</sup>, which was founded following a regional initiative to form a body that would serve as a platform for dialogue and the formulation of a natural gas policy, and would promote the development of a sustainable regional gas market (hub) to extract the natural gas resources in the eastern Mediterranean for the benefit of communities and stakeholders. In this forum, the Partnership acts as a member of the Gas Industry Advisory Committee, in areas of regulation, economics and environment. Among other things, the Partnership, jointly with others, is leading an examination of regulatory disparities and similarities on environment and safety between the countries of the region, in order to enable and advance cross-border collaborations.

In addition, as the countries of Europe are striving to expand and diversify their energy import sources, in December 2017, the Ministers of Foreign Affairs of Israel, Cyprus, Greece and Italy signed a memorandum of understandings for the construction of the [EastMed Pipeline](#), which will transmit Israeli natural gas from the Leviathan reservoir to Italy<sup>17</sup>.



<sup>15</sup> Calculated according to reports to TASE by the Israeli gas partnerships and companies in 2020.

<sup>16</sup> <https://emgf.org/>

<sup>17</sup> <https://www.energy-sea.gov.il/English-Site/Lobby/Articles/Pages/Survey-East-Med-pipeline.aspx>





# Promotion of the United Nations' Sustainable Development Goals

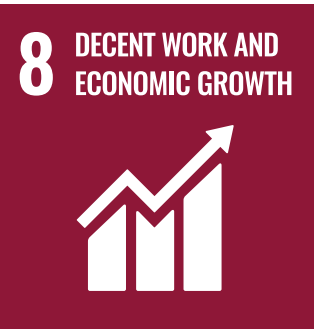
As part of the Partnership's commitment to ESG aspects, NewMed Energy is working, as part of its business operations, to promote the United Nations' Sustainable Development Goals, which are also known as the SDGs:



NewMed Energy is promoting study, training and research programs in various settings, from elementary schools to colleges and universities.



Recently, upon approval of the change of the TASE Rules and Regulations with respect to oil and gas exploration partnerships, NewMed Energy has been considering investments in the renewable energy and carbon storage segments, which serves as a bridge solution as long as renewable energy-based technologies are unable to fully satisfy energy needs.



The Partnership is acting to protect its employees' individual rights and ensures a safe work environment for them.



NewMed Energy, Israel's leading natural gas exploration partnership, facilitates the development of essential energy infrastructures for private consumers, industry and the Israeli economy as a whole. The development and establishment of energy infrastructures lead to enormous economic saving by the market, reinforcement of Israel's energetic security and improvement in air quality.



At present, natural gas is used by the State of Israel in the production of approx. 70% of all electricity produced and serves as a substitute for refined oil products (mazut, diesel oil, LPG). Natural gas facilitates the gradual and needed transition from the use of polluting fossil fuels to the use of renewable energies, while maintaining the reliability of the power supply and constantly reducing the environmental footprint.



As part of the environmental policy adopted by the Operator in NewMed Energy's projects, risk management processes are conducted with the purpose of minimizing the adverse effects on sensitive animal species in nature and the ecosystem they inhabit. These processes

are implemented in an optimal manner, in accordance with globally accepted standards and practices, in all stages of the projects' lifetime.



NewMed Energy is promoting regional and international collaborations, inter alia, in the field of environmental protection. NewMed Energy is active on the EMGF's Advisory Committee on Environmental Issues, and it is the first Israeli partnership to be a member of the GCCSI, a nonprofit umbrella organization, the objective of which is to promote initiatives for the reduction of carbon dioxide concentrations in the atmosphere, predominantly by means of carbon storage.







# The Environment

The core business of NewMed Energy has focused for the past several decades on exploration, development and production of offshore assets of natural gas off the shores of Israel and Cyprus. In the last twenty years, the significant milestones in our activity were the discovery of and production from the Yam Tethys, Tamar and Leviathan reservoirs, discovery of the Dalit, Karish and Tanin reservoirs, and discovery of the Aphrodite reservoir.

In recent years, natural gas has become the key component in the production of electricity in Israel, and a significant energy source for local industry. The natural gas resources discovered in Israel are significantly larger than the country's forecasted needs for decades to come, such that exports of considerable volumes to neighboring countries can be materialized.

**The activity of NewMed Energy significantly improves the air quality in Israel by reducing emissions of pollutants and particles into the air.** NewMed Energy strives to continue minimizing the negative environmental impacts of its activity, and to increase its positive impacts as much as possible.

The unique characteristics of the eastern Mediterranean basin render it particularly vulnerable to environmental damage. On the one hand, the East Med is characterized by slow water exchange compared with oceans, and therefore by long water and pollutants residence times. On the other hand, this area is used for a variety of human activities, including industry (such as oil and gas, desalination, tourism,

aquaculture and fishing), trade, tourism and shipping. All of the above cause anthropogenic pressure on the unique ecosystems, and reinforce the need for taking measures to prevent malfunctions and for minimizing negative impacts, inter alia those caused by oil and natural gas exploration and production activities.

Exploration, development, production and abandonment of oil and gas reservoirs may cause damage to the environment. Therefore, there are several tiers of directives and guidelines dealing with safety and protection of the environment, chief of which are national legislation and standards which are based, inter alia, on international standards and treaties. The operators of the projects in which the Partnership is a partner strictly comply with these directives, and adopt, in many cases, stricter standards.

NewMed Energy and its activity are subject to several laws and regulations, including the Petroleum Law, 5712-1952, which governs the regulation of oil and natural gas exploration and production in Israel, the Natural Gas Sector Law, 5762-2002, which mainly regulates the sector-related issues, the Clean Air Law, 5768-2008 for the reduction of air pollution, and the Taxation of Profits from Natural Resources Law, 5771-2011, which regulates issues of tax, various levies and payment of royalties to the State of Israel.

In recent decades, technological advances in exploration, development and production of hydrocarbon reservoirs have significantly improved the quality of the data and the



tools available to technical teams, thus enabling more efficient and safer operations. However, technological breakthroughs also enable certain operations that were previously impossible, for example drilling at significant water depths, and to greater depths than before. Therefore, the Partnership and the operators in the various projects in which it is a partner, are striving to implement the best available technologies in all operating segments. Thus, Best Available Technologies were, and continue to be, implemented at Tamar and Leviathan, in a manner which streamlines the production system, increases its safety and reduces exposures to negative environmental impacts.

NewMed Energy is not the operator of its assets. Nevertheless, as part of the Partnership's philosophy, and in order to meet the highest ESG standards (which are commonly adopted by Operators, rather than by non-operators), the Partnership's management established a framework for monitoring and review of operations of its assets. This framework includes two main documented procedures which pertain

to the operators' activity in the Partnership's assets: the first governs the interfaces between the Partnership, the Operator, and to a lesser extent other stakeholders in the asset; the second provides guidance on how the safety and environment performance of the Operator is monitored, reviewed, documented and reported. The Partnership's Audit Committee, which has ultimate responsibility over these matters, delegated authority to senior managements members, to implement these procedures and report back to the Committee periodically. These procedures are further subject to audits by the Internal Auditor of the Partnership.

Operations in the Partnership's assets adhere to strict safety and environmental protection protocols, in compliance with the provisions of the law. Such adherence is facilitated by the Operators' robust safety and environmental management systems, which include comprehensive risk analysis matrices and mitigation mechanisms that reduce the likelihood of detrimental events, and the impacts of such events.





