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## Management and control

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Johan Sverdrup.  
Photo: Ole Jørgen Bratland / Equinor

# Board of directors of Petoro



Gunn Wærsted

**Chair**

**Year of election:** 2014

**Other directorships:** Chair of Telenor; chair of Obton AS, director of FIL Ltd – group holding company for Fidelity International and Eight Roads Limited.

**Education:** MBA, BI Norwegian Business School.

**Career:** Executive vice president in DnB responsible for capital management and life insurance, in addition to being chief executive in Vital Forsikring ASA and member of corporate executive management, 1999-2002; CEO, SpareBank 1 Gruppen AS, and head of SpareBank 1 Alliance, 2002-2007. Global head of wealth management, president of Nordea Bank Norge and member of the corporate executive management of Nordea, 2007-2016.



Brian Bjordal

**Deputy chair**

**Year of election:** 2016

**Occupation:** Self-employed

**Other directorships:** Deputy chair Fonna Health Trust, member of the Government-appointed Security Council

**Education:** Civil engineer, BSc, Heriot-Watt University, Edinburgh

**Career:** 1977-1979: Stoltz Røthing (construction); 1979-1984: Taugbøl & Øverland; 1984-2001: Statoil ASA, Senior Engineer pipelines & structures; head of Pipeline & Platform Inspection, asset owner representative Europipe development, head of early-phase studies Europipe II, Åsgard Transport, Ekofisk by-pass, Franpipe, director of Process plant Kårstø, director Troll / Sleipner area (Development and Production Norway); 2001-2015: Gassco AS, President and CEO.



Kristin Skofteland

**Director**

**Year of election:** 2020

**Occupation:** Chief Commercial Officer & Legal Counsel Beyonder AS

**Education:** Law degree from the University of Tromsø, Attorney and TRIUM Executive MBA

**Career:** Various positions in Total Norge AS, including Legal Director and then Director of Gas and Oil Sales, Strategy, Business Development and R&D.



**Trude J. H. Fjeldstad**

**Director**

**Year of election:** 2015

**Occupation:** Vice President Portfolio Management New Business/ Managing director Statkraft Tofte AS

**Education:** Economics degree, University of Oslo, financial analyst and MBA in corporate finance, Norwegian School of Economics.

**Career:** Various positions in Statkraft Treasury Centre SA; secretary to the board, Statkraft; senior gas manager, Statkraft; chief executive, Paine de l'Ain Power SAS and portfolio manager for gas in Norsk Hydro



**Hugo Sandal**

**Director**

**Year of election:** 2017

**Occupation:** Self-employed.

**Education:** Civil engineer from NTH (now NTNU) and Degree of Engineer from Stanford University.

**Career:** Various positions in Saga Petroleum during the period 1976-1987. Consultant in Railo International from 1987-1989. Chief executive in Sabico AS 1989-1991, primary activities aquaculture and biotechnology. Worked for Deminex, later DEA from 1991, chief executive since 1996 until reaching retirement age in 2016. Director Saga Petroleum 1983-1985. Chair OLF, (now NOROG), 1999-2003. Member of NHO's executive committee 2000-2004.



**May Linda Glesnes**

**Director (elected by the employees)**

**Year of election:** 2020

**Occupation:** Senior financial adviser, Petoro AS

**Education:** MSc in Business from University of Edinburgh, Master's degree in finance from the University of Wollongong.

**Career:** Senior financial adviser in Petoro, senior project economist in Subsea 7, financial adviser at Sparebank1 in Kongsberg.



**Ragnar Sandvik**

**Director (elected by the employees)**

**Year of election:** 2018

**Occupation:** Senior adviser, Strategy and Analysis, Petoro AS.

**Education:** MSc in Business Economics with specialisation in finance from NHH

**Career:** Broad experience as senior adviser for Strategy, Commercial and Economics in Petoro, as well as consultant in Accenture for Change Management, Strategy and Digitalisation in Systems Development and Process Improvement.



