Compliance Report

2023

Compliance Report

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MESSAGE FROM SULTAN

Dear Reader,

Welcome to the world of ARA Petroleum. As an energy company, we exist at the intersection of our internal operations and the outside world. This document explains the principles that show how ARA is delivering its value and interacting with our employees and others that we deal with.

This report is also designed to assist and reinforce to ARA employees the importance of conducting business honestly and with integrity. The entire compliance and assurance programme requires regular reinforcement, training, and monitoring to be effective. We are committed to upholding the highest standards of business conduct as outlined in our Code.

Our goal is to always act responsibly, fairly, and ethically towards all individuals, entities and stakeholders. We aim to create value for all parties, from shareholders to local communities and everything and everyone in between.

Our success hinges on everyone associated with ARA following our Code of Conduct, embodying its spirit. At ARA we value people, require integrity and performance, and are always striving to improve and innovate. Thank you for taking the time to look at our report.

Sincerely

Sultan Al Ghaithi
Chief Executive Officer
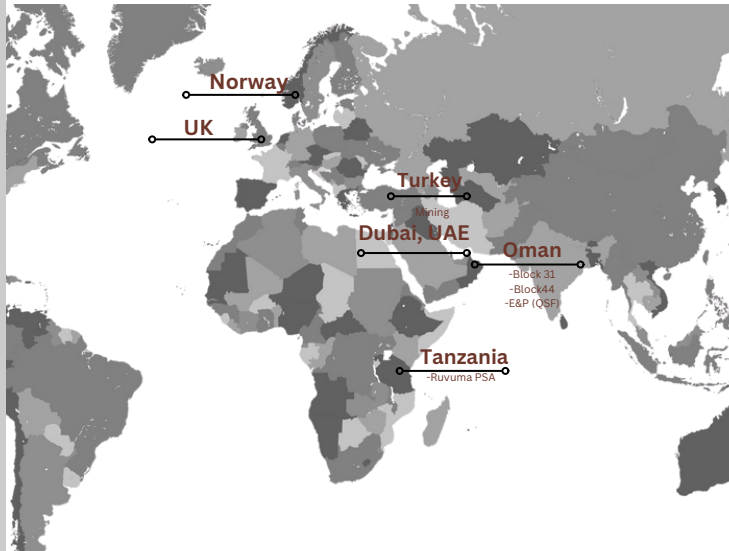
OVERVIEW

Our Values

Integrity

People

Technology

Excellence

Collaboration

Norway

UK

Turkey
Mining

Dubai, UAE

Oman
-Block 31
-Block44
-E&P (QSF)

Tanzania
-Ruvuma PSA

Vision

To be a premier Omani Energy Company engaged in the extraction & development of natural resources by investing in high potential assets to meet local and global energy needs.
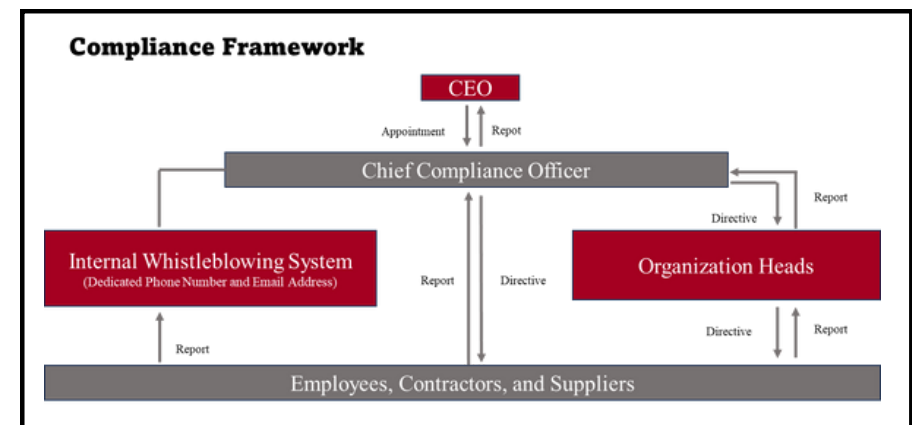
Mission

By 2030 ARA will be the leading Omani private sector energy company.