# Carbon Emissions in Projects of the Partnership<sup>18</sup>

Chevron, the operator in the Partnership's projects offshore Israel, reports emissions to the MoEP's Pollutant Release and Transfer Register (PRTR), as required by law.

Projects	2019					
	Annual production (MMSCF)	Methane (tons)	Benzene (tons)	CO2 (tons)	CO2eq (tons)	GHG Intensity (kgCO2eq/BOE)
Tamar	367,900	1,038	0.20	72,436	98,395	2
Leviathan	No activity	No activity	No activity	No activity	No activity	-
AOT	365,900	197	0.04	0	4,919	-
Projects	2020					
	Annual production (MMSCF)	Methane (tons)	Benzene (tons)	CO2 (tons)	CO2eq (tons)	GHG Intensity (kgCO2eq/BOE)
Tamar	286,319	61	0.08	71,569	73,119	2
Leviathan	259,760	308	0.01	65,451	73,194	2
AOT	295,110	82	0.03	715	2,752	-

2021 data will be released by the Partnership after it is submitted to the PRTR, and validated by the MoEP.

GHG intensity – the global average intensity of carbon dioxide emissions in the oil and gas industry, according to the [International Energy Agency](#) for 2018, was approx. 70 kgCO2eq/BOE.

The Partnership's projects operate under a variety of environmental and other licenses and permits, including an air emissions permit, a marine discharge permit, a toxins permit, business licenses, etc., which are renewed periodically and include multiple practical instructions that are intended to ensure maximum environmental protection. All of the licenses and permits of the Partnership's assets are currently valid.

## Reduction of Pollutants and Greenhouse Gases Emissions

Reduction of emissions is intended to improve the air quality around the facilities and beyond, and to reduce as much as possible their carbon footprint.

In 2017, the partners in the Tamar Project, which included at the time NewMed Energy, decided to significantly reduce emissions of pollutants from the Tamar platform, which is located offshore Israel, approx. 25 km west of the shores of Ashkelon. The Emissions Reduction Project included installation of a system to capture, condense and recycle emissions from the platform's main vents. The system led to a reduction of over 98% in BTEX (benzene, toluene, ethylbenzene and xylene), and considerable reductions in emissions of methane, non-methane volatile organic

compounds and nitrogen oxides. In addition, a flare system was installed on the platform, and systems for continuous monitoring and sampling of emissions were installed, all in order to ensure compliance with the terms and conditions of the Air Emissions Permit which was issued by the MoEP for the Platform in September 2020. These systems currently operate alongside additional mechanisms, to increase the safety on the platform and reduce its environmental impacts. One such mechanism is comprehensive periodic surveys to detect and repair leaks.

The Ashdod onshore terminal (AOT), which is located in the southern part of the industrial zone of the port, has been used by the Tamar project since 2013. The facility was built as part of the Yam Tethys Project, and was used for final processing of gas from the project's reservoirs before transferring it to the INGL grid. The AOT operated under an air emissions permit from 2014, which was updated over the years, most recently in 2021. In recent years, the operator in the project has employed several measures for the reduction of emissions from the facility, including conducting a comprehensive survey for the identification and repair of leaks, which reduced methane emissions from the gas pipeline by approximately 25%, and establishing a coastal monitoring station in the Ashkelon area which reinforces the national air quality monitoring system.

Offshore facilities of the Yam Tethys project are currently undergoing an orderly process of decommissioning, per

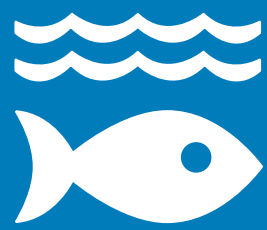
<sup>18</sup> [In accordance with the report on the PRTR \(Pollutant Release and Transfer Register\).](#)





## Reduction of Pollutants and Greenhouse Gases Emissions

14 LIFE BELOW WATER



regulation and directives of the Ministry of Energy and the MoEP. In this context, the project's wells are plugged and abandoned, and subsea pipelines and facilities are dismantled and removed or left in place. Specific facilities, for example the offshore platform and the 30-inch pipeline from

the platform to the AOT, are still used by the Tamar Project, and are not being abandoned at this stage.

The approved development plan for Leviathan aroused, at the time, concern on the part of some members of the public in view of the relative proximity of the platform (approx. 10 km) to shore. The emission permit for the platform was issued by the MoEP in November 2019, and it included directives regarding operation of production, monitoring, control and warning systems, threshold values for reporting and emission, and reporting rules. Best available technologies are implemented on the platform, including a flare gas recovery unit (FGRU), which collects emissions from process-related devices at low pressure and routes them for reuse as an energy source on the platform. In addition, permanent air monitoring stations were established by the Operator along and around the Carmel coast, to enhance the pre-existing infrastructure of the National Air Quality System.

In an extensive range of tests and surveys that were carried out on the platform and in its vicinity, and in particular with respect to benzene concentrations in the air, no significant environmental impacts deriving from its activity were observed.

### Marine Discharge<sup>19</sup>

Most of the Partnership's assets are located in the Mediterranean Sea, which is an oceanographically, ecologically and biologically unique environment. This environment is subject to significant pressure in the form of trade routes, sports and recreation, fishing, and uses of various industries, and particularly those of the oil and natural gas industry. The Partnership is committed to protecting the marine environment, and to minimizing the negative impacts of its activity on it.

The Partnership's projects operate under Marine Discharge Permits, which are generally renewed annually, and include discharge quantities, concentrations and sources, the means of monitoring and control, and the rules on reporting to the MoEP. In addition, comprehensive surveys are periodically carried out to document the extent of the impact of the project's facilities on the marine environment.

The facilities of the projects are supervised and controlled by the Ministry of Energy and the MoEP, which conduct periodic and surprise audits.

### Biodiversity and Protection of the Marine Environment

Natural gas exploration and production activities affect wildlife and ecosystems. In the Partnership's assets, the Operator implements a comprehensive biodiversity policy, to avoid and reduce significant impacts on sensitive species, habitats and ecosystems. These steps are taken throughout the project's lifecycle, from exploration to decommissioning.



<sup>19</sup> For a full disclosure on the issue, see the Partnership's financial statement.





# Health and Safety

The operators in NewMed Energy’s assets have comprehensive operational management systems which meet domestic and international standards, whose purpose is to increase the safety and environmental performance of the activity by reducing the frequency and gravity of incidents. The safety and environmental issues are supervised by the Partnership in the various projects through expert consultants, and are also subject to regulators’ review and audits.



