



Shaping a greener and more sustainable future

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2022





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## A word from CEO

Dear valued stakeholders,

I am delighted to present to you our Corporate ESG Report for the year 2022. This report delves into the energy transition journey undertaken by Coral Energy as part of our unwavering commitment to achieving net-zero emissions and contributing to a sustainable and environmentally responsible future.

At Coral Energy, we recognize that our success is not only measured by financial performance but also by the positive impact we make on the environment, communities and industries we serve. Our ESG commitments are driven by a profound sense of responsibility towards the planet and future generations, and our dedication to promote inclusive growth in the regions we operate.

This comprehensive report reflects our collective efforts and the progress we have made toward achieving our ESG goals. It outlines the specific actions we have taken in pursuit of environmental sustainability, social responsibility, and exemplary governance practices.

As we continue to grow as a company, our ESG strategy will remain at the core of our decision-making processes. We remain steadfast in our commitment to reducing our environmental footprint, fostering a diverse and inclusive workplace, and maintaining the highest standards of corporate governance.

I want to extend my heartfelt appreciation to our employees, our customers, suppliers, investors, and business partners for their unwavering support on this journey. Together, we are shaping a brighter and more sustainable future for our world.

We welcome your feedback and engagement as we continue to improve our sustainability efforts.

Sincerely,

**Talat Safarov**  
Chief Executive Officer  
Coral Energy



# Coral Energy Profile

Established in 2010, Coral Energy is a leading full-cycle international energy commodities trading group with operations all over the globe supported by our offices in Dubai and Singapore. Over the years, we have grown from an ambitious oil and petroleum products start-up trader into a global trading organization with a full range of capabilities and facilities offering a wide variety of commodities and energy products. We have built an efficient technologically savvy trading infrastructure that allows us to make thousands of deals per year and deliver millions of tons of commodities to customers around the world. Coral Energy's turnover grows steadily and at times explosively year on year despite the rapidly changing economic, political and social environment.

## OUR MISSION IS

to facilitate trade flows that connect specialized producers with manufacturers and consumers adhering to the core values in doing business – stability, integrity, sustainability and transparency – to ensure commodity availability when and where it is needed

## OUR CORE VALUES ARE

### Acting with honesty and integrity

in dealing with counterparties, regulators, banks, our own team members and ultimately communities who we serve and provide with energy and materials

### Making eco-friendly choices

through conscious decision making and responsible partnerships, that prioritize the well-being of our planet and future generations

### Demonstrating sound judgement

by making thoughtful and informed decisions, avoiding unnecessary risks and risks which the company cannot manage, and efficiently handling manageable risks

### Taking responsibility

by following the rule of law and industry best practices and standards, staying compliant, being accountable for our decisions, and fostering an environment of trust and reliability where transparency is valued

These values reflect our commitment to sustainability and serve as guiding principles that shape our corporate culture and business decisions.

We take our environmental, social and governance obligations very seriously and have established a set of policies, procedures and performance control mechanisms regulating Coral Energy's approach to sustainable business practices, environmental safety, well-being of our employees, diversity, and charity and social responsibility projects.





**Green Choices, Brighter Tomorrows**

**Wisdom in Every Decision**

**Creating Impact with Responsible Actions**

**Upholding Values, Building Trust**





# Our ESG Vision

Coral Energy is committed to integrating responsible environmental, social and governance practices to drive sustainable growth and positive impact for all stakeholders. Our ESG vision is to lead by example in creating a more equitable, environmentally conscious, and transparent future for our company, communities, and the world.

## OUR STAKEHOLDERS:



**Government Authorities**



**Commodity Producers**



**Manufacturers**



**Traders**



**Buyers**



**Consumers**



**Investors**



**Employees**



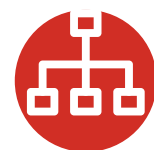
**Financial Institutions**



**Communities**



**Media**



**Industry Associations**



# Our ESG Commitment Statement





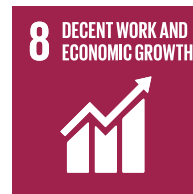


# Environmental, Social and Governance

Coral Energy has been part of the energy industry for 13 years now, and our impressive, meteoric rise has become possible due to a number of factors including perfect deal execution, solid operational base, and strong working relationships with the financial community. But that’s not all that matters.