# Management of Petoro



Kristin Fejerskov Kragseth

**President and CEO**

**Education:** Marine engineer with a master's degree from Texas A&M University.

**Career:** Nearly 30 years of experience from the oil and gas industry, and comes from the position of President and CEO of Vår Energi. Has previously worked as Vice President for Production in Point Resources and Technical Manager for the Norwegian shelf in ExxonMobil. She has also held a number of positions in ExxonMobil, both nationally and internationally.



Kjell Morisbak Lund

**Vice President Licence Follow-up and Technology**

**Education:** MSc marine technology, NTNU.

**Career:** Broad experience from work in upstream and downstream oil and gas activities. This includes positions as a researcher on marine structures in SINTEF, multiple project, staff and management positions in Statoil - most recently as HSE director for midstream and downstream activities. Acting CEO of Petoro AS between September 2020 and June 2021.



Ole Njærheim

**Vice President Marketing and Commercial**

**Education:** MBA from the University of Agder, MSc University of Surrey and Certified European Financial Analyst, Norwegian School of Economics (NHH)

**Career:** Broad experience from financial and commercial consultancy as Managing Director for ECON Consulting Group. Njærheim has also been investment director for IKM Invest AS and Spring Capital AS. He has previously worked for e.g. Lyse Energi and Standard and Poor's/DRI.



Jonny Mæland

**Vice President of Finance and IT**

**Education:** MBA from the University of Agder and specialisation in business analytics from the Norwegian School of Economics (NHH) in Bergen

**Career:** Extensive experience from various positions, both domestically and internationally, in ConocoPhillips since 1998, as well as two years as Finance Manager in Norwegian Energy Company ASA. Comes from the position of Director Financial Reporting and Analysis in ConocoPhillips Norge. Employed by Petoro since 2018.



Kjersti Bergsåker-Aspøy

**Vice President Legal Affairs**

**Education:** Law degree from the Universities of Bergen and Oslo, specialising in EU competition law

**Career:** Has more than 15 years of experience from the oil industry and came to Petoro from the position of legal director in DEA Norge AS, a position she had held since January 2017. Before that, she was the legal director of Engie for almost six years and spent more than six years in the legal department at Statoil, where she worked on the Hydro merger, among other things. Before joining Statoil in 2005, she was both an attorney and deputy judge. Bergsåker Aspøy has also been the head of the Legal Committee in Norwegian Oil and Gas.



Heidi Iren Nes

**Vice President Organisation and Strategy**

**Education:** MSc in business economics, Norwegian School of Economics, Bergen.

**Career:** Started in Petoro's finance department in 2008 after a few years in Subsea 7 Norway. Then transitioned into a new role in Petoro's marketing department from 2013 to 2019. Was also an employee representative on the Petoro Board from 2016 to 2018.

# Corporate governance

The State's Direct Financial Interest in petroleum activities on the Norwegian continental shelf (SDFI) represents one-third of Norway's oil and gas reserves. Petoro acts as steward for substantial assets on behalf of the Norwegian state. This requires good governance that safeguards expectations from the owner, our peers and society at large.

The Petoro Board adheres to the requirements for governance in the public sector specified in "Regulations on Financial Management in Central Government" and in standards for good corporate governance. The company follows the state's principles for good corporate governance with particular attention devoted to the state's expectations for the companies, as expressed in the white paper Meld. St. 8, 2019-2020 "The state's direct ownership in companies. Sustainable value creation". The company observes those sections of the Norwegian Code of Practice for Corporate Governance regarded as relevant to Petoro's business and to the frameworks established by its form of organisation and ownership. A report is provided below on the main topics with relevance for Petoro AS.

The Board emphasises good corporate governance and management in order to ensure that the SDFI portfolio is managed in a way which maximises financial value creation, and creates a basis for confidence in the company by the owner, the employees, the petroleum industry and other stakeholders, as well as society at large. Corporate governance in Petoro is based on balanced management by objectives with established objectives that are stipulated on an annual basis and which support the company's strategy. The company's management system is tailored to the distinctive nature of the enterprise and contains governing

documentation that shall contribute to ensure that Petoro realises its goals and strategies and carries out its primary tasks in an efficient and systematic manner within the given framework and an acceptable risk profile. The Board is responsible for stipulating the general framework for internal control, and then following up that this is adhered to, thereby ensuring that the risk is satisfactorily managed at all times. All governing documents at the enterprise level are reviewed annually, and attention is focused on continuous improvement of processes and controls. The company's privacy policy is included in the management system. The company reports achieved results throughout the year to its owner and has regular meetings with the owner over the course of the year.

