



  
**CARNARVON**  
ENERGY LTD

**2022** SUSTAINABILITY  
REPORT

Carnarvon Energy Limited  
ABN 60 002 688 851



# CONTENTS

## OVERVIEW

A LETTER FROM THE CHAIR	2
CARNARVON'S 2022 ESG HIGHLIGHTS	4
ABOUT US	5
Our Values	6
Our Reach	7
ABOUT THIS REPORT	10
Reporting Scope and Boundaries	10
Memberships	10
Frameworks and Standards	11
The United Nations Sustainable Development Goals	12
GRI Materiality Process	14
Our Impact	16
2023 ESG FRAMEWORK	17
2022 ESG PERFORMANCE OVERVIEW	18

## OUR ENVIRONMENT

Greenhouse Gas (GHG) Emissions	20
Climate Adaptation, Resilience & Transition	21
Environmental Regulatory Management	27

## OUR SOCIETY

Carnarvon's People	28
Non-Discrimination and Equal Opportunity	29
Carnarvon's Stakeholders	31

## OUR GOVERNANCE

Governance Structure	34
Economic Impact	35
Asset Integrity and Critical Incident Management	36

CONTACT DETAILS	37
-----------------	----

## SUPPORTING INFORMATION

Acronyms	38
GRI Content Index	39



# A LETTER FROM THE CHAIR



The past year has heralded a dramatic change in the energy landscape, with security of supply concerns and significant increases in energy costs creating inflationary pressure and economic challenges globally.

While operating sustainably remains at the heart of Carnarvon's business, we are also acutely aware of the need for the supply of reliable, cost effective, energy. As the world seeks to transition to lower emissions sources of energy, there is an increasing recognition that the energy transition is not linear, and oil and gas will remain an important part of the energy mix up to 2050 and beyond.

Carnarvon's portfolio is well placed to deliver strong growth in a sustainable way during the energy transition. Our flagship Dorado project will produce a light, sweet crude which has a lower carbon intensity than heavier grades and is highly suited to petrochemical feedstock, a market which the International Energy Agency forecasts to grow in the next decade. Projects like Dorado are critical to ensuring energy demand in the Asian region continues to be met and will play an important role in Australia's long-term energy security. Dorado has made substantial progress during the year, and we remain focused on optimising the development so the joint venture is in a position to sanction the project.

The recent Pavo discovery contains a light oil with similar properties to Dorado, allowing for a future tie-back to the Dorado production facilities. It is probable some of the many other prospects identified in the Bedout Sub-basin, including the southern culmination of the greater Pavo structure, Pavo South, will result in further liquids discoveries comparable to Dorado and Pavo.

Our renewable diesel business, FutureEnergy Australia, has also made significant progress in the past year. The site for the first biorefinery has been selected in the Shire of Narrogin in the Western Australian wheatbelt, with front-end engineering design ("FEED") being undertaken by Technip Energies. The majority of feedstock has been contracted, with strong in-bound interest continuing for product offtake from the mining, construction, agricultural and power generation sectors. FutureEnergy Australia has also entered into a strategic partnership with Horizon Power, Western Australia's regional power provider, to pursue the development of renewable diesel projects in regional Western Australia. By utilising sustainably sourced feedstock, the renewable diesel business is a significant step in Carnarvon's strategy to actively reduce the carbon intensity of its portfolio.

During the year Carnarvon achieved a number of other sustainability milestones. The company successfully drilled its first operated well, Buffalo-10, in Timor-Leste waters with zero harm to people and the environment. As part of Buffalo-10 drilling operations Carnarvon was able to provide employment and training opportunities for local Timorese, as well as long-term funding for small-scale agricultural projects in Timor-Leste.

We further embedded climate considerations into our internal processes by formalising the use of carbon pricing for all investment decisions, as well as undertaking more detailed scenario modelling to assess the effects of climate change on our business. We also continued to offset all our Scope 2 emissions. These measures support Carnarvon's commitment to achieve net zero emissions by 2050, if not earlier.



*As the world seeks to transition to lower emissions sources of energy, there is an increasing recognition that the energy transition is not linear, and oil and gas will remain an important part of the energy mix up to 2050 and beyond.*

The Risk, Governance and Sustainability Committee remains integral to Carnarvon's approach to sustainability, with the Committee working closely with management during the year to consolidate oversight of the company's ESG performance. Carnarvon's workforce played an equally important role, supporting the company's culture by upholding, and driving, each of its core values.

In the coming year Carnarvon will continue to actively progress the Dorado project so this is development ready, as well as working to mature the first biorefinery

in the Shire of Narrogin. Carnarvon is proud that these projects will be developed in a sustainable and responsible manner, and we remain committed to evolving our approach to ESG as new developments unfold.

A handwritten signature in black ink that reads "P. Moore".

**Peter Moore**  
Chair – Risk, Governance, and Sustainability Committee

# CARNARVON'S 2022 ESG HIGHLIGHTS



51 tonnes of CO<sub>2</sub>e offset



Zero incidents of discrimination



Inaugural reporting of climate change scenario analysis



Average of 54.2 hours of training per employee



Biorefining venture materiality progressed



Funding agreement put in place to assist small-scale agricultural projects in Timor-Leste



Zero incidents of non-compliance with environmental laws and regulations



2021 Local Content Report completed for Buffalo-10 drilling operations



Zero loss of primary containment (tier 1) events



Zero anti-bribery or corruption violations



Continued gender diversity reporting



Services procured locally in support of drilling operations



Recruitment and training of Timorese personnel during Buffalo-10 drilling operations



Emergency preparedness training complete

# ABOUT US

Carnarvon Energy Ltd (ASX: CVN) (“**Carnarvon**”) is an ASX listed energy company engaging in the exploration and production of oil and gas.

Carnarvon’s most significant asset is the Dorado field, located off the north-west coast of Australia. Dorado is one of the largest offshore liquids discoveries in Australia, containing 162 million barrels of light oil and condensate (gross, 2C). The resource underpinning the Dorado project was materially increased during the reporting period with the discovery of the Pavo field, which added a further 43 million barrels of light oil and condensate (gross, 2C). The Pavo field is located within tieback distance to the proposed Dorado production facilities and the joint venture is currently progressing an optimised development of the Dorado/Pavo resource.

As the world’s energy mix diversifies, Carnarvon continues to advance its renewable fuels business, FutureEnergy Australia. This innovative project will produce renewable diesel for hard to abate sectors such as aviation and shipping, using residual agricultural waste that might otherwise have been burnt. FutureEnergy Australia, along with our net zero pledge and climate risk disclosures under the TCFD framework, underscore our commitment to address climate change and play a positive role in the energy transition.

Further information about Carnarvon’s assets can be found on [our website](#).



# ABOUT US

## OUR VALUES

Carnarvon is proud of its employees and the contribution they make to the communities in which we operate.

Environmental, social and governance (“**ESG**”) considerations remain at the forefront of the way we do business, and our values drive our corporate culture.

Key Value	Description
<b>Prepared to be different</b>	We encourage our people to think differently about all aspects of improving our business and importantly to then act differently to bring about changes that make a difference.
<b>Our people are important</b>	We value the contribution of every member of our workforce. We want to invest in their personal development, reward their accomplishments and grow our own future leaders. We seek diverse inputs, and apply a broad meaning of diversity, including through gender, age, religion, and culture. Importantly we treat each other with respect.
<b>We want high performance</b>	We want our people to be challenged at work and have the opportunity to achieve outcomes that they can be proud of. We encourage innovation, accountability and collaboration and we hold each other accountable for our overall performance. We are constantly seeking to improve and want to learn from our challenges and our successes. We want to grow in a changing world, not be left behind.
<b>Create sustainable value</b>	We are committed to creating value for the owners of our business based on sustainable financial performance and long-term growth. That means managing risk, and carefully considering each strategic, tactical and investment decision.
<b>Be a trusted partner</b>	We are committed to meeting the highest standards of corporate citizenship by protecting the health and safety of our employees, safeguarding the environment and working positively with our partners and the communities we work in. We want our partners to be proud to be associated with our company.
<b>Our integrity is who we are</b>	We maintain the highest standards of ethical business conduct. Our business is built on long-lasting relationships, founded on trust. We want to be able to hold our heads high and know we always acted with integrity.
<b>Be humble</b>	We take nothing for granted. There are always challenges ahead and nothing is a certainty. We carry ourselves with a quiet confidence and treat others the same way that we wish to be treated.

Further details of Carnarvon’s key values can be found on [our website](#).



## OUR REACH

Our exploration focus lies in the North West Shelf (NWS) offshore Western Australia, with our corporate headquarters in Perth, Western Australia.

In the past year, we were granted a Production Licence for the Dorado field, WA-64-L, and added two new Exploration Permits in State waters, EP 509 and TP/29, increasing the number of partly or fully owned assets in offshore Western Australia to twelve. However, a disappointing result in relation to our Buffalo-10 well resulted in Carnarvon ceasing operations in Timor-Leste, with withdrawal from the relevant production sharing contract (PSC) in progress.

Our reach also extends inland to the Shire of Narrogin in Western Australia's wheatbelt where we are proposing to develop our first biorefinery producing renewable diesel. If sanctioned, this project will provide local employment and wider economic opportunities for the Narrogin community, as well as valuable by-products like biochar and wood vinegar offering significant soil improvement opportunities to the agricultural sector.