In 2020, the number of incidents on the Tamar platform was 0, which reflects a 100% decrease relative to 2019

	Tamar		
	# Of documented incidents per 200 thousand work hours		
	2019	2020	Change
TRIR	0.37	0.00	-100%
DWIR	0.19	0.00	-100%
TRIR - Total Recordable Incident Rate (number of incidents*200,000hr/ total work hours)			
DWIR - Days Away from Work Incidents Rate (number of days lost*200,000/ total work hours)			

In 2020, the number of incidents on the Leviathan platform was 0, which reflects a 100% decrease relative to 2019

	Leviathan		
	# Of documented incidents per 200 thousand work hours		
	2019	2020	2020 Change
TRIR	0.32	0.00	-100%
DWIR	0.11	0.00	-100%
TRIR - Total Recordable Incident Rate (number of incidents*200,000hr/ total work hours)			
DWIR - Days Away from Work Incidents Rate (number of days lost*200,000/ total work hours)			





# Community Involvement



We believe in having a direct and open dialogue with our stakeholders and in cooperation with and response to the needs of the community in which we live and work. In the context of the establishment of the Leviathan project, given the existence of many diverse stakeholders, NewMed Energy, together with the other partners in the project, held dozens of meetings with various entities, including public leaders, environmental organizations, school principals and pupils, researchers, students, youth movements, parent committees, resident groups, etc. These meetings facilitate productive dialogue, familiarization with the needs of the community and additional stakeholders, and presentation of the importance and contribution of our activity to Israel and to its citizens, while placing great emphasis on protecting the environment, the security and the quality of life in the region.

In addition, a designated website and Facebook page have been set up for the Leviathan project, in order to maintain ongoing contact with the community and continue to maintain the dialogue with other stakeholders. Information may be found on the website on the environment, safety, the platform's activity and the results of ongoing monitoring of the platform's emissions.

In February 2021, following the tar pollution which was caused to the shores of Israel as a result of illegal spilling of tar into the Mediterranean Sea by a pirate ship, the Partnership's workers

participated in voluntary activity for cleaning the Herzliya beach. The partners in the Leviathan project also donated considerable equipment to the local authorities in the area of the oil spill.

NewMed Energy takes part in the promotion of several projects in the community, which allow the community to enjoy the marine and natural resources and educational projects.

**NewMed Energy operates in collaboration with organizations in a variety of volunteer activities:**

**Kinneret Academic College** – a project initiated by NewMed Energy in 2017 with the goal of supporting science and technology studies in remote areas. As part of the project, NewMed Energy grants scholarships to students studying towards a B.Sc. in Energy Engineering. The scholarship recipients teach science and technology classes at the Elementary School for Science and the Arts “Meir Hamithadesh” in Beit She’an, thus contributing to the school’s curriculum. The Partnership’s technical team advises and mentors each year students at Kinneret on their final projects.

With the Partnership’s support, the “Meir Hamithadesh” school runs **a multidisciplinary science program** which features face-to-face classes, experiments, special activity days and science fairs.

Other programs include the **“Delek Youth Program”**, which focuses on science enrichment studies for top students in grades 1-6, and are taught by scholarship recipients from

Kinneret Academic College. “Meir Hamithadesh” won the National Education Prize in the 2017-18 academic year. In addition, in 2019, NewMed Energy was proud to support the establishment of an advanced science lab, the first (and only for now) in Beit She’an.

**“Ziv Neurim”** – NewMed Energy has begun collaborating with the Ziv Neurim organization, which was established in 2000 by veterans of Shayetet 13 (the Israeli Navy Commando Unit), and operates five maritime centers around the country for youth who are at risk of dropping out of the education system. Ziv Neurim creates and runs challenging marine activities as a means of empowering youth with the aim of enabling them to realize their innate potential.

**Activity in the context of the Leviathan project**

The Leviathan partners have focused their community involvement on two main tracks: one, investing in educational projects in peripheral areas, and the other, supporting projects related to the sea and beaches. At present, the partners in the Leviathan reservoir take part in the Israel Nature and Parks Authority’s “I am from the Carmel” project, an environmental leadership program for around 120 children each year from the Carmel region, in collaboration with regional authorities and schools. Through the program, the students get to know the Carmel region, with an emphasis on developing ecological awareness and learning to make good and responsible use of natural resources. Funds have also been donated to the Sea Scouts in Akko, in order to create an instructor course for underprivileged students.







## Human Resources

### 8 DECENT WORK AND ECONOMIC GROWTH



NewMed Energy is managed by the General Partner in accordance with the provisions of the partnership agreement.

NewMed Energy's workers are employed through personal employment agreements. The officers and members of senior

management at the Partnership are employed under the terms and conditions agreed with each one of them, and may include, inter alia, monthly salary, entitlement to a company car, mobile telephone, contributions to managers' insurance and a study fund. In addition, NewMed Energy retains various outside consultants, including geological and engineering consultants, legal advisors, financial advisors, etc.

In the operating agreements in the various projects, the operator employs manpower for the management and operation of the projects, with NewMed Energy having no employment relationship with them, and the engagement being made by the operator.

The commitment of NewMed Energy to its employees is expressed in the implementation of the key principles in its conduct:

- **Creation of a respectful work environment** – the Partnership sees its employees and managers as full partners in its success and works to advance them while creating a safe, supportive and respectful work environment.

- **Concern for the employee's rights and welfare** – the Partnership ensures to protect the employees' rights and gives them good and fair employment conditions.
- **Implementation of an organizational culture** – the Partnership works to implement an organizational culture of protection of human dignity and privacy, equality and prevention of discrimination, harassment and workplace mobbing.
- **Adoption of a Code of Ethics** – during 2021, the Partnership's Code of Ethics was updated to adapt it to the stakeholders and the current strategy, and it currently includes reference to various issues relating to the Partnership's employees and the interfaces between them and stakeholders, such as appropriate behavior, fairness, observance of the law and compliance with procedures and regulations that apply to the Partnership, conduct vis-à-vis suppliers, responsible marketing, diversity and inclusion, prevention of bribery and corruption, prevention of sexual harassment, etc.
- **Information security and protection of privacy** – the Partnership has taken action to secure, separate and register the databases that contain personal information of employees and consultants of the Partnership and the General Partner.







# Gender and Age Diversity

As of December 31, 2020<sup>20</sup>:

Gender diversity	Male	Female
Employees	15	8
Officers	7	1

As of December 31, 2020<sup>22</sup>:

Age Group	30-50	Over 50
Percentage	74%	26%

As of December 31, 2021<sup>21</sup>:

Gender diversity	Male	Female
Employees	14	8
Officers	6	1

As of December 31, 2021<sup>23</sup>:

Age Group	30-50	Over 50
Percentage	82%	18%



<sup>20</sup> The data include employees of the General Partner and the Partnership as of December 31, 2020.  
<sup>21</sup> The data include employees of the General Partner and the Partnership as of December 31, 2021.  
<sup>22</sup> The data include employees of the General Partner and the Partnership as of December 31, 2020.

<sup>23</sup> The data include employees of the General Partner and the Partnership as of December 31, 2021.



## Equal Employment and Prevention of Discrimination

As part of the Partnership's Code of Ethics, we are committed to operating in an egalitarian manner and to not discriminating against any employee or candidate for employment, including based on race, age, gender, religion, etc. This commitment pertains both to the recruitment of employees and the employment conditions, such as promotion, compensation, access to training, salary and benefits, disciplinary measures, termination of employment and retirement.

We strive to create a culture of respect in our organization, based on values of empathy, teamwork and responsibility. As part of this culture, we are committed to employment rights and honor, fulfill and promote basic and universal employment rights, including the prohibition of child labor in the context of the projects in which we are partners; activity in accordance with the regulations that are applicable in the countries in which we operate; prohibition of forced labor; and respecting the right of employees to join workers' unions under the principle of freedom of association.

During 2020, no complaints of discrimination were received.