Petoro's values base is integrated in its business activities. Petoro's values - dynamic, responsible, inclusive and bold - are the foundation that will define how the employees work and thereby support the company's goals and strategy.

Guidelines for exercising CSR are stipulated by the company's Board and are an integrated part of Petoro's activities, strategy and values. Petoro reports on the follow-up of its CSR in a separate chapter of this annual report, and provides extensive details in the company's sustainability report in spring 2022.

## Activities

Petoro AS' main activities follow from Chapter 11 of the Petroleum Act, as well as the company's Articles of Association.

Petoro's purpose is to safeguard the commercial aspects associated with the State's Direct Financial Interest in petroleum activities on the Norwegian continental shelf, as well as associated activities. Management is exercised at the state's expense and risk.

The company has three main duties:

- Management of the state's participating interests in the joint ventures where the state has such interests at any given time.
- Monitoring Equinor's marketing and sale of the petroleum produced from the state's direct participating interests, in line with Equinor's marketing and sale instructions.
- Financial management for the state's direct participating interests.

Petoro's operations are subject to the Norwegian Limited Liability Companies Act and the Norwegian Petroleum Act, as well as the Regulations on Financial Management in Central Government — including the rules on appropriations and accounting. The Instructions for Financial Management of the SDFI and annual letters of allocation govern how the company manages the SDFI's activities. In addition, the company's Articles of Association, strategy, values and guidelines on business ethics,

including its guidelines for exercising the company's CSR, provide guidance for exercising Petoro's activities.

Petoro's strategy has been prepared with a point of departure in the SDFI portfolio and changes in its surroundings. This strategy takes a point of departure in the company's vision and overall goals. The goal is to create the greatest possible values, and achieve the greatest possible revenue for the state from the SDFI, while at the same time safeguarding sustainability and the climate. The strategy has four priorities: (1) more wells by increasing drilling efficiency, (2) better understanding of reservoirs, particularly by utilising opportunities for digitalisation, (3) choosing solutions with a long-term perspective in field development, and by (4) increasing the utilisation of the facilities through safe and efficient operations.

The company is the licensee for the state's portfolio on the NCS, with the same rights and obligations as other licensees. The scope of the SDFI portfolio gives Petoro the overview and insight to be a driving force on the Norwegian Shelf. The company works to reinforce value creation opportunities with emphasis on long-term business development through focused follow-up, supported by in-depth professional commitment. Petoro's follow-up of activities in the joint ventures is differentiated on the basis of its capacity and the commitment required to perform its role. The company endeavours to achieve good governance in the joint ventures, and cooperates with other operators and partners on further development of good performance-management processes.

Pursuant to the agreements for petroleum activities, the commercial information Petoro receives is subject to confidentiality. The company has internal instructions for dealing with inside information received by Petoro. These apply to the company's directors,

employees, auditor, advisers or others in a relationship with the company who receive information that is not publicly known and/or expressly defined as "inside information" within the meaning of the Norwegian Securities Trading Act. Information that may have an impact on the stock market must be treated as "inside information".

A special system has also been established for approving external directorships held by employees. Employees must ensure that their ownership of shares does not create any conflict between their personal interests and management of the state's participating interests or the interests of Petoro AS. Senior employees (President and CEO and employees who report directly to the President and CEO) are prohibited from owning shares in licensee companies.

Petoro presents separate accounts for SDFI portfolio transactions, which form part of the government's accounts. Cash flows generated from the portfolio are transferred to the state's own accounts with Norges Bank.

## Share capital and dividends

Petoro has a share capital of NOK 10 million and is wholly owned by the Norwegian state. The state guarantees the company's liabilities. The limited company's own operating costs are covered by annual appropriations over the fiscal budget. The operating contribution is presented as operating revenue in the limited company's accounts. The company receives appropriations to meet its costs and does not pay a dividend. Shares in the company cannot be traded or transferred.