COMPLIANCE FRAMEWORK

The Chief Compliance Officer (CCO) is responsible for developing and maintaining a robust compliance framework and for overseeing and taking steps to mitigate compliance risks within the organization. He offers assistance to senior leadership, management, divisions, departments & employees all with the aim of managing a robust & effective system that is understood by all.

Employees are encouraged to raise their compliance concerns to either their respective department heads or through the whistleblowing system directly to the CCO, who subsequently takes the appropriate action. The dedicated internal whistleblowing system provides a confidential and secure platform for employees to report compliance issues.

Compliance Framework

CEO

Appointment / Repot

Chief Compliance Officer

Directive / Report

Internal Whistleblowing System
(Dedicated Phone Number and Email Address)

Report / Directive

Organization Heads

Report

Directive / Report

Employees, Contractors, and Suppliers

CODE OF CONDUCT

The ARA Code Of Conduct, is distributed to all employees and confirmation of their understanding & acceptance is obtained. Furthermore, the Code is included with employment offer letters so potential employees are aware of their obligations before joining.

The objective of the Code is to define the requirements of the workforce in this area and provide clear instructions and expectations. The Code empowers and helps individuals to make informed decisions when faced with such challenges.
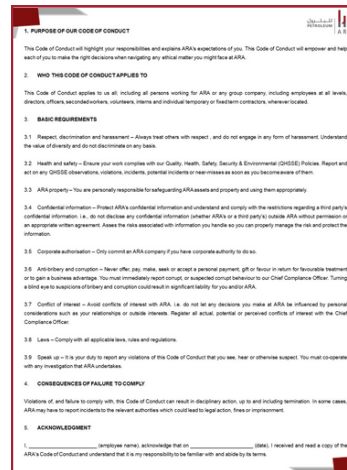
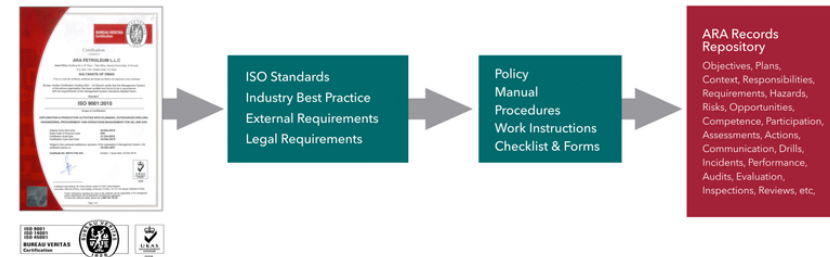| 1	Anti-money laundering	6	Preventing market abuse, such as insider trading and market manipulation
2	Dealing with non-compliant or uncooperative jurisdictions	7	Managing conflicts of interest
3	Avoiding fraud and corruption	8	Evaluating environmental, social, and governance (ESG) criteria
4	Managing the reputational risk	9	Handling whistleblowing matters
5	Handling violations or breaches of the Code of Conduct	10	Promoting dignity at work and a respectful workplace environment

POLICIES & PROCEDURES

ISO STANDARDS & IMS DOCUMENTATION SYSTEM

In compliance with the main ISO standards, legal & external requirements and industry best practice ARA has developed a heirarchical Integrated Management System (IMS). This is a unified framework of processes, procedures & work instructions designed to streamline and enhance efficiency, productivity, quality & safety.

The overarching Policies serve as Level 1 (L1), followed by Manuals (L2), Procedures (L3), Work Instructions & SOPs (L4), and Forms/Checklists (L5). These IMS documents are all available on line and hand held devices so that managers through to field personnel have the necessary, latest revision documents they need available constantly in the palm of their hand.