## Training

NewMed Energy's male and female employees participate in conferences, training and instruction according to the needs deriving from their positions, and according to their fields of interest and aspirations. The Partnership encourages and even funds professional training for its employees, from day courses to higher academic studies. In addition, the Partnership provides enrichment activity and various training inter alia on internal enforcement, inside information, ethics, sexual harassment, information security and cyber, etc.





# Corporate Governance

As part of the policy of the Partnership and the General Partner for management of the risks which derive, inter alia, from the corporate structure of a public limited partnership, and with the aim of identifying and preventing violations and offenses and to ensure compliance with the legal provisions that apply to the Partnership, the Partnership implements corporate governance rules.

Responsible conduct and proper corporate governance are inherent to our day-to-day conduct and are an integral part of our success. We believe that corporate governance controls and structures, and ensuring adequate reporting and transparency, support the creation of real value for our stakeholders, both now and in the long-term.

In all of our circles of influence we are committed to compliance with and fulfilment of laws, regulations and procedures which are essential for our continued activity and prosperity. In the context of the procedures that we have adopted, an examination is performed of the compliance by the operator in the projects with the provisions of the law, the regulations, the licenses and the permits required, as well as the best practices in our industry. In addition, the procedures regulate the Partnership's relationship with the operator, including the monthly, quarterly and annual reports on operating, infrastructure, financial, environmental and other aspects.

## The Board of Directors

During 2021, the board of directors comprised 8 directors, 50% of whom were classified as independent directors (three external directors and one independent director). At present, 3 external directors serve on the board, the process of appointment of one of whom by the general meeting was performed in cooperation and dialogue with an institutional body. Aside from the independent directors, the board includes the chairman of the board, who serves in this role also at Delek Group, the indirect controlling shareholder, and three other directors who serve as the CEO, General Counsel and CFO of Delek Group.



Gabriel Last,  
Chairman of the Board



Idan Wallace,  
Director



Leora Pratt Levin,  
Director



Tamir Polikar,  
Director



Jacob Zack,  
External Director



Amos Yaron,  
External Director



Efraim Sadka,  
External Director

One female director serves on the board, and the average age of the board members is 66.

The directors who serve as officers of Delek Group, including the chairman of the board, bring many years of experience in the outlining of the Partnership's strategy and policy, as well as a deep understanding of its activity and the markets in which it is active. Four of the eight directors who held office as of the end of 2020 have accounting and financial expertise, and the others have vast business experience, including considerable experience in serving on boards of public companies from various sectors.

The board members periodically participate in seminars arranged for the directors by management. In addition, as part of the Partnership's enforcement program, it was determined that new board members will undergo a training and familiarization program through meetings with officers and consultants, including required background documents, inter alia on the following issues: the Partnership's business, its risks, strategy, legal provisions, studying the internal enforcement program, etc. Insofar as a new director is also appointed to the audit committee, the audit reports and the work plan of the internal auditor will also be made available to him.

For the full résumés of the directors, see [the Partnership's website](#).

During 2020, the Partnership's board and its committees held 54 meetings, and the average participation rate of the directors was approx. 93%.

During 2021, the Partnership's board and its committees held 50 meetings, and the average participation rate of the directors was approx. 92%.

The board of directors is responsible, inter alia, for supervising the management's activity and ensuring that it is carried out in conformance with the interests of the shareholders and the other stakeholders. In order to fulfill its purpose, the board of directors and/or its committees receive ongoing updates on issues of ESG, risks and strategy, health and safety, regulatory issues and policy changes, internal enforcement, etc.

NewMed Energy's Board Composition as of December 31, 2020

Managerial experience	Legal experience	Financial – accounting experience	Experience in the Partnership's field of business - energy	Experience in holding office on boards of other public companies
88%	50%	50%	75%	50%

NewMed Energy's Board Composition as of December 31, 2021

Managerial experience	Legal experience	Financial – accounting experience	Experience in the Partnership's field of business - energy	Experience in holding office on boards of other public companies
86%	43%	43%	86%	43%

\* The Partnership characterized the board composition based on the experience and expertise of the incumbent directors and according to best practices, and not according to the definitions set forth in the Companies Regulations (Conditions and Criteria for Directors with Accounting and Financial Expertise and Directors with Professional Qualifications), 5766-2005.



# Board Committees

The board of directors of the Partnership's General Partner and its committees engage in the management and determination of the strategy of the Partnership and supervision of the long-term execution thereof by the Partnership's management. The sub-committees assist with the holding of more focused and in-depth discussions on issues requiring attention, such as financial statements and financial matters, compensation of senior executives, management of the investments, environmental matters, health and safety, information security and cyber, interested party transactions, internal enforcement, audit and procedures, etc.

Below is the composition of the sub-committees of the Partnership as of December 31, 2020:

## Composition of the sub-committees

Audit Committee	Compensation Committee	Finance Committee	Investment Committee
Amos Yaron	Amos Yaron, Chairman	Amos Yaron	Amos Yaron
Jacob Zack, Chairman	Jacob Zack	Jacob Zack, Chairman	Efraim Sadka, Chairman
Efraim Sadka	Efraim Sadka	Efraim Sadka	Ronnie Bar-On
Ronnie Bar-On	Ronnie Bar-On	Ronnie Bar-On	Jacob Zack (from December 9, 2021)

\* On November 29, 2021, Mr. Ronnie Bar-On ceased to serve as an independent director of the Partnership. On December 9, 2021, Mr. Efraim Sadka was appointed to serve as chairman of the Investment Committee and Mr. Jacob Zack was appointed as a member of the Investment Committee.

The audit committee – currently comprises three external directors. The committee is responsible, inter alia, for internal controls, approval of interested party transactions, information security and cyber, and compliance and ethics, including the internal enforcement program for securities law and the Partnership's Code of Ethics. The committee authorized Adv. Sari Singer, the Partnership's General Counsel, as the Internal Enforcement Officer for securities law and the Code of Ethics, responsible, inter alia, for preparing and updating the enforcement procedures from time to time, ensuring performance of compliance surveys, monitoring and supervising implementation of the program, instructing the employees, releasing procedures, annual report to the audit committee, ongoing reporting and documentation. In addition, the committee authorized the VP Exploration, Dr. Zvi (Kul) Karcz, as the environment, health and

safety officer on behalf of the Partnership, and he performs monitoring and control of collection of the environmental and safety data from all of the Partnership's projects, and reports to the audit committee, which is responsible, for such purpose, for the environmental and safety aspects of the activity of the projects in which it is a partner. In addition, the Partnership's audit committee was appointed to supervise the field of information security and cyber, in the context of which the audit committee approved the information security and cyber policy, appointed an information security and cyber officer who reports to the committee twice a year on compliance with the policy, the progress of the annual work plans and material cyber incidents, and is also responsible for drafting and implementing work procedures which support the policy.

The compensation committee – currently comprises three external directors. The committee is responsible, inter alia, for determining, updating and approving the compensation policy for the officers, approval of transactions which pertain to compensation of the officers, etc.







# Board Committees

The investment committee – currently comprises three external directors. The committee was established for the purpose of holding professional and in-depth discussions on the Partnership's investments and making recommendations to the board on relevant courses of action. The committee holds discussions on the investment portfolio, ensures that investments of the Partnership's available funds are made in accordance with the partnership agreement, determines the desired investment mix and performs monitoring and control of implementation of the method of investment of the Partnership's available funds.