# ABOUT US

## Carnarvon's Portfolio

ASSET	PERMIT(S)	OWNERSHIP	STATUS
<b>Australia</b> Perth	N/A	100% Carnarvon	Office – Headquarters
<b>Australia</b> Bedout (Dorado)	WA-64-L	20% Carnarvon 80% Santos	Operated by Others (“OBO”) – Santos FEED phase, Production Licence granted
<b>Australia</b> Bedout (Pavo, Roc, Exploration)	WA-435-P, WA-436-P WA-437-P, WA-438-P	20% -30% Carnarvon 70% - 80% Santos	OBO - Santos Pavo-1 and Apus-1 exploration wells drilled during reporting period
<b>Australia</b> FutureEnergy Australia	N/A	50% Carnarvon 50% Frontier Impact Group	OBO – Frontier Impact Group To be operated by Carnarvon post FID
<b>Australia</b> Taurus	WA-523-P	100% Carnarvon	No operating assets
<b>Australia</b> Condor	AC/P62	100% Carnarvon	No operating assets
<b>Australia</b> Eagle	AC/P63	100% Carnarvon	No operating assets
<b>Australia</b> Labyrinth	WA-521-P	100% Carnarvon	No operating assets
<b>Australia</b> Outtrim	WA-155-P	100% Carnarvon	No operating assets
<b>Australia</b> Pepper	EP 509, TP/29	100% Carnarvon	No operating assets
<b>Timor-Leste</b> Dili	N/A	100% Carnarvon	Office – closed during reporting period due to unsuccessful drilling result
<b>Timor-Leste</b> Buffalo-10	TL-SO-T 19-14	100% Carnarvon <sup>1</sup>	Carnarvon Operator – operations ceased during reporting period due to unsuccessful drilling result

<sup>1</sup> Joint venture with Advance Energy TL Limited terminated as of 26 May 2022.

**Outtrim Project**  
WA-155-P 100%

**Pepper Project**  
EP 509 100%  
TP/29 100%

**Onslow**



**Timor-Leste**

**Taurus Project**

WA-523-P 100%

**Buffalo Project**

TL-SO-T19-14 100%

**Condor Project**

AC/P62 100%

**Eagle Project**

AC/P63 100%

**Dorado, Pavo & Roc**

WA-435-P 20%

WA-436-P 30%

WA-437-P 20%

WA-438-P 30%

WA-64-L 20%

**Labyrinth Project**

WA-521-P 100%



**Darwin**

**Truscott**

**Wyndham**

**Kununurra**

**Derby**

**Broome**

**Port Hedland**

**Karratha**

# ABOUT THIS REPORT

This Sustainability Report outlines the sustainability approach and efforts of Carnarvon for the year ending 30 June 2022.

Carnarvon works to an annual sustainability reporting cycle in alignment with its financial annual reporting cycle. This Sustainability Report has been approved by Carnarvon's Board.

## REPORTING SCOPE AND BOUNDARIES

Carnarvon is committed to transparency in its sustainability reporting and to continuous improvement in ESG disclosures across material areas of impact. In alignment with this commitment and with the development of Carnarvon's operations this period, this Sustainability Report accounts for both 'Operational Control' and 'Equity Share' approaches to reporting across different topics. For clarity, however, reporting for some metrics has remained on an operational control basis (e.g. Asset Integrity and Critical Incident Management).

For our own operations or joint venture partnerships, the following reporting boundaries are in place:

- Carnarvon operated assets are reported on an operational control basis;
- GHG emissions are reported on an equity share basis; and
- Joint venture assets operated by others (OBO) are reported on an equity share basis, where data has been made available.

The scope of this report includes consideration of all activities across the entire reporting period, rather than as at end of the reporting period. The exception to this is our people-related data, which refers to all direct employees as at the end of the reporting period. Contracted staff are excluded from people-related data as these staff are engaged under consultancy arrangements and are not employees of Carnarvon.

See **Carnarvon's Portfolio** table on page 8 for further information on asset ownership boundaries and the **GRI Index** table on pages 39 to 43 for a summary of the available data and disclosures against each material topic. The impact boundary of each material topic in relation to our stakeholders has also been explored in the **Our Impact** section on page 16.

## MEMBERSHIPS

Carnarvon was a member of the following associations during the reporting period:

- Australian Petroleum Production and Exploration Association (APPEA)
- South East Asia Petroleum Exploration Society (SEAPEX)
- Energy Club of Western Australia

## FRAMEWORKS AND STANDARDS

This report has been informed by the latest sector standard from the Global Reporting Initiative (“GRI”) - **GRI 11: Oil and Gas Sector Standard (“GRI 11”)** published in 2021, along with the updated **GRI Universal Standards**. These updates from GRI are not required to be implemented in reporting until 1 January 2023; however, Carnarvon has chosen to begin to move towards early alignment this reporting period, to ease the transition to the new requirements.

This report has also been prepared in alignment with the recommendations of the **Task Force on Climate-related Financial Disclosures (“TCFD”)** (see TCFD section on page 22). For increased transparency and reliability, the following guidance has also been considered throughout the preparation of the report:

- **International Petroleum Industry Environmental Conservation Association (“IPIECA”)**
- **Sustainability Accounting Standards Board (“SASB”)**
- **The United Nations Sustainable Development Goals**





















# ABOUT THIS REPORT

## THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The **United Nations Sustainable Development Goals** (“SDGs”) provide the highest-level scaffolding for the ESG framework, ensuring that Carnarvon’s efforts are aligned with the global efforts of businesses, governments, and NGOs alike.

As Carnarvon’s operations developed during this reporting period, we continued to be aware of our impact within the realms of the SDGs and the importance of substantial action towards achieving them. With the release of the **IPIECA SDG Roadmap for the Oil and Gas Sector**, we were able to consult the highlighted impact opportunities and identify where we, as part of the oil and gas sector, can maximise contributions to the SDGs. By consulting these impact opportunities throughout the sustainability reporting process, Carnarvon has been able to consider how its material topics and actions can make a meaningful difference in a wider, global context.



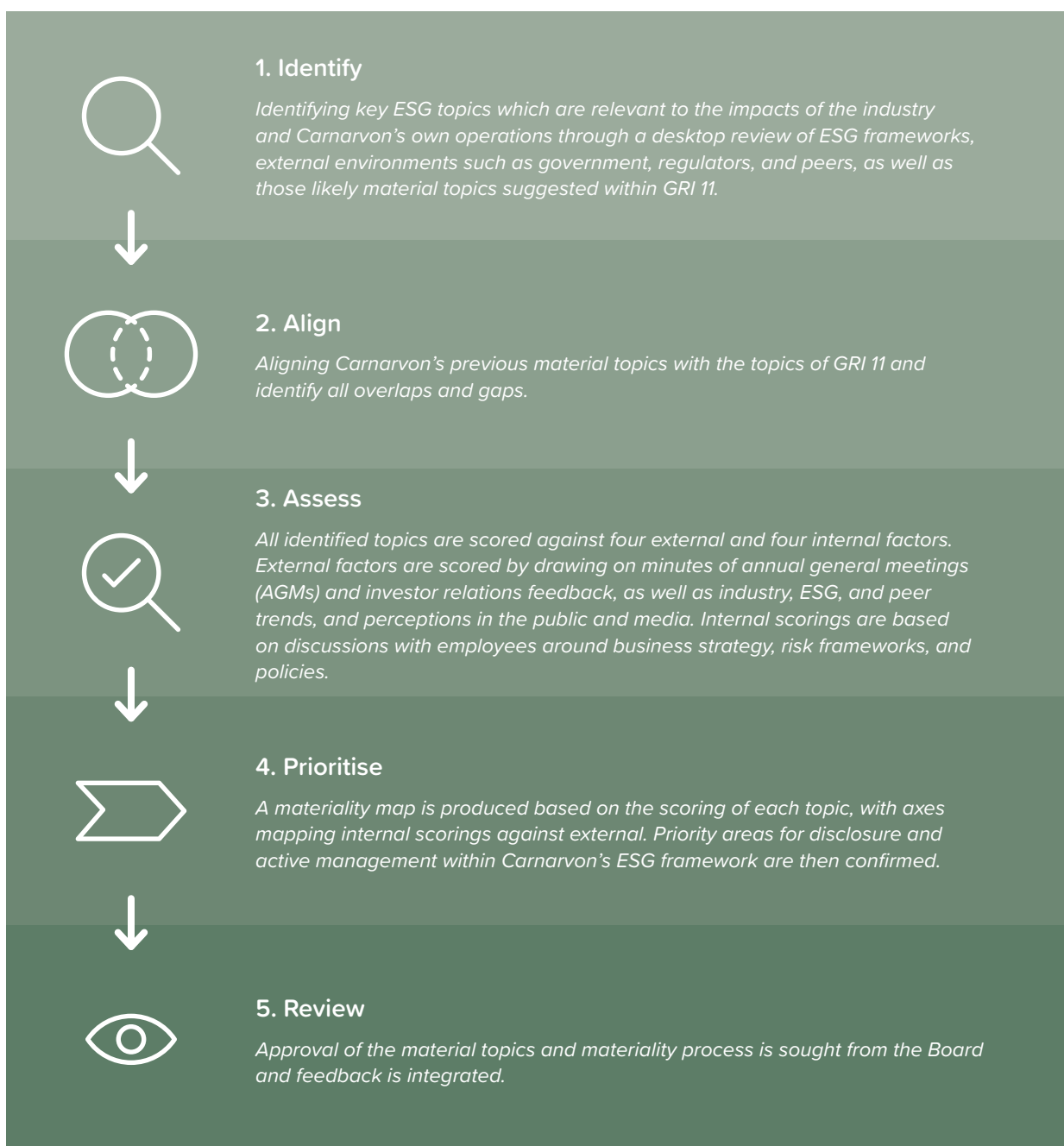
IPIECA Theme	IPIECA Impact Opportunity	SDGs	Our 2022 Material Topics	Our 2022 Actions
Climate	<p><b>Policy and partnerships</b> Promote effective policies and partnerships that support innovation and deployment of technologies and activities needed to transform the energy system and build climate resilience.</p> <p><b>Innovation</b> Invest in technology and innovation that will enable low-carbon products and solutions.</p> <p><b>Operations</b> Advance emissions reduction initiatives for own operations in support of the aims of the Paris Agreement.</p>	    	<p><b>Climate Adaptation, Resilience &amp; Transition</b></p> <p><b>Governance</b></p> <p><b>Climate Adaptation, Resilience &amp; Transition</b></p> <p><b>GHG Emissions</b></p>	<p>Carnarvon's FutureEnergy Australia joint venture has enabled substantial progress towards potential development of our biorefinery in Narrogin. For more details see <b>Biorefining Venture</b> page 26.</p> <p>For more details on our governance structure and policies surrounding ESG, see <b>Our Governance</b> page 33.</p> <p>In Carnarvon's commitment to innovation, FEED was substantially progressed on our biorefinery in Narrogin which utilises innovate processing technology which has never been applied in Australia before. For more details see <b>Biorefining Venture</b> page 26.</p> <p>Carnarvon applied numerous operational efficiencies in relation to Buffalo-10 drilling operations to achieve an overall reduction in emissions. Scope 2 emissions relating to our corporate headquarters continued to be offset. For more details see <b>Our Environment</b> on page 20.</p>
Nature	<p><b>Resources management</b> Responsibly manage resources to support a circular economy.</p> <p><b>Biodiversity, land, and water stewardship</b> Conserve, restore and promote biodiversity and ecosystems services.</p>	      	<p><b>Environmental Regulatory Management</b></p> <p><b>Asset Integrity &amp; Critical Incident Management</b></p>	<p>Carnarvon recognise that our activities have an impact on environmental resources, and we continually strive to reduce this through meeting or exceeding environmental performance requirements, For more details see <b>Environmental Regulatory Management</b> page 27.</p> <p>Carnarvon had zero incidents of non-compliance with environmental laws and regulations, and zero loss of primary containment events. For more details see <b>Asset Integrity &amp; Critical Incident Management</b> page 36.</p>
People	<p><b>Governance and transparency</b> Support governments in achieving the SDGs by aligning priorities and accelerating action.</p> <p><b>Communities</b> Foster individual and community prosperity around own activities, including advancing sustainable development, livelihoods, good health, and well-being.</p> <p><b>Thriving workforce</b> Provide productive employment, championing worker health, safety, and well-being across the supply chain.</p>	     	<p><b>GHG Emissions</b></p> <p><b>Economic Impact, Non-Discrimination &amp; Equal Opportunity</b></p> <p><b>Non-Discrimination &amp; Equal Opportunity</b></p>	<p>In line with Australia's "net zero by 2050" target, Carnarvon has also committed to net zero emissions by 2050, if not sooner. For more details see <b>Carnarvon's Climate Change Policy</b> on <a href="#">our website</a>.</p> <p>Carnarvon is committed to local participation and contribution in our host countries, such as the funding of small-scale agricultural projects in Timor-Leste, whilst also providing employment and training for local Timorese. We used services procured locally for our drilling operations in Western Australia and Timor-Leste, where available. For more details see <b>Carnarvon's Stakeholders</b> page 31, <b>Non-Discrimination &amp; Equal Opportunity</b> page 29 and <b>Economic Impact</b> page 35.</p> <p>Carnarvon is committed to the training and development of a diverse workforce and the safety of our supply chain, and have included ESG metrics as part of our supply chain screening process. For more details see <b>Non-Discrimination &amp; Equal Opportunity</b> page 29.</p>