L1 Policies
L2 Manuals
L3 Procedures
L4 Work Instructions
L5 Forms/Checklists

IMS Documentation System
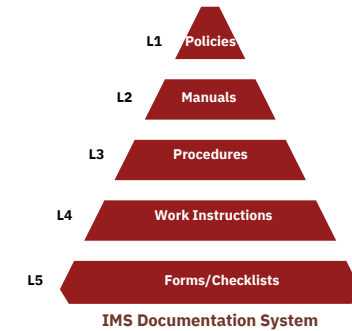
Since the introduction of the IMS, numerous awareness sessions and meetings have been conducted to effectively convey the significance of the IMS and its vital role in the employees daily working lives.

ISO Standards
Industry Best Practice
External Requirements
Legal Requirements

Policy
Manual
Procedures
Work Instructions
Checklist & Forms

ARA Records Repository
Objectives, Plans, Context, Responsibilities, Requirements, Hazards, Risks, Opportunities, Competence, Participation, Assessments, Actions, Communication, Drills, Incidents, Performance, Audits, Evaluation, Inspections, Reviews, etc,

Q&HSSE

Q&HSSE is of course absolutely essential for the success of ARA. It underpins everything we do and is reinforced constantly via a variety of mechanisms.

One part of this commitment is the Mfano App. This App that was built by ARA is all encompassing and operates on hand held devices such that personnel for example, can download work instructions & forms as required for their daily work. Another example is that anyone can upload QHSSE observations, including photographs to a central repository and then track the progress of follow up actions.
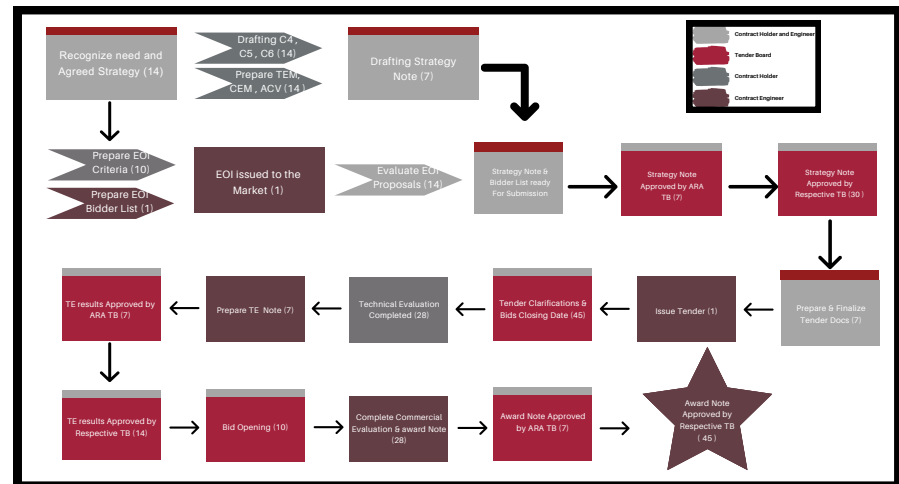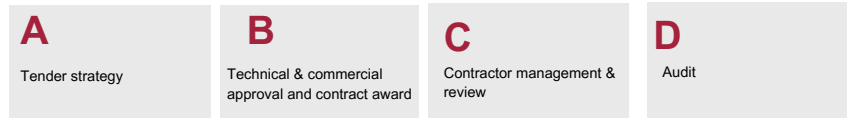

HSE Observation & Intervention

QHSSE Lagging Indicators
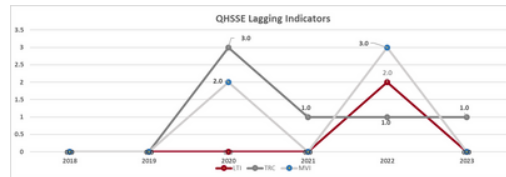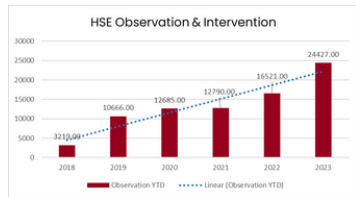
ANNUAL CO2 EMISSIONS

