

DNO ASA  
2021 Report

# Corporate Social Responsibility



## Corporate social responsibility vision and values

DNO's mission is to deliver superior returns to our shareholders by finding and producing oil and gas at low cost and with a focus on the Middle East and the North Sea. We meet our commitments efficiently and transparently and expect the same of our host governments, partners, employees, contractors and local communities. We treat these stakeholders fairly and respectfully.

Corporate Social Responsibility (CSR) starts with identifying and addressing the needs of all key stakeholders. Wherever we operate, we make a concerted effort to create mutually beneficial relationships, balancing stakeholders' interests with our own as a 51-year old public company with some 16,000 shareholders. DNO, Norway's oldest oil and gas company, is today an international one, with two-thirds of our shares owned by non-Norwegians and with a board of directors and executive management representing five nationalities. Even so, we proudly fly the Norwegian flag and carry our home country's best practises wherever we operate, including industry leading health and safety standards, a light environmental footprint, active engagement with local communities and zero tolerance for corruption.

DNO is characterized by a 'can do' attitude and culture. At DNO, anything is possible. We strive to be first, fair and firm. At DNO, we live our values, not check them at the door.

We are pioneers, seizing opportunities where few others venture. We are often among the first companies to explore and develop new frontiers. Our first-mover advantage allows us to quickly develop discoveries. DNO is a company of innovators and entrepreneurs – competent, decisive and visionary individuals who take bold initiatives.

We treat people with respect and integrity. We are committed to the health and safety of our people, to the development of our host communities and to responsible environmental practices. We adhere to high standards of corporate governance and business conduct. DNO is a company of collaborators. We foster an open, inclusive and diverse culture. We are responsive to employee needs.

We are resolute and confident and have our foot firmly on the accelerator. We are clearly focused on what we do and determined to do it well. DNO is a company of doers – individuals who execute using resources effectively and efficiently, always keeping in mind strategic priorities. We want to build on DNO's success story, and we also want to help our employees create their own success stories.

## People

People are DNO's most important resource. We are more than 1,300 individuals representing some 43 nationalities. We celebrate diversity in the DNO family in nationality, gender, race, culture, religion and age and do not discriminate in recruitment, advancement, remuneration or otherwise in the workplace.

In DNO we have honest, direct and challenging discussions to make responsible business decisions based on respect, tolerance and non-discrimination. We do not condone threatening or degrading conduct, nor do we tolerate any behavior which is disrespectful of our differences.

DNO has stepped up recruitment and promotion of women who at yearend 2021 represented 12 percent of its overall workforce and 34 percent of employees in managerial, administrative and other non-field operational positions.

In the Erbil office, women represented 28 percent of all employees; the comparable figure in the Dubai office was 21 percent and 46 percent in the Oslo, Stavanger and Aberdeen offices.

Women comprised 40 percent of the DNO board of directors.

In Kurdistan region of Iraq, DNO had 1,042 employees at yearend 2021 of which 84 percent were local hires, many in managerial and leadership roles. DNO is the largest employer of Kurdish men and women among international oil and gas companies active in the region. We actively recruit from neighbouring communities and expect the same from our business partners. Also, DNO identifies and offers employment to top graduates from local universities each year. Through mentorship and formal training programs, we support the advancement of Kurdish nationals into more senior roles.

DNO's board of directors and executive management have a zero-tolerance approach to modern slavery and are committed to ensuring that there is no modern slavery or human trafficking in any part of our business, including our supply chain.

## Health and safety

As a Norwegian oil and gas company, DNO brings best in class Norwegian health and safety standards to its operations everywhere and encourages everyone to take responsibility. We set targets both at the parent company and the business unit levels to ensure we manage the integrity of our operations in a responsible, efficient and effective manner, measure our performance and pursue year-on-year improvements.

Incidents and near misses are reported, investigated and corrected. A key metric for assessing and benchmarking the Company's safety performance is the Total Recordable Injury Frequency (TRIF). In 2021, DNO delivered a strong safety performance with TRIF at 0.48 in its operational activities comparing favorably to the International Association of Oil and Gas Producers (IOGP) industry average of 0.77 in 2021.

As the COVID-19 pandemic continued throughout 2021, DNO retained site and operation specific protocols. International travel restrictions interfered with personnel rotations including from quarantine requirements. Cost of operations also rose from supply chain interruptions. However, with its COVID-19 protocols in place, DNO was able to maintain full business continuity.

## Social impact

DNO contributes to the development of local communities in which we operate, mindful of cultural differences and the need to treat these communities with respect and dignity.

We create jobs, hire and train local staff. We partner with local companies for such services as civil works, maintenance, transportation, remediation, catering, health care, security and waste disposal, among others. We work to ensure that our service providers are not just competitive but competent and compliant with internationally recognized human rights protocols.

We use our operational presence and capability to provide support to nearby communities. Over DNO's 18 years of presence in Kurdistan, we have delivered various projects in the infrastructure, agriculture, health, education and youth and women development areas.

Examples include:

### Water supply and agriculture

To date in Kurdistan, DNO has delivered 19 water projects to local communities, including wells, storage tanks and distribution facilities. In 2021, DNO supported farmers by purchasing and gifting agricultural machinery and fertilizers in addition to funding multiple water supply projects.

### Building and renovating schools

DNO has built two schools and renovated 32 educational facilities since entry into Kurdistan. In 2021, DNO renovated ten schools and kindergartens in addition to building one school.

### Public health

In 2021, DNO expanded its support for local communities in the health sector through building one and renovating another health center.

### Vocational training

In 2021, DNO sponsored a wide variety of vocational training courses benefiting some 220 local women and men.

### Graduate fellowships

The Middle East-North Africa Graduate Fellowship Fund was created in 2014 with a USD one million gift from DNO to the Harvard University's Kennedy School of Government (HKS). Since 2014, this fellowship has enabled seven talented students – including three women – to complete their studies at Harvard University at the master's degree level in public policy and administration.

### Research partnerships

We partner with leading universities, including Princeton University and Harvard University, to share subsurface data in support of graduate research and conduct joint studies with faculties and students.

## Governance and anti-corruption

DNO's corporate governance policies are based on the Norwegian Code of Practice for Corporate Governance. The Articles of Association and the Norwegian Public Limited Liability Companies Act form the legal framework for DNO's business activities. DNO is also subject to, and complies with, the requirements of Norwegian securities legislation.

Risk management is key to successful execution of our business. We review our risk profile on a regular basis, incorporating industry-recognized risk identification, quantification and mitigation processes. Corporate and operational risks are reported to the board of directors through its Audit Committee and its Health, Safety, Security and Environment (HSSE) Committee at least on a quarterly basis.

Across the Company, managers have responsibility and accountability for assessing, reporting, controlling and mitigating compliance risks. In these tasks, they are supported by dedicated compliance and internal audit teams.

We take a bottom-up approach to identifying and mitigating risks, with the board of directors providing strategic input and oversight.

We respect fundamental human rights and are guided in our business conduct by the United Nations Global Compact. DNO does not engage in the political processes of host countries and does not make contributions to political parties or their representatives.

We have adopted an Anti-Corruption Policy that employees are required to follow. The policy is available on the “My DNO Compliance” intranet site which brings together all compliance policies, interactive training programs, business hospitality requests and conflict of interest registrations. We require company-wide training in topics related to business ethics, including anti-bribery and corruption, and will continue to provide such training.

DNO has a policy of zero tolerance for bribery, corruption, fraud and other illegal business conduct.

DNO’s Code of Conduct, available on our website, sets out the standards and principles by which we conduct our affairs and which we expect all our employees to follow. Failure to comply with the Code of Conduct will lead to disciplinary action.

Our Code of Conduct is built on six principles:

- Comply with laws and regulations
- Ensure a safe working environment
- Treat everyone with respect
- Act in DNO’s best interest
- Ensure financial integrity
- Take responsibility

We encourage our personnel to raise concerns about unethical or illegal behaviour and breaches of DNO’s Code of Conduct or other Company policies. The Company has a confidential channel for those who wish to raise such matters in strict privacy or anonymously.

We seek contractors and vendors who adhere to DNO’s Code of Conduct in their dealings with us and are compliant with DNO’s Business Partner Code of Conduct when they act on our behalf or provide a service to DNO.

## Environment

In DNO, we believe oil and gas operations can be conducted responsibly, safely and without threatening the environment or public health.

We work to reduce the intensity of greenhouse gas (GHG) emissions from our operations and to enhance the quantity and quality of our GHG emissions performance disclosures. We report annually to the CDP, a not-for-profit organization that runs a global disclosure system on environmental impacts. Our last annual climate change disclosure for 2020 was ranked B for the third consecutive year as we continued to enhance our disclosures. Our ranking compared favourably to an international average of C for all reporting oil and gas companies.

The Scope 1 and Scope 2 GHG intensity from our operated assets averaged 10.7 kilograms of CO<sub>2</sub> equivalent (kgCO<sub>2</sub>e) per barrel of oil equivalent (boe) produced in 2021, compared to 10.3 kgCO<sub>2</sub>e/boe in 2020 and 13.7 kgCO<sub>2</sub>e/boe in 2019. Our performance compared favorably to the target set by a group of 12 of the world’s largest oil and gas companies comprising the Oil and Gas Climate Initiative (OGCI) to reduce the average intensity of their upstream operations to 17 kgCO<sub>2</sub>e/boe by 2025 from a collective baseline of 23 kgCO<sub>2</sub>e/boe in 2017.

DNO operates the first and only gas capture and injection project in Kurdistan. Commissioned in 2020 and at a cost of USD 110 million, the Peshkabar-to-Tawke gas project gathers, treats and transports associated gas over 80 kilometers from the Peshkabar field to the Tawke field

for injection. A total of 7.6 billion cubic feet of otherwise-flared gas was captured and injected in 2021, delivering a GHG saving of 463,788 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). With a GHG emissions intensity of 10.1 kgCO<sub>2</sub>e per barrel of oil (bbl) produced in 2021, DNO had the best environmental record of any international oil company in Kurdistan.

DNO is now progressing other efforts at the Tawke license to further reduce our GHG footprint, including a second phase of gas capture and injection, bringing the total investment to over USD 135 million. Smaller projects will utilize otherwise-flared gas to reduce diesel and naphtha burn for electricity and process heat generation.

On the back of DNO's success, Kurdistan has mandated that all operators submit plans to significantly reduce associated gas flaring by 2023.

DNO has eliminated venting of hydrocarbon gases (mainly composed of methane) during routine operations and has initiated a Tawke license-wide Leak Detection and Repair (LDAR) project to discover, measure and mitigate fugitive methane emissions; while CO<sub>2</sub> emissions from oil and gas operations receive the greatest attention, methane emissions are a significant but underreported source of GHG emissions with an impact 25 times greater than CO<sub>2</sub> on a 100-year horizon.

We investigate, rectify and report any leaks and spills. In 2021, a total of 32 barrels of oil and chemicals were spilled during operations; the spillages were collected and disposed of as per applicable protocols. Historically, DNO has had a very low volume of oil and chemical spills and hydrocarbon leaks.

DNO is committed to responsible handling and management of waste consistent with local regulations and relevant international standards, including to ensure appropriate levels of waste segregation and, where possible, reuse. Drill cuttings represent the majority of hazardous waste generated in our Kurdistan operations and are stored onsite for periodic remediation. The majority of waste generated in our North Sea operations relate to material used and equipment and facilities removed during our ongoing decommissioning campaigns in Norway and the United Kingdom.

In Kurdistan, the Company completed the construction of a central onsite facility for collection and segregation of waste from the Tawke field in 2021.

In Norway, DNO joined the LowEmission center in 2021 to contribute to research and development efforts for improving environmental performance of the offshore oil and gas industry. This center, which is supported by the Norwegian government and universities as well as the industry, develops new technologies for offshore energy systems and integration with renewable power production technologies.

DNO draws water from rivers and aquifers in its Kurdistan operations and from the sea in its North Sea operations. While we have not experienced water limitations, as our requirements grow, we have redoubled our efforts to treat and reuse water and utilize water efficient drilling practices.

In addition to its mitigation efforts, DNO continues to improve its environmental monitoring and measurement systems to better report our performance and progress.

We have successfully sought to minimize any adverse impacts on biodiversity in our operational areas.

Offshore, the Norwegian and the United Kingdom continental shelves are extensively mapped, analyzed and managed marine areas and assessing risks from oil and gas operations are

mandatory. For example, discharge permit applications are subject to public hearings as well as approval of environmental authorities.

Onshore in Kurdistan, we are actively engaged in clearance of wartime minefields to protect our staff and contractors; needless to say some wildlife species are protected as a consequence.

At yearend 2021, DNO held interests in 73 licenses (17 operatorships) in offshore Norway and 11 licenses (three operatorships) in offshore the United Kingdom. With a few exceptions, DNO's portfolio in Norway and the United Kingdom consists of fields and exploration licenses where DNO is a non-operating partner.

In 2019, DNO assumed operatorship and working interest in three end-of-life fields whose decommissioning had been deferred by the previous operator. As a prudent operator and consistent with our environmental remediation commitments, DNO commenced decommissioning of the production facilities and plugging and abandonment (P&A) of the wells of the Schooner and Ketch fields on the United Kingdom continental shelf and of the Oselvar field on the Norwegian continental shelf.

The Oselvar campaign is progressing with P&A of three subsea wells completed in 2021 and removal of subsea infrastructure planned for 2022. The P&A of the nine wells in the Ketch field was completed in 2021 with P&A of the 11 wells in the Schooner field planned for 2022, followed by removal of the platforms and subsea facilities in both fields.

The cost of these decommissioning campaigns is estimated at USD 235 million net to DNO's interest.

# Appendix



People <sup>1</sup>			
Indicator	2021	2020	2019
<b>People</b>			
Total number of employees <sup>2</sup>	1,327	1,257	1,328
Employee turnover <sup>3</sup>	10%	20%	7%
Leavers	138	254	94
New hire rate	16%	18%	20%
New joiners	208	220	265
<b>Gender diversity</b>			
Number of men	1,168	1,109	1,160
Number of women	160	148	149
<b>Women in workforce</b>	12%	12%	11%
Women in executive management	13%	20%	18%
Women in board of directors	40%	40%	40%
<b>Employees by age groups</b>			
< 30 years	23%	26%	25%
30 - 50 years	59%	59%	57%
> 50 years	17%	16%	17%
<b>Number of nationalities</b>			
DNO ASA (corporate head office in Oslo, Norway)	16	16	19
DNO Iraq AS (Kurdistan region of Iraq)	24	24	28
DNO Norge AS (Stavanger, Norway)	17	14	12
DNO North Sea plc (United Kingdom)	1	1	5
DNO Technical Services (United Arab Emirates)	21	23	27
Total number of nationalities	43	43	48
<b>Sickness absence</b>	1.4%	1.1%	2.0%

1 All data in the appendix are based on DNO operated assets (100%) except emissions fees which are based on DNO equity share of both operated and non-operated assets.

2 The headcount includes employees and full-time consultants.

3 The relatively high turnover in 2020 was primarily due to COVID-19 pandemic related downsizing in Q2 2020.

## Health and Safety

Indicator	2021	2020	2019
<b>Health and safety</b>			
<b>Fatalities</b>			
Employees	0	0	0
Contractors	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Lost time injuries</b>			
Employees	1	0	0
Contractors	2	1	0
<b>Total</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>Restricted work injuries</b>			
Employees	0	1	1
Contractors	0	1	1
<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Medical treatment injuries</b>			
Employees	0	0	3
Contractors	0	0	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>High potential incidents</b>			
	2	1	2
<b>Driving</b>			
Serious vehicle accidents	0	1	1
Distance driven (million km)	2.57	2.41	4.21
Recordable injuries from vehicle accidents	0	0	0
<b>Lost time injury rate</b>			
Employees (per million hours worked)	0.40	0.00	0.00
Contractors (per million hours worked)	0.53	0.35	0.00
<b>Total (per million hours worked)</b>	<b>0.48</b>	<b>0.21</b>	<b>0.00</b>
<b>Medical treatment injury rate</b>			
Employees (per million hours worked)	0.00	0.00	1.15
Contractors (per million hours worked)	0.00	0.00	0.23
<b>Total (per million hours worked)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.58</b>
<b>Total Recordable Injury Frequency (TRIF)<sup>4</sup></b>			
Employees (per million hours worked)	0.40	0.49	1.53
Contractors (per million hours worked)	0.53	0.71	0.46
<b>Total (per million hours worked)</b>	<b>0.48</b>	<b>0.62</b>	<b>0.87</b>
<b>Exposure hours</b>			
Employees (thousand hours)	2,484	2,046	2,617
Contractors (thousand hours)	3,797	2,814	4,304
<b>Total (thousand hours)</b>	<b>6,281</b>	<b>4,860</b>	<b>6,921</b>

<sup>4</sup> Defined as number of fatalities, lost time injuries, substitute work and other injuries requiring treatment by a medical professional per million hours worked. Total Recordable Injury Frequency (TRIF) and Total Recordable Injury Rate (TRIR) are used interchangeably in the industry.

Governance and Anti-Corruption			
Indicator	2021	2020	2019
<b>Confirmed incidents of corruption</b>			
Number of incidents <sup>5</sup>	0	0	0
Impact on employees	0	0	0
Impact on contractor relations	0	0	0
<b>Compliance</b>			
<b>Significant fines<sup>6</sup></b>			
Number	0	0	0
Value (USD)	0	0	0
<b>Environmental fines</b>			
Number	0	0	0
Value (USD)	0	0	0
<b>Non-monetary sanctions</b>			
Number	0	0	0
<b>Environmental non-monetary sanctions</b>			
Number	0	0	0
<b>Government revenue from Tawke license (Kurdistan)</b>			
Value of profit oil entitlements (USD million)	1,340	606	1,226
Value of royalties (USD million)	226	117	232
<b>Total (USD million)</b>	<b>1,566</b>	<b>722</b>	<b>1,457</b>

<sup>5</sup> Incidents which have led to formal legal actions.

<sup>6</sup> Significant fines are defined as individual fines exceeding USD 10,000.

Environment			
Indicator	2021	2020	2019
<b>Unplanned releases to sea or land</b>			
Oil spills <sup>7</sup>			
Number	6	14	25
Volume (bbl)	32	4	170
Chemical spills			
Number	0	9	6
Volume (bbl)	0	2	27
<b>Water use</b>			
Freshwater withdrawal <sup>8</sup> (thousand m <sup>3</sup> )	430	296	297
<b>Water discharge</b>			
Produced water discharged to sea (m <sup>3</sup> )	0	0	0
Produced water discharged to land (m <sup>3</sup> )	0	0	0
<b>Waste</b>			
Hazardous waste generated (tonnes)	7,169	3,378	n/a
Hazardous waste recovered (tonnes)	5,958	13	n/a
Non-hazardous waste generated (tonnes)	3,854	1,784	n/a
Non-hazardous waste recovered (tonnes)	2,125	44	n/a
<b>Energy consumption</b>			
Electricity purchased (MWh)	1,202	989	972
Energy consumption from renewables (MWh)	0	0	0
<b>GHG emissions<sup>9</sup></b>			
Emission intensity <sup>10</sup> (kgCO <sub>2</sub> e/boe)	10.7	10.3	13.7
Scope 1 GHG emissions <sup>11</sup> (tCO <sub>2</sub> e)	424,040	416,231	633,921
Scope 2 GHG emissions (tCO <sub>2</sub> e)	342	662	1,014
Scope 3 GHG emissions (tCO <sub>2</sub> e)	1,726	5,750	4,269
<b>Gas flaring GHG emissions</b>			
Tawke license (tCO <sub>2</sub> e)	268,361	303,953	490,671
<b>GHG emissions avoided through gas injection</b>			
Tawke license (tCO <sub>2</sub> e)	463,788	162,983	0
<b>Emissions fees (DNO equity share)</b>			
North Sea <sup>12</sup> (million NOK)	99	90	75

7 Category includes crude oil and diesel spills.

8 Category excludes water use in DNO offices and bottled drinking water use in DNO fields.

9 The GHG reporting is consolidated and presented in accordance with the requirements of the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 emissions are based on IPCC 2006 emission factors. Scope 2 emissions are based on estimated GHG intensity of the electricity grid in the corresponding countries. Scope 3 emissions cover only estimated emissions from air business travel.

10 Emission intensity calculated based on Scope 1 and Scope 2 GHG emissions from operated production.

11 Scope 1 accounts for all direct GHG emissions from operated assets and includes emissions from all drilling rigs.

12 Category includes equity share of fees paid under the CO<sub>2</sub> tax regime in Norway and costs of buying emissions quotas under European Union's Emissions Trading System (EU ETS) and the United Kingdom's ETS across its portfolio in Norway and the United Kingdom (estimated).

# Disclaimer

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