

– A SHARP EYE FOR NCS OPPORTUNITIES –

TRANSPARENCY ACT REPORT 2023



PANDION ENERGY

Pandion Energy AS (Pandion Energy) is committed to the protection of internationally recognised human rights and fair and ethical work practices. The company aims to comply with all applicable laws and regulations, including the Norwegian Transparency Act.

The Norwegian Transparency Act came into force 1 July 2022 with the intention of promoting companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and provision of services. The act includes a duty to carry out due diligence on fundamental human rights and decent working conditions in line with the OECD Guidelines for Multinational Enterprises.

This report has been prepared in accordance with the Norwegian Transparency Act. It summarises Pandion Energy's governance, policies, and procedures regarding the protection of human rights and decent working conditions. The report provides information on the results of the due diligence assessment conducted in 2023, as well as measures to mitigate risk.



The Norwegian Transparency Act Report 2023

Pandion Energy is an independent upstream oil and gas company. The company is a non-operator licensee on the Norwegian Continental Shelf (NCS) and does not engage in midstream or downstream activities. The company was established in 2016 on the basis of the operational platform and licenses acquired from Tullow Oil Norge AS.

Pandion Energy is backed by Kerogen Capital, an independent private equity fund manager specialising in the international energy sector. The company has a team of highly experienced oil and gas professionals with extensive subsurface expertise and field development capabilities. At 31 December 2023, Pandion Energy was a partner in 19 licences. Pandion Energy is headquartered in Oslo, Norway.

Business model

The company's business model includes being a full-cycle exploration and production company, participating in the discovery, appraisal, development and production of oil and gas resources on the NCS.

Pandion Energy's strategy is to be an active and responsible non-operator partner driving value by further development of its producing fields and discoveries and maturing new exploration upsides near infrastructure. The company also searches for and evaluates opportunities to make value-accretive investments through acquisitions, farm-ins, licencing rounds and swaps, and seeks business combinations that may lead to further profitable growth.

The petroleum activities on NCS are organized as joint ventures under production licenses (PL) with a standardised joint operating agreement. One company is assigned the status of the operator, and each partner holds a percentage of equity as a licensee. The designated operator is responsible for the day-to-day management of the partnership's activities on behalf of the licensees who have a reduced level of control.

The licensees on the NCS have a "see to it" duty – an obligation to ensure that the operator carries out its work in accordance with the regulatory requirements. Each licensee must take a risk-based approach in observing this "see to it" duty and establish a management system to structure its supervisory work in a systematic manner.

In this context, the operator is expected to conduct due diligence assessments as part of their compliance with the Transparency Act and share the information with the licensees. The industry association Offshore Norge has developed a common guideline (148 – Recommended guidelines – Transparency Act) to support the information exchange process among the members. While the licensees rely on the information from the operator's due diligence assessments to meet their own obligations, each licensee must independently assess whether the information is adequate or if further assessments are required.

Commitment to human rights and decent working conditions

Pandion Energy is committed to the protection of internationally recognized human rights and fair and ethical work practices. The company has zero tolerance of modern slavery and child labour in any parts of its business and value chain. All workers must be ensured safe,

secure and healthy working conditions, including working hours, as well as wages and benefits that meet or exceed national legal standards. The workplace must be free from any form of harsh or inhumane treatment.

All applicable laws and regulations on the above-mentioned issues must be complied with. The company's position on modern slavery and child labour is covered in the working conditions section of its Code of Conduct. Pandion Energy expects all business partners and suppliers to comply with applicable laws, respect internationally recognised human rights, and adhere to the ethical standards outlined in the Pandion Energy Code of Conduct, when conducting business with or on behalf of the company. The company requires all employees and in-house consultants to participate in training in the Code of Conduct.

GOVERNANCE OF HUMAN RIGHTS AND DECENT WORKING CONDITIONS

Responsibilities

Pandion Energy aims to be an active and responsible business partner and believes that sound business decisions are a product of a strong team, an active board and competent owners.