2024 QHSSE Plan
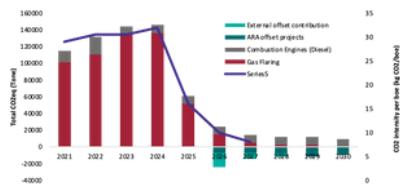
CONTRACTS & PROCUREMENT

Procurement is undoubtedly a critical process and thorough oversight is essential. To assist in this regard, ARA has constituted a Tender Board to oversee all phases of the tendering processes to maintain ARA's integrity, secure best value, and safeguard financial interests.

A	**B**	**C**	**D**
Tender strategy	Technical & commercial approval and contract award	Contractor management & review	Audit

ACCOUNTING & FINANCE RECORDS

ARA diligently follows a rigorous Accounting and Finance Policy aligned with International Financial Reporting Standards (IFRS). We prioritize the integrity of our financial records and public disclosures, emphasizing the importance of validity, accuracy, and completeness in the supporting information for all accounting entries.

Strict adherence to IFRS is mandatory, and we maintain a firm stance against misleading financial practices. We expect employees to promptly report any such instances. Furthermore, ARA proactively fulfills all contractual obligations in our financing agreements and promptly addresses inquiries from government & auditors.

Compliance to payment terms and the prompt payment of suppliers & contractors is of the utmost importance as failure to do so can cause reputational damage. In this regard ARA, on average paid 98.2% of undisputed invoices on time.


ESG & ICV

ESG Report
Issue 1

ARA took a significant step towards transparency and stakeholder communication & engagement when it recently published its inaugural Environmental, Social, and Governance (ESG) report.

From a compliance perspective this report demonstrates ARA's commitment and adherence to our sustainable goals.

ARA has committed to and is contractually obligated in some instances to create as much In Country Value (ICV) as possible with targets set. This involves developing Local Community Contractors (LCCs) and Small and Medium Enterprises (SMEs) by engaging with them, procuring products & services and helping them develop, mature and move up the value chain.

LCC SPEND IN 2023 MLN USD

SME SPEND IN 2023 MLN USD
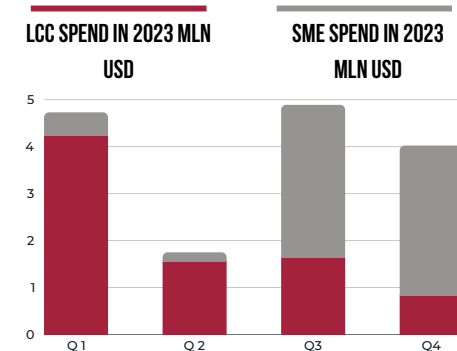
INFORMATION TECHNOLOGY

To comply with IT regulations and ensure the safety of data and information, ARA has implemented strict protocols and procedures. These measures encompass granting employees access to electronic communication tools while emphasizing personal responsibility for data integrity. The company enforces software guidelines to prevent unregulated data sharing with the internet and mandates the use of approved anti-virus software to safeguard network security.

Furthermore, ARA has appointed a dedicated subsurface database administrator to oversee data security, privacy, backup, and recovery. Thorough threat assessments and control measures are in place to protect against potential data breaches. In case of security incidents, ARA has established a structured reporting system through which employees can promptly inform the IT Manager, ensuring a swift and coordinated response to any issues that may arise. The below table illustrates the number of IT incidents & the actions have been taken to overcome the incidents.

Emergency Management of IT	Number of incidents	Action Taken
IT hardware failure	5	Replaced under manufacturer warranty
Virus & other security breaches	0	-
Website disruption	1	SSL Certificate errors fixed

HUMAