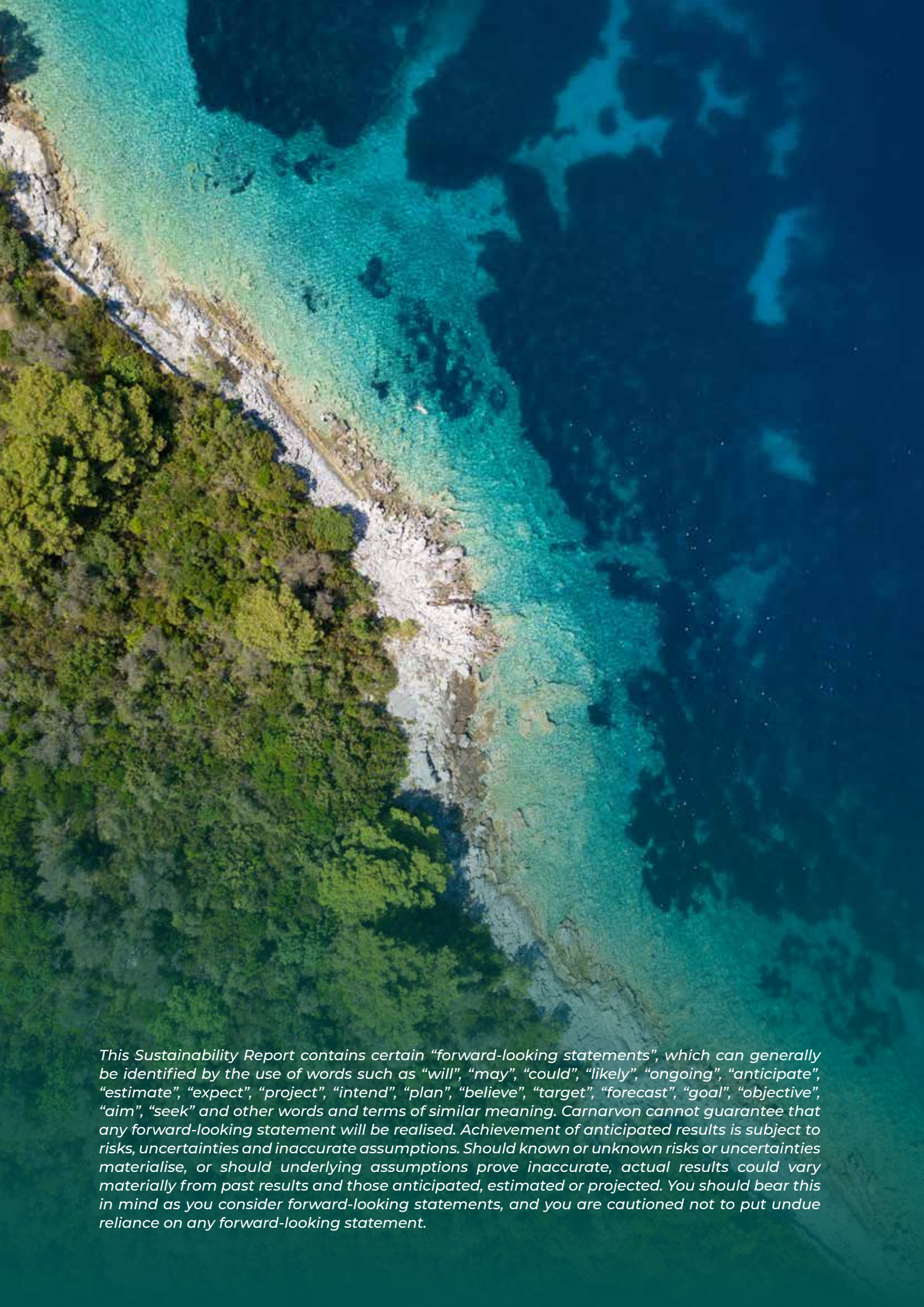


# SUSTAINABILITY REPORT

2023



*This Sustainability Report contains certain “forward-looking statements”, which can generally be identified by the use of words such as “will”, “may”, “could”, “likely”, “ongoing”, “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “forecast”, “goal”, “objective”, “aim”, “seek” and other words and terms of similar meaning. Carnarvon cannot guarantee that any forward-looking statement will be realised. Achievement of anticipated results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on any forward-looking statement.*

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# A LETTER FROM THE CHAIR

There have been several significant changes to the regulatory landscape in Australia in the past year in respect of sustainability.



In September last year the Albanese Government's Climate Change Act commenced operation, legislating Australia's commitment to reduce GHG emissions by 43% below 2005 levels by 2030. The emissions reductions ushered in by the Climate Change Act are supported by a number of other initiatives, most relevantly reforms to the Safeguard Mechanism under the National Greenhouse and Energy Reporting Act.

Against this backdrop is a resurgence in global oil demand, with the International Energy Agency's ("IEA") Oil Market Report in June 2023 forecasting global demand to grow by 2.4 million barrels per day in 2023, to 102.3 million barrels per day. This is the highest level of global oil demand recorded to date and is mostly driven by oil consumption outside the OECD.

Achieving emissions reduction while continuing to satisfy global oil demand is one of the key challenges of the energy transition, and underscores the balance required to be struck between energy security and environmental stewardship.

Carnarvon believes that a balance can be achieved between these two considerations, and that this is critical to guarantee Australia, and our neighbours in South East Asia, continue to have access to secure and reliable energy both today, and into the future.

During the year, Carnarvon continued to progress its core Dorado project. A key milestone was acceptance of the Offshore Project Proposal by the regulator, NOPSEMA, meaning the project now has the primary environmental approval in place to proceed with development. Work was also undertaken on integrating the Pavo field, which was discovered last year, as part of the Dorado development. The Pavo integration studies confirmed Pavo can be tied-back to the Dorado facilities, allowing the Pavo resource to backfill production from the Dorado field at a low unit cost once production rates begin to naturally decline after 2 – 3 years. The liquids from Pavo are similar to the Dorado liquids, and the light, sweet crude produced from both fields will have a lower carbon intensity than heavier grades, making it highly suited to petrochemical feedstock.

The changes noted to the Safeguard Mechanism have a direct bearing on future emissions from the Dorado production facilities, and Carnarvon has started planning for this by acquiring emissions offsets (in the form of Australian Carbon Credit Units ("ACCUs")) and seeking to partner with local landowners to generate ACCUs through soil carbon and other land regeneration opportunities. We expect to be able to provide more positive news on developments in this area in the next reporting period.

# A LETTER FROM THE CHAIR

Carnarvon's biorefining joint venture, FutureEnergy Australia Pty Ltd ("**FEA**"), also matured the first biorefinery project in the Shire of Narrogin over the year. Carnarvon considers there is significant growth potential in biofuels, particularly products like renewable diesel and sustainable aviation fuel; however, commercialisation of technology remains a key deterrent. Carnarvon is maintaining a disciplined approach to its investment in FEA as the joint venture progressively works through the various elements required to establish feasibility of the Narrogin project.

Carnarvon remains committed to a net zero path, with the company continuing to offset all its Scope 2 emissions and integrating a formal Carbon Strategy as part of its business planning during the year. The Risk, Governance and Sustainability ("**RGS**") Committee is integral in overseeing these matters, and providing the necessary leadership to ensure Carnarvon remains well placed to navigate the unfolding ESG landscape.

On a personal note, this is my last year as Chair of the RGS Committee, and I look back with a sense of considerable pride in respect of Carnarvon's ESG journey since it released its first Sustainability Report in 2020. As Carnarvon moves closer to sanction of the Dorado development, and ultimately production, it is guided by a robust ESG framework, ensuring the company can meet continued energy demand in the South East Asian region in the most sustainable way possible.

All of this would not be possible without Carnarvon's people. I thank my fellow RGS Committee members, the Board and Carnarvon staff for their commitment to upholding the company's values and driving a culture focused on protecting the health and safety of our workforce, safeguarding the environment, and working positively with Carnarvon's partners and the communities in which we operate.



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

# CARNARVON'S 2023 ESG HIGHLIGHTS



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



Zero incidents of non-compliance with environmental laws and regulations



Continued gender diversity reporting



Zero incidents of discrimination



Average of 47 hours of training per employee



Zero anti-bribery or corruption violations



ACIL Allen independent economic assessment report on the economic benefits of a renewable diesel industry in Western Australia



Carbon Strategy finalised



Human Resources Policy finalised



Progressed acquisition and/or generation of emissions offsets

# 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 is part of a consolidated group with controlled entities and interests in jointly controlled assets. The relevant entities, and joint venture interests, covered in this sustainability reporting period are listed in the Carnarvon portfolio table on page 8 and are the same as those included in our statutory financial reporting.

Carnarvon's core assets are the Dorado, Roc and Pavo fields, located in the Bedout Sub-basin off the north-west coast of Australia. The Dorado and Pavo fields are one of the largest undeveloped liquids resources offshore Australia. The joint venture is continuing to progress the Dorado Phase 1 liquids development, with FID planned for 2024.

During the past year, two significant milestones were achieved in respect of the Dorado development. In February of this year the regulator, NOPSEMA, accepted the OPP, meaning the project now has all the primary regulatory approvals required for development. In the same month Carnarvon entered into a binding agreement with OPIC Australia Pty, a wholly owned subsidiary of Taiwan's national oil and gas company, CPC Corporation, Taiwan ("**CPC**"), to divest of 10% interest in its Bedout assets, including WA-64-L containing the Dorado field, for US\$148 million. The divestment to CPC provides Carnarvon with substantive funding for its share of the Dorado development costs, as well as positioning the company to unlock the significant exploration potential across its Bedout assets. The transaction with CPC completed outside of the reporting period, in August of this year.

We also continued to progress our proposed biorefining project in the Shire of Narrogin in Western Australia's wheatbelt ("**Narrogin Project**"), with a number of key deliverables advanced over the year.

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 to encourage a diverse range of inputs, and we truly value the 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.
<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 in which we work. 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, and founded on trust. We want to be able to hold our heads high and know we have 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](#).



# ABOUT US

## OUR REACH

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

During the year, we consolidated our exploration acreage offshore Western Australia, narrowing our exploration activities within the company's highly prospective and proven Bedout Exploration Permits. Following the disappointing result in relation to our Buffalo-10 well offshore Timor-Leste in early 2022, we also formalised our exit from the relevant Production Sharing Contract (PSC) in the reporting period.



# 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 <sup>1</sup> 80% Santos	Operated by Others (“ <b>OBO</b> ”) – Santos FID planned for 2024
<b>Australia</b> Bedout (Pavo, Roc, Exploration)	WA-435-P, WA-436-P WA-437-P, WA-438-P	20% -30% Carnarvon <sup>2</sup> 70% - 80% Santos	OBO – Santos Studies for integration of Pavo as part of Dorado development completed, prospect identification for exploration drilling in 2025 progressing
<b>Australia</b> FutureEnergy Australia	N/A	50% Carnarvon 50% Frontier Impact Group	OBO – Frontier Impact Group To be operated by Carnarvon following FID
<b>Australia</b> Taurus	WA-523-P	100% Carnarvon	Relinquished
<b>Australia</b> Condor	AC/P62	100% Carnarvon	Relinquishment in progress <sup>3</sup>
<b>Australia</b> Eagle	AC/P63	100% Carnarvon	Relinquishment in progress <sup>4</sup>
<b>Australia</b> Labyrinth	WA-521-P	100% Carnarvon	Relinquished
<b>Australia</b> Outtrim	WA-155-P	100% Carnarvon	Divestment <sup>5</sup>
<b>Australia</b> Pepper	EP 509, TP/29	100% Carnarvon	No operating assets
<b>Timor-Leste</b> Buffalo-10	TL-SO-T 19-14	100% Carnarvon <sup>6</sup>	Relinquished

<sup>1</sup> Ownership interest reflects Carnarvon's equity as of 30 June 2023. This interest has been reduced to 10% following the divestment to CPC, which completed on 16 August 2023.

<sup>2</sup> Ownership interest reflects Carnarvon's equity as of 30 June 2023. This interest has been reduced to 10% - 20% following the divestment to CPC, which completed on 16 August 2023.

<sup>3</sup> Consent to surrender provided by the regulator, NOPTA, after the end of the reporting period.

<sup>4</sup> Same as above.

<sup>5</sup> Sale and Purchase Agreement executed with Skye Exploration Pty Ltd and Skye Resources Pty Ltd (“**SR**”) on 9 May 2023 to divest the entirety of Carnarvon's interest in Exploration Permit WA-155-P to SR.

<sup>6</sup> Joint venture with Advance Energy TL Limited terminated as of 26 May 2022.

### Pepper Project

EP 509 100%

TP/29 100%

### Outtrim Project

WA-155-P 100%

Onslow

# ABOUT US

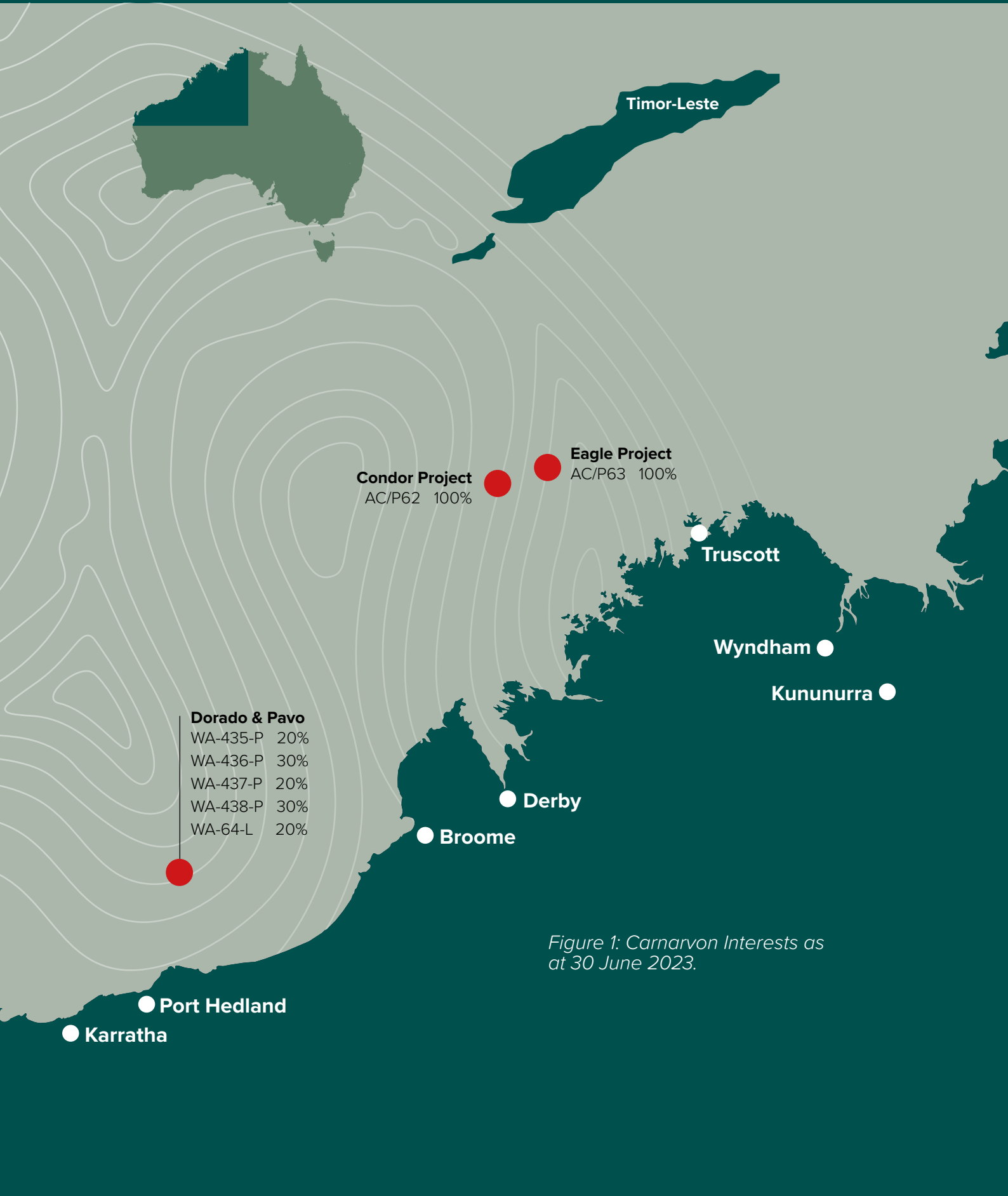


Figure 1: Carnarvon Interests as at 30 June 2023.

# ABOUT THIS REPORT

This Sustainability Report outlines the sustainability approach and efforts of Carnarvon for the year ending 30 June 2023.

Carnarvon conducts annual sustainability reporting in alignment with its annual financial reporting cycle that runs from 1 July to 30 June (“FY23”). This Sustainability Report has been reviewed and 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. Consistent with this commitment, this Sustainability Report accounts for both ‘Operational Control’ and ‘Equity Share’ approaches to reporting across different topics. For clarity, however, reporting for some metrics have 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
- 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 the end of the reporting period. The exception to this is our people-related data, which refers to all direct employees 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 44 for a summary of the available data and disclosures against each material topic. The impact boundary of each material topic in relation to its 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:

- South East Asia Petroleum Exploration Society (SEAPEX)
- Energy Club of Western Australia

# ABOUT THIS REPORT

## FRAMEWORKS AND STANDARDS

This Sustainability Report has been prepared in alignment with the Global Reporting Initiative (“GRI”) - **GRI 11: Oil and Gas Sector Standard** (“GRI 11”) published in 2021, along with the updated **GRI Universal Standards**.

Updates from GRI were not required to be implemented in reporting until 1 January 2023; however, Carnarvon chose to commence early alignment at the beginning of the 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”)**
- **The UN Sustainable Development Goals**



# ABOUT THIS REPORT



















## THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The **United Nations Sustainable Development Goals** (“SDGs”) are a set of universal goals established as a call to action to eradicate poverty, protect the planet and help people live in peace and prosperity. Reporting on the SDGs leverages the GRI Standards to create a high-level ESG framework and aligns Carnarvon’s efforts with the global efforts of businesses, governments and NGOs.

To improve our sustainability outcomes in 2023, Carnarvon continued to align our material topics with the SDGs and the **IPIECA SDG Roadmap for the oil and gas sector**. IPIECA as a global oil and gas industry association collaborated with the World Business Council for Sustainable Development to identify industry specific impact opportunities and help build collaboration in the sector as the energy transition unfolds.

We continue to check our progress against the SDGs and reference these with the relevant impact opportunities for the oil and gas sector to ensure we build an appropriate level of environmental and social practice.



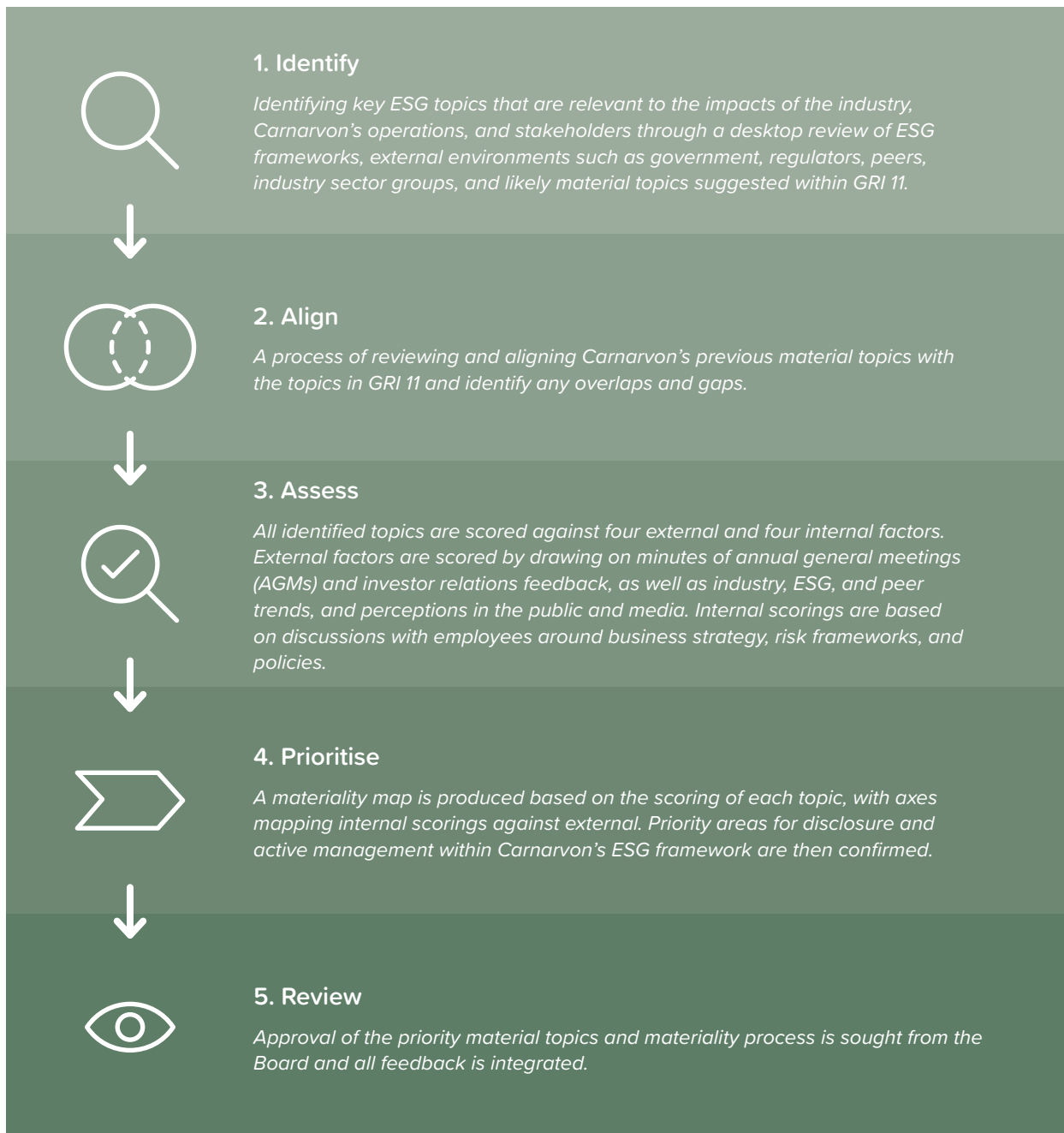
IPIECA Theme	IPIECA Impact Opportunity	SDGs	Our 2023 Material Topics	Our 2023 Actions
Climate	<p><b>Policy and partnerships</b> Promote effective policies and partnerships that support innovation and deployment of technologies and activities needed to transform the energy system and build climate resilience.</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 continued to progress the Narrogin Project, with a number of key deliverables advanced. 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>Carnarvon progressed a number of carbon offset opportunities with a view to enabling land regeneration, carbon sequestration and the generation of ACCUs. For more details see <b>Our Environment</b> on page 20.</p> <p>Carnarvon also continued to collaborate with a number of third parties on commercialising biorefining technologies using biomass and other waste products as feedstock. For more details see <b>Biorefining Venture</b> page 26.</p> <p>Carnarvon developed a formal Carbon Strategy during the reporting period to ensure future emissions from the Dorado production facilities are managed in accordance with regulatory obligations and stakeholder expectations. Scope 2 emissions relating to energy use at 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 achieved a milestone during the reporting period with approval of the OPP for the Dorado development by NOPSEMA. 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</b></p> <p><b>Non-Discrimination &amp; Equal Opportunity</b></p> <p><b>Non-Discrimination &amp; Equal Opportunity</b></p>	<p>Carnarvon remains committed to net zero emissions by 2050 if not sooner in-line with Australia’s “net zero by 2050” target. For more details see Carnarvon’s <b>Climate Change Policy</b> on our <a href="#">website</a>.</p> <p>Carnarvon is committed to local participation and contributing positively to the communities in which we operate. Funds contributed by Carnarvon as part of the local content commitment associated with the Buffalo-10 well continued to assist with the development of small scale agricultural projects in Timor-Leste. 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 protecting the health and safety of our employees and contractors. For more details see <b>Non-Discrimination &amp; Equal Opportunity</b> page 29.</p>

# ABOUT THIS REPORT

## GRI MATERIALITY PROCESS

Carnarvon has applied a consistent approach to identifying and reviewing sustainability issues that are critical to the business, and our stakeholders. In 2023 we undertook a materiality mapping exercise that reviewed and evaluated material topics and identified topics considered to be a priority. These topics have been aligned with industry specific topics in GRI 11, and build on topics we have previously reported on.

We apply a quantitative methodology when reviewing material topics that considers previous information and utilises a repeat of the materiality process and potential material topics.



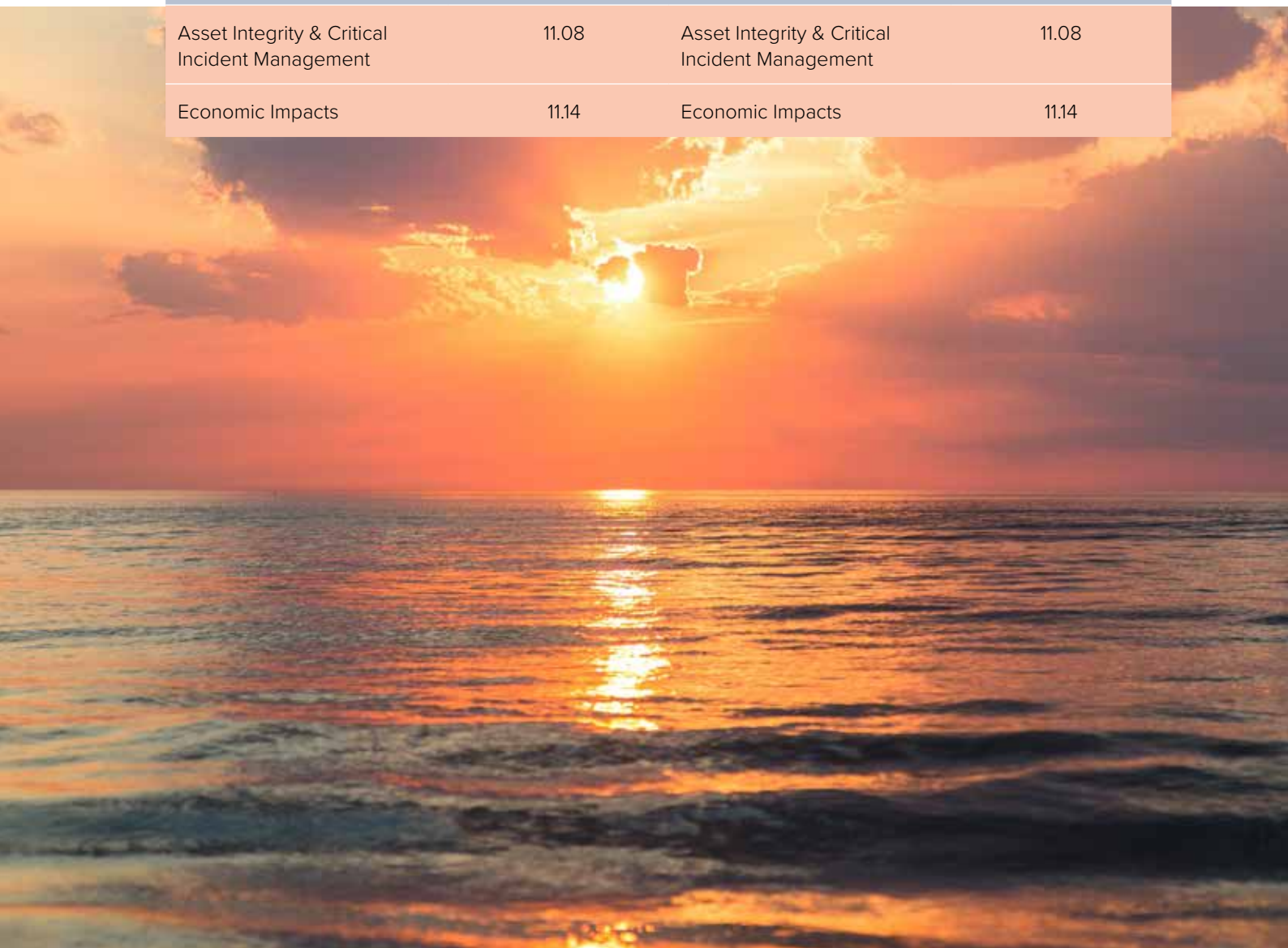


# ABOUT THIS REPORT

Categorisation of Carnarvon's material topics are constant with topics reported on in 2022 to 2023, due to integrating the use of GRI 11 in the last reporting period. The only update introduced since the standard was released in January 2023 is inclusion of the topic **Energy** in **GHG Emissions**. This topic covers disclosures for energy consumption within and outside the organisation, and energy intensity.

Material topics confirmed by the materiality assessment process carried on from 2022 to 2023 are listed below.

2022 Material Topics	2022 GRI Disclosure Alignment	2023 Material Topics	2023 GRI Disclosure Alignment
GHG Emissions	11.1	GHG Emissions	11.1
Climate Adaptation, Resilience, & Transition	11.2	Climate Adaptation, Resilience, & Transition	11.2
Environmental Regulatory Management	307	Environmental Regulatory Management	307
Non-Discrimination & Equal Opportunity	11.11	Non-Discrimination & Equal Opportunity	11.11
Asset Integrity & Critical Incident Management	11.08	Asset Integrity & Critical Incident Management	11.08
Economic Impacts	11.14	Economic Impacts	11.14



# 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 consider how these impacts affect stakeholders. The impacts identified as significant for Carnarvon are reflected in each of our material topics, representing those areas of impact which are considered most significant to internal and external stakeholders. Our topic boundaries define the extent of impacts on internal and 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> Helping decarbonise the energy industry	✓	✓	✓	✓	✓		
 <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

As Carnarvon's 2023 material topics are consistent with those in 2022, our goals in 2024 build on the achievements of 2023. We continue to solidify our ESG achievements from previous years, and our annual goals are intended to enable Carnarvon to measure progress against our strategic objectives.

	2023 Material Topic	2024 Goals
Environment	GHG Emissions	Incorporation of emissions reduction measures as part of the design of the Dorado production facilities.  Offset future emissions from production in accordance with relevant regulatory requirements.
	Climate Adaptation, Resilience & Transition	Progress biofuels business in a targeted manner.  Ensure the business is positioned for the introduction of mandatory disclosure of climate related financial risks and opportunities.
	Environmental Regulatory Management	Commence Environment Plan (EP) process for Dorado development and future Bedout exploration activities.
Social	Environmental Regulatory Management	Attract, develop and retain a diverse, inclusive and appropriately skilled workforce.  Assess potential secondment opportunities for staff as part of the Dorado project team.
Governance	Asset Integrity & Critical Incident Management	Ensure the Dorado production facilities will be constructed in accordance with required standards and specifications.
	Economic Impacts	Share price performance year on year.



# 2023 ESG PERFORMANCE OVERVIEW

Carnarvon is committed to continuous improvement and full transparency. In this 2023 ESG Performance Overview, we report on our success achieving the goals from our 2022 Sustainability Report.



Achieved







In progress / partially achieved



Not achieved

	2022 Material Topic	2023 Goal	2023 Achievements	Status	Where to find more information
Environment	<b>GHG Emissions</b>	Seek to incorporate emissions reduction measures as part of the design of Dorado production facilities.	Action on-going following deferral of FID for the Dorado development in August 2022. To be assessed as part of FEED optimisation for revised FID in 2024.		GHG Emissions Page 20
	<b>Climate Adaptation, Resilience &amp; Transition</b>	Develop a long-term GHG emissions management strategy for exploration, development and production.	Formal Carbon Strategy developed.		Climate Adaptation, Resilience, & Transition Page 21
			Progressed commercial arrangements to acquire and / or generate ACCUs, including establishing ANREU account, broker engagement and assessing a number of carbon offset opportunities.		
			Carbon pricing model formalised as part of reforms to the Safeguard Mechanism under the NGER Act.		
	Continue to progress biofuels business.	Continued headway on the Narrogin project, with FEED completed, regulatory approvals further progressed and pelletised feedstock secured.		Climate Adaptation, Resilience, & Transition Page 21	
		Assessed feasibility of various other biofuels investment opportunities in Australia and overseas.			
	<b>Environmental Regulatory Management</b>	Meet or exceed environmental performance requirements under all relevant legislation.	OPP for Dorado development accepted by NOPSEMA.		Environmental Regulatory Management Page 27

	2022 Material Topic	2023 Goal	2023 Achievements	Status	Where to find more information
Social	Non-Discrimination & Equal Opportunity	Attract, develop, and retain a diverse, inclusive and appropriately skilled workforce.	Carnarvon HR Policy finalised.		Carnarvon's People Page 28
		Maximise local employment opportunity for first biorefinery in Narrogin.	Local employment strategy deferred until feasibility of the Narrogin Project is established.		Non-Discrimination & Equal Opportunity Pages 29 to 30
Governance	Asset Integrity & Critical Incident Management	Undertake all exploration activities with zero harm to people or the environment.	No drilling operations undertaken during the reporting period	N/A	Asset Integrity & Critical Incident Management Page 36
		Ensure Dorado facilities are constructed in accordance with all required standards and specifications, whilst protecting the health and safety of workers.	Action on-going following deferral of FID for the Dorado development in August 2022. To be progressed once construction activities for the Dorado development commence following FID in 2024.		About Us Page 5 to 9
	Economic Impacts	Share price performance year on year.	33% decrease in share price  Divestment of partial interest in Bedout assets to CPC for US\$148 million  Interpretation of new 3D seismic identified more than 100 prospects across Carnarvon's Bedout assets, with a significant prospective resource reported to the market.		Economic Impacts Page 35

# OUR ENVIRONMENT

## GREENHOUSE GAS (GHG) EMISSIONS

### 2023 Highlights:



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



Finalised Carbon Strategy



Progressed commercial arrangements for emissions offsets

### Our approach in 2023

Carnarvon recognises the challenges associated with reducing and offsetting emissions from oil and gas operations, as well as the opportunities that the energy transition presents in terms of emerging technologies and new products like biofuels.

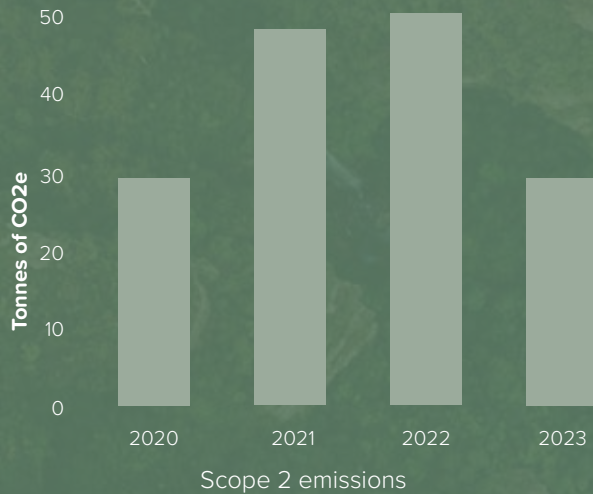
In-line with our commitment to achieving net zero emissions by 2050, if not sooner, Carnarvon formalised a Carbon Strategy during the reporting period to ensure that management of greenhouse gas (“GHG”) emissions is incorporated as an integral part of our business planning.

Carnarvon also put in place some of the key commercial arrangements required for emissions offsets, which will allow Carnarvon to acquire and / or generate ACCUs (and potentially other high quality international offsets e.g. Verra) and ‘bank’ these to offset future emissions from the Dorado production facilities, or any other oil and gas operations.

These steps reflect the changing regulatory landscape in Australia, and particularly the reforms to the Safeguard Mechanism under the NGER Act, which will require the Dorado production facilities to offset any emissions above the prescribed ‘baseline’ once operational. In addition to offsets, Carnarvon is also working with the Dorado operator to investigate emissions reduction measures as part of the design of the Dorado production facilities, as well as future operational practices that could achieve energy efficiencies.

GHG emissions from our assets which are owned and operated by us are reported on each year. Where we do not have operational control, we work proactively with the asset operator and key contractors to ensure best practice emissions reduction is implemented, where possible. Consistent with previous Sustainability Reports, we have no mandatory reportable emissions under the NGERs Act.

We report Scope 2 emissions from the consumption of electricity at our corporate headquarters in Perth on a voluntary basis. These emissions are calculated using the location-based methodology for energy consumption. During the reporting period, our Scope 2 emissions were calculated as 29.6 CO<sub>2</sub>e tonnes, which was lower than our energy consumption in the previous reporting period (see chart below). These emissions were offset by the retirement of an equivalent number of ACCUs purchased by Carnarvon on-market.



### Looking ahead to 2024

As part of FEED optimisation for the Dorado development, we will work with the operator to investigate emissions reduction measures as part of the design of the Dorado production facilities.

We will also consolidate the commercial arrangements we have put in place for emissions offsets, with a view to building up our carbon ‘bank’ by the acquisition and / or generation of ACCUs so we have a sufficient volume of low-cost offsets available once the Dorado production facilities commence operation.

### Our 2024 Goal

- Incorporation of emissions reduction measures as part of the design of the Dorado production facilities.

# OUR ENVIRONMENT

## CLIMATE ADAPTATION, RESILIENCE & TRANSITION

### 2023 Highlights:



Biofuels business progressed



Updated scenario analysis



Carbon pricing model revised

### Our approach in 2023

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.

During the reporting period, Carnarvon undertook further climate change scenario analysis (refer to page 24) to assess the impact of the reforms to the Safeguard Mechanism on the Dorado development (and Carnarvon's Bedout assets as a whole), consider updated oil demand scenarios published by key industry participants like the IEA, BP and OPEC, and revised its carbon pricing model to reflect projected ACCU pricing up to 2030.

We also re-considered our alignment with the TCFD framework (refer to page 22), recognising that standardised requirements for the disclosure of climate related financial risks and opportunities are likely to be introduced for companies in Australia in the next few years.

Our biorefining joint venture, FEA, advanced the Narrogin Project over the year, with the current focus centred on closing out the technology pathway. Separate to FEA, Carnarvon assessed the feasibility of various other biofuels investment opportunities in Australia and overseas.

Climate and sustainability continues to be overseen by Carnarvon's RGS Committee and the Climate Change Working Group ("CCWG"). Both groups meet twice a year and report to Carnarvon's Board, or its Chief Executive Officer, as applicable.

These activities support Carnarvon in its continued goal of integrating climate considerations into our business planning and processes.



# OUR ENVIRONMENT

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD Recommendations	CVN Statement 2023
<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 senior management, as well as the CCWG. The CCWG is made up of a selection of relevant Carnarvon senior management and staff. 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 biannual basis. The 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 senior 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 the engineering design process for the development of assets through the risk management processes.
Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Carnarvon's resilience to different climate-related scenarios is described in detail in the climate scenario analysis on page 24.



# OUR ENVIRONMENT

TCFD Recommendations	CVN Statement 2023
<b>Risk Management</b>	
<p>Describe the organisation’s processes for identifying and assessing climate-related risks.</p> <p>Describe the organisation’s processes for managing climate-related risks.</p> <p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.</p>	<p>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 biannually.</p> <p>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.</p>
<b>Metrics and Targets</b>	
<p>Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.</p> <p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>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.</p> <p>Carnarvon’s Scope 2 emissions are summarised on page 20. As Carnarvon does not have production at the current time there are no Scope 1 emissions.</p> <p>Carnarvon currently offsets 100% of Scope 2 emissions and will continue to do so as part of our commitment to net zero by 2050.</p> <p>Carnarvon has formalised a Carbon Strategy to manage GHG emissions associated with future production operations over the longer-term.</p>

# OUR ENVIRONMENT

## Climate Change

During the reporting period, our Carbon Strategy was formalised, and we effected commercial arrangements to facilitate the acquisition and / or generation of ACCUs.

### Carbon pricing

Following changes to the Safeguard Mechanism under the NGER Act, Carnarvon has reviewed the carbon price it utilises to assess the economic viability of future projects, and for screening new business opportunities.

Carnarvon has set a ‘low end’ price for ACCUs of A\$30/tCO<sub>2</sub>-e, and a ‘high-end’ price of A\$75/tCO<sub>2</sub>-e, escalated at CPI plus 2% per year from the 2023 – 2024 financial year in accordance with the ‘cost containment’ measure for ACCUs in the Safeguard Mechanism. Whilst this pricing methodology has relative certainty until 2030, beyond this date the price of ACCUs can’t be accurately forecast and Carnarvon has assumed continued escalation at CPI plus 2% until the end of production from the Dorado field. Carnarvon’s current intent is to ensure it has ‘banked’ a sufficient volume of ACCUs prior to 2030 through acquisition or generation using ACCU scheme methods to offset the entirety of its projected obligation under the Safeguard Mechanism for the Dorado development, with a contingency for possible future backfill.

Carnarvon has modelled the impact of the Safeguard Mechanism reforms on the Dorado development using low, mid and high end ACCU pricing consistent with the parameters noted. This has confirmed that the project remains economically robust under all conditions, with the impact of the Safeguard Mechanism reforms more pronounced in the later years of production, assuming there is no backfill and a lower rate of production applies.

For the purposes of screening new business opportunities outside Australia a default carbon price is used (in USD) which is informed by the current market price for ‘high quality’ international offsets like Verra and Gold Standard, with a standard escalation factor then applied.

### Scenario modelling

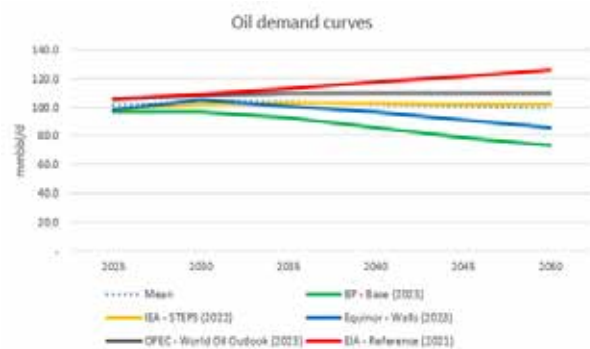
Consistent with its 2022 Sustainability Report (“**2022 SR**”), Carnarvon considers a range of external data to model the impacts of climate change on its business.

This data is predominantly focused on analysis of oil demand, given Carnarvon’s core product is liquid fuels.

Carnarvon refreshed its scenario modelling in the reporting period to take account of the IEA’s latest World Energy Outlook 2022, as well as updated analysis by BP, Equinor, Shell, OPEC and the U.S. Energy Information Administration (“**EIA**”). We also provided for the impact of significant geopolitical factors, like the Russian Federation’s continued invasion of Ukraine, uncertain economic conditions, the direction of OPEC+ decisions and a re-calibration of policy settings in some OECD countries to recognise the importance of security of supply over advancing the energy transition without regard to current energy usage.

In assessing the impact of climate change on the forward demand for oil, Carnarvon primarily relies on scenarios prepared by the IEA and others which reflect current policy settings. That is, while ‘net zero’ scenarios like the IEA’s NZE are considered, these are given lesser weight to those scenarios which, in Carnarvon’s view, are more reflective of the likely oil demand in the period up to 2050.

The chart below aggregates oil demand projections from the latest updates to the ‘base’ scenarios prepared by the IEA, BP, Equinor, OPEC and the EIA:



In all referenced 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. This is unchanged from the analysis undertaken by Carnarvon in the 2022 SR and, in fact, concerns associated with the speed of the energy transition, and security of supply, have

# OUR ENVIRONMENT



heightened in the intervening period. Further, without new supply, demand for oil is projected to outstrip current production in the period up to 2050 due to sustained under-investment. This has been recognised by the oil and gas majors, with Shell and BP, the IOCs with arguably the largest renewables portfolios, slowing down investment in this area and re-focusing on their legacy oil and gas businesses. Spending by the oil and gas industry in 2023 is expected to be at the highest level since 2015 based on IEA data, with the number of offshore projects approved this year also reaching a 10-year high.

Carnarvon's position remains that its business is well placed should demand for oil and gas lessen 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, will make an important contribution to regional fuel security once production commences. Demand for light, sweet crude 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 up to 3 million barrels per day in the IEA's latest STEPS scenario.

Gas produced from the Dorado development in the future has a ready market for domestic use in Western Australia, as well as for possible export as LNG. The latest forecast by the Australian Energy Market Operator ("AEMO") is for a tight supply demand balance in the Western Australia gas market in the period up to 2029, with demand exceeding supply by up to 5%. From 2030 onwards, the market is projected to move into a larger deficit, with potential shortfalls of over 200 TJ/day as coal fired power generation is retired increasing the need for gas generation, and production from existing fields declines. Demand for LNG in the Asian region remains robust post 2030 under all the referenced scenarios, with any impact to gas demand caused by accelerated electrification more than offset by declining production due to lack of new regional supply.

Demand for advanced biofuels is also forecast to grow significantly in the period up to 2050 under various of the referenced scenarios, with the highest share of biofuels consumed in aviation and shipping, where large-scale electrician is challenging. Carnarvon remains committed to progressing its biofuels business to scale, with a financially disciplined approach currently focused on de-risking relevant biorefining technologies.

# OUR ENVIRONMENT

## Biorefining Venture

Carnarvon’s biorefining joint venture, FEA, continued to make steady progress on the Narrogin Project over the course of the year.

The Narrogin Project will utilise waste lignocellulose biomass as feedstock which will undergo pyrolysis followed by a non-catalytic distillation process to produce a renewable diesel, and by-products wood vinegar and biochar. The proposed plant will have annual production of 18.8 million litres of renewable biodiesel, 7,424 tonnes of biochar and 6.2 million litres of wood vinegar.

During the year, a number of key deliverables were advanced, with FEED completed by Technip, regulatory approvals (in the form of environmental and development approvals) further progressed and pelletised feedstock secured.

In May of this year, ACIL Allen released an independent economic assessment report on the economic benefits of a renewable diesel industry in Western Australia based of FEA’s Narrogin Project. The ACIL Allen report was the result of formal collaboration between FEA and Western Australia’s regional power provider, Horizon Power (“**Horizon**”), following Horizon and FEA entering into a non-binding Memorandum of Understanding in July 2022 to jointly explore biorefining opportunities in Western Australia.

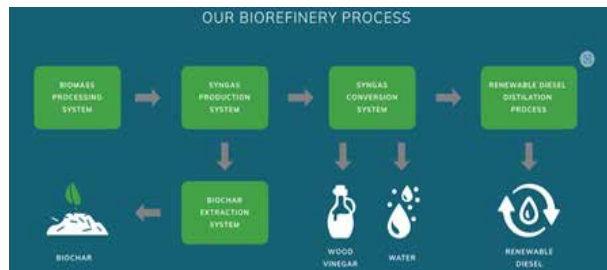
Following the end of the reporting period, FEA was successful in obtaining \$4.72 million in funding from the Western Australian Government’s Investment Attraction Fund for the Narrogin Project. This funding is conditional on FID of the Narrogin Project, and several other considerations.



3D model of proposed Narrogin biorefinery.

Carnarvon continues to see strong fundamentals for a commercial biofuels business, with the business case underpinned by significant interest in offtake and Government support at both State and Federal level. However, commercialisation of technology remains a key deterrent.

Carnarvon is maintaining a disciplined approach to its investment in FEA as the joint venture progressively works through the various elements required to establish feasibility of the Narrogin project.



## Looking ahead to 2024

We will continue to progress the biofuels business in the coming year, focusing on realisation of the technology pathway for the Narrogin Project, and the various other elements required to establish the project’s feasibility.

We will also build-on our existing presence in the biofuels sector, maintaining existing relationships with the developers of other biofuels projects and assessing new opportunities that meet our required metrics.

We will monitor regulatory developments in respect of the introduction of the new climate disclosure regime, and ensure Carnarvon is positioned for compliance with the new requirements once these become applicable.

### Our 2024 Goals

- Progress biofuels business in a targeted manner.
- Ensure the business is positioned for the introduction of mandatory disclosure of climate related financial risks and opportunities.

# OUR ENVIRONMENT

## ENVIRONMENTAL REGULATORY MANAGEMENT

### 2023 Highlights:



Dorado OPP accepted by NOPSEMA



Zero incidents of non-compliance with environmental laws and regulations

### Our approach in 2023

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

A major milestone for Carnarvon during the year was the acceptance of the Dorado OPP by the regulator, NOPSEMA. Acceptance of the OPP means the joint venture has the primary environmental approval in place to proceed with the Dorado development. The joint venture is now focused on progressing secondary regulatory approvals for the Dorado development, including the relevant Environment Plans.

Carnarvon continued to meet all its environmental regulatory requirements during the reporting period, and had zero non-compliances with environmental laws and regulations. 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. Carnarvon's internal environmental policies can be found on our [website](#), and relevant regulatory approvals can be found on the NOPSEMA and NOPTA websites, as applicable.

### Looking ahead to 2024

Carnarvon will work with the operator of the Dorado development, and its Bedout Exploration Permits, to prepare relevant Environment Plans for project development and exploration activities.

It is expected that consultation with relevant stakeholders will commence in respect of some of these Environment Plans in the next reporting period.

### Our 2024 Goal

- Commence Environment Plan process for the Dorado development and future Bedout exploration activities.

# OUR SOCIETY

## CARNARVON'S PEOPLE

### 2023 Highlights:



Human Resources Policy finalised



### Our approach in 2023

At Carnarvon we value our employees, and recognise the strength, innovation, and problem-solving ability each of our people bring to the business.

During the year, we finalised the main components of our Human Resources Policy (“**HR Policy**”), ensuring that Carnarvon is fully compliant in relation to relevant employment, workplace health and safety, workers compensation and privacy laws. We also reviewed employment contracts to ensure these reflected current legislation, and revised these where it was necessary to do so.

Due to a continued focus on organisational efficiencies our team numbers again fell during the reporting period, with the headcount in our corporate headquarters in Perth reduced by two full time equivalents (FTEs), to a total of twelve staff.

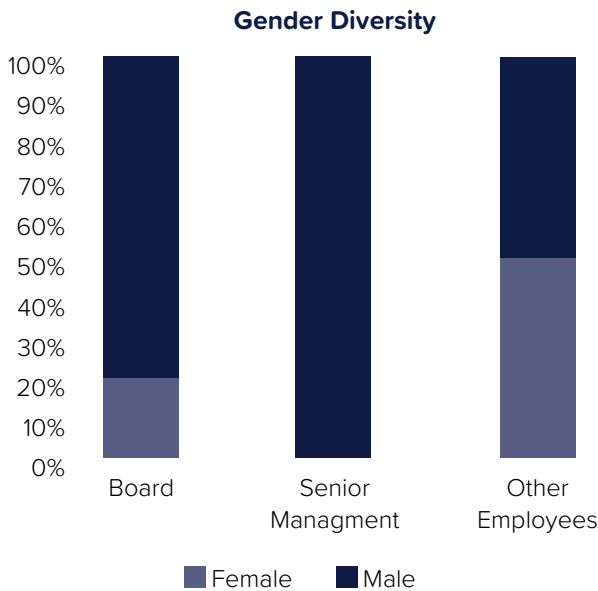
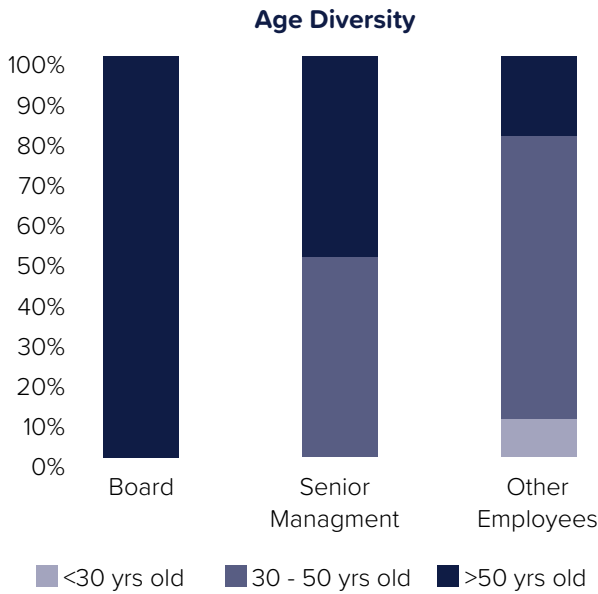
Carnarvon’s disclosure of employees by location, employment type and gender refers to the total headcount at the end of the reporting period (i.e. 30 June 2023). No consultants or contractor staff have been included in these numbers. All employees are employed on permanent contracts.

Location	Unit	Employees	Permanent	Full time	Part time
Perth Office	No.	12	12	10	2
Female	No.	3	3	1	2
Male	No.	9	9	9	0

Reporting method: *Total head count as at end of reporting period, 30 June 2023*

# OUR SOCIETY

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



## NON-DISCRIMINATION AND EQUAL OPPORTUNITY

### 2023 Highlights:

Gender diversity tracked in Annual Report

Human Resources Policy finalised

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.

Carnarvon’s 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.

Our parental leave entitlements are covered in Carnarvon’s Parental Leave Policy. During the reporting period, one employee took parental leave and returned to work to resume their previous role. Our retention rate for employees returning to work following a period of parental leave is currently 100%.

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

# OUR SOCIETY

## Diversity

This period we continued to report on gender diversity in Carnarvon’s 2023 Annual Report as per relevant ASX governance requirements (see also our [Corporate Governance Statement](#)). During the reporting period, there were zero incidents of discrimination reported.

The important role of diversity in our business was also enshrined as part of our new HR Policy, particularly in terms of practices relating to recruitment, compensation, leave and training.

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 one third 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.

As reported in previous Sustainability Reports, 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 are located.

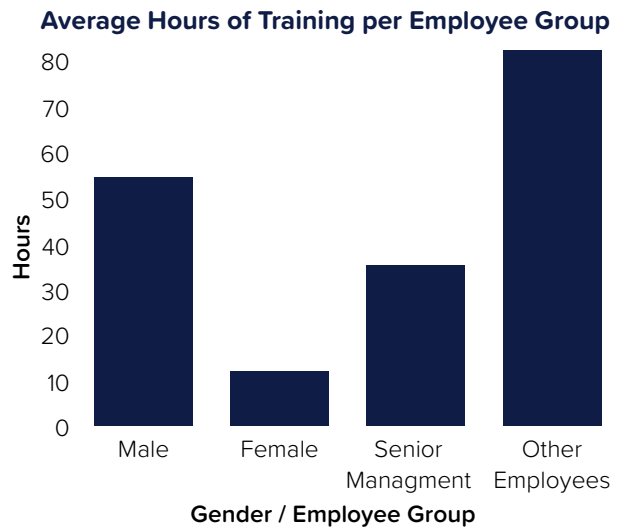
## Training and Development



Average of 47 hours of training per employee

Carnarvon is proud of the strong and innovative culture we have established for our employees. We seek to invest in the personal development of staff, reward individual accomplishments, and grow our future leaders. By valuing our employees’ contributions and empowering them to drive their own 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 funds post graduate study for some employees.

During the reporting year, Carnarvon staff undertook an average of 47 hours of training per employee, as shown in the graph below:



## Looking ahead to 2024

For the coming year, Carnarvon will continue to maintain its focus on ensuring a skilled and diverse workforce but investing in employee development and supporting post graduate studies, where appropriate. With the Dorado development progressing towards FID in 2024, we will also assess secondment opportunities in the Dorado project team in conjunction with the operator for staff with specialist expertise.

### Our 2024 Goals

- Attract, develop and retain a diverse, inclusive and appropriately skilled workforce.
- Assess potential secondment opportunities for staff as part of the Dorado project team



# OUR SOCIETY

## CARNARVON'S STAKEHOLDERS

### 2023 Highlights:



Continued support for small scale agricultural projects in Timor-Leste



Memorandum of Understanding signed with Horizon Power

### Our approach in 2023

While Carnarvon exited the Buffalo PSC during the reporting period, the program we funded for small scale agricultural projects in Timor-Leste continued to provide support to 22 local farming groups in four different regions of the country. This program is aimed at improving farming techniques, and production, to raise the living standards of the farmers involved and their local communities. Carnarvon is proud that it has been able to make a positive impact on the lives of some of the most disadvantaged of Timor-Leste's citizens, despite the fact it will not be conducting further petroleum exploration and production activities in Timor-Leste.

At the start of the reporting period, Carnarvon's biorefining joint venture, FEA, entered into a non-binding Memorandum of Understanding ("MoU") with Horizon Power, Western Australia's regional power provider. The MoU provides a framework for FEA and Horizon Power to pursue a strategic partnership on renewable diesel project development and production, and is intended to canvas a wide range of opportunities (including renewable diesel projects, offtake, power purchase arrangements and new site locations). The MoU underscores the potential of biofuels in Western Australia, particularly given that power generation in remote locations is often provided by diesel generators.

### Looking ahead to 2024

With Environment Plans for the Dorado development and future Bedout exploration activities to be commenced in the coming reporting period, Carnarvon will continue to work closely with its stakeholders to ensure their interests, and those of the business, are appropriately balanced.

# OUR SOCIETY



# OUR GOVERNANCE



## 2023 Highlights:



Operations completed with zero anti-bribery or corruption violations

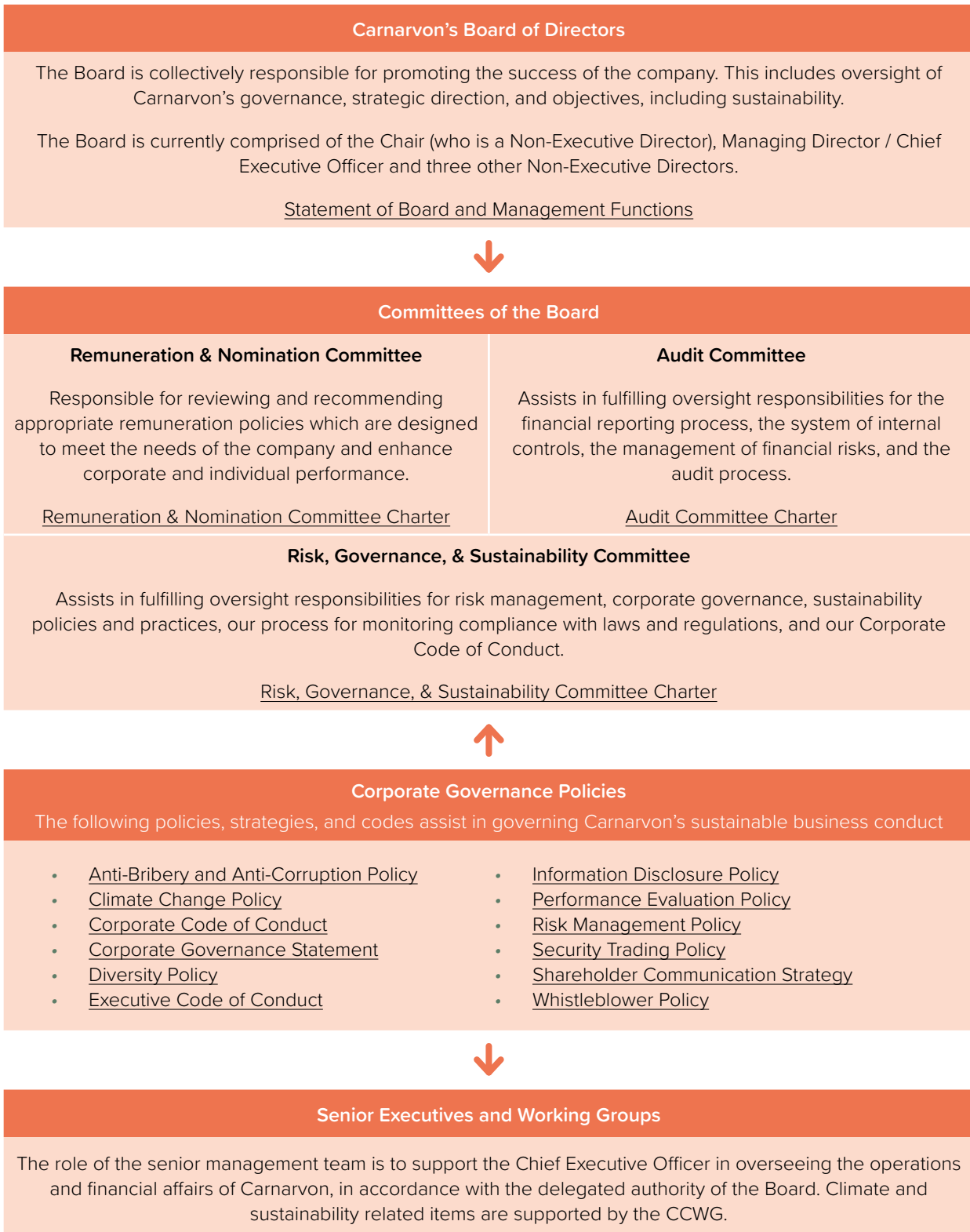
Carnarvon believes high standards of governance are critical to delivering our strategy, creating long-term shareholder value, and maintaining our social licence to operate.

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 our latest [Corporate Governance Statement](#).

In the reporting period, Carnarvon's business activities were undertaken and completed with zero anti-bribery and corruption violations.

# OUR GOVERNANCE


## GOVERNANCE STRUCTURE





# OUR GOVERNANCE

## ECONOMIC IMPACT

### 2023 Highlights:

- 

Completion of partial divestment of Bedout assets to CPC Corporation, Taiwan
- 

FEED for Dorado development substantively complete
- 

Pavo integration studies finalised

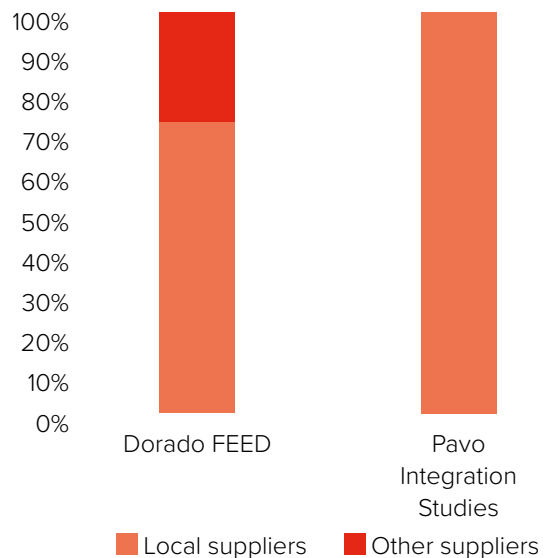
Carnarvon contributes to the national and regional economies in which we operate. Carnarvon’s annual report provides an overview of our economic performance in FY23, and can be found on our [website](#).

During the year, Carnarvon executed a binding agreement with CPC to divest a 10% interest in Carnarvon’s Bedout assets, including the Dorado field, for a total cash consideration of US\$148 million. The CPC transaction is transformative for Carnarvon, providing the bulk of funding for the Dorado development, as well as allowing the company to unlock the substantial exploration potential across its Bedout assets.

FEED for the Dorado development was substantively complete during the reporting period, with studies for the integration of the Pavo field with the Dorado Phase 1 liquids development also undertaken. The Pavo integration studies confirmed Pavo can be tied-back to the Dorado facilities, allowing the Pavo resource to backfill production from the Dorado field at a low unit cost once production rates begin to naturally decline after 2 – 3 years. Interpretation of new 3D seismic by the joint venture identified more than 100 prospects across Carnarvon’s Bedout assets, with a significant prospective resource reported to the market following the end of the reporting period.

The majority of expenditure associated with the completion of Dorado FEED, and the Pavo integration studies, was spent on local suppliers, as indicated by the below graph. As stated in our Non-Discrimination and Equal Opportunity chapter (page 29), ‘local’ is defined as residing in Western Australia as this is where Carnarvon’s operations reside.

**Procurement budget spent on local suppliers**



### Looking ahead to 2024

In the coming period, Carnarvon intends to work closely with the Dorado operator, and joint venture, to progress the Dorado development to FID.

We will also seek to drive share price growth through the realisation of Dorado FID, firming up the next drilling targets in the Bedout Exploration Permits and new business opportunities driven by value generation and returns on investment.

### Our 2024 Goal

- Share price performance year on year.