## Equal treatment of shareholders

Shares in Petoro AS are owned by the state and the company has no personal shareholders.

The state employs a common ownership

strategy to maximise the overall value of its ownership interests in Equinor ASA as well as the state's own oil and gas interests. On this basis, Equinor ASA undertakes the marketing and sale of the state's petroleum pursuant to a marketing and sale instruction approved by the general meeting of Equinor ASA. Through Petoro AS' articles of association, Chapter 11 of the Petroleum Act and the marketing and sale instruction for Equinor ASA, the government has given Petoro responsibility for monitoring that Equinor ASA performs its duties in accordance with this instruction.

A duty of commercial confidentiality applies to information Petoro receives through its monitoring of Equinor ASA's marketing and sales and in its work on the budget and accounts relating to the marketing and sale of the state's petroleum. The company's ethical guidelines emphasise that recipients of such confidential information must use it only for its intended purpose, and must not trade in Equinor ASA's securities for as long as the information is not publicly known.

## General meeting

The Ministry of Trade, Industry and Fisheries, in the person of the Minister, represents the Government as sole owner and serves as the company's general meeting and highest authority. A notice of general meetings is issued in accordance with the provisions of the Norwegian Limited Liability Companies Act relating to state-owned companies. The annual general meeting is held before the end of June each year. Guidelines for issues to be considered by the company's general meeting are laid down in the Petroleum Act. Owner decisions and resolutions are adopted at the general meeting, which also elects the company's external auditor.

## Election of directors

The company is subject to the state's procedures for selecting directors.



Directors are elected by the general meeting, which also determines the remuneration of all directors. Directors elected by and from among the employees serve two-year terms.

## Composition and independence of the Board

Petoro's Board comprises seven directors, five of whom are elected by the general meeting. Two are elected by and from among the company's employees. Four of the directors are women. Directors are elected for two-year terms and have no commercial agreements or other financial relationships with the company apart from the directors' fees established by the general meeting and contracts of employment for the directors elected by the employees. All shareholder-elected directors are independent of the owner.

The Board considers its composition in terms of expertise, capacity and diversity to be appropriate for following up the company's goals and assignments. Each director and the Board as a collective body continuously seek to strengthen their expertise in various ways. These include participation in courses and conferences and generally following developments within the business area.

## Work of the Board

The Board has overall responsibility for the management of Petoro, including ensuring that appropriate management and control systems are in place, and for exercising supervision of the day-to-day conduct of the company's business. The Board's work is based on instructions that describe the Board's responsibilities and administrative process, which includes the Board's emphasis on ensuring that CSR is integrated in the activities and the Board's decisions. Eight ordinary board meetings were held in 2021.

As an appendix to the instructions for its work, the Board has adopted

supplementary provisions for matters it shall consider. An annual schedule of meetings has been established for the work of the Board, with the emphasis on considering topical commercial issues and following up strategies, budgets and interim results. The Board utilises a balanced scorecard system as a key instrument for measuring results.

The Board considers major investment decisions within the SDFI portfolio, follow-up and consideration of activities in the joint ventures, and monitoring of gas sales — including an assessment of the overall risk scenario, as well as the climate risk. The Board has chosen to organise its work related to compensation through a sub-committee comprising two of the shareholder-elected directors, one of whom is the deputy chair. No other sub-committees have been established. In the event of conflicts of interest, the established practice has been for the director concerned to abstain from the Board's consideration of the matter. Conflicts of interest are a fixed item on the agenda for the Board's meetings and consideration of matters.

An annual self-assessment is conducted by the Board, which encompasses an evaluation of its own work and mode of working, as well as its collaboration with company management. The self-assessment for 2021 is complete. The Board has reviewed the company's CSR and business ethics guidelines, as well as the Board instructions. The company has prepared guidelines for diversity, inclusion and equality in 2021.