# ABOUT THIS REPORT

## GRI MATERIALITY PROCESS

For this reporting period, Carnarvon once again undertook a materiality mapping assessment to identify and prioritise the sustainability issues that are most critical to our business and to our stakeholders. This year Carnarvon consulted the newly released GRI 11 when undertaking this assessment - this meant aligning our existing material topics with those industry-specific material topics outlined in GRI 11.

Carnarvon's quantitative methodology allows for repetition of the materiality process between years and between potential material topics.





The categorisation of some of Carnarvon’s material topics has changed from 2021 to 2022 reporting due to the introduction of GRI 11. These changes include:

- Separation of disclosures for **Climate Change & GHG Emissions** into two new GRI 11 topics: **GHG Emissions** and **Climate Adaptation, Resilience, & Transition**;
- The disclosures associated with **Fossil Fuel Substitutes** are now included within the new **Climate Adaptation, Resilience, and Transition** topic; and
- Disclosures associated with **Stakeholder Management** and **Leadership and Governance** are now included in the general disclosures of the updated GRI Universal Standards. These disclosures are required by all organisations using GRI, therefore these topics did not need to be assessed for materiality.

Two changes to material topics resulted from changes to Carnarvon’s business this period:

- **Innovation & Technology**, while still important in the context of our biorefinery in the Shire of Narrogin, was no longer as material compared to other topics; and
- With an increased focus on local employment, training, and diversity of staff, the previous 2020 material topic of **Workforce Management** became material again under the new GRI 11 topic **Non-Discrimination & Equal Opportunity**.

With the increased relativity and comprehensiveness of GRI 11, it was found that previously utilised SASB disclosures were no longer as relevant and did not need to be included as additional disclosures this period.

2021 Material Topics	2021 GRI/SASB Disclosure Alignment	2022 Material Topics	2022 GRI Disclosure Alignment
Climate Change & GHG Emissions	305	GHG Emissions	11.1
Fossil Fuel Substitutes	SASB 420	Climate Adaptation, Resilience, & Transition	11.2
Environmental Regulatory Management	307	Environmental Regulatory Management	307
Stakeholder Management	102	No longer a material topic as content is now covered within the GRI General Disclosures (GRI 2: Stakeholder Engagement)	
Workforce Management (2020 material topic)	401, 404	Non-Discrimination & Equal Opportunity	11.11
Leadership & Governance	205, 206	No longer a material topic as content is now covered within the GRI General Disclosures (GRI 2: Governance)	
Economic Performance	201	Economic Impacts	11.14
Innovation & Technology	SASB 420	No longer a material topic, as innovation spend reduced during this reporting period due to the unsuccessful drilling result at Buffalo-10, and the fact redevelopment of the Buffalo field will no longer proceed	
Critical Risk Management	SASB 540	Asset integrity & Critical Incident Management	11.8

# ABOUT THIS REPORT

## OUR IMPACT

As part of the materiality process, an organisation is required to assess its most significant impacts on the economy, environment, and people, and how these impacts affect stakeholders. Carnarvon's significant impacts are reflected in each of our material topics, representing those areas of impact which are most significant to both internal and external stakeholders, as outlined in our materiality process (page 14). Our topic boundaries define the extent of impacts on internal or external stakeholders for each material issue.

Material Topics and their impacts	Stakeholder Boundaries						
	Community	Investors	Contractors	JV Participants	Regulators	Employees	Suppliers
 <b>Climate Adaptation, Resilience &amp; Transition</b> Conducting business fairly and creating sustainable value	✓	✓	✓	✓	✓		
 <b>Economic Impacts</b> Conducting business fairly and creating sustainable value	✓	✓				✓	✓
 <b>GHG Emissions</b> Contributing to emissions reduction initiatives and net zero attainment	✓	✓	✓	✓	✓		
 <b>Non-Discrimination &amp; Equal Opportunity</b> Empowering people and communities	✓		✓			✓	
 <b>Environmental Regulatory Management</b> Leading in environmental stewardship	✓	✓		✓	✓		
 <b>Asset Integrity &amp; Critical Incident Management</b> Managing risk and mitigating negative impact		✓	✓	✓	✓	✓	

# 2023 ESG FRAMEWORK

Based on Carnarvon’s 2022 material topics, we have set goals to achieve in 2022–2023 that will continue to build upon our ESG achievements of past years. Annual goals enable Carnarvon to measure progress against its strategic objectives.








	2022 Material Topic	2023 Goals
Environment	GHG Emissions	Seek to incorporate emissions reduction measures as part of the design of Dorado production facilities.
	Climate Adaptation, Resilience & Transition	Develop a long-term GHG emissions management strategy for exploration, development and production.  Continue to progress our renewable fuels business.
	Environmental Regulatory Management	Meet or exceed environmental performance requirements under all relevant legislation.
Social	Non-Discrimination & Equal Opportunity	Attract, develop, and retain a diverse, inclusive, and appropriately skilled workforce.  Maximise local employment opportunities for the first biorefinery in Narrogin.
Governance	Asset Integrity & Critical Incident Management	Undertake all exploration activities with zero harm to people or the environment.
	Economic Impacts	Share price performance year on year.



# 2022 ESG PERFORMANCE OVERVIEW

Carnarvon is committed to continuous improvement and full transparency. In this 2022 ESG Performance Overview, we report on our success achieving the goals from our 2021 Sustainability Report.

