

Advance Energy: ESG Policy

Understanding the value of ESG has become a strategic necessity in the oil & gas sector as momentum builds to promote renewable energy, sustainability & the energy transition. Advance Energy recognises the need for a robust ESG Policy underpinned by appropriate data and a clear and transparent narrative.

We recognise the importance of ESG issues to our strategy & our stakeholders.

Our vision at Advance Energy is to unlock hidden value from discovered oil and gas assets as a responsible and forward-looking company and non-operating partner. We recognise the impact that environmental, social and governance (ESG) issues, particularly climate change and the energy transition, will have on our plans and the importance of these matters to our stakeholders.

We are committed to managing our business in an ethical and transparent manner and are shaping the company's strategy and our risk management processes to align with the two key drivers of the energy transition: the need to cut carbon emissions sufficiently to limit average temperature rise to well below 2°C from pre-industrial levels; and the importance of ensuring an equitable transition towards a green global economy, while meeting global demand and maintaining the positive socioeconomic impact of hydrocarbon revenues on developing countries.

Our focus on recovering proven reserves in relatively short timeframes is consistent with meeting the world's on-going demand for energy without engaging in exploration. At the same time our involvement in projects in developing economies such as Timor-Leste, allows us to help those countries realise vital value from their fossil resources, as well as providing employment opportunities for their people and support for their communities, either directly or via our joint venture partners.

The key elements of Advance Energy's ESG Policy:

- Board oversight of development & implementation of robust ESG strategy
- Integration of ESG considerations into business plans & risk management processes
- Ensure appropriate internal understanding of ESG frameworks, regulation & reporting
- Build proportionate ESG data collection & monitoring capability
- Engage effectively with joint venture partners in order to influence ESG outcomes
- Ensure consistency with HSE policy
- Develop and communicate ESG narrative to stakeholders, including via
- TCFD-aligned disclosures to explain risks & opportunities relating to energy transition

Developing our ESG reporting strategy

Developing a robust ESG strategy, including determining how best to report on our ESG performance, is one of our key goals in the next year. We appreciate that the ESG landscape is becoming increasingly complex and that corporate ESG reporting is undergoing a transformation, from being largely voluntary to becoming a requirement expected by regulators, investors, and other stakeholders.

In developing our ESG strategy we seek to ensure that our policies and procedures align with regulatory requirements in the jurisdictions to our business. We intend to begin collecting qualitative and quantitative ESG data and will also take steps to implement the reporting framework developed by the Taskforce on Climate-related Financial Disclosures (TCFD) to ensure

that climate change risks and opportunities to our strategy and assets are being properly assessed and managed. We aim to begin reporting on our ESG performance and make meaningful TCFD-aligned disclosures alongside our annual report in the 2022 reporting cycle.

Although our business model is predicated on acquiring non-operated assets, we take a hands-on approach to executing our strategy through constructive engagement with our partners. We recognise that our ESG performance is, to a large extent, dependent on theirs but we consider material ESG data and performance relating to the operation of our joint venture assets to be within our ESG reporting boundaries. We seek to align ourselves with partners that share our approach to implementation of robust ESG policies and procedures for the benefit of all stakeholders.

Good governance

As an AIM-listed company on the London Stock Exchange, we are committed to fostering high standards of corporate governance. We have opted to apply the Quoted Companies Alliance Corporate Governance Code and base our approach on the ten principles set out in our Corporate Governance Statement. We are committed to considering the wider interests of our stakeholders, communicating with them effectively, and ensuring we have robust, Board-level risk management procedures in place.

The Board as a whole is responsible for developing our ESG strategy and ensuring that ESG issues are integrated into our business plans and risk management processes. We are committed to creating effective governance processes and channels of communication with our joint venture partners in order to be able to exercise to be able to jointly deliver appropriate ESG policies, procedures, and performance in line with stakeholder expectation.

We believe strongly that the success of our business depends on promoting and maintaining sound ethical values and behaviours and we are adopting corporate policies to reflect this, including in relation to bribery, corruption, and modern slavery.

Socially responsible

We are highly attuned to the importance of maintaining our social licence to operate amongst our stakeholders. This includes our investors, broader society, and above all, the countries, and communities in which we and our joint venture partners work, and where we see ourselves as invited guests. We recognise the importance of contributing to the economy and society in those countries and strive to develop productive and mutually beneficial relationships with their governments and local communities to ensure a positive impact and legacy associated with our activities.

Environmentally Responsible

We support the goal of the Paris Agreement to limit global warming to well below 2°C and recognise the pressure oil and gas companies are under from investors and other stakeholders, including broader society, to demonstrate they are doing everything they can to minimise their own carbon footprints.

We are developing plans to reduce or avoid carbon emissions from our operations and supply chains wherever possible. We work proactively with our joint venture partners and suppliers on specific measures to achieve this, in particular to eliminate fugitive methane emissions and those from flaring and venting, while recognising that this can be a particular challenge offshore.

L. S. Peterkin, CEO