## Risk management and internal control

Risk management in Petoro is a continuous process where management and the Board identify and prioritise relevant risks for Petoro's goal attainment. The Board undertakes an annual review of the company's most important risk areas and internal control. In this review, the Board emphasises the

risks and opportunities that Petoro itself can influence through its own measures within the frameworks available to it. The most important operational risks are followed up in the management committees for the prioritised joint ventures. Petoro works continuously on risk management in line with principles for integrated management and developments in the company's risk picture.

Identification and management of risk and risk exposure make up part of Petoro's business processes. The company works with risk management to handle matters that could affect its ability to attain specified targets and to implement chosen strategies, as well as matters that may affect its ability to submit accurate accounts. Risk management is integrated in Petoro's performance management system. The climate risk for the SDFI has become clearer in 2021, and has been integrated in the company's risk picture. We have identified risks of Petoro being unable to realise CO<sub>2</sub> reduction measures in the portfolio and that the value of the SDFI portfolio could be affected over the longer term. The company has identified measures to accommodate this risk. This is described in more detail in the dedicated sustainability report this spring.

The company's internal control shall ensure that its activities are carried out in accordance with the company's governance model and compliance with regulatory requirements. The internal control function forms an integrated element in Petoro's management processes, and is responsible for ensuring that integrity and completeness are assessed for all management information and that the management system is effective. In 2021, internal controls have been particularly aimed at following up the marketing and sale area, complying with guidelines for information security and the procurement process. The result is satisfactory in all areas and the

internal controls are in accordance with generally acceptable standards.

The framework for internal control has been formulated to provide a reasonable level of assurance that goals will be met in the following areas:

- Purposeful and cost-effective operations
- Reliable reporting of accounts
  - Compliance with applicable statutes and regulations

Guidelines have been adopted by Petoro to facilitate internal reporting of improprieties in its activities. Whistleblowing is also included in the company's business ethics guidelines. Whistleblowers who want to preserve their anonymity or who do not wish to raise the matter with their superior for other reasons, can notify the internal auditor. The company's values and business ethics guidelines clarify principles that shall govern the company's commercial operations and employee conduct.

### Remuneration of the Board and senior employees

The general meeting determines the remuneration of directors. The Board determines the remuneration of the president and CEO. The CEO determines the remuneration of other members of the company's senior management. The Ministry of Trade, Industry and Fisheries stipulated new guidelines for senior executive pay in companies with state ownership on 30 April 2021. The company's Articles of Association were most recently amended on 25 June 2021. Guidelines pursuant to Section 6-16a of the (Norwegian) Public Limited Liability Companies Act and associated Regulation shall be presented for approval no later than at the ordinary general meeting in 2022. The wage report pursuant to Section 6-16a of the (Norwegian) Public Limited Liability Companies Act and associated Regulation shall be presented for approval no later than at the ordinary

general meeting in 2023. The company's annual report for 2021 shall state wages and other benefits for senior executives in line with relevant guidelines. In 2021, the management team consisted of 7 people, including the CEO. Actual wages and other remuneration for senior executives is described in more detail in a note to the annual accounts in the same manner as in 2020.

### Information and communication

The company has established a communication strategy to ensure that an open dialogue is pursued both in-house and externally, so that the employees and other stakeholders are well informed about its business activities.

The company publishes information via its website, including press releases as well as the interim and annual reporting of its results. Petoro's annual report presents a broad description of the company's operations, as well as the directors' report and the annual accounts. The Board's presentation of the company's CSR is included in this annual report. The company is also preparing a separate sustainability report from 2021. This will be published on the company's website in spring 2022.

### Auditor

The Office of the Auditor General (OAG) is the external auditor for the SDFI portfolio pursuant to the OAG Act. The OAG verifies that the company's management of the portfolio accords with the decisions and assumptions of the Storting (parliament), and audits the annual accounts for the SDFI portfolio. On the basis of this work, the OAG submits its report in a final auditor's letter.

