



## United Kingdom Modern Slavery Act Transparency Statement

This Statement has been prepared for DNO North Sea plc and DNO ASA (“DNO”). It is made pursuant to the UK Modern Slavery Act 2015 (“Act”) and sets out steps taken by the DNO group<sup>1</sup> to seek to prevent modern slavery from taking place in our business and supply chains.

Modern slavery is a crime under the Act and a violation of human rights. Modern slavery can occur in various forms, such as servitude, forced or compulsory labour and human trafficking, all of which have in common the deprivation of a person’s liberty by another in order to exploit them for personal or commercial gain.

DNO has a zero-tolerance approach to modern slavery. We are committed to acting with integrity in all our business dealings and relationships and to implementing effective systems to ensure that the cultures, rights and dignity of individuals are respected throughout our own businesses and those of our suppliers in their dealings with DNO.

### Who We Are

DNO is a Norwegian oil and gas company listed on the Oslo Stock Exchange since 1971. Together with its subsidiaries, DNO is a multinational company registered in Oslo, Norway and with principal places of business located in the Kurdistan region of Iraq (Kurdistan), Dubai (UAE), Stavanger (Norway) and Aberdeen (UK).

DNO employs around 1,200 people from more than 40 nationalities. The majority (85 percent) are located in the Middle East (80 percent in Kurdistan), with 65 percent of the total DNO population consisting of Iraqi nationals, 10 percent Indian nationals, 10 percent Norwegian nationals and 5 percent UK nationals.<sup>2</sup> Around 240 workers in the Middle East are expatriates.<sup>3</sup>

Further details of our business are set out in our 2020 Annual Report and Accounts available on our website.

### Our Supply Chains

Our supply chains consist of local, national and international third-party providers of goods and services which support our business and include: manufacturers; distributors and other providers of oil field goods and services; providers of operational and technical services; on and offshore facility management services; well engineering and drilling services; vessel and helicopter logistics; emergency response; human resources; legal; and financial and information technology. We look to procure products and services from high quality and high integrity suppliers.<sup>4</sup> We achieve this through a robust selection process and ongoing management of suppliers who fully comply with our safety, environment, technical and ethical standards, while remaining commercially competitive.

At the end of 2020, our supply chain management team consisted of 35 employees working with around 900 suppliers. On average, over 80 percent of spend is locally sourced from suppliers in each of the regions where we operate.

At our largest facilities located in Kurdistan, DNO’s main activities are onshore drilling, production operations and maintenance in addition to oil and gas exploration and development of discoveries in

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<sup>1</sup> See 2020 Annual Report and Accounts for a description of DNO ASA and the DNO group.

<sup>2</sup> The remainder of the population consists of 1 percent Canadian nationals, 1 percent French nationals, 1 percent Philippine nationals and less than 1 percent comprising the remaining 36 nationalities. For further information regarding DNO’s employees see the 2020 Annual Report and Accounts and the 2020 CSR Report.

<sup>3</sup> These are largely skilled technical workers, not subjected to deceptive or coercive recruitment fees and thus not considered as part of what might otherwise be seen as a vulnerable class of migrant workers.

<sup>4</sup> The term “supplier” refers to any third party which provides a product or service used in the DNO supply chain and may include, for example, contractors, subcontractors, manufacturers, consultants and other business partners.

operated licenses. In total there were 327 active suppliers in 2020 and the 20 largest suppliers covered 66 percent of the overall spend.

We are committed to the requirements of the Act and to taking all reasonable steps to ensure modern slavery does not occur in any part of our supply chain. Suppliers are expected to conduct their activities in a manner that respects human rights. With regard to the supply chains for joint venture operations where we are not the operator, we rely on the relevant operator of the joint venture to have in place the necessary processes and procedures for mitigating the risk of modern slavery within their supply chains.

### **Governance, Policy and Standards**

DNO is governed by its board, which approves the company's strategy, determines its key policies and reviews management performance and financial results. The following policies relate to safeguarding against modern slavery risk:

- Our **Code of Conduct** sets out our commitment to respecting international recognised human rights (Principle 6) which implicitly includes fundamental labour rights such as the elimination of forced labour. In addition to complying with all laws (Principle 1), all staff are also required to treat everyone with respect in the workplace (Principle 3). The Code of Conduct is communicated to all employees and compliance with its requirements is a condition of employment with DNO. Our Code of Conduct can be found on our website.
- Our **Business Partner Code of Conduct** applies to all suppliers and requires, among others, a commitment to comply with best employment practices including no modern slavery, no child labour, no harassment or discrimination, freedom of association and working hours and living wages set in accordance with applicable law. Business partners are required to represent and warrant that they agree to comply with this Business Partner Code of Conduct in addition to having read and understood the DNO Code of Conduct and Anti-Corruption Policy. Contact details are provided to report possible violations of these commitments.
- Our **Anti-Corruption Policy** sets out DNO's zero tolerance towards corruption and other illegal or unethical business practices, including prohibited payments. It provides instructions on how to properly record transactions and guidelines for donations, community investments and business hospitality expenditures. This policy describes how DNO will influence its suppliers to adhere to the same ethical and legal principles as DNO starting with a comprehensive due diligence process and following through with a written contract containing anti-corruption provisions to underscore this commitment.
- Our **Business Partner Procedure** details the due diligence process to be undertaken for all potential suppliers including an independent, fully automated third-party due diligence screening platform which searches for any violations of law and adverse media reports including reports of modern slavery. All screening reports are carefully evaluated to determine whether to engage with the third party.
- Our **Whistleblowing Procedure** sets out how to report a concern based on human rights or otherwise through an established helpline on the intranet for employees who wish to report misconduct without contacting a manager directly, or who wish to do so anonymously. Posters in local languages are located at each site to provide helpline contact information for suppliers and employees without computer access.

