

Due diligence statement 2023

Transparency Act



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1.0 Introduction

1.1 About this statement

This due diligence statement has been prepared in accordance with the Norwegian Transparency Act (2021) (NOR: Åpenhetsloven) regarding Responsible Business Conduct. The purpose of the Transparency Act is to promote respect for fundamental human rights and decent working conditions through the value chains and to ensure transparency on how companies are fulfilling its obligations to ensure compliance.

The purpose of this statement is to describe Sval Energi AS' (the "Company" and/or "Sval") efforts to identify, prevent and manage actual and potential adverse impacts on fundamental human rights and decent working conditions in connection with the Company's operations. The reporting period covered by this statement is 01.01.2023 – 31.12.2023.

1.2 Transparency Act due diligence model

Section 4 of the Transparency Act and the Organisation for Economic Cooperation and Development's (OECD) due diligence model for responsible business conduct are designed to set out the requirements and expectations for what businesses need to

do to identify, prevent, and manage adverse impacts resulting from their business on Fundamental Human Rights and requirements for Decent Working Conditions.

The Company's efforts are based on this model. This model includes six steps:

1. Embed responsible business conduct into policies and management systems:

The enterprise must anchor accountability in its policies. The responsibility shall be anchored at management level.

2. Identify and assess adverse impacts:

The enterprise must identify risks in the operations, in supply chains and business relationships and assess the extent and likelihood of actual and potential adverse impact or damage to fundamental human rights and decent working conditions.

3. Cease, prevent or mitigate adverse impacts:

Based on findings identified in Step 2, the enterprise must implement a plan to prevent and deal with adverse consequences.

4. Track implementation and results:

The enterprise must follow up and evaluate the effect of the measures taken following implementation of the plan identified in Step 3 to ensure that they reduce the risk of adverse effects.

5. Communicate how impacts are addressed:

The enterprise must communicate openly and clearly about the handling of adverse impacts.

6. Provide for or cooperate in remediation when appropriate:

If the enterprise has caused or contributed to actual adverse consequences, remediate measures must be taken.

Breaches of these obligations may expose the relevant companies for infringement fees as well as claims for compensation in cases where such breaches should cause negative impact on human rights and/or decent working conditions and with related financial losses.

1.3 Definitions

In this statement the terms fundamental Human Rights, Decent Working Conditions, Business partner and Supplier mean:

Fundamental human rights: Refers to the internationally recognised human rights pursuant to the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, and the ILO's core conventions on fundamental rights and principles at work.

Decent working conditions: Means work that safeguards fundamental human rights and health, safety and environment in the workplace, and that provides a living wage. This includes e.g. the right to organise, to fair wages, to safe working conditions, to freedom from discrimination and child labour.

Business partner: All entities or individuals with which our Company enters into a business relationship, and includes suppliers, consultants, agents, joint venture partners, lobbyists and other intermediaries, as well as customers.

Supplier: Range of companies involved in the manufacturing process to produce a product or service, from raw material suppliers to retailers.

2.0 Company description

2.1 The company and its operations

Sval is an upstream oil and gas company operating on the Norwegian continental shelf (NCS). The Company was formed in 2019 and has grown rapidly to become a prominent energy company in Norway. The Company has since 2019 been a wholly owned subsidiary of the HitecVision controlled Sval Energi Holding AS.

At year-end 2023, Sval was operator of one producing field, Oda, and partner in fourteen other producing assets. Sval is involved in six oil and gas development projects as partner. The Company also holds participating interests in other discoveries and a number of exploration licenses on the NCS.

In addition to the oil and gas assets, Sval holds a 50 percent ownership in the Metsälamminkangas (MLK) onshore wind farm in Finland. Sval is also operator of the Trudvang CO2 storage license in the North Sea in which Sval holds a 40% participating interest. More information about our business operations can be found in our corporate reports for 2023 (www.sval-energi.no):

- Sval Energi AS Annual Report 2023
- Sustainability Report 2023

Sval's headquarters is located in Stavanger, Norway. The Company also has an office in Oslo.

2.2 Organisation

By year end 2023 Sval Energi AS had 144 employees distributed as follows:

Number of employees/Headcount				
	Count	%	Parttime	FTE's
Female	52	36%	4	
Men	92	64%	1	
Total	144		5	143.2

96.5 percent of all employees held full-time positions. None of the employees worked part-time involuntarily.