As our business grows, we prioritize things that nowadays are becoming more and more important. Commodity trading activities and business operations have a significant impact on the environment and society. That’s why, at Coral Energy, we are proud to declare our steadfast commitment to sustainability and our resolute pursuit of net zero emissions.

Embracing ESG principles allows us to contribute positively to environmental and social well-being in the communities where we live and work around the world, while maintaining the highest standards of corporate governance. We believe that by integrating sustainability into our core values and operations, we can create a meaningful impact on the livelihood and help lead the transition to a cleaner, more equitable, and prosperous world.







**Our ESG commitments, closely aligned with our net zero objectives, are integral to our business philosophy and guide our actions every step of the way.**

# Coral Energy's ESG Commitments

## ENVIRONMENTAL AND ENERGY TRANSITION COMMITMENTS

- Reducing carbon emissions through a special emission monitoring program throughout the entire supply chain
- Transitioning towards cleaner and renewable energy sources
- Promoting energy efficiency and sustainable practices through responsible sourcing, sales and facility compliance monitoring
- Monitoring and managing environmental impacts, such as waste reduction and water conservation
- Investing in renewable energy projects

## EMPLOYMENT AND SOCIAL COMMITMENTS

- Ensuring health, safety and well-being of our employees
- Promoting diversity, equal opportunities and personal and professional development within our organization
- Engaging with local communities to understand their needs and concerns with a view to support causes and charity projects that promote social welfare and empowerment and make a positive and lasting impact on the community

## REGULATORY COMPLIANCE AND GOVERNANCE COMMITMENTS

- Upholding the highest ethical standards and transparent business practices
- Implementing robust internal policies and procedures to ensure adherence to legal and regulatory obligations and compliance with international or regional sanctions
- Implementing and execution of comprehensive AML, Anti-Corruption and KYC procedures, and promoting a culture of compliance throughout our organization
- Prioritizing risk management, identifying and mitigating potential political, operational, and financial risks
- Maintaining strong oversight by the board of directors to ensure alignment with ESG commitments



**At Coral Energy, our ESG commitments serve as the foundation of our sustainability journey. In line with these commitments, we have meticulously developed a comprehensive ESG Policy that encompasses a set of specific components, each designed to drive positive change and foster a more sustainable and responsible work and life environment.**

# **Coral Energy's ESG Policy**







## ENVIRONMENTAL AND ENERGY TRANSITION

ESG Policy Component	Action Points and Procedures	Status of Implementation and Execution
<b>Responsible sourcing and sales</b>	Procure commodities only from suppliers and producers who adhere to environmental legislation and ethical and sustainable practices throughout the supply chain	<b>Deployed and Continuously Upgraded</b>
	Conduct assessment checks for suppliers' compliance with the local environmental legislation and deployment of environmental protection policies	<b>Fully Deployed</b>
<b>Responsible sales</b>	Avoid selling to entities with a proven record of environmental breaches	<b>Fully Deployed</b>
	Conduct assessment checks for counterparties' compliance with the local environmental legislation and deployment of environmental protection policies	<b>Fully Deployed</b>
<b>Vehicle/vessel/terminal vetting and compliance check</b>	Prioritise use of SIRE inspected fleet; ensure HSE compliance of the chartered fleet through availability of SIRE (Safety Management) reports or comparable inspection programs	<b>Fully Deployed</b>
	Follow the industry's best practices in fleet clearance and safety management such as BP Shipping procedures ( <a href="https://www.bp.com/en/global/bptrading-and-shipping/documents-and-downloads/vetting-and-clearance/vessel-clearance.html">https://www.bp.com/en/global/bptrading-and-shipping/documents-and-downloads/vetting-and-clearance/vessel-clearance.html</a> )	<b>Fully Deployed</b>
	For terminals, mandatory visual inspections and HSE document audit by Coral Energy representatives, where required with a dedicated surveyor follow-up	<b>Fully Deployed</b>
	For rail, ensure full compliance of the rolling stock with the local and regional (depending on the area – EU/CIS-SMGS) rules. Mandatory rolling stock inspection at loading by independent surveyor	<b>Fully Deployed</b>
<b>Product standards</b>	Traders and operators to be fully aware of product standards, production and handling procedures	<b>Fully Deployed</b>
	Ensure availability of and easy access to Material Safety Data Sheets for all products in relevant languages	<b>Fully Deployed</b>



## ENVIRONMENTAL AND ENERGY TRANSITION

ESG Policy Component	Action Points and Procedures	Status of Implementation and Execution
<b>Environmental footprint reduction</b>	Executing a CO <sup>2</sup> emission monitoring programme for storage and logistics operations	Ongoing
	Prioritising environmentally friendly office premises with renewable power sources being a key consideration for all new office leases	Ongoing
	Implementing energy-saving practices such as LED lighting, turning lights and electronics off when not in use, optimizing heating, ventilation and AC systems, investing in energy-efficient appliances and equipment	Ongoing
	Promoting waste reduction and recycling practices – encouraging employees to reduce paper usage, give priority to digital documents and reuse materials whenever possible. Encouraging employees to use water responsibly	Ongoing
	Promoting responsible travel approach with priority given to online meetings where appropriate	Ongoing
	Implementing responsible IT practices. Establishing internal policies and guidelines for the proper handling, recycling and disposal of e-waste	Ongoing
<b>Investment in renewables</b>	Ongoing investment in renewable energy projects	Ongoing
	Assessment of potential investment opportunities worldwide with a support from a dedicated inhouse M&A team	Ongoing
<b>Participating in industry discussions on energy transition</b>	Ammonia as bunker fuel	Ongoing
	Hydrogen as motor fuel	Ongoing





## EMPLOYMENT AND SOCIAL

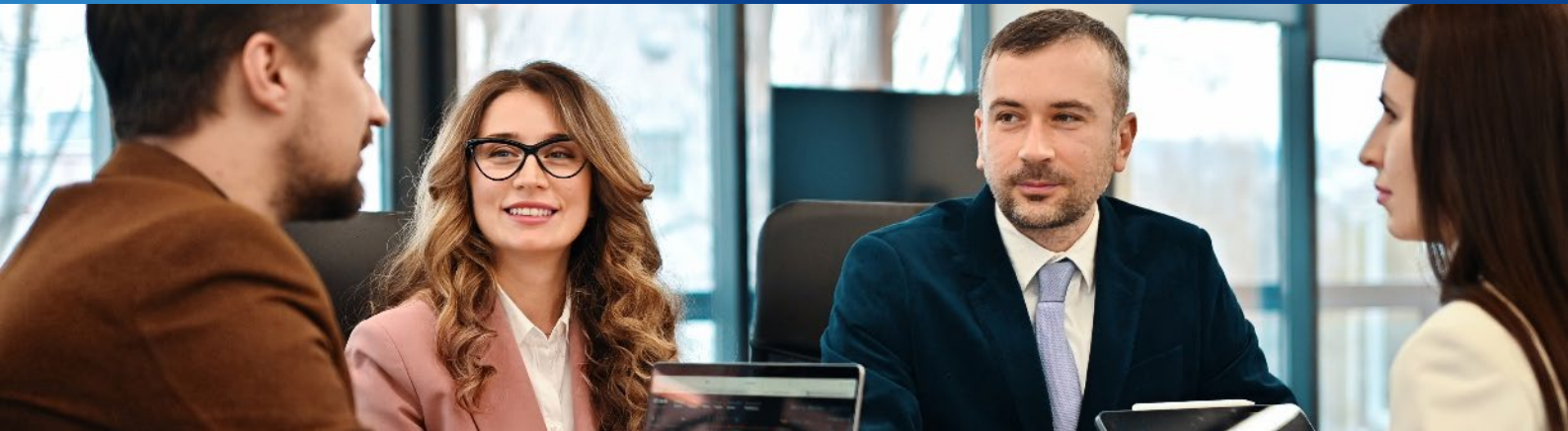
ESG Policy Component	Action Points and Procedures	Status of Implementation and Execution
<b>Diversity and equal opportunities</b>	Coral Energy employs people of all races, more than 50 ethnicities and many religious beliefs. As a matter of policy and an unwavering principle, Coral Energy is committed to zero discrimination policy promoting diversity, equity and inclusion. All employees, job applicants, contractors and any external counterparties and third parties are treated with respect, dignity and fairness, irrespective of their race, ethnicity, sex or religion	<b>Fully Deployed and Continuously Monitored</b>
<b>Professional development</b>	We provide a supportive and enriching work environment and development opportunities to all employees who demonstrate the desire to grow professionally. Our commitments include career development planning support, providing access to training programs and industry conferences, encouraging job rotations and cross-functional projects, mentorship and coaching support from more experienced members of staff	<b>Ongoing</b>
<b>Human rights</b>	In addition to implementing comprehensive employment protection measures in line with the local labor laws, Coral Energy incorporated a global grievance procedure providing employees in any location with accessible channel to reach the organization management to address any complaints or concerns related to discrimination, unfair treatment and human rights violations	<b>Fully Deployed</b>
<b>Privacy and data security</b>	Implementing robust policies and procedures that outline specific data protection measures and establish a protocol for responding to data breaches of cybersecurity incidents, minimizing potential damages and ensuring uninterrupted operations in the face of potential threats	<b>Ongoing and Continuously Upgraded</b>
<b>Community engagement and charity</b>	We have been developing an organisation-wide community engagement programme, initially for our key locations, to be scaled up to all locations at a later stage	<b>Fully Deployed</b>



## HEALTH AND SAFETY

ESG Policy Component	Action Points and Procedures	Status of Implementation and Execution
<b>Workplace safety</b>	Development and implementation of H&S policies organisation-wide and for all locations	<b>Fully Deployed</b>
	Full compliance with local health and safety legislation for all locations	<b>Achieved and Continuously Monitored</b>
	Promoting safety awareness across the organization. Providing access to H&S policies, procedures and internal regulations for every employee	<b>Ongoing</b>
	Achieving the highest working environment safety standards, monitoring the working environment for H&S hazards	<b>Achieved and Continuously Monitored</b>
	H&S induction and training for all employees, regular fire and evacuation drills at all office locations	<b>Fully Deployed and Ongoing</b>
	Accurate record keeping, reporting and investigation of work-related accidents, incidents, illnesses and near misses, with consequent "lessons learnt" follow up with a view to continuously improve H&S performance	<b>Fully Deployed and Ongoing</b>
	Deployment of first aid facilities at all office locations	<b>Fully Deployed</b>
	Aiming for zero workplace injury incidents and fatality	<b>Fully Achieved</b>
<b>Employee health and wellbeing</b>	Full compliance with local health legislation for all office locations	<b>Fully Deployed</b>
	Proactive healthy living awareness program for employees at all office locations	<b>Fully Deployed and Continuously Upgraded</b>
	Provision of comfortable room temperature, high standard ventilation, potable water, kitchen facilities, breakout areas, fresh fruit and other health support and improvement measures in excess of the local H&S requirements at all office locations	<b>Fully Deployed</b>
	Cleaning and facilities contractor HSE compliance monitoring program	<b>Being Developed</b>
	Providing employees with upgraded medical insurance and corporate fitness options	<b>Fully Deployed</b>
	Flexible work start times for employees where appropriate	<b>Fully Deployed</b>





## GOVERNANCE AND REGULATORY COMPLIANCE

ESG Policy Component	Action Points and Procedures	Status of Implementation and Execution
<b>Anti-corruption, AML</b>	Comprehensive KYC process	<b>Fully Deployed</b>
	Strict anti-corruption procedures in place	<b>Fully Deployed</b>
	Strict PEP exposure procedures in place	<b>Fully Deployed</b>
	Strict bribery attempt reporting procedure in place	<b>Fully Deployed</b>
	Regular staff training actively promoting anti-corruption/AML culture	<b>Fully Deployed and Ongoing</b>
<b>Sanctions</b>	In-house multijurisdictional legal team specializing in regional and international sanctions	<b>Fully Deployed</b>
	Competent outsourced independent sanctions legal advisors in key jurisdictions	<b>Fully Deployed</b>
	Sanctions clauses regularly updated in contractual documentation	<b>Fully Deployed and Ongoing</b>
	Trader / operator update procedures	<b>Fully Deployed</b>
	Counterparty sanctions exposure check procedures	<b>Fully Deployed</b>
<b>Other regulatory issues</b>	Monitoring exposure of proprietary derivatives trading and physical to regulation/licence requirements in various jurisdictions	<b>Fully Deployed</b>
<b>Market risk management</b>	Implementation of all price risk hedge policy with manual monitoring procedures and automated physical position hedge cover controls	<b>Fully Deployed</b>
	Implementation of trader limit compliance and transaction authorization procedures <ul style="list-style-type: none"> <li>- Manual limit control and transaction authorization process</li> <li>- Automated limit control and transaction authorization process</li> </ul>	<b>Fully Deployed</b>
<b>ESG Training</b>	A comprehensive range of internal courses to share the organisation's ESG objectives with the staff and to ensure understanding, compliance, cooperation and contribution	<b>Comprehensive program developed, to be deployed in 2023</b>
	Develop and implement policies and procedures that outline the company's commitment to sustainability and provide guidance for employees	<b>Fully Deployed and Continuously Upgraded</b>
<b>Monitoring and reporting</b>	Implementation of procedures for monitoring and tracking environmental performance metrics to measure progress and identify areas for improvement. Transparently report sustainability efforts to stakeholders	<b>Fully Deployed and Ongoing</b>



# Our Project Highlights







## Investment in Renewables

# Montenegro

The Mozura Wind Farm, with a total capacity of 46 MWt, represents a substantial renewable energy installation in Montenegro. For the past 7 years, starting from 2016, Coral Energy has been making substantial investments through its dedicated subsidiary, Vestigo Clean Energy, in this pioneering project characterized by its strategic placement along the country's picturesque Adriatic coastline.

The installation was put into commercial operation in December 2019, with its operations managed by SPIC <http://eng.spic.com.cn/>.

The Mozura's capacity underscores its role in reducing carbon emissions and diversifying Montenegro's energy mix while capitalizing on the region's favorable wind conditions. Comprising a series of modern wind turbines, this farm stands as a symbol of Montenegro's commitment to reducing its reliance on fossil fuels, thereby promoting environmental conservation and long-term energy security for the nation.

Coral Energy will continue supporting the Mozura Wind Farm onwards to help ensure their success and contribute to the growth of the renewable energy capacity in the Balkans. Additionally, we are committed to exploring, identifying and pursuing new investment opportunities in the renewables sector.



## Community Engagement

# Earthquake in Turkey

We were deeply saddened by the tragic loss of life and the terrible devastation caused by the earthquake in Türkiye. With extending our deepest condolences to the brotherly Turkish people, Coral Energy could not stay aside during that dreadful disaster. We worked jointly with local authorities, national and aid international organisations to contribute to the measures for support of the people in the affected areas, including supply of modular housing and other facilities. By providing immediate assistance and resources in the aftermath of that disaster we hoped to make a difference in the lives of those affected offering temporary shelter and essential services to displaced individuals and families, allowing them to have a safe and comfortable environment while they work towards rebuilding their lives.

We believe this type of assistance can be crucial in the early stages of recovery when people are most vulnerable. We do not want such tragedies to happen, but natural disasters are beyond human control. While we cannot prevent these events from occurring, we can and are eager to take steps to mitigate their impact and respond effectively when they do occur.





# Our Key Performance Indicators

Track	KPI	2020	2021	2022	
<b>Environmental and Energy Transition</b>	<b>Environmental incidents (for handling and transporting commodities under Coral Energy's control)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Investments in renewable power projects with a minimum USD 3 mln commitment</b>	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>	
	<b>Identify and assess new renewable investment opportunities</b>	<b>Ongoing</b>	<b>Ongoing, renewables BD group set up</b>	<b>Ongoing, dedicated M&amp;A group set up</b>	
	<b>EMISSION MONITORING<sup>1</sup></b>				
	<b>Storage/throughput (tCO<sup>2</sup> pmt)<sup>2</sup></b>	<b>0.0014</b>	<b>0.001</b>	<b>0.000762</b>	
	<b>Marine transport (gCO<sup>2</sup> pmt)<sup>3</sup></b>	<b>9.02</b>	<b>8.80</b>	<b>8.51</b>	
	<b>Recycling e-waste relating to computers and workstations</b>	<b>70% reused or recycled</b>	<b>75% reused or recycled</b>	<b>88% reused or recycled</b>	
<b>Health and Safety at Work</b>	<b>Workplace fatalities</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Seasonal colds reduction program</b>	<b>Suspended until 2022</b>	<b>Suspended until 2022</b>	<b>85% implemented</b>	
	<b>Healthy working environment program</b>	<b>78% implemented</b>	<b>92% implemented</b>	<b>98% implemented</b>	
<b>Employment and Social</b>	<b>Improve the diversity of employees by ethnicity and race</b>	<b>22% ethnically and racially diverse</b>	<b>28% ethnically and racially diverse</b>	<b>37% ethnically and racially diverse</b>	
	<b>Maintain gender balance in leadership positions</b>	<b>17% leadership positions held by women</b>	<b>20% leadership positions held by women</b>	<b>35% leadership positions held by women</b>	
	<b>ESG Training completion rate among employees</b>	<b>87%</b>	<b>92%</b>	<b>97%</b>	

<sup>1</sup> Operational emissions calculated as per the GREENHOUSE GAS PROTOCOL as published by the World Business Council for Sustainable Development/World Resource Institute <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf> based on average intensity operations across throughput/seafright facilities leased/chartered by Coral Energy companies.

<sup>2</sup> In metric tons of CO<sup>2</sup> per ton of storage/throughput

<sup>3</sup> In grams of tons of CO<sup>2</sup> per nautical mile using IMO emission assessment protocols



# Coral Energy's ESG Policy Deployment Mechanisms

Coral Energy has deployed a comprehensive yet adequately scaled and balanced Environmental, Social and Governance policy deployment and performance control mechanisms through the Board of Directors ensuring a structured and strategic approach to integrate sustainability and responsible business practices into the core decision-making processes within our organization.



## THE CORE

The ESG Policy development, deployment and performance control is driven by the Board of Directors, with each senior executive being responsible for a given ESG Track related to their area of operations.



## SETTING TARGETS, BENCHMARKING AND CONTINUOUS IMPROVEMENT

The Board convene ESG Policy & Review meetings quarterly. The meaningful purpose of these meetings is to set targets and benchmark ESG performance on each Track. The Board members regularly review progress, identify areas for improvement, and adjust strategies as needed to advance ESG objectives.



## ESG RISK GROUPS

The Board evaluates ESG-related risks that could affect the organization's reputation, operations, and financial performance. Each ESG Track Head is supported by a group of two experienced and senior employees providing the required feedback, advice and support as well as a contact point at each location.



## STAKEHOLDER ENGAGEMENT

The Board actively engages with stakeholders, including employees, suppliers, customers, investors, communities, and regulatory bodies, to understand their expectations and concerns related to ESG issues.



## TRAINING AND EDUCATION

Board members and executives receive training on ESG topics to enhance their understanding and ability to drive sustainable practices.



## SUPPLY CHAIN AND PARTNERSHIPS

The Board encourages responsible practices throughout the supply chain and seeks partnerships with suppliers that share similar ESG values.



## EXTERNAL BENCHMARKING

The Board compare the organization's ESG performance to industry peers and best practices, identifying opportunities for advancement.





# ESG Governance: Coral Energy's Board Responsibilities

## BOARD OF DIRECTORS

General ESG benchmarking,  
target setting and performance

Quarterly Board reviews

### CCO AND COMMERCIAL RISKS GROUP

Market Risks  
Trader Limits  
Derivative Risks  
Derivatives and physical trading regulatory exposure and licensing requirements

### COO AND OPERATIONAL/ ENVIRONMENTAL RISKS GROUP

Freight/vessels environmental compliance  
Installations/terminals compliance  
Suppliers and products compliance  
Green Energy

### CAO AND WORKPLACE H&S, COMMUNITY ENGAGEMENT

Health & Safety at Work  
Equal opportunities and fair treatment at workplace  
Community relationship management

### CFO, CLO AND REGULATORY/ COMPLIANCE RISKS GROUP

Anti-bribery and AML policies  
Sanctions  
Compliance procedures



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