# OUR GOVERNANCE

## ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT

### 2023 Highlights:



Annual review of risks completed



ISO 55001 accreditation

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 2023

Carnarvon did not undertake any drilling operations during the reporting period. Nevertheless, our Incident Management Team (IMT) and Crisis Management Team (CMT) both remained active, with a focus on updating relevant procedures, and maintaining emergency preparedness.

Close to the end of the reporting period, Carnarvon achieved ISO 55001:2014 accreditation, providing the necessary external certification of our Asset Management System. ISO 55001 accreditation means Carnarvon is positioned for future operations, and provides a strong endorsement of the operational capability of our small, but experienced, team.

We continue to align sustainability and risk management through our RGS Committee and corporate risk register. Risks are assessed with consideration given to potential health, safety, environmental, community, reputational, legal, and financial impacts. Materials risks are managed across our business activities, functions, and processes via our risk management software, CGR, with day-to-day management by our Business Process Manager and General Counsel, and oversight by Management. The RGS Committee provides the final level of risk review, in addition to its overall responsibilities for corporate governance and sustainability, with ultimate endorsement of the company's 'top risks' by the Board.

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

### Looking ahead to 2024

For the coming period, Carnarvon will continue to aim 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 on-going training and development of our staff.

### Our 2024 Goal

- Ensure the Dorado production facilities will be constructed in accordance with required standards and specifications



## CONTACT DETAILS

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Phone: +61 8 9321 2665

# SUPPORTING INFORMATION

## ACRONYMS

Abbreviation / Term	Definition	Abbreviation / Term	Definition
2022 SR	Carnarvon's 2022 Sustainability Report	IPIECA	International Petroleum Industry Environmental Conservation Association
ACCU	Australian Carbon Credit Unit	IRR	Internal Rate of Return
AEMO	Australian Energy Market Operator	LNG	Liquefied Natural Gas
ASX	Australian Securities Exchange	NGER Act	<i>National Greenhouse and Energy Reporting Act 2007 (Cth)</i>
CAPEX	Capital Expenditure	NOPSEMA	National Offshore Petroleum Safety and Environment Management Authority
CCWG	Climate Change Working Group	NOPTA	National Offshore Petroleum Titles Administrator
CO <sub>2</sub> e	Carbon Dioxide Equivalent	NPV	Net Present Value
CPC	CPC Corporation, Taiwan	OBO	Operated By Others
EIA	U.S. Energy Information Administration	OECD	Organisation for Economic Cooperation and Development
EP	Environment Plan	OPEC	Organization of the Petroleum Exporting Countries
ESG	Environmental, Social, and Governance	OPEX	Operating Expenses
FEA	FutureEnergy Australia Pty Ltd	OPP	Offshore Project Proposal
FEED	Front-End Engineering Design	RGS	Risk, Governance, and Sustainability
FID	Final Investment Decision	SDG	Sustainable Development Goals
FTE	Full Time Equivalent	TCFD	Taskforce On Climate-Related Financial Disclosures
GHG	Greenhouse Gas	USD	United States Dollars
GRI	Global Reporting Initiative		
HR	Human Resource		
HSE	Health, Safety, and Environment		
IEA	International Energy Agency		
IOC	<i>International Oil Company</i>		



# SUPPORTING INFORMATION

## GRI CONTENT INDEX

<b>Statement of use:</b>	Carnarvon Energy has reported in accordance with the GRI Standards for the period 1st July 2022 to 30 June 2023.
<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>GRI 1: Foundation 2021</b>			
<b>General Disclosures</b>			
<b>1. The organisation and its reporting practices</b>			
	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	N/A – there have been no restatements made during the reporting period.
	2-5	External assurance	Sustainability Report not externally assured because Carnarvon gathers, records, compiles and analyses information internally, and this is subsequently verified by the RGS Committee adhering to the GRI Reporting Principles.
GRI 2: General Disclosures 2021			
<b>2. Activities and workers</b>			
	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	No consultants or contractor staff have been included in these numbers. All employees are employed on permanent contracts.
<b>3. Governance</b>			
	2-9	Governance structure and composition	<a href="#">Our Governance</a>

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
	2-10	Nomination and selection of the highest governance body	<a href="#">Our Governance</a> refers to nomination and selection processes utilised by the Remuneration and Nomination Committee, as detailed in Carnarvon's <a href="#">Corporate Governance Statement</a>	
	2-11	Chair of the highest governance body	The Chair of the Carnarvon Board is a non-executive director.	
	2-12	Role of the highest governance body in overseeing the management of impacts	The RGS Committee assists the Carnarvon Board to oversee and monitor risk management and compliance with laws and regulations, as covered in the Risk, Governance and Sustainability Committee Charter and other policies, referred to in <a href="#">Our Governance</a> , <a href="#">Governance Structure diagram</a> , and <a href="#">Statements in the TCFD table within Task Force on Climate-related Financial Disclosures</a> .	
GRI 2: General Disclosures 2021 (cont)	2-13	Delegation of responsibility for managing impacts	Covered in <a href="#">Asset Integrity and Critical Incident Management</a> and 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 Corporate Code of Conduct and other corporate governance policies listed in <a href="#">Our Governance</a> describe the processes covering prevention and mitigation of conflicts of interest	
	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>	

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.
	2-19	Remuneration policies	<a href="#">Remuneration and Nomination Committee Charter</a> and the Carnarvon 2023 Annual Report
	2-20	Process to determine remuneration	<a href="#">Remuneration and Nomination Committee Charter</a> and the Carnarvon 2023 Annual Report
	2-21	Annual total compensation ratio	Refer to the Carnarvon 2023 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>
	2-24	Embedding policy commitments	<a href="#">Our Governance</a> refers to the role and function of the Committees of the Carnarvon Board
GRI 2: General Disclosures 2021 (cont)	2-25	Processes to remediate negative impacts	Covered in the <a href="#">Risk, Governance and Sustainability Committee Charter</a> and mentioned in <a href="#">Asset Integrity and Critical Incident Management</a>
	2-26	Mechanisms for seeking advice and raising concerns	See our <a href="#">Whistleblower Policy</a>
	2-27	Compliance with laws and regulations	There were zero instances of non-compliance in the reporting period. Refer to <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	Refer to <a href="#">Carnarvon's Stakeholders</a> and the 'Our Stakeholder's' diagram
	2-30	Collective bargaining agreements	<a href="#">Carnarvon's People</a> states all Carnarvon employees are employed under individual permanent contracts, and therefore there are no collective bargaining agreements.
<b>Material Topics</b>			
	3-1	Process to determine material topics	<a href="#">GRI Materiality Process</a> section describes the process utilised to identify impacts and determine our material topics.
GRI 3: Material Topics 2021	3-2	List of material topics	<a href="#">GRI Materiality Process</a> section lists our material topic with the previous year topics, which are the same.

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
<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
	302-1	Energy consumption within the organisation	<a href="#">Greenhouse Gas (GHG) Emissions</a> section refers to our reportable energy consumption of Scope 2 emissions in our Perth Office.	11.2
	302-2	Energy consumption outside of the organisation	<a href="#">Reporting Scope and Boundaries</a> and <a href="#">Our Reach</a> outlines our assets which are primarily controlled by joint venture partnership, who control the activities and reporting. We do not compile this information for reporting.	11.3
	302-3	Energy intensity	As noted at 302-2 our assets are controlled by joint partnerships, we do not compile energy output information. Our energy use is detailed at <a href="#">Greenhouse Gas (GHG) Emissions</a> .	11.4
	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	11.5
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Greenhouse Gas (GHG) Emissions</a> section refers to our reportable energy consumption of Scope 2 emissions in our Perth Office.	11.6
	305-3	Other indirect (Scope 3) GHG emissions	Activities are primarily controlled by joint venture partnerships, see 302-2, value chain GHG data is not available. Our energy use is detailed in the <a href="#">Greenhouse Gas (GHG) Emissions</a> section.	11.7
	305-4	GHG emissions intensity	GHG emissions intensity data does not apply, refer to 302-3, and <a href="#">Greenhouse Gas (GHG) Emissions</a> section.	11.8
<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. Refer to <a href="#">Task Force on Climate-related Financial Disclosures</a>	11.2.2
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	There were no operational emissions during the reporting period as no drilling occurred.	11.2.3

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
<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	There were zero instances of non-compliance with environmental laws and regulations this reporting period. Refer to <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	Carnarvon had zero loss of primary containment events, refer to <a href="#">Asset Integrity and Critical Incident 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> and <a href="#">Carnarvon's People.</a>	11.11
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. Refer to <a href="#">Non-Discrimination and Equal Opportunity.</a>	11.11.3
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.4
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.5
	405-2	Ratio of basic salary and remuneration	N/A – information not available for reporting period due to confidentiality constraints.	11.11.6
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were zero incidents reported during the reporting period, refer to <a href="#">Non-Discrimination and Equal Opportunity</a>	11.11.7

# SUPPORTING INFORMATION

GRI Standard	Disclosure	Location / Reason for Omission	GRI 11 Ref.	
<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 2023 Annual Report.	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 2023 Annual Report.	11.14.4
	203-2	Significant indirect economic impacts	Refer to the Carnarvon 2023 Annual Report.	11.14.5
GRI 204: Procurement Practices (2016)	204-1	Proportion of spending on local suppliers	Carnarvon contributes to national and regional economies where operating, as outlined in Carnarvon 2023 Annual Report and <a href="#">Economic Impact</a> .	11.14.6





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