Sval is a member of the main agreement between the Confederation of Norwegian Enterprise (NHO) and Tekna. The collective bargaining agreement covered at the end of 2023 38 percent of all permanent employees.

Following significant growth in recent years, where several companies were acquired and organisations incorporated in Sval, a reorganisation process was undertaken in

Q1 2023 to align the organisation more effectively with its business objectives. This meant, among other things, a reduction in the number of roles in the Company and that certain employees were given new areas of responsibility. The reorganisation was conducted with care for our employees, ensuring transparency and reducing uncertainty. This was achieved through close collaboration with employee representatives and open information sharing. Later in the year, Sval completed an employee engagement survey, with good engagement and an overall positive outcome. This has been followed up with a detailed action plan for improvement areas to be implemented.

2.3 Business partners

Supply chain

Sval spent around 600 MNOK in 2023 on goods and services from approximately 380 suppliers, distributed as shown in the figure below. The amount and extent of

supply chain activities in Sval reflects Sval's primary role as partner in its oil and gas licences.

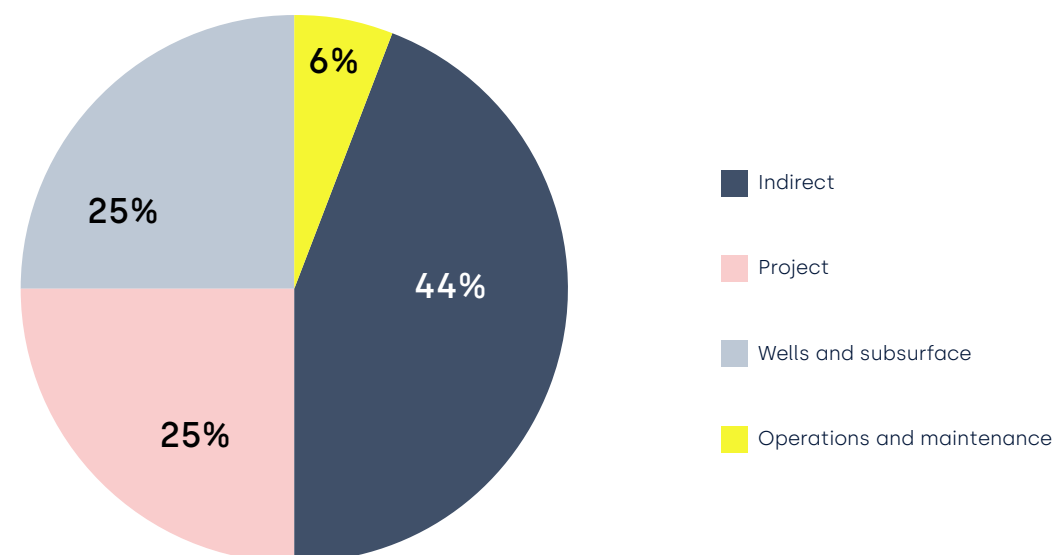
The majority of suppliers, measured by spend, are related to "indirect" spend. This includes administration, IT, office services, office rentals, etc. The biggest suppliers in monetary value are related to project activities, wells and subsurface, operations and maintenance service. These activities include engineering, planning, analytical services, on- and offshore operations and logistics.

Our major suppliers are typically Norwegian entities.

Other business partners

Other relevant groups of business partners are our license partners, banks, and financing institutions. Although customers are not included in the scope of the Norwegian Transparency Act, Sval also include this group in its due diligence work.

Supplier spend distribution



3.0 Our approach to human rights management

3.1 Introduction

Our approach to human rights management consists of the following key elements based on the OECD Due Diligence Guidance for Responsible Business Conduct:

1. Governance and commitment
2. Activities to identify negative human rights impacts
3. Activities to prevent and mitigate negative human rights impacts

3.2 Governance and commitment

Ownership and commitment

Sval has set out a clear commitment to respect human rights as part of the Company's Code of Conduct. The CEO holds the overall responsibility for enterprise risk management in Sval, including any risks relating to human rights and decent working conditions. Any red flag issues are to be resolved according to the approval process set out in the IDD and Transparency Act Procedure by the Sval Executive Leadership Team (ELT).

The VP of Legal and Commercial is responsible for the IDD and Transparency Act Procedure, however, the responsibility for the performance of various tasks is allocated to the relevant business units.

The Board of Directors follows up compliance with the Transparency Act through the Sustainability Committee and is the approver of this statement in accordance with the Transparency Act §5.