The board has an overall leadership and supervisory role in all ESG matters. This includes human rights and decent working and the duties in the Transparency Act. The board's ESG committee comprises two members including one board representative supported by CEO and VP HSE and Operations.

Executive management is responsible for overall risk management with the VP HSEQ & Operations responsible for the ESG- work and work carried out regarding the Transparency Act. The CEO is ultimately



responsible for the ESG performance of the company, as well as compliance with law and regulations.

Policies and governing documents

Pandion Energy's ability to create long-term, lasting value rests on maintaining high standards of governance, sustainable business practices and operations. The company strives to uphold the highest standards of ethical behavior in all operations along the whole value chain. The company's commitments to responsible business conduct are set out in its Code of Conduct, including its position on human rights and decent working conditions.

The Code of Conduct provides guidance on how to act in accordance with the company's core values, and includes references to relevant policies, processes, procedures, resources and tools. It sets out Pandion Energy's expectations, commitments and requirements for ethical conduct in its business.

The Code of Conduct applies to directors, executive management and all employees and consultants. Pandion Energy also expects all its business partners and suppliers to act in a manner consistent with the principles of the Code of Conduct.

The board has established the Code of Conduct in close cooperation with the management team. The CEO is ultimately responsible for its implementation and for monitoring its operational effectiveness. The Code of Conduct is evaluated on a regular basis to reflect Pandion Energy's activities as it develops as a company and as changes are made to laws and regulations.

Whistleblowing

Pandion Energy encourages its employees, contractors and any of its affiliates who have concerns about any aspects of its business to raise them and to disclose any information which relates to improper, unethical or

illegal conduct in the workplace or the value chain. The company has set up an independent disclosure service for whistleblowing. No whistleblowing reports were received during 2023.

DUE DILIGENCE WITH RESPECT TO HUMAN RIGHTS AND DECENT WORKING CONDITIONS

Pandion Energy operates in a low-risk environment for human rights abuse, since all its assets are located in Norway. Furthermore, the majority of the subcontractors and vendors providing goods and services to its assets are also based in Norway or in other low-risk countries. However, Pandion Energy is aware of potential human and labour rights risks that may occur in some parts of the industry and further down the supply chains and takes a risk-based approach when considering potential human rights issues related to material contracts under the joint operating agreements.

Despite significant Norwegian content in its partner-operated assets, the operational activities are exposed to a global supply chain. Suppliers' sourcing and fabrication locations can often be located in countries that are exposed to certain human rights risks such as, but not limited to, risk of forced and compulsory labour, risk related to personnel safety and security at the workplace, discrimination and unfair compensation and exploitation of workers among others.

Pandion Energy seeks to monitor the activities and performance of its business partners in line with the assessed risk to secure compliance with the Pandion Energy Code of Conduct, including the operators' due diligence of contractors, subcontractors and suppliers affiliated with the company's assets. Third-party due diligence of business partners, suppliers or counterparties is performed where appropriate.

The company is committed to implementing updated due diligence assessments on these topics on an

annual basis to monitor and manage actual and potential adverse impacts on human rights and decent working conditions.

Common approach on the NCS

The operators on NCS participate in a cross-industry initiative by Offshore Qualific, a collaboration between companies and suppliers in the offshore and energy industry. Through this initiative, the parties gain access to shared supplier data and human rights audits results.

A dedicated human rights service has been established within the platform Magnet JQS, managed by Offshore Qualific, for sharing human rights assessments of suppliers in the energy sector. The purpose is to assist in improving worker welfare in line with the UN Guiding Principles on Business and Human Rights and in line with the fundamental conventions of the International Labour Organisation. This shall enable the suppliers to demonstrate respect for human rights, limit duplication of supplier audits, achieve efficiency improvement related to human rights audits in the supply chain through common framework, standardised audit methods and sharing of audit results, as well as provide access to third party audit services and subject matter experts.

Risk assessment

In September 2022, Pandion Energy conducted an overall due diligence assessment in accordance with the requirements of the Transparency Act. The assessment was based on a methodology including ISO Standard 31000 for risk management. The assessment was updated in 2023.