### **Due Diligence and Assurance**

Our risk assessment to determine which parts of our business and which of our suppliers are most at risk of modern slavery has been informed by type of third-party services, source location and vulnerable nationalities of our workforce as benchmarked by the Modern Slavery Index. This work is conducted on an ongoing basis.

The nature of our business means forced/involuntary labour is unlikely to occur within our own operations. Likewise, many of DNO's suppliers are staffed by skilled workers and technical specialists and enjoy mature human resource and compliance systems. In certain cases, however, suppliers in our industry may attempt to rely on less skilled and/or casual labour (e.g., during construction, in support roles on

mechanised equipment and amongst subcontractors). Such roles are, in relative terms, more likely to pose forced/involuntary labour and human trafficking risks in certain locations in which we operate.

In Kurdistan, DNO is committed to follow the local content requirements as set and defined in the Ministry of Natural Resources (“MNR”) directive on Community Centered Contractors (“3Cs”). DNO maintains a list of 3Cs from or based close to DNO’s area of operations.

DNO gives priority to suppliers from Kurdistan and other parts of Iraq to the extent their competence, rates, experience, reputation, qualification, specialties, financial capacity, availability, delivery and other commercial terms are comparable in all material respects with those provided by foreign companies operating in the international petroleum industry, and will not cause DNO to violate any law applicable to it, including modern slavery and corrupt practices laws. In this respect, a screening due diligence is performed as against 3C companies in the same manner as all other suppliers.

The Kurdistan Regional Government (“KRG”) has stringent rules in relation to tender activities and only suppliers that are prequalified according to criteria established by the KRG on an approved vendor list (“AVL”) are allowed to participate in tenders. Said criteria includes, among others, execution of the Oilfield Service Company (“OSC”) Code of Conduct, which specifically requires employers to refrain from using forced, indentured or child labour and to ensure that employment practices comply with labour laws and are consistent with good industrial relations practices. Audit issues or complaints received from within the MNR, or from the industry, authorities or the general public are reviewed by the Registration & AVL Listing department and recommendations made for delisting or suspension from the AVL, if deemed necessary.

Despite this screening and oversight, our Middle East operations have occasionally found potential breaches of DNO’s Business Partner Code of Conduct which provides that suppliers shall not employ child labour. The violations have taken place on sub-supplier levels within the age range of 15-17 (Iraqi law prohibits the employment of juveniles under the age of 18 other than for menial, non-arduous jobs). In each instance, DNO has issued formal admonitions to the responsible contractor who in turn has been required to put remedial action plans in place to ensure all individuals are medically certified to work and national identification cards presented to confirm dates of birth prior to arrival on site. Security check procedures on site have also been strengthened to close physical gaps between security and issuance of accreditation badge stations (which has been successful in preventing all unauthorized access in 2020). Consequence management has been employed by suppliers against their supervisors who do not comply with requirements. Awareness has been raised by suppliers to sub-suppliers, workers and communities about underage employment and the importance of children’s education.

### **Next steps to ensure that modern slavery is not taking place in our business or supply chains**

In 2021, we will continue to emphasize to our suppliers and staff our commitment to ensuring that modern slavery and human trafficking is not part of our supply chain. We understand that this risk is not static and we will continuously evaluate our activities related to this area. Planned activities include:

- Adopting and training on an Anti-Slavery and Human Trafficking Policy which sets out our zero-tolerance policy regarding modern slavery.
- Ensure there are no unremedied cases of child labour anywhere in our supply chain.
- Evaluation and possible implementation of improved digital tools to better visualize our supply chain through spend analysis in order to support risk assessments.
- Implement a Supplier Relationship Management (SRM) program which includes closer collaboration and follow up of key suppliers, and where modern slavery and human trafficking will be one element.
- Continuing to appropriately evaluate and modify policies and procedures to maintain accountability and mitigate risks for DNO and third parties.

This statement was approved by the Board of Directors of DNO North Sea plc on 29 March 2021.



Bjørn Dale  
Chairman of the Board, DNO North Sea plc  
Managing Director, DNO ASA