 Achieved
  In progress
  Not achieved

	2021 Material Topic	2022 Goal	2022 Achievements	Status	Where to find more information
Environment	Climate Change	Continued integration of climate considerations into business planning and processes.	51 tonnes of CO <sub>2</sub> e offset.		GHG Emissions Page 20
			Climate change scenario analysis reported for the first time.		Climate Adaptation, Resilience, & Transition Page 21 to 27
	Fossil Fuel Substitutes	Progress biorefining venture with FIG to FID ready.	FEED commenced with leading global engineering and technology services company Technip Energies.		Climate Adaptation, Resilience, & Transition Page 21 to 27
			Site selected in the Shire of Narrogin. Long-term contract for foundation feedstock volume secured.		
Environmental Regulatory Management	Target zero regulatory enforcement notices and zero fines for regulatory breaches for Carnarvon operated assets.  Ensure zero Loss of Primary Containment (Tier 1) events for Carnarvon operated assets.	Zero incidents of non-compliance with environmental laws and regulations.		Environmental Regulatory Management Page 27	
		Zero Loss of Primary Containment (Tier 1) events.			
Social	Stakeholder Management	Continue building relationships with key stakeholders, and capacity in local communities.  Provide procurement and employment opportunities to the Timorese populace and suppliers, to the extent possible.	Funding agreement for small-scale agriculture projects in Timor-Leste.		Carnarvon's Stakeholders Pages 31 to 32
			2021 Local Content Report completed for Buffalo-10 drilling operations.		
			Recruitment and training of Timorese personnel during Buffalo-10 drilling operations		Carnarvon's Stakeholders Pages 31 to 32
		Services procured locally in support of drilling operations in Western Australia and Timor-Leste.		Economic Impact Page 35	



2021 Material Topic	2022 Goal	2022 Achievements	Status	Where to find more information	
Governance	<b>Leadership and governance</b>	Build a diverse, ethical, and experienced Board and senior leadership, with robust succession planning in place.	Zero anti-bribery and corruption violations.	✓	Governance Page 33
		Ensure a company culture that values employees' strengths and diversity and achieves a high retention of staff.	Continued gender diversity reporting.	✓	Non-Discrimination & Equal Opportunity Pages 29 to 30
			Board succession planning process in progress.	✓	
			Total head count reduced by five FTEs due to cessation of operations in Timor-Leste and business reorganisation / natural attrition.	✗	Carnarvon's People Pages 28 to 29
			Formal HR policy in progress.	—	Non-Discrimination & Equal Opportunity Pages 29 to 30
	<b>Economic Performance</b>	Establish opportunities for long term growth, providing value to shareholders.	26% decrease in share price.	✗	Economic Impact Page 35
			Production Licence awarded for development of the Dorado field.	✓	Economic Impact Page 35
			Increased discovered oil and condensate resources in the Bedout Sub-Basin by 26%.		
	<b>Innovation and Technology</b>	Embrace innovation and technology across the business.	Independent due diligence assessment undertaken for biorefining technology.	✓	Climate Adaptation, Resilience, & Transition Page 21 to 26
			Buffalo redevelopment not progressed due to Buffalo-10 well result.	✗	
<b>Critical Risk Management</b>	Inclusion of ESG metrics to evaluate and manage contractors.  Undertake emergency response exercises to test preparedness.	ESG metric included as part of ISN screening process.	✓	Asset Integrity & Critical Incident Management Page 36	
		SMPEP/SOPEP training completed.	✓		
		CMT / IMT planning and exercises undertaken prior to Buffalo drilling operations.	✓		

# OUR ENVIRONMENT

## GREENHOUSE GAS (GHG) EMISSIONS

### 2022 Highlights:



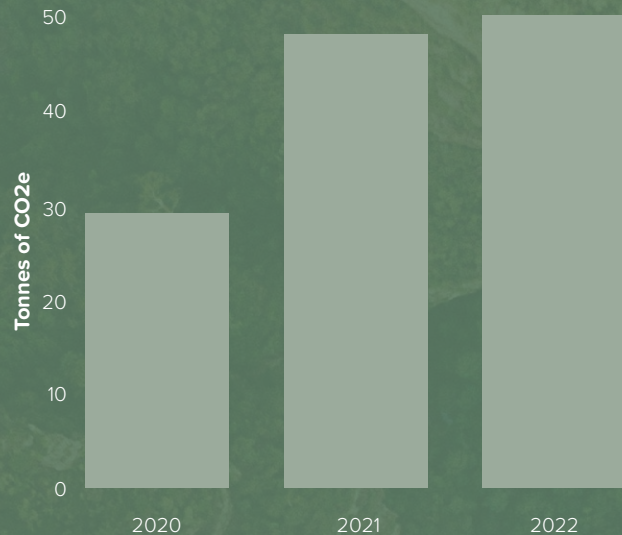
51 tonnes of CO<sub>2</sub>e offset

### Our approach in 2022

Carnarvon continues to recognise the challenges associated with reducing and offsetting emissions from oil and gas operations as well as the opportunities that the energy transition presents in emerging technologies and materials. Carnarvon supports the commitments of the Paris Agreement and the need to reduce and offset GHG emissions.

As per the IPIECA operational reporting boundary and the National Greenhouse and Energy Reporting Act (“**NGERS Act**”), emissions from our assets which are owned and operated by us will be reported on each year. Where we do not have operational control, we will work proactively with our joint venture partner(s) and key contractors to ensure best practice emissions reduction is implemented, where possible. Consistent with our 2021 Sustainability Report, we have no mandatory reportable emissions under the NGERS Act. As we remain in exploratory phase for all our owned assets, we have no Scope 1 emissions to report.

Scope 2 (Purchased Electricity) emissions were calculated using the location-based method from the consumption of electricity at our corporate headquarters in Perth. We track and aim to reduce our energy use wherever possible and have compared this year’s emissions with those recorded in previous years (refer to figure to the right). This year’s emissions were consistent with the previous year. Our emissions offset program saw all Scope 2 emissions offset through Carbon Neutral, contributing to the funding of the Biodiverse Reforestation Carbon Offset project in southwest Australia.



Scope 2 emissions for Perth office location, 2019–2022

### Looking ahead to 2023

Where our activities move into a production phase in the coming reporting period, climate considerations will be incorporated into the design of facilities and operational procedures to minimise operational GHG emissions wherever possible. For projects where Carnarvon is an equity share owner, rather than the operator, our focus will be on close collaboration with our joint venture partner(s) to ensure this material topic is taken into account as part of engineering design.

### Our 2023 Goal

- Seek to incorporate emissions reduction measures as part of the design of Dorado production facilities.

# CLIMATE ADAPTATION, RESILIENCE & TRANSITION

## 2022 Highlights:



Inaugural reporting of our climate change scenario analysis



Biorefining venture materially progressed

## Our approach in 2022

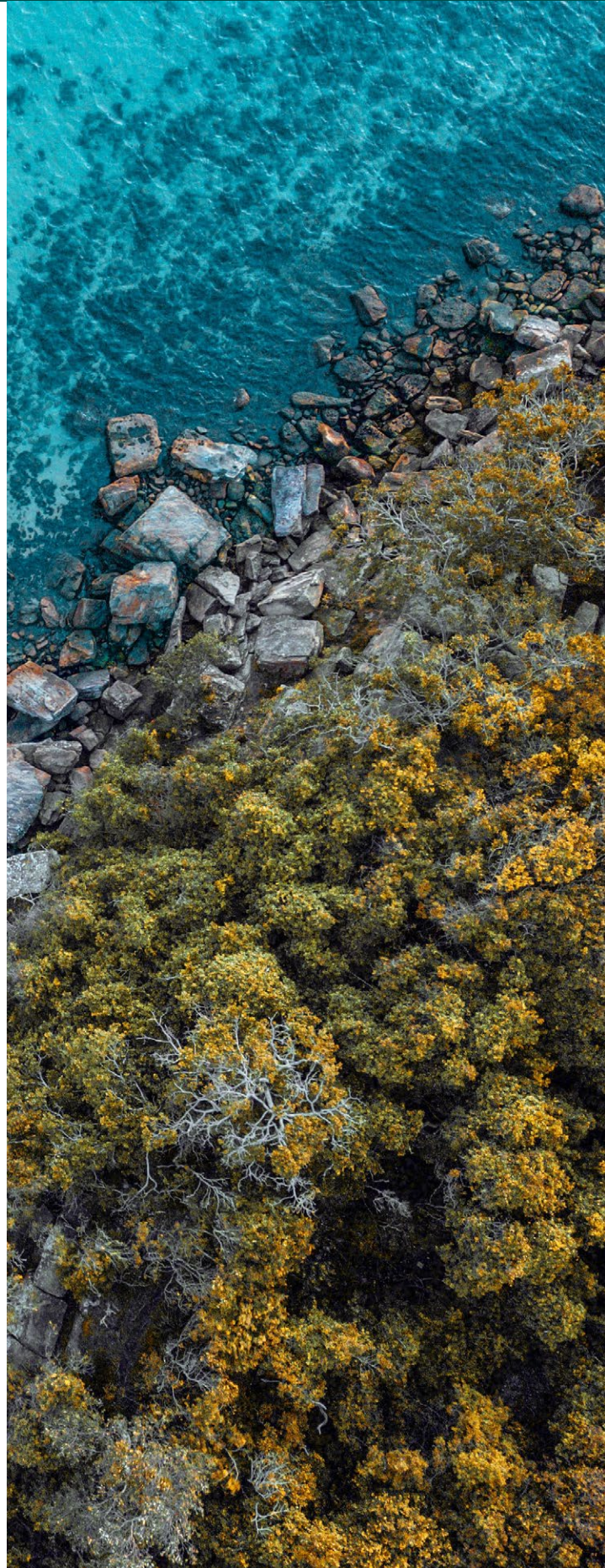
Carnarvon recognises that climate change is an important global challenge that requires action to transition to a low carbon economy. As an energy company, Carnarvon has an important role to play in this transition by providing reliable, low carbon, sources of energy like renewable fuels.

The reporting period saw Carnarvon undertake its first climate change scenario analysis (refer to pages 24 to 25) to assess and maintain business resilience. Carnarvon also undertook a review and update of its alignment with the TCFD framework (refer to pages 22 to 23), which provides a structure for proactive management of the risks of transitioning to a low carbon economy.