The finance committee (the financial statements review committee) – comprises three external directors. The committee is responsible currently for performance of control of the Partnership's periodic financial statements and for the actual approval thereof.

The number of meetings of the board and its committees and the participation rate of the directors:

As of December 31, 2020:

	Board of Directors	Partic-ipation Rate	Audit Committee	Partic-ipation Rate	Comp-ensation committee	Partic-ipation Rate	Finance committee	Partic-ipation Rate	Invest-ment committee	Partic-ipation Rate
meetings in 2020	28	86%	11	100%	7	100%	6	100%	2	100%

As of December 31, 2021:

	Board of Directors	Partic-ipation Rate	Audit Committee	Partic-ipation Rate	Comp-ensation committee	Partic-ipation Rate	Finance committee	Partic-ipation Rate	Invest-ment committee	Partic-ipation Rate
meetings in 2021	22	87%	12	98%	7	96%	8	97%	1	67%





## The Officers

As of December 31, 2020, the Partnership and the General Partner had eight senior officers, CEO, 2 Deputy CEOs, General Counsel, VP Exploration, CFO, VP Regulatory and Public Affairs and VP Trade. As of the ESG report release date, there are seven senior officers, CEO, VP Exploration, CFO, General Counsel, VP Regulatory and Public Affairs, VP Trade and VP Leviathan. The Partnership also employs an internal auditor.

## The Internal Audit

The internal audit conducts audits on many diverse issues and the audit reports are discussed by the Audit Committee and receive appropriate attention. The current internal auditor has been in office since 2016. His budget is approved by the Audit Committee. The work plan of the internal audit is prepared by the internal auditor of the Partnership in coordination with the management of the General Partner and is based on the risk survey for determining the internal auditor's audit objectives, from which the audit issues are derived. The plan is presented to the Audit Committee and the board of the General Partner, and is approved by the Audit Committee.

**The number of audit hours set for the internal auditor in 2020 was 600.**

**The number of audit hours set for the internal auditor in 2021 was 600.**

In addition to the work of the internal auditor and in accordance

with the Partnership's agreement for joint operation of the Partnership's assets, the Partnership, through external companies, audits the Operator's work on the Tamar, Leviathan and Block 12 projects. The Head of Control and Investments in the Partnership participates in the meetings for preparation, follow-up and supervision of the above audit and reports to the Audit Committee and the board of the General Partner on its findings and results. In 2020, a periodic audit of the books of the Leviathan project operator for 2019 was carried out through an international external consultant, with expertise in audits in the energy industry, with an approved budget of approx. 540 hours. The audit was performed in collaboration with all of the partners in the project other than the Operator, in accordance with the project's joint operating agreement. In 2021, a periodic audit was carried out in the books of the operator of the Tamar project for the years 2019-2020 with an approved budget of approx. 600 hours. The audit was performed in collaboration with all of the partners in the project who are not the Operator, in accordance with the joint operating agreement in the project. Once a year, the board of the General Partner approves the work plan for the audit of the Operator's books in the following year.

## Internal Enforcement

An internal enforcement plan is an internal voluntary mechanism adopted by the organization and implemented on an ongoing basis in order to detect and prevent violations and offenses and to ensure compliance by the organization and the individuals associated therewith with the various directives and laws. The

plan also determines the methods in which the organization will supervise its implementation and assimilation and the actions that the organization will carry out for reviewing third parties that it engages and controlling their operation. Therefore, as part of the Partnership's overall risk management, it adopted in 2018 an internal enforcement plan that sets the method of implementation, supervision and control of compliance with various directives and laws, adequate treatment of violations and defaults, minimizing damage from violations, if any, as well as the responsibilities, powers and duties of the various organs in the Partnership, that are relevant to the achievement of the objectives of the internal enforcement plan. The Partnership's enforcement plan also includes work procedures that are associated with internal enforcement, including procedures for the board of directors, non-use of inside information, anti-bribery and corruption, etc.

The Partnership has determined that the enforcement plan will be approved and supervised by the Audit Committee, and the officer in charge of implementation and assimilation of the plan is Sari Singer, the Partnership's Legal Counsel. The officer in charge is responsible for providing an annual report to the Partnership's Audit Committee, and for documentation and retention of the documents pertaining to the enforcement plan (including compliance surveys, updates, notices of violation, etc.). The internal auditor audits the implementation and assimilation of the enforcement plans in the Partnership.

No compliance incidents were recorded in the Partnership in the years 2020 and 2021.

## Anti-bribery and Corruption

The Partnership is committed to conducting its business fairly, honestly, reliably and responsibly, and ensuring that its business activity, inter alia, outside of Israel, is carried out to the highest moral standards and in accordance with the various laws and regulations applicable in the areas of activity, and to avoid possible risks related to corruption. Accordingly, in 2018 the Partnership defined an anti-bribery and corruption procedure designed to ensure compliance with and adherence to laws and regulations related to bribery, corruption, money laundering, etc. The procedure determines the functionaries to which it applies, and the cases and warning signs that the functionaries must pay attention to.

No incidents of bribery and corruption were reported to the Partnership in the years 2020 and 2021.





## Risk Management

The Partnership's activities expose it to financial risks alongside non-financial risks, such as: market risk, foreign currency risk, fair value risk due to interest rate, price risk, credit risk, liquidity risk and cash flow risk due to exposure to LIBOR interest rate, and risks deriving from the projects in which it is a partner.

NewMed Energy has implemented a risk management plan that focuses on actions to minimize possible negative effects on the Partnership's financial performance. The Partnership sometimes uses derivative financial instruments to hedge certain exposures to risks. In addition, the Partnership works to prevent and/or minimize the environmental risks that may occur during its activity, and prepares for the economic, legal and operational consequences arising from such laws, regulations and directives, and allocates budgets for such purpose in its annual work plan.

With respect to the spread of Covid-19, the Partnership prepared to integrate the risks arising therefrom, and as of the ESG report release date, it is difficult to estimate how the Covid-19 crisis will continue to develop in the coming years, what will be the extent of its impact on global economy and what will be its impact on demand and sales from the Leviathan reservoir in the coming years.



## Information Security and Cyber

In accordance with the directives of the Israel National Cyber Directorate, and since the Partnership's assets are operated by third-party companies, it is the operators of the various projects of the Partnership that are responsible for preventing damage to the information systems. Information and information security (cyber) risks are among the most prominent risks currently faced by business companies, and the Partnership is involved in supervising the operators in this respect. As of 2021, and after addressing a number of outstanding issues, the Operator meets all of the security requirements in the Tamar and Leviathan reservoirs.

The Operator of the projects has adopted an information security strategy as part of its risk management process (ERM), in which it operates through three pillars – implementing advanced information security technologies, ensuring prevention of cyber attacks through training and raising employee awareness, and complying with laws and regulations in the fields of information security.

Chevron, which acquired Noble in 2020, adopted and implemented the operational excellence management system (OEMS). This system assists in the identification and assessment of various risks, including information security and cyber risks, and in the mapping of means of

protection, their implementation throughout the Partnership and among its key suppliers, and in the supervision of their proper operation. In this context, we shall state that this management system has an independent external evaluation certificate as well as an international ISO45001 standard for occupational safety and health management systems.