Policies and procedures

Relevant guidelines and routines are embedded into the Sval Code of Conduct and the IDD & Transparency Act Procedure. The procedure describes how we map and assess our business partners with respect to potential impacts on human rights and/or decent working conditions, how we prevent, monitor, and mitigate such impacts and finally, account for our efforts. It further describes how we perform due diligence in relation to new and existing business partners, based on a list of potential red flags. These red flags are for example, ownership structures, geographical location, reputation, and connections to politically exposed persons. In the event that any red flags are raised and/or maintained through an initial risk assessment, a more extensive IDD is performed.

In addition to the Code of Conduct and the IDD & Transparency Act Procedure the following Sval policies are relevant in this context:

- Anti-corruption Policy
- ESG Policy
- Diversity and Inclusion Policy
- Financial Risk Management Policy
- General Data Protection (GDPR) Policy
- Health, Safety & Environment (HSE) Policy
- Whistleblowing Policy

As a member of the industry association Offshore Norge, the Company adheres to the recommended guidelines for the Transparency Act (no. 148) provided by Offshore Norge. The guidelines have been drawn up by a working group established by the legal committee of Offshore Norge. These guidelines are a result of a joint effort in the industry aimed at ensuring that the obligations under the Transparency Act are fulfilled in joint E&P projects and divides the responsibility for compliance with the Transparency Act and the boundary between the individual corporate responsibility and the main responsibility in the joint activity. The operators perform risk-based due diligence assessments in relation to the partnership's activities, while partner forums are used to discuss any findings and mitigating actions.

3.3 Activities to identify negative human rights impacts

3.3.1 Processes and routines

The Company's IDD & Transparency Act Procedure is based on the six steps of the OECD's due diligence model for responsible

business conduct as described in Section 1 of this document.

3.3.2 Risk assessments and due diligence

Sval operates in a generally low-risk environment with respect to violation of human rights and decent working conditions as our main activities are in Norway. Additionally, our current role is mainly as partner in licences operated by others, hence our direct supply chain activities are relatively limited. Despite this, there is still potential for negative impacts in our own value chain. Examples are risks in relation to procurement of goods and services as listed in the high-risk register for public procurement. The most relevant aspects from this list are currently the procurement of IT hardware, office supplies and food and beverages. We are also mindful that our see-to duty as partner includes compliance with the Transparency Act and we follow up this part of our value chain through our license work as described in Section 4.2 and Section 4.4.

To identify any risks of negative impacts relating to fundamental human rights and/or decent working conditions, Sval performs the following risk assessments and due diligence activities as part of our regular activities:

A. General risk assessment across Sval

operations. In 2023 Sval initiated a quarterly risk assessment with a cross functional team, representing the functions that owns or interacts with the various types of business relationships in the Company. The purpose is both to identify risks and mitigating actions with a joint approach across different activities, while at the same time increasing the awareness around fundamental human rights and decent working conditions in our value chain. From these focus sessions a risk register is

established, for further monitoring and follow-up in line with Sval enterprise risk management process. So far only minor risks have been identified through these sessions, however the knowledge and understanding of these topics have improved. The following functions are represented in this risk assessment:

- People and culture (human relations, facilities, and canteen)
- Supply Chain (procurement)
- Marketing & Midstream (customers)
- Treasury (banks/ finance)
- Commercial (partners/ commercial agreements)
- Digitalisation and IT (IT hardware)
- Projects (development and decommissioning projects)
- Asset managers (partner activities)

B. Tender evaluation. As part of our tendering process, Sval collects information from the bidders on how they work with respect to human rights and decent working conditions. This information is used in the tender evaluation and ranking of tenderers before award.

C. Specific risk assessments pre-contract commitment. Sval performs IDD's before entering into any third-party commitments. The initial step is to use our 3rd party tool from Beroe and, depending on outcome, followed by a deeper IDD with external support. The Beroe tool is an IDD search tool rating vendors based on metrics for ESG, financial risk, sanction compliance, adverse media appearance, and Political Exposed Person (PEP) status all based on information provided by international search firms like Dow Jones, Moodys and Dun & Bradstreet. Any red flag issues are to be resolved according to the approval process set out in the IDD & Transparency Act Procedure.

D. Specific risk assessments post-contract commitment. Post contract award, the responsibility is transferred to the contract owner to follow up on human rights and decent working conditions as part of the general contract management. The contract owner will be notified of any red flags picked up through the continuous monitoring in the Beroe tool and will carry out further follow up.