Our biorefining joint venture was materially progressed this year by securing a project site in the Shire of Narrogin, locking in a long-term contract for the foundation feedstock volume, commencing FEED with Technip Energies and initiating environmental and development approvals. Other new energy opportunities were also screened as part of assessing potential further investments in this area.

Carnarvon's climate and sustainability activities continued to be overseen by both the Risk, Governance, and Sustainability ("RGS") Committee and the Climate Change Working Group ("CCWG"), with the RGS Committee meeting quarterly and the CCWG meeting biannually.

These actions supported Carnarvon in its continued goal of integrating climate considerations into business



# OUR ENVIRONMENT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD Recommendations	CVN Statement 2022
<b>Governance</b>	
Describe the Board's oversight of climate-related risks and opportunities.	The RGS Committee assists the Board in fulfilling its oversight responsibilities in relation to risk management, corporate governance, and the company's sustainability policies and practices. The RGS Committee consists of three non-executive directors and is informed by Carnarvon management, as well as the CCWG. The CCWG is made up of a selection of relevant Carnarvon staff and management. The CCWG meets periodically to assess climate-related topics. Items progressed through the CCWG are presented to the RGS Committee for their information/endorsement. The RGS Committee then presents developments to the Board on a quarterly basis. Carnarvon's Board has reviewed climate-related risks as part of its wider review of the corporate risk register and is regularly updated by the RGS Committee on the status of mitigations and action items.
Describe management's role in assessing and addressing climate-related risks and opportunities.	Carnarvon management conducts climate specific risk assessments and incorporates relevant risks and opportunities into the corporate risk register. Risks, opportunities, and progress against mitigations are assessed and updated by management on a regular basis, including during the formal annual review.
<b>Strategy</b>	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Transitional risks such as regulatory changes, impact on oil demand, or community expectations regarding climate action, are the focus of Carnarvon's short (<1 year) and medium-term (2-5 years) planning. Transitional opportunities such as diversification and low-carbon technologies are the focus of Carnarvon's medium (2-5 years) and longer (5+ years) term planning. Medium term (2–5 years) and longer-term (5+ years) physical risks are considered in development design options through the risk management processes.
Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Carnarvon's resilience to different climate-related scenarios is described in detail in the climate scenario analysis on pages 24 to 25.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	



TCFD Recommendations	CVN Statement 2022
<b>Risk Management</b>	
Describe the organisation's processes for identifying and assessing climate-related risks.	Carnarvon uses risk management software CGR to record and manage risks and opportunities associated with climate change. This software allows progress against mitigation measures to be easily monitored and ensures that risk owners are accountable. The risk register is reported to the RGS Committee quarterly.
Describe the organisation's processes for managing climate-related risks.	Risks that are considered material to Carnarvon's operations are incorporated into the corporate risk register which is reviewed by the Board on at least an annual basis in line with the Carnarvon Risk Management Policy.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
<b>Metrics and Targets</b>	
Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	Carnarvon uses a variety of metrics to assess climate-related risks including impact(s) on IRR, NPV, CAPEX, OPEX, oil price and access to capital.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Carnarvon's Scope 2 emissions are summarised on page 20. As Carnarvon does not have production as yet there are no Scope 1 emissions.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Carnarvon currently offsets 100% of Scope 2 emissions and will continue to do so as part of our commitment to net zero by 2050.  Carnarvon is in the process of developing further targets to manage climate-related risks and opportunities specific to future production e.g. emissions abatement under safeguard mechanism.

# OUR ENVIRONMENT

## Climate Change Strategy

### Carbon pricing

Carnarvon incorporates a carbon price in our assessment of the economic viability of future projects and as part of screening new business opportunities.

Although Australia does not currently operate an emissions trading scheme which includes both Australian and international offsets, Carnarvon's carbon price considers forecasts of international carbon prices compiled by the International Emissions Trading Association, as well as estimates of the forward price of Australian Carbon Credit Units (ACCU).

In assessing the impact of carbon pricing on new investment decisions, Carnarvon assumes several scenarios, from partial to full offsets, depending on the possible regulatory settings. These scenarios are tested against low, moderate, and high carbon prices to ensure the effect of carbon pricing on economic viability is appropriately assessed.

### Scenario modelling

Carnarvon considers a range of external data to model the impacts of climate change on our business.

Given Carnarvon's core product is liquid fuels, the company primarily relies on analysis of oil demand prepared by the International Energy Agency ("IEA") in its annual World Energy Outlook report. Carnarvon does not model oil price based on climate risk alone, and the effect of climate change on oil pricing is captured as part of the broader economic assessment of projects.

The latest World Energy Outlook report released in 2021 considers three potential scenarios – STEPS (Stated Policies Scenario), APS (Announced Pledges Scenario) and NZE (Net Zero Emissions by 2050 Scenario).

In all IEA scenarios, oil continues to play a significant role in the global energy mix up until 2050, with demand projections varying depending on a range of factors, including emissions reductions, fuel efficiency, electrification, use of alternative liquid fuels, and regulatory intervention. These factors do not apply uniformly across all countries and regions, and there is a degree of uncertainty in terms of the demand trajectory for oil in the APS and NZE scenarios, with the NZE scenario being more uncertain.

Under the STEPS scenario, which reflects the current policy position, oil demand continues to increase until the mid-2030s, after which time it levels off and then gradually declines to 2050. Even considering this gradual decline, demand for oil remains robust and overall demand in 2050 is higher than current levels.

Under a more accelerated energy transition scenario like the APS, the demand for oil declines after 2030 as transport and heating is electrified and an increasing proportion of electricity is generated from renewable sources. Nevertheless, investment in oil and gas production is still required under this scenario to maintain sufficient supply through the transition. Natural gas demand is particularly robust under the APS scenario, with gas replacing energy sources that have a higher emissions intensity, and LNG continuing to grow due to demand in emerging and developing economies.

Even under the most aggressive accelerated energy transition scenario, the NZE, new investment in oil and gas production will be needed to maintain sufficient supply to ensure an orderly transition. Whilst the NZE scenario states that no new oil and gas developments are required, it also assumes a rapid rise in low emissions fuels, like low-carbon hydrogen-based fuels, which are currently deployed on a limited basis and need to overcome various financial and technical hurdles, particularly high production costs and the large amount of energy lost from production to consumption. The World Energy Outlook 2021 report recognises the enduring importance of liquid, gaseous and solid fuels in global energy production and that these fuels continue to comprise a large share of total final consumption in each scenario. This is reflected in the strong rebound in oil demand as COVID restrictions ended and has been exacerbated by Russia's invasion of Ukraine. This demand has not been matched by new supply, leading to structural imbalances in the market which necessarily require investment in new oil and gas developments in the short to medium term.

Carnarvon believes that our business is well placed and remains resilient to the possibility of reduced demand for oil and gas as a result of climate-related risk. The development of the company's Dorado and Pavo resources, as well as any future discoveries in the



Bedout Sub-basin that are tied in as part of the Dorado development, will make an important contribution to regional fuel security once production commences. Demand for light, sweet crudes like that produced from Dorado and Pavo, is expected to increase in the Asian region over the next decade. This crude has a lower carbon intensity than heavier grades and is highly suited to feedstock for the petrochemical sector, which is forecast to increase oil use by between 1.5 – 2.5 million barrels per day in the IEA scenarios.

Gas produced from the Dorado development in the future has a ready market for domestic use in Western Australia, with gas demand forecast to outstrip supply from 2031 under the current forecast published by the Australian Energy Market Operator (“AEMO”). The AEMO does not forecast gas supply and demand for Western Australia beyond ten years, and there are uncertainties post 2031 depending on the degree to which renewables are utilised for electricity generation in the South West Interconnected System (SWIS) and mining sector. Carnarvon considers that, even if overall gas demand reduces in Western Australia in the 2030 – 2050 period due to renewables displacing

gas fired generation, this will be offset by declining production from existing fields coupled with a lack of new supply. Additionally, the availability of ullage at existing LNG facilities during this period may offer an alternative route to market as LNG, with hydrogen, urea production, and minerals processing also likely to require large volumes of gas as feedstock.

Carnarvon’s biorefining joint venture, FutureEnergy Australia, has made material progress towards developing our first biorefinery project in the Shire of Narrogin, in the Western Australian wheatbelt. Demand for advanced biofuels like renewable diesel, are forecast to increase from 2 million barrels per day to up to 6.5 million barrels a day by 2050 in the IEA scenarios. Advanced biofuels have a critical role to play in reducing emissions in hard to abate sectors like heavy road haulage, aviation, and shipping. Carnarvon is committed to building its renewable fuels business as part of the energy transition, aiming to be involved in the development of a production capacity of at least 500 million litres per year by 2030.

# OUR ENVIRONMENT

## Biorefining Venture

Carnarvon's biorefining joint venture was materially progressed in the reporting period.

A site was selected for the first project in the Shire of Narrogin, in the Wheatbelt region of Western Australia ("**Narrogin project**"). Technip Energies have been engaged to undertake FEED for the Narrogin project, with FEED expected to be completed by Q3 2022. A long-term biomass contract was signed for the foundation feedstock, with negotiations for procuring the residual feedstock progressing well. Environmental and development approvals were initiated, with relevant consultants engaged on both matters. Offtake discussions were also commenced, with strong inbound interest received from the mining, construction, agricultural and power generation sectors.

In April of this year FutureEnergy Australia was awarded a \$2 million Clean Energy Future Fund ("**CEFF**") grant from the Western Australian Government. The funding provided by the CEFF grant will go towards project development, preliminary site works, and engineering, procurement, construction, and commissioning (EPCC) activities for the Narrogin project.