The Board has also appointed PwC to conduct a financial audit of the SDFI accounts as part of Petoro's internal audit process. PwC conducts a financial audit of the portfolio's accounts and

submits an independent statement. This statement details whether the annual accounts pursuant to the accounting principles and on a cash basis were rendered pursuant to the rules of the Accounting Act and rules for state accountancy on a cash basis. The contract with the external auditor company covers both financial auditing of the SDFI and Petoro's internal auditor function. In this role, the company audits the internal control systems in accordance with the instructions and an annual plan approved by the Board. The internal auditor handles the company's function for receiving notices.

The general meeting chose KPMG AS as the external auditor for Petoro AS.

### Guidelines for diversity, inclusion and equality.

The company emphasises diversity, inclusion and equality and pursues this in a goal-oriented manner both as regards the composition of the management team and elsewhere. Petoro has had at least 40 per cent women on its board since its inception. The rules for electing employee representatives to the Board require one representative for each gender. External directors are designated by the responsible ministry. The company participates in Ernst and Young's SHE Index as of 2021. Petoro has guidelines for diversity, inclusion and equality. The statement on how the company exercises corporate social responsibility specifies that Petoro does not discriminate on the basis of gender, religion, national or ethnic affiliation, social group or political opinion. A more detailed account of the company's work on diversity, inclusion and equality will be provided in the dedicated sustainability report in spring 2021.

# Corporate social responsibility

Petoro's CSR presentation is based on guidelines for exercising CSR adopted by the company, and is tailored to its activities as a licensee on the Norwegian Continental Shelf (NCS). CSR comprises the responsibilities companies are expected to fulfil for people, society, climate and the environment affected by their activities. The work on corporate social responsibility is an integral part of the Board's efforts. Petoro's funding for performing its management duties and for running the company is provided through appropriations from the government. Pursuant to its mandate, Petoro will not provide monetary support for public welfare purposes.

The owner's expectations as regards corporate social responsibility are expressed in the white paper on state ownership, Meld. St.8 (2019-2020) "The state's direct ownership in companies. Sustainable value creation." The Board's presentation below, tailored to Petoro's role and mandate, is based on the owner's expectations and the company's guidelines for CSR.

**Petoro undertakes to pursue its business activities in an ethically prudent, sustainable and responsible manner.** The Board emphasises that the company's CSR forms an integral part of its activities and strategies, and is reflected through its values. These include dynamic, responsible, inclusive and bold. The company's guidelines on business ethics support these values.

**Petoro exercises its activities in accordance with good corporate governance. This applies to its participation in the individual production licences and as a partner in the joint ventures.** The joint venture agreements for the production licences

include governance requirements for the operators. Petoro exercises its role through active participation in management committees and sub-committees on the basis of a prioritisation of available resources and where it can make a difference. Follow-up of the state's equity interests in all joint ventures is incorporated in Petoro's management system.

The HSE regulations establish requirements for Petoro as a licensee on the shelf and participant in the individual onshore plants on behalf of the state as owner. The key elements are the requirement to have one's own management system and the supervisory duty. By exercising its supervisory duty, Petoro contributes to continuous improvement of HSE results for fields and facilities where Petoro is a licensee. Petoro manages a large and diverse portfolio, and prioritises its level of follow-up on the various licenses/ fields/onshore facilities based on commercial criteria, including activities and results related to HSE. The portfolio is subject to an HSE assessment as part of the company's annual planning process. The assessment is conducted based on the historical development in HSE results, developments in the installation's technical condition (TIMP, uptime), changes in operator situation, as well as activities as described in the work programme for the upcoming years which affect the risk picture. Annual major accident workshops are an important part of the joint ventures' safety work. Petoro also participates every year in HSE management visits on selected fields and installations.

**Petoro exercises its activities in a sustainable manner which minimises negative impact on nature and the**

**environment.** Petoro recognises that climate challenges make it necessary to restrict anthropogenic climate impact. The company wants to contribute to ensuring that the oil and gas industry on the Norwegian Shelf leads the way in addressing climate challenges. Climate is an integrated part of Petoro's governance. Petoro will work to ensure that a broad spectrum of effective climate solutions and new technology are considered in selected licences. In 2021, the Board devised a dedicated strategy within sustainability and climate. The climate-related market risk that follows from changes in climate policy, customer needs and customer preferences must, to an increasing extent, be taken into consideration in the company's measures and decisions. In climate-related decisions, we preserve optionality, which secures or increases the value of the portfolio in the event of changes in market needs (reducing risk). The decisions are made in a value chain perspective to secure a potential added value for the products over the longer term. The company's work on climate-related issues is prioritised within the topics of "Decarbonising fields", "Product differentiation" and "Decarbonised products".