It is noted that the Partnership does not have access to the computer systems of the Operator and its other partners in the petroleum assets, and also has no control over the key ICS systems that monitor and control the production activities, which are under the responsibility and control of the Operator.

The Partnership works to implement the directives of the Privacy Protection Authority as well as the recommendations of the Israel National Cyber Directorate (the "Cyber Defense for Organizations" and current recommendations), for the purpose of effective management of information security and cyber protection. The Partnership established an information security and cyber protection policy that outlines its view regarding the protection system in terms of information security and cyber and works to implement such view in organizational procedures and procurement of systems, infrastructure and services.

The Partnership routinely works to raise the level of employee awareness to information security and cyber aspects, including phishing attacks and remote work rules. In addition, the Partnership receives monitoring and control services

from a third party, 24/7, 365 days a year, which are designed to alert of irregularities in the Partnership's network.

According to the policy determined, the Partnership conducts once every 3 years (most recently in 2021), through a third party, an information security and cyber risk survey as well as penetration tests, and it works consistently to implement the recommendations of such surveys and tests which are prioritized according to their severity.

In order to ensure the implementation of the policy and recommendations of the professional functions, the Partnership employs a consultant one day a week, who serves as the Chief Information Security Officer (CISO) and who is the professional advisor to the information and cyber security officer, who was appointed by the board of the General Partner of the Partnership.







## Transparency

Transparency is given a central spotlight within the framework of ESG in general, and corporate governance in particular. In our field of operation, which by its nature poses environmental and social opportunities and challenges, transparency is of particular importance. We believe that transparency contributes to establishing the Partnership's ongoing activities while reducing exposure to managerial/operational risks, strengthens the relationship vis-à-vis the capital market, participation unit holders and all stakeholders, including the general public, and assists in the understanding and mapping of the issues essential for its business and non-business conduct.

First and foremost, in accordance with the Partnerships Ordinance (Partnerships Ordinance [New Version], 5735-1975), which applies to NewMed Energy in view of its legal structure, heightened supervision mechanisms were established, inter alia, through the appointment of a supervisor for the General Partner. The supervisor was elected by the minority participation unit holders in a general meeting and is entrusted with the supervision and review of the actions of the General Partner in relation thereto. The appointment of a supervisor for the Partnership increases the supervision of proper conduct of the corporate governance structures in the Partnership and strengthens transparency and the connection between the minority participation unit holders and the organs of the Partnership. In this context, we shall add that NewMed Energy, unlike other partnerships in the energy industry, has a strict arrangement which includes two supervisors (Fahn Kanne & Co. CPAs and CPA Micha Blumenthal, together with Kedar Supervision and Management, with one having legal expertise and the other having accounting expertise).

The Partnership also appointed an internal investor relations manager who is responsible for regular maintenance of the relations and dialogue with the various stakeholders, inter alia, with institutional investors, and for continuous reporting on issues determined as material to the Partnership as well as to them, and sharing with them at such points in time where doing so is of common value. The Partnership publishes presentations to investors and other stakeholders on a regular basis and also holds an investor conference at least once a year.

In its ongoing business operations, the Partnership maintains accuracy in its record and bookkeeping and maintains integrity in its financial statements, while supporting internal decision-making, to adequately reflect the various transactions performed by the Partnership. In addition, the Partnership maintains, as required, an appropriate system of internal control means and works to release correct, complete and up-to-date financial information.

The Partnership works to constantly improve its corporate governance infrastructure. Thus, for example, about two years ago it examined, through external consultants, the elements of corporate governance in the Partnership and adopted recommendations to strengthen them – such as reducing the number of participants in board meetings, anchoring the investment committee through a formal appointment document, reducing the number of directors on the board (which has increased the number of independent directors serving on the board) and also initiated a process for the appointment of an external director on behalf of an institutional body.

## The Code of Ethics

NewMed Energy has adopted a code of ethics that reflects the values and principles in the various relevant areas, both internally and externally, and it relates to interfaces with the various stakeholders of the Partnership. The code includes reference to various issues, such as proper conduct and maintaining fairness in business activities, compliance with the laws and procedures applicable to NewMed Energy, contribution to society and community, maintaining the Partnership's assets, anti-bribery and corruption, prevention of sexual harassment, etc.

In the years 2020 and 2021, training on the Code of Ethic was given to all employees of the Partnership.

The officer responsible for the Code of Ethics is the General Counsel of NewMed Energy.








# About the Report

The report reviews our ESG activities in 2020-2021. Environmental and safety data refer to 2020.

This report was written in accordance with the reporting guidelines of the Global Reporting Initiative (GRI), and is in accordance with the transparency standard GRI: SRS In accordance: Core. Accordingly, the report includes, in any issue identified as material to our activities, the management approach and work processes in the Partnership vis-à-vis the partners in the projects.

Most of the information presented in the report was collected regularly and routinely during the report year, from various organizational sources including the Operator, in each one of the projects in which we are a partner and with advice by  **Entropy** - Entropy Corporate Governance.

Since the projects' activity is carried out in practice by the Operator, we decided to address our policies and procedures alongside those of the Operator. All of the activities are performed in compliance with the most stringent principles prevailing in our industry.

# Our Stakeholders

As part of our activities, we work together with our partners in order to assimilate the diverse interests of all stakeholders affected by our projects, and conduct an ongoing dialogue with them in order to map and bridge gaps.



# The Material Issues Selected for the Report

NewMed Energy acted to map and define the material issues for the stakeholders based on using a number of representative information sources, and for such purpose, inter alia, a comparison group was composed from a similar sector. It is stated that this group includes companies that operate various gas projects in which the Partnership is a partner, and therefore, the threshold that was set is relatively high in the areas of transparency and action in ESG.

The weighting and cross-referencing of the issues raised 16 material issues that have been selected for reporting in the report, and they make up the materiality matrix of NewMed Energy presented below:

## Economic

- 1. Economic performance
- 2. Direct and indirect impacts

## Environmental – E

- 3. Environmental policy
- 4. Reducing environmental impacts
- 5. Emissions and reduction of emissions

- 6. Water management and sea emissions
- 7. Biodiversity and ecosystem conservation

## Social – S

- 8. Giving back to the community
- 9. Training
- 10. Health and Safety at work

## Corporate Governance – G

- 11. Ethics and norms of behavior
- 12. Proper Corporate Governance
- 13. Composition of the board of directors
- 14. Anti-corruption, internal enforcement and compliance
- 15. Risk management
- 16. Information security and cyber



# The Material Issues Selected for the Report

Issues identified as material	Location in Matrix/ Diagram	Report boundaries	Chapter in the report
Economic performance	1-2	In the organization	NewMed Energy's Structure and Financials, Direct and Indirect Impacts
Direct and indirect impacts		In and outside the organization	
Environmental policy	3-4	In the organization	Direct and Indirect Impacts, The Environment
Reducing environmental impacts		In and outside the organization	
Emissions and reduction of emissions	5	In and outside the organization	The Environment
Water management and sea emissions	6	In and outside the organization	The Environment
Biodiversity and ecosystem conservation	7	In and outside the organization	The Environment
Giving back to the community	8	In and outside the organization	Giving back to the community
Training	9	In the organization	Human Resources
Health and Safety at work	10	In the organization	Health and Safety
Ethics and norms of behavior	11-13	In and outside the organization	Corporate Governance
Proper Corporate Governance		In and outside the organization	
Composition of the Board of Directors		In the organization	
Anti-corruption, internal enforcement and compliance	14	In and outside the organization	
Risk management	15	In and outside the organization	
Information security and cyber	16	In the organization	

Thank you for your interest  
We welcome any inquiries and open for dialog.