Following the end of the reporting period FutureEnergy Australia announced it had signed a Memorandum of Understanding with regional power provider, Horizon Power, to progress evaluation of a strategic partnership. This partnership may include investment into multiple renewable diesel projects, offtake, and power purchase agreements.

## Looking ahead to 2023

Managing GHG emissions is a crucial part in operating in the most sustainable way possible. By identifying key sources of emissions during the exploration, development and production phases, as well as options to minimise these emissions, we can seek to effectively manage our life-cycle emissions.

Going forward, Carnarvon intends to develop a long-term management strategy for emissions associated with the exploration, development and production phases of its projects.

We will also continue to develop our renewable fuels business, including exploring the production of sustainable aviation and marine fuels in addition to renewable diesel, and processing biochar into graphene for the next generation of battery applications.

### Our 2023 Goals

- Develop a long-term GHG emissions management strategy for exploration, development and production.
- Continue to progress our renewable fuels business.



3D model of proposed Narrogin biorefinery.

# ENVIRONMENTAL REGULATORY MANAGEMENT

## 2022 Highlights:



Zero incidents of non-compliance with environmental laws and regulations



Zero loss of primary containment (tier 1) events

## Our approach in 2022

Responsible environmental stewardship requires that we have a comprehensive understanding of, and respect for, our environment and our impact on it. Carnarvon recognises that activities and actions carried out during exploration, and at production facilities, all have the potential to impact the environment. We continually strive to reduce this impact and are committed to preventing all significant environmental incidents from our activities, and complying with all applicable legal and regulatory requirements.

As Carnarvon's operations developed and expanded this period, we continued to meet all regulatory requirements, with all necessary approvals being obtained for the Buffalo-10 well before operations commenced.

Our RGS Committee, along with our existing Health, Safety, and Environment (HSE) Policy, provides the relevant framework and oversight in our business to ensure the protection of the environment, with the precautionary principle and principle of ecologically sustainable development underpinning all our business strategies. These policies ensured correct management was in place for us to complete all well operations without incident.

Carnarvon's internal environmental policies can be found on [our website](#) and all regulatory approvals can be found on the NOPSEMA [website](#).

## Looking ahead to 2023

We will assess the potential environmental impacts of all activities prior to their commencement to ensure relevant mitigation and management controls are put in place, and adhere to these measures whilst undertaking operations. Carnarvon will continue to obtain all regulatory approvals required for proposed operational activities, and work closely with our joint venture partner(s) on approvals for non-operated assets.

### Our 2023 Goal

- Meet or exceed environmental performance requirements under all relevant legislation.

# OUR SOCIETY

## CARNARVON'S PEOPLE

### Our approach in 2022

At Carnarvon we value our employees and the contribution they each make. Despite facing disappointing results from the Buffalo-10 and Apus-1 wells this reporting period, the Carnarvon team remained resilient and dedicated to the tasks at hand, reflecting their passion and the company's overriding corporate culture.

Overall, our team numbers fell during the reporting period. Our Dili office was closed post Buffalo operations, resulting in two local Timorese employees ceasing employment. Additionally, due to a wider business re-organisation as part of positioning

Carnarvon for future production and other new business opportunities, the total headcount in our corporate headquarters in Perth reduced by a further three full time equivalents (FTEs) during the reporting period.

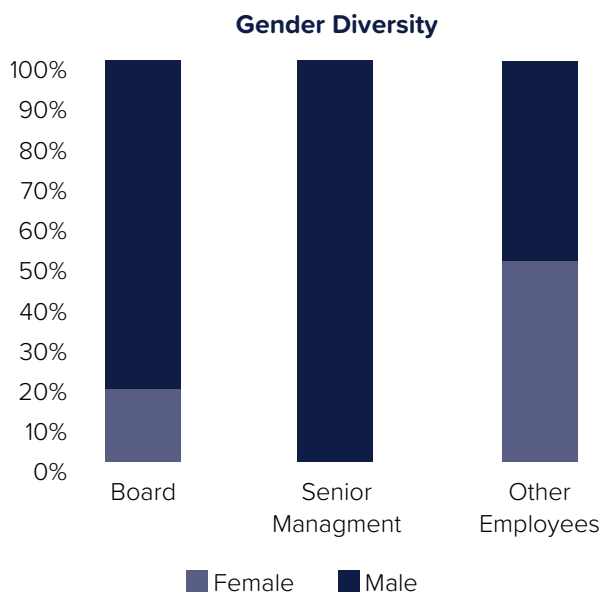
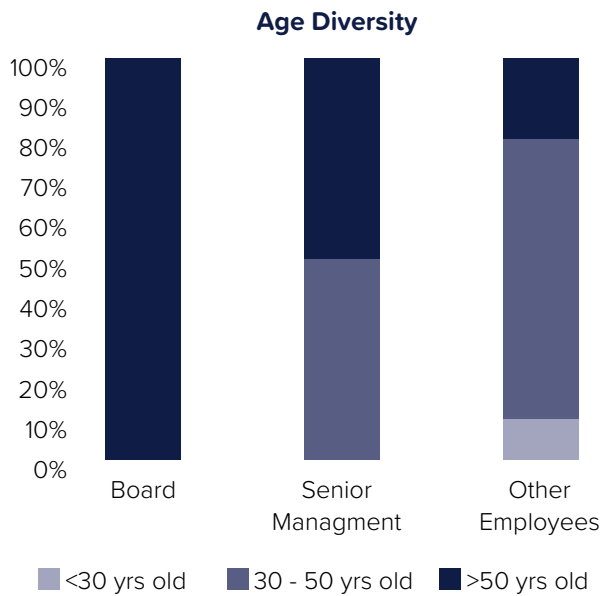
Carnarvon's disclosure of employees by region, employment type, and gender, refers to a total headcount at the end of the reporting period (i.e. 30 June 2022). No consultants or contractor staff have been included in these numbers. All employees are employed on permanent contracts.

Location	Unit	Employees	Permanent	Full time	Part time
Perth Office	No.	14	14	11	3
Female	No.	5	5	2	3
Male	No.	9	9	9	0

Reporting method: *Total head count as at end of reporting period (i.e. 30 June 2022)*

# NON-DISCRIMINATION AND EQUAL OPPORTUNITY

The below graphs outline the diversity of governance bodies and employees, by both age and gender.



## 2022 Highlights:

Gender diversity tracked in Annual Report

Recruitment and training of Timorese personnel during drilling campaign

A broad meaning of diversity is applied at Carnarvon, with an appreciation of the multiplicity of experience, skills, gender identity, age, ethnicity, and cultural backgrounds within our staff. We encourage the contribution of diverse inputs from our employees and most importantly, we treat each other with respect.

Our position on non-discrimination and equal opportunity is stated in our *Diversity Policy*. This policy addresses the meaning and benefits of diversity, as well as its achievement, measurement, reporting, and communication. It delegates responsibility to the Remuneration & Nomination Committee. Our *Whistleblower Policy* also assists Carnarvon in maintaining a working environment in which employees can raise concerns regarding instances of improper conduct without fear of intimidation, disadvantage, or reprisal.

**Carnarvon had zero incidents of discrimination reported during the period.**

# OUR SOCIETY

## Diversity

This period we continued to report on gender diversity in the Carnarvon 2022 Annual Report as per relevant ASX governance requirements (see also our [Corporate Governance Statement](#)) and commenced the process of developing a formal Human Resources policy (“**HR Policy**”) to provide guidelines around processes such as hiring, compensation, leave and training. Though not finalised as at the end of the reporting period, the HR Policy remains a priority in the next period.

A recent global study by the World Petroleum Council (WPC) and Boston Consulting Group (BCG) conducted in December 2021, found that the diversity of women in the oil and gas workforce has remained unchanged since 2017, sitting at 22% (WPC and BCG, 2021<sup>2</sup>).

Carnarvon is committed to attracting and retaining a diverse range of talented people to work in all levels of its business and is proud to be sitting above the industry average with women comprising over 35% of our workforce. Positions held by women on our Board sit just below the industry average at 20%; however, we hope to address this in the long-term as part of our Board succession planning process.

The percentage of senior management at significant locations of operation that are hired from the local community was 100% for Western Australia. Carnarvon’s senior management are defined as the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, and for this disclosure, local is defined as a resident of Western Australia, depending on where Carnarvon’s significant locations of operation lie.

<sup>2</sup> Von Lonski, U., Ostby, A., Trench, S., Goydan, P., Riemer, P., Fjaeran, T., Miras Salamanca, P., Merchant, W., and Gauthier-Watson, C. 2021. Driving Gender Balance in Oil and Gas, Untapped Reserves 2.0. <https://www.bcg.com/publications/2021/gender-diversity-in-oil-gas-industry>

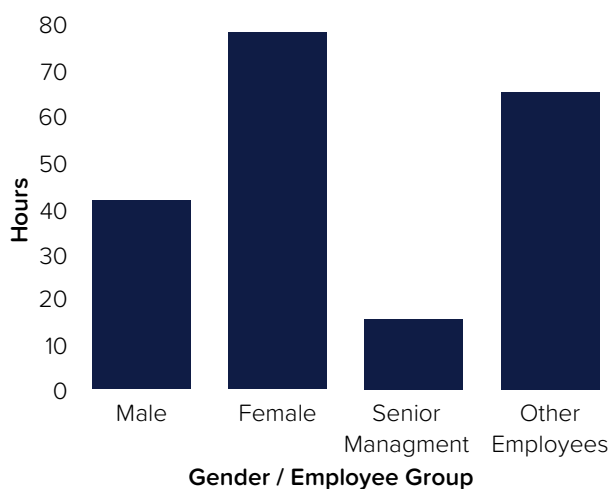
## Training and Development



Average of 54.2 hrs of training per employee

Carnarvon is proud of the strong and innovative culture we have established for our employees. We seek to invest in their personal development, reward their accomplishments, and grow our own future leaders. By valuing our employees’ contributions and empowering them to develop their careers, we aim to provide opportunities for our employees to grow within the company. As well as core internal team training and development, Carnarvon also funded post graduate study for some employees.