E. Quarterly review of all minor suppliers. Sval performs a quarterly review of all minor suppliers, defined as less than 150,000 NOK annual spend, with a view to identify high risk suppliers for further follow-up and investigation.

In 2023, Sval included 158 suppliers and other business partners in the Beroe tool for pre-commitment checks and continuous tracking of their performance. No red flags have been identified during the reporting period. Only minor risks have been identified through other risk assessment activities. These risks are captured in the Transparency Act risk register in our enterprise risk management tool.

3.3.3 Notification- and whistleblowing-channels
Sval encourages all employees and temporary personnel to speak up against wrongdoings and negative circumstances. The whistleblowing policy sets out the procedures under which all employees and contractors can report an issue or voice concerns about the Company's activities in a responsible and effective manner. Sval encourages open and honest discussions within the Company and protect the employees' right to freedom of speech. An employee who reports an issue or a breach of policy will never receive disciplinary action or negative reactions

from the Company as a result. An external Whistleblowing channel managed through a professional third party, was established in 2023.

No whistleblowing cases or incidents of noncompliance or misconduct were submitted in 2023. Neither have there been initiated any internal or external investigations by the Company in respect of potential violations of laws or the Code of Conduct.

3.4 Activities to prevent and mitigate negative human rights impacts

Sval works systematically to promote and safeguard respect for fundamental human rights and decent working conditions for our own workforce, and workers in the value chain. The following section describes our work to prevent and mitigate negative human rights impacts.

3.4.1 Supply chain requirements and contractual clauses

Sval has included new articles, including the Offshore Norge model clauses, in all standard contract templates, ensuring that business partners, and all their subcontractors of any tier, shall comply with fundamental human rights and decent working conditions, that they monitor and report to Sval on this, that we are entitled to make audits of contractors of all tiers in order to verify compliance and that we are entitled to legal remedies in case of breach of these articles. This also includes the right to termination.

If the post commitment risk assessment uncovers any new risks that are not secured by the standard pre-commitment risk mitigating actions, Sval will implement additional mitigating measures.

If any such actual negative impacts are uncovered, these will be managed according to the IDD & Transparency Act Procedure by involving the relevant line manager and the Sval ELT in deciding upon measures to stop or limit such negative impacts.

3.4.2 Training and education of employees

All employees are required to complete an annual Code of Conduct training module to ensure knowledge and awareness of ethical principles including human rights. In 2023, an additional mandatory training module on the IDD and Transparency Act Procedure was implemented for all employees. Furthermore, relevant groups of employees have received ad-hoc training during 2023 to enhance the understanding of their specific responsibilities and required actions.

3.4.3 Inspections, reviews and audits

In 2023, we have arranged supplier meetings where we discuss, amongst other topics, our expectations to the suppliers. The Transparency Act is an integrated part of these conversations. For our major suppliers, we we arrange regular performance reviews. The suppliers' approach and compliance with the Transparency Act is on the agenda in these reviews.

3.4.4 Partner operated activities

Sval follows up human rights and decent working conditions as part of our see-to duty in our non-operated licenses in line with Offshore Norge guidelines as described in Section 3.2. In 2023, we completed a focused training session with the Asset Managers in Sval to raise awareness of the requirements

and license guidelines. License meetings and annual partner forums are used to discuss any actual negative consequences or significant risks, as well as the processes applied by the various operators. No negative impacts were communicated by any of the Operators in 2023.

3.5 Follow up and remediation

No actual negative impacts were detected in the reporting period, therefore no measures or remediate actions have been implemented. If any such impacts are detected appropriate remediation measures will be identified and implemented in liaison with the relevant business partner and affected personnel.

3.6 Further work

In 2024, we will continue to mature our response to the Transparency Act, and amongst other we plan to conduct awareness sessions with suppliers and expand our audit program to better cover human rights and decent working conditions. We will also consider membership in the Human Rights Assessment Service Forum. This is a forum facilitated by Offshore Norge, to contribute to the implementation of the Transparency Act throughout the industry, and it includes due diligence services on nominated suppliers. Sval already have access to the reports through Magnet JQS, but a membership will allow us to nominate own suppliers and get extended membership rights.

Board of Directors signatures

Stavanger, 25 April 2024

The Board of Directors and the CEO of Sval Energi AS

Martin Bachmann
Chairman

John Nicholas Knight
Board member

Einar Gjelsvik
Board member

Timothy Dodson
Board member

Kristin Færøvik
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