**Aviv Kirshenbaum,**  
[Avivk@newmedenergy.com](mailto:Avivk@newmedenergy.com)  
[+972-99712424](tel:+972-99712424)



**Aviv Kirshenbaum,**  
Managing Director of New Ventures & Head of ESG





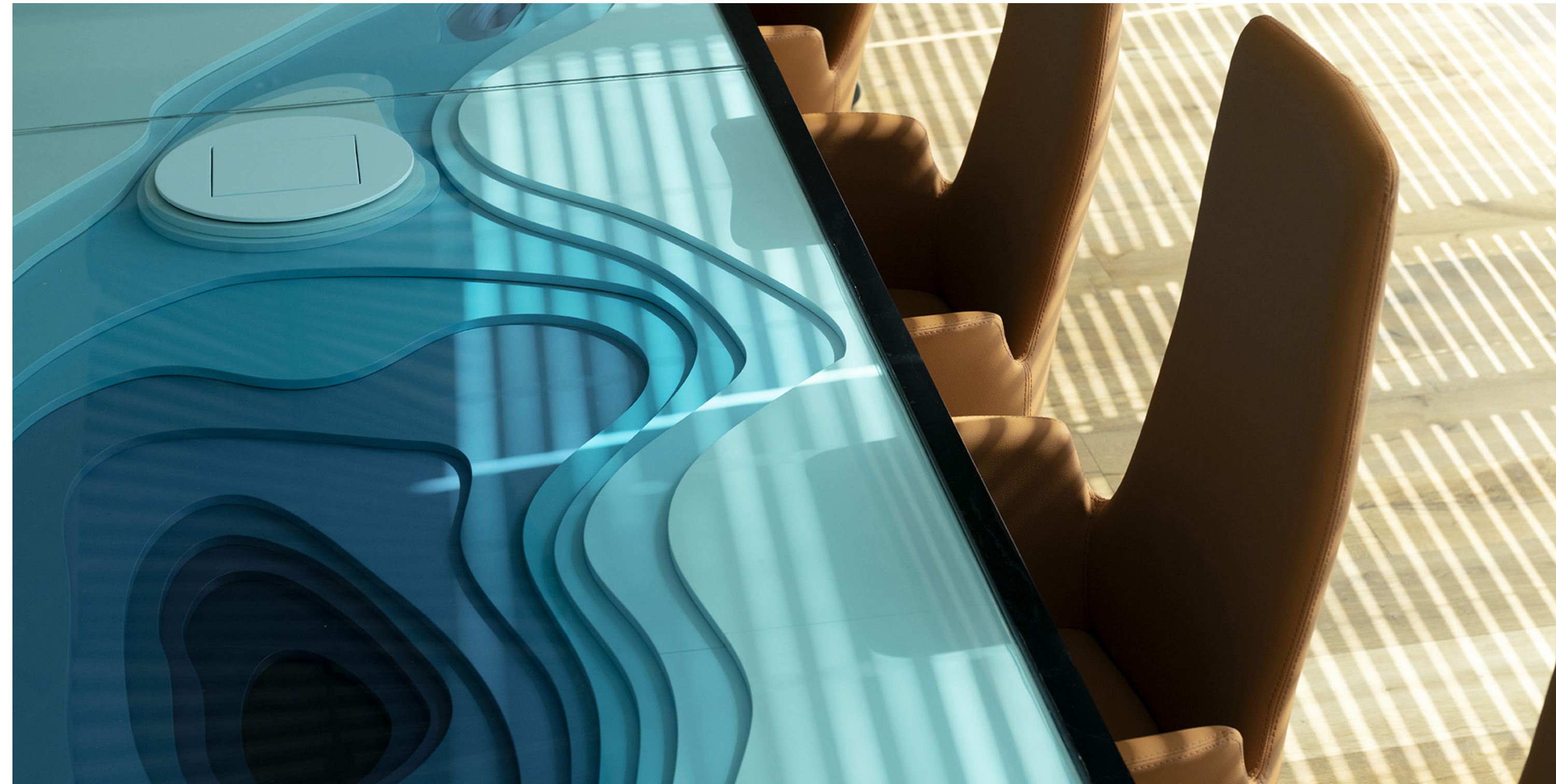


## Disclaimer

This ESG report reviews the activities in which the Partnership took part in 2020 until close to the date of release of this ESG report (the “**Report Date**”), in matters pertaining to ESG. This report is not a public offering of securities and should not be interpreted as a public offering of securities, nor is a report in accordance with the Securities Law, 5728-1968, including regulations thereunder, and it is therefore clarified that the information and data presented in this report are not a substitute for reviewing the Partnership's reports.

This document reflects the desire of NewMed Energy to share with its stakeholders various aspects that are “over and above compliance with the provisions of the law”. As such, this document contains no legal undertaking. The Partnership has made efforts to ensure that this document is correct and accurate, and to the best of its knowledge, it is indeed correct and accurate, as of such date. However, as with any document, it may contain generalizations, inaccuracies, errors and omissions and accordingly, the Partnership does not assume any responsibility for its accuracy or integrity, nor permits reliance on or use of the information contained therein, by anyone. In addition, NewMed Energy is not required to update the information contained herein. In any case of discrepancy between the information in this document and the information in the public reports of the Partnership that are released in the reporting website of the Israel Securities Authority, the information in the public releases shall prevail.

**Finally, the Partnership's assessments and estimates contained in the document are the Partnership's alone, and as with any qualitative information, they reflect assessments and estimates that are subjective in nature and not necessarily measurable.**







# SRS-GRI Index

GRI-CORE Index			
GRI-SRS Standard	Index	Description of Index	Location in ESG Report – By Chapter
GRI 102: General Discloser 2016	102-1	Name of the organization	NewMed Energy's Structure and Financials
	102-2	Activities, brands, products and services	The Partnership's Portfolio
	102-3	Location of headquarters	19 Abba Eban, corner of Naomi Shemer, Herzliya Pituah
	102-4	Location of operations	The Partnership's Portfolio
	102-5	Ownership and legal form	NewMed Energy's Structure and Financials
	102-6	Markets served	Strategy, Direct and Indirect Impacts
	102-7	Scale of the organization	NewMed Energy's Structure and Financials
	102-8	Information on employees and other workers	Human Resources
	102-9	Supply chain	Human Resources
	102-10	Significant changes to the organization and its supply chain	Strategy
	102-11	Precautionary Principle or approach	N/A
	102-12	External initiatives	No information
	102-13	Membership of associations	Strategy
	102-14	Statement from senior decision-maker	From the Chairman of the Board and the CEO of the General Partner of the Partnership
	102-15	Key impacts, risks and opportunities	From the Chairman of the Board and the CEO of the General Partner of the Partnership, Strategy