### Average Hours of Training per Employee Group



### Looking ahead to 2023

For the coming year, Carnarvon will continue to maintain a diverse, equal, and valued workforce by finalising our HR Policy and developing local employment strategies for our first biorefining project in the Shire of Narrogin.

### Our 2023 Goals

- Attract, develop, and retain a diverse, inclusive, and appropriately skilled workforce.
- Maximise local employment opportunities for the first biorefinery in Narrogin.



# CARNARVON'S STAKEHOLDERS

## 2022 Highlights:



Funding agreement for small scale agricultural projects in Timor-Leste



2021 Local Content Report completed

## Our approach in 2022

Carnarvon continued its support for the people of Timor-Leste this year, with opportunities for the local community to benefit from participation in the value chain created by the Buffalo-10 operations. Despite hinderances from the ongoing management of COVID, we implemented a plan which included:

- A procurement strategy which unbundled all goods and services required for the Buffalo-10 drilling campaign, allowing for the procurement of locally based services in Timor-Leste, where possible. This included the training of two Timorese nationals so they could take responsibility for Carnarvon's compliance with the OPO Decree Law and the Buffalo Decree Law;
- A preference for local suppliers, where these suppliers were available and had the necessary expertise and experience to provide the services in question; and
- Additional employment opportunities for Timorese nationals in support of operations. In this training initiative, Carnarvon provided an extensive training program for a number of Timorese nationals with the objective to improve their technical skills and to assist with future employment.

Carnarvon also entered into a funding agreement with the Autoridade Nacional do Petróleo e Minerais Timor-Leste to provide US\$100,000. This fund will support pilot small scale agricultural projects – a need identified by local communities along the south coast of Timor-Leste to improve the quality of farming production and the living standards of farming households.

Key focus areas for this pilot project include:

- Basic farmers group capacity building;
- Water irrigation for farming;
- Provision of farming tools and inputs; and
- Developing supply chain networks and links to the market and cooperatives.

## Looking ahead to 2023

While operations in Timor-Leste have ceased due to the result of the Buffalo-10 well, we are pleased to have supported the Timorese people and will leave behind funding, knowledge, and new skills so that the local community can continue to improve their living standards and pursue commercial opportunities.

Moving forward we will seek to provide similar community benefits in the Shire of Narrogin as we continue to progress the first biorefinery project.

# OUR SOCIETY



# OUR GOVERNANCE



## 2022 Highlights:



Operations completed with zero anti-bribery or corruption violations

Carnarvon believes high standards of governance are critical to delivering our strategy, creating long-term shareholder value, and maintaining our social licence to operate.

Oversight of Carnarvon's impacts on the economy, environment, and people, sits with its highest governance body, the Board of Directors. The Board delegates responsibility for management of Carnarvon's business activities to the Chief Executive Officer, who is accountable to the Board. This responsibility is then carried out through a group of committees and corporate governance policies and procedures, which are reviewed annually against ASX Corporate Governance guidance, as can be seen in the 2022 [Corporate Governance Statement](#).

In this reporting period, Buffalo's operations were undertaken and completed with zero anti-bribery and corruption ("ABC") violations. In addition, an ABC compliance obligation was incorporated in the newly negotiated Joint Operating Agreement to facilitate the Dorado development.

# OUR GOVERNANCE

## GOVERNANCE STRUCTURE

### Carnarvon's Board of Directors

The Board is collectively responsible for promoting the success of the company. This includes oversight of Carnarvon's governance, strategic direction, and objectives, including sustainability.

The Board is currently comprised of the Chair (who is a Non-Executive Director), Managing Director / Chief Executive Officer and three other Non-Executive Directors.

[Statement of Board and Management Functions](#)



### Committees of the Board

#### Remuneration & Nomination Committee

Responsible for reviewing and recommending appropriate remuneration policies which are designed to meet the needs of the company and enhance corporate and individual performance.

[Remuneration & Nomination Committee Charter](#)

#### Audit Committee

Assists in fulfilling oversight responsibilities for the financial reporting process, the system of internal controls, the management of financial risks, and the audit process.

[Audit Committee Charter](#)

#### Risk, Governance, & Sustainability Committee

Assists in fulfilling oversight responsibilities for risk management, corporate governance, sustainability policies and practices, our process for monitoring compliance with laws and regulations, and our code of conduct.

[Risk, Governance, & Sustainability Committee Charter](#)



### Corporate Governance Policies

The following policies, strategies, and codes assist in governing Carnarvon's sustainable business conduct

- [Anti-Bribery and Anti-Corruption Policy](#)
- [Climate Change Policy](#)
- [Corporate Code of Conduct](#)
- [Corporate Governance Statement](#)
- [Diversity Policy](#)
- [Executive Code of Conduct](#)
- [Information Disclosure Policy](#)
- [Performance Evaluation Policy](#)
- [Risk Management Policy](#)
- [Security Trading Policy](#)
- [Shareholder Communication Strategy](#)
- [Whistleblower Policy](#)



### Senior Executives and Working Groups

The role of the senior management team is to support the Chief Executive Officer in overseeing the operations and financial affairs of Carnarvon, in accordance with the delegated authority of the Board. Climate and sustainability related items are supported by the CCWG.

# ECONOMIC IMPACT

## 2022 Highlights:

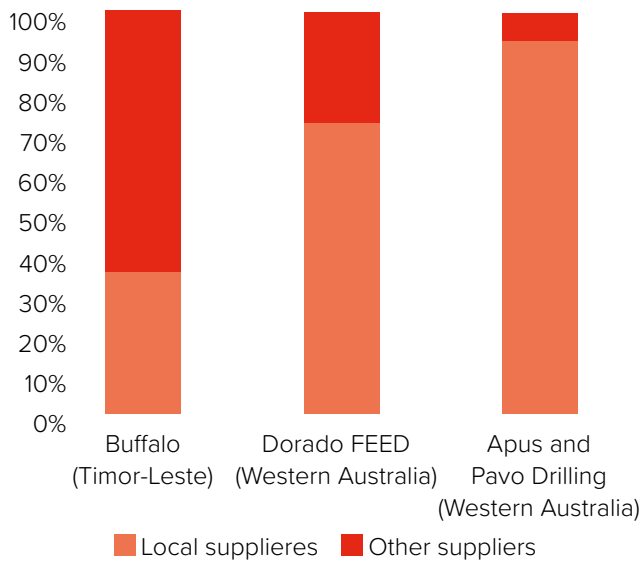


Services procured locally in support of drilling operations

Carnarvon contributes to the national and regional economies in which we operate. In particular, the activities during our Buffalo-10 drilling campaign provided a positive economic impact to the Timor-Leste economy. Carnarvon’s annual report provides an overview of our economic performance in the 2021/2022 financial year, and can be found on [our website](#).

The below graph shows an estimate of the percentage of Carnarvon’s procurement budget used for significant locations of operation that was spent on suppliers local to that operation. As stated in our **Non-Discrimination and Equal Opportunity** chapter (page 29), local is defined as residing in Western Australia or Timor-Leste as this is where Carnarvon’s significant locations of operation lie.

**Procurement budget spent on local suppliers**



## Looking ahead to 2023

In the coming period, Carnarvon will continue to contribute to the local economies of the Shire of Narrogin, and Western Australia, via progressing the Dorado development and its first biorefinery.

It will also seek to drive share price growth through new business opportunities that make strong business sense and offer compelling value and earnings for shareholders.

**Our 2023 Goal**

- Share price performance year on year.



# OUR GOVERNANCE

## ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT

### 2022 Highlights:



Emergency preparedness and incident management training completed



Annual review of risks completed



ESG metrics included in supply chain screening

At Carnarvon we recognise that risk is inherent in our business, and that managing risk is essential to our continuing success. To us, success means maintaining the health and safety of our staff and the integrity of the natural environments in which we operate. Carnarvon is committed to identifying, evaluating, and treating all risks in a proactive and effective manner.

### Our approach in 2022

With operations under way this period, the importance of managing risk through our asset integrity and critical incident management was more paramount than ever. Our Incident Management Plan (IMP) and Crisis Management Plan (CMP) both remained in place again this year to provide the Incident Management Team (“**IMT**”) and Crisis Management Team (“**CMT**”) with the necessary processes to respond to incidents from the Perth and Dili offices. Prior to drilling operations being carried out at the Buffalo-10 well site, both CMT and IMT planning and emergency response exercises were undertaken. Other operational management plans implemented this period included our Shipboard Marine Pollution Emergency Plans (“**SMPEP**”) and Shipboard Oil Pollution Emergency Plan (“**SOPEP**”), which both had associated spill response training completed prior to operations.

### Buffalo operations were completed without any Tier 1 or 2 process safety events or significant spills.

To manage risk upstream in our supply chain, Carnarvon employed a third-party information management platform to gather industry best practice information and screen potential suppliers. To contribute to better assessment and monitoring of supplier risk and in alignment with our increasing sustainability focus, this period we added ESG-related criteria as part of our contractor and supplier requirements.

We continue to align sustainability and risk management through our RGS Committee and corporate risk register. Utilising our risk management software CGR risks that are material are identified and managed across our business activities, functions, and processes. Risks are assessed with consideration given to potential health, safety, environmental, community, reputational, legal, and financial impacts. The RGS Committee can then assist the Board in fulfilling its responsibilities to manage risk, in addition to its responsibilities for corporate governance and sustainability.