The climate risk for the SDFI has become clearer in 2021; this particularly applies for gas sold to countries in Europe with high ambitions to reduce their greenhouse gas emissions. Over the past year, Petoro has assessed which challenges and opportunities the transition to a low-emission society may bring for the SDFI values over the longer term. The company has identified measures that will be carried out over the next few years along with our partners and operators by helping to identify and mature a number of

electrification projects which, over time, will reduce emissions from the SDFI portfolio. This is addressed in more detail in Petoro's sustainability report.

Petoro reports emissions to air and water from the portfolio in the company's sustainability report based on figures obtained from the operators.

**Petoro does not tolerate any form of corruption or other improprieties,** and employees are not permitted to accept remuneration from others in their work for the company. Guidelines on business ethics define what is regarded as corruption, and the consequences of breaching these guidelines are addressed specifically. No breaches of these guidelines have been recorded.

**Petoro's employees shall not accept or offer unlawful monetary gifts or other benefits to secure an advantage for themselves, for Petoro or for others.** Employee directorships and secondary employment must be approved by the CEO in order to avoid possible conflicts of interest. Guidelines on business ethics detail the consequences of breaches. No breaches of the guidelines have been recorded so far.

**Petoro's employees comply with the company's business ethics guidelines.** The company's guidelines on business ethics are publicly available. Their purpose is to clarify principles which will govern the company's commercial operations and employee conduct. All employees sign the company's ethical guidelines each year. These guidelines set requirements for the individual to exercise conduct that does not raise questions, based on the requirement to maintain high ethical standards. It follows from the guidelines that the

individual is expected to contribute to an inclusive work environment. The individual has a shared responsibility to ensure a good environment in terms of health and safety. The guidelines also address matters such as the duty of confidentiality, potential conflicts of interest and questions linked to accepting gifts and services. Senior employees (CEO and employees who report directly to the CEO) are prohibited from owning shares in licensee companies. Petoro has established requirements for information and ICT security in its activities.

**Petoro's employees discharge their duties with a high level of integrity and honesty, and show respect for other people, public authorities and business contacts, as well as health, safety and the environment.** Petoro aims to maintain a sound psychosocial and physical working environment for all employees. The company shall have a corporate structure that promotes good results within health, safety and the environment. Petoro shall actively encourage continuous HSE improvement and believes that all incidents can be prevented. The PetoroAktiv employee association organises a number of social, cultural and athletic activities for employees. The various events are well-attended.

**Petoro does not discriminate on the basis of gender, religion, national or ethnic affiliation, social group or political views.** Petoro emphasises equal opportunities for professional and personal development, pay and promotion. The company facilitates a flexible customising of working hours. When determining wages and in wage negotiations, Petoro is conscious that men and women must be treated

equally. No systematic or significant differences exist between male and female pay in the company. The company has a number of employees from diverse cultural and ethnic backgrounds. Working conditions at Petoro are customised to allow employment of people with disabilities. Additional details and a statement on diversity, inclusion and equality will be provided in the company's sustainability report.

**The company has routines for reporting improprieties.** The Board encourages the company's employees to raise ethical issues and to report any breaches of the regulations they encounter. The internal audit function is an independent whistleblowing channel with the right and duty to report to the Board. The right to report improprieties in the enterprise also comprises consultants who carry out assignments on behalf of Petoro.

**Petoro expects its partners and contractors/ suppliers to maintain the same ethical standards set for its own business operations.** Petoro's standard contractual terms incorporate requirements that contractors/suppliers must execute the assignment with a high level of professionalism and in accordance with high ethical standards. An extract from the company's guidelines on business ethics is incorporated into all Petoro's standard contracts as a normative standard. The management committee in each joint venture is responsible for considering and deciding issues related to the procurement and contract strategy.