GRI-CORE Index			
GRI-SRS Standard	Index	Description of Index	Location in ESG Report – By Chapter
GRI 102: General Discloser 2016	102-16	Values, principles, standards and norms of behavior	From the Chairman and CEO of the General Partner of the Partnership, Our Vision and Values
	102-17	Mechanisms for advice and concerns about ethics	Corporate Governance
	102-18	Governance structure	Corporate Governance
	102-19	Delegating authority	About the Report, Corporate Governance
	102-20	Executive-level responsibility for economic, environmental, and social topics	Mr. Aviv Kirshenbaum, Head of Business Development, authorized by the Audits Committee
	102-21	Consulting stakeholders on economic, environmental, and social topics	From the Chairman and CEO of the General Partner of the Partnership, Our Vision and Values, Community Involvement
	102-22	Composition of the highest governance body and its committees	Corporate Governance
	102-23	Chair of the highest governance body	Corporate Governance
	102-24	Nominating and selecting the highest governance body	Enforcement Plan of Delek Drilling, the Board of Directors
	102-25	Conflicts of interest	The Partnership's Financial Statement
	102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance
	102-40	List of stakeholder groups	The material issues selected for the report and mapping our stakeholders
	102-41	Collective bargaining agreements	N/A
	102-42	Identifying and selecting stakeholders	The material issues selected for the report and mapping our stakeholders
	102-43	Approach to stakeholder engagement	The material issues selected for the report and mapping our stakeholders





# SRS-GRI Index

GRI-CORE Index			
GRI-SRS Standard	Index	Description of Index	Location in ESG Report – By Chapter
GRI 102: General Discloser 2016	102-44	Key topics and concerns raised	The material issues selected for the report and mapping our stakeholders
	102-45	Entities included in the consolidated financial statements	Direct and Indirect Impacts, the Partnership's Financial Statement
	102-46	Defining report content and topic Boundaries	The material issues selected for the report and mapping our stakeholders
	102-47	List of material topics	The material issues selected for the report and mapping our stakeholders
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	102-50	Reporting period	2020-2021
	102-51	Date of most recent report	This is the first ESG report released by the Partnership
	102-52	Reporting cycle	N/A, the Partnership will work to release a report and/or update every report year
	102-53	Contact point for questions regarding the report	About the Report
	102-54	Claims of reporting in accordance with the GRI Standards	About the Report
	102-55	GRI content index	GRI-SRS Index
	102-56	External assurance	No external quality assurance process was performed for the report, it was written with the assistance of external consultants – Entropy

Economic Issues-Indicators			
Standard	CORE Index	Description of the Index	Location in ESG Report – By Chapter
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	NewMed Energy's Structure and Financials, the Partnership's Financial Statement
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	No government support and/or government grant was received
	201-2	Financial implications and other risks and opportunities due to climate change	
	201-4	Financial assistance received from government	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Human Resources
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 202: Markets Presence 2016	202-2	Proportion of senior management hired from the local community	Community Involvement
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	





# SRS-GRI Index

Economic Issues-Indicators			
Standard	CORE Index	Description of the Index	Location in ESG Report – By Chapter
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Community Involvement
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Corporate Governance – Anti-bribery and Corruption
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Environmental Issues/Indicators			
Standard	CORE Index	Description of the Index	Location in ESG Report – By Chapter
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	The Environment – Marine Discharge
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 303: Water and Effluents 2016	303-3	Water withdrawal	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	The Environment – Preserving biodiversity
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

Environmental Issues/Indicators			
Standard	CORE Index	Description of the Index	Location in ESG Report – By Chapter
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	The Environment – Preserving biodiversity
	304-2	Significant impacts of activities, products, and services on biodiversity	
	304-3	Habitats protected or restored	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	The Environment – Carbon emissions, Direct and Indirect Impacts
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	
	305-6	Emissions of ozone-depleting substances (ODS)	
GRI 103: Management approach 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
	103-1	Explanation of the material topic and its boundary	Environment – Carbon emissions, Corporate Governance, the Partnership's Financial Statement
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	





# SRS-GRI Index

Social Issues/Indicators			
Standard	CORE Index	Description of the Index	Location in ESG Report – By Chapter
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Safety
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2016	403-2	Hazard identification, risk assessment, and incident investigation	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Human Resources – Training
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Human Resources – Gender and Age Diversity
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	

Environmental Issues/Indicators			
Standard	CORE Index	Description of the Index	Location in ESG Report – By Chapter
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	Human Resources – Equal Employment and Prevention of Discrimination
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Community Involvement
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	The Partnership does not give support and/or political contributions
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 415: Public policy 2016	415-1	Political contributions	





# Chevron’s Explanation for GHG Intensity

Annex B

## equations for environmental tables chevron’s equity GHG intensity, kilograms CO<sub>2</sub>e/boe

**upstream oil intensity**

$$\frac{\left( \begin{array}{l} \text{Direct emissions} \\ \text{(Scope 1)} \end{array} + \begin{array}{l} \text{Indirect emissions associated} \\ \text{with imported electricity} \\ \text{and steam (Scope 2)} \end{array} - \begin{array}{l} \text{Emissions associated} \\ \text{with exported electricity} \\ \text{and steam} \end{array} \right)}{\text{Net production of liquids}} \leftarrow \text{Allocated to liquids on a production basis (boe)}$$

**upstream gas intensity**

$$\frac{\left( \begin{array}{l} \text{Direct emissions} \\ \text{(Scope 1)} \end{array} + \begin{array}{l} \text{Indirect emissions associated} \\ \text{with imported electricity} \\ \text{and steam (Scope 2)} \end{array} - \begin{array}{l} \text{Emissions associated} \\ \text{with exported electricity} \\ \text{and steam} \end{array} \right)}{\text{Net production of gas (including LNG and GTL)}} \leftarrow \text{Allocated to gas on a production basis (boe)}$$

**upstream flaring intensity**

$$\frac{\text{Direct flaring emissions as CO}_2\text{e (Scope 1)}}{\text{Net production of liquids and gas (including LNG and GTL)}}$$

**upstream methane intensity**






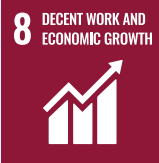


$$\frac{\text{Direct methane emissions as CO}_2\text{e (Scope 1)}}{\text{Net production of liquids and gas (including LNG and GTL)}}$$





# Breakdown Of The Sub-Goals Adopted By The Partnership

Annex C – Breakdown of the sub-goals adopted by the Partnership:

Goal No.	Sub-Goals	Goal No.	Sub-Goals	Goal No.	Sub-Goals	Goal No.	Sub-Goals
	<p><b>4.3</b> Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.</p> <p><b>4.4</b> Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p> <p><b>4.5</b> Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p>		<p><b>7.1</b> Ensure universal access to affordable, reliable and modern energy services.</p> <p><b>7.2</b> Increase substantially the share of renewable energy in the global energy mix.</p> <p><b>7.3</b> Double the global rate of improvement in energy efficiency.</p> <p><b>7.4</b> Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency, and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p>		<p><b>9.4</b> Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p> <p><b>9.5</b> Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries.</p>		<p><b>14.1</b> Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.</p> <p><b>14.2</b> Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.</p>
	<p><b>5.5</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>		<p><b>8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive industries.</p> <p><b>8.5</b> Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p><b>8.8</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>		<p><b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>		<p><b>17.13</b> Enhance global macroeconomic stability, including through policy coordination and policy coherence.</p> <p><b>17.16</b> Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.</p>