More details on the RGS Committee, including its charter, are available on the Carnarvon [website](#).

### Looking ahead to 2023

For the coming period, Carnarvon will continue to strive for the highest standards of health, safety, and environmental stewardship through the management of risk and asset integrity. This includes following all required standards and continuing training and development of our staff.

### Our 2023 Goal

- Undertake all exploration activities with zero harm to people or the environment.



## CONTACT DETAILS

**Carnarvon Energy Limited**  
Level 2, 76 Kings Park Road  
West Perth, WA 6005

Email: [admin@cvn.com.au](mailto:admin@cvn.com.au)  
Phone: +61 8 9321 2665

# SUPPORTING INFORMATION

## ACRONYMS

Abbreviation / Term	Definition
ABC	Anti-Bribery and Corruption
AEMO	Australian Energy Market Operator
ASX	Australian Securities Exchange
CAPEX	Capital Expenditure
CCWG	Climate Change Working Group
CMT	Crisis Management Team
CO <sub>2</sub> e	Carbon Dioxide Equivalent
ESG	Environmental, Social, and Governance
FEED	Front-End Engineering Design
FID	Final Investment Decision
FIG	Frontier Impact Group
FTE	Full Time Equivalent
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HR	Human Resource
HSE	Health, Safety, and Environment
IEA	International Energy Agency
IMT	Incident Management Team
IPIECA	International Petroleum Industry Environmental Conservation Association
LNG	Liquefied Natural Gas
NGERS	<i>National Greenhouse and Energy Reporting Act 2007 (Cth)</i>
NWS	North West Shelf
OBO	Operated By Others
OPEX	Operating Expenses
PL	Production Licence
RGS	Risk, Governance, and Sustainability
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SMPEP	Shipboard Marine Pollution Emergency Plan
SOPEP	Shipboard Oil Pollution Emergency Plan
TCFD	Taskforce On Climate-Related Financial Disclosures



## GRI CONTENT INDEX

<b>Statement of use:</b>	Carnarvon Energy has reported with reference to the GRI Standards for the period 1 July 2021 to 30 June 2022.
<b>GRI 1 used:</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard:</b>	GRI 11: Oil and Gas Sector 2021

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.
<b>General Disclosures</b>			
<b>1. The organisation and its reporting practices</b>			
GRI 2: General Disclosures 2021	2-1	Organisational details	<a href="#">About Us</a>
	2-2	Entities included in the organisation's sustainability reporting	<a href="#">Our Reach</a>
	2-3	Reporting period, frequency and contact point	<a href="#">About This Report</a> and <a href="#">Contact Details</a>
	2-4	Restatements of information	Diversity of women in the oil and gas workforce previously reported at 15%. However, a more recent study has found this to be 22%. See <a href="#">Non-Discrimination and Equal Opportunity</a> for more details.
	2-5	External assurance	N/A – Sustainability Report not externally assured
<b>2. Activities and workers</b>			
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	<a href="#">Our Reach</a>
	2-7	Employees	<a href="#">Carnarvon's People</a>
	2-8	Workers who are not employees	N/A – contract workers are engaged under consultancy arrangements and are not employees of Carnarvon, and therefore are not included in the scope of this report.
<b>3. Governance</b>			
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	<a href="#">Our Governance</a>

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
GRI 2: General Disclosures 2021 (cont)	2-10	Nomination and selection of the highest governance body	<a href="#">Our Governance</a> and the <a href="#">Remuneration and Nomination Committee Charter</a>	
	2-11	Chair of the highest governance body	The Chair of the Carnarvon Board of Directors is a non-executive director.	
	2-12	Role of the highest governance body in overseeing the management of impacts	The policies within <a href="#">Our Governance</a> and the TCFD table within <a href="#">Task Force on Climate-related Financial Disclosures</a>	
	2-13	Delegation of responsibility for managing impacts	The committee charters within <a href="#">Our Governance</a> and the TCFD table within <a href="#">Task Force on Climate-related Financial Disclosures</a>	
	2-14	Role of the highest governance body in sustainability reporting	<a href="#">About This Report</a> and <a href="#">GRI Materiality Process</a>	
	2-15	Conflicts of interest	The policies within <a href="#">Our Governance</a>	
	2-16	Communication of critical concerns	No critical concerns communicated to the Carnarvon Board during the reporting period	
	2-17	Collective knowledge of the highest governance body	<a href="#">About This Report</a> and <a href="#">GRI Materiality Process</a>	
	2-18	Evaluation of the performance of the highest governance body	<a href="#">Our Governance</a> and the <a href="#">Remuneration and Nomination Committee Charter</a>	
	2-19	Remuneration policies	Remuneration and Nomination Committee <a href="#">Charter</a> and Carnarvon's 2022 Annual Report	
	2-20	Process to determine remuneration	Remuneration and Nomination Committee <a href="#">Charter</a> and Carnarvon's 2022 Annual Report	
	2-21	Annual total compensation ratio	Carnarvon's 2022 Annual Report	
	<b>4. Strategy, policies, and practices</b>			
2-22	Statement on sustainable development strategy	<a href="#">A Letter from the Chair</a>		
2-23	Policy commitments	<a href="#">Our Governance</a>		

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
GRI 2: General Disclosures 2021 (cont)	2-24	Embedding policy commitments	<a href="#">Our Governance</a>	
	2-25	Processes to remediate negative impacts	See our <a href="#">Whistleblower Policy</a>	
	2-26	Mechanisms for seeking advice and raising concerns	See our <a href="#">Whistleblower Policy</a>	
	2-27	Compliance with laws and regulations	Zero instances of non-compliance. See <a href="#">Environmental Regulatory Management</a> and <a href="#">Our Governance</a>	
	2-28	Membership associations	<a href="#">Memberships</a>	
<b>5. Stakeholder engagement</b>				
	2-29	Approach to stakeholder engagement	<a href="#">Carnarvon's Stakeholders</a>	
	2-30	Collective bargaining agreements	N/A – all Carnarvon employees are employed under individual permanent contracts with no collective bargaining agreements	
<b>Material Topics</b>				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	<a href="#">GRI Materiality Process</a>	
	3-2	List of material topics	<a href="#">GRI Materiality Process</a>	
<b>GHG Emissions</b>			<b>11.1</b>	
GRI 3: Material Topics 2021	3-3	Management of material topic	<a href="#">Greenhouse Gas (GHG) Emissions</a>	11.1
	305-1	Direct (Scope 1) GHG emissions	N/A - as we remain in exploratory phase for all our owned assets, we have no Scope 1 emissions to report	11.1.5
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Greenhouse Gas (GHG) Emissions</a>	11.1.6
	305-3	Other indirect (Scope 3) GHG emissions	N/A – value chain GHG data not available	11.1.7
	305-4	GHG emissions intensity	N/A – emissions intensity data not available	11.1.8

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
<b>Climate Adaptation, Resilience, and Transition</b>			<b>11.2</b>	
GRI 3: Material Topics 2021	3-3	Management of material topic	<a href="#">Climate Adaptation, Resilience &amp; Transition</a>	11.2.1
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	For this disclosure we have aligned with the recommendations of the TCFD. See <a href="#">Task Force on Climate-related Financial Disclosures</a>	11.2.2
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	N/A – no operational emissions reduction activities undertaken within the reporting period	11.2.3
<b>(Environmental) Regulatory Management</b>			<b>-</b>	
GRI 3: Material Topics 2021	3-3	Management of material topic	<a href="#">Environmental Regulatory Management</a>	-
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	<a href="#">Environmental Regulatory Management</a>	-
<b>Asset Integrity and Critical Incident Management</b>			<b>11.8</b>	
GRI 3: Material Topics 2021	3-3	Management of material topic	<a href="#">Asset Integrity and Critical Incident Management</a>	11.8.1
GRI 306: Effluents and Waste 2016	306-3	Significant spills	<a href="#">Asset Integrity and Critical Incident Management</a> and <a href="#">Environmental Regulatory Management</a>	11.8.2
<b>Non-Discrimination and Equal Opportunity</b>			<b>11.11</b>	
GRI 3: Material Topics 2021	3-3	Management of material topic	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.1
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.2
GRI 401: Employment 2016	401-3	Parental leave	Carnarvon complies with the National Employment Standards for parental leave and has a parental leave policy in place. One employee took parental leave in the reporting period.	11.11.3
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.4

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
GRI 405: Diversity and Equal Opportunity 2016 (cont)	405-2	Ratio of basic salary and remuneration	N/A – information not available due to confidentiality constraints	11.11.5
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.6
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	<a href="#">Non-Discrimination and Equal Opportunity</a>	
<b>Economic Impacts</b>			<b>11.14</b>	
GRI 3: Material Topics 2021	3-3	Management of material topic	<a href="#">Economic Impact</a>	11.14.1
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	Refer to the Carnarvon Petroleum Annual Report 2022 on <a href="#">our website</a>	11.14.2
GRI 202: Market Presence (2016)	202-2	Proportion of senior management hired from the local community	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.14.3
GRI 203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	Refer to the Carnarvon Petroleum Annual Report 2022 on <a href="#">our website</a>	11.14.4
	203-2	Significant indirect economic impacts	Refer to the Carnarvon Petroleum Annual Report 2022 on <a href="#">our website</a>	11.14.5
GRI 204: Procurement Practices (2016)	204-1	Proportion of spending on local suppliers	<a href="#">Economic Impact</a>	11.14.6



**CARNARVON**  
ENERGY LTD

[www.carnarvon.com.au](http://www.carnarvon.com.au)