In the due diligence assessment, the company primarily looked at risks associated with its assets and chose to assess risks at an overall strategic level. The assessment of the value chain focused on the following five categories and related activities: exploration, appraisal, development, production, and abandonment.



No negative actual consequences were discovered during the due diligence assessment.

However, there may be a potential risk further down the supply chains. Based on the risk assessment, Pandion Energy has defined the following key risk areas, both in the development phase:

- Sourcing of materials and raw materials
- Construction/yard activities abroad

Asia has the majority of the market of extracting and mining steel used for constructing drill pipes and or platforms, and there is potential risk for violations of human rights and decent working conditions. The risk related to products and raw materials in the rest of the value chain (exploration, appraisal, production and abandonment) is considered lower due to lower volumes and relatively sophisticated materials. As the company's focus and operations lie within the oil and gas industry, the potential risks associated with raw materials and components in various electronic products and control systems are considered beyond the primary scope of the company's activities.

Construction activities in the sector that are conducted outside of Norway are often performed in yards in Asia and Middle East. There is higher risk of violations of human rights and decent working conditions in these areas then when done in Europe.

The primary activity in the company's portfolio in 2023 with potential exposure to these risks is the PWP development project within the Valhall production license. To mitigate these risks, the operator of the PWP project has opted to conduct most of the construction work in yards located in Norway and Europe. Additionally, some work is being carried out in Dubai, United Arab Emirates. An assessment of the major PWP contractors' countries of origin, based on indexes such as the Human Development Index, ITUC Global Rights Index, and Walk Free Global Slavery Index, has not

identified any locations consistently falling the highest risk categories, though some countries are rated in the medium-to-high risk range.

Pandion Energy has confirmed that the operator has conducted human rights due diligence assessments of its suppliers and implemented a comprehensive human rights audit program. No findings of actual negative impacts have been reported and identified potential concerns have been investigated and addressed by the operator. The Dubai site has undergone a third-party due diligence process before work scope allocation and is subject to on-site audits and follow-up activities, with a focus on HSE and human rights issues. For more information, please refer to the operators' accounts of the company's development and production assets available on the company's website.

Business partners who provide Pandion Energy with goods and services that are not a direct part of the business value chain have also been part of the assessment. The non-negligible expenditures are mainly related to acquisition of Seismic data, IT and digitalisation services and professional services such as advisory, legal and accounting services. The risk related to business partners is considered to be low as of 2023.

MITIGATION OF RISK

Based on the risk assessment, Pandion Energy has not identified actual adverse impacts on fundamental human rights and decent working conditions linked to own operations, the value chain and business partners. As far as the identified risks related to the value chain, concrete measures and initiatives have been identified to manage these. These measures include that Pandion Energy will actively request information and include such measures as a standard part of checklists for each project in which the company is involved in.

Measures

Pandion Energy is constantly working to strengthen

the work on human rights. In 2023 Pandion Energy has updated its routines regarding due diligence assessments and monitoring of activities and performance related to human rights within production licenses.

These measures shall help the company to dig further into risks related to human rights and decent working conditions and contribute to solid monitoring systems that identify any potential risk and adverse impact it may have on its business and value chain.

The updates aim to provide deeper insights into the supply chain, enhancing the understanding of risks associated with human rights and decent working conditions. Additionally, they contribute to the development of robust monitoring systems that identify potential risks and adverse impacts on the business and value chain, allowing the company to more effectively allocate specific focus or mitigation activities.

DUTY TO PROVIDE INFORMATION

Pandion Energy has established a procedure for handling information requests under the Transparency Act to ensure timely processing of information requests. In 2023 Pandion Energy received one request according to the Norwegian Transparency Act. The request was responded within the deadline.



Oslo, Norway, 30 June 2024

The Board of directors and CEO of Pandion Energy AS

Alan John Parsley
Chairman of the board

Jason Aun Minn Cheng
Board member

Jan Christian Ellefsen
CEO/Board member

Roberta Wong
Board member

Hege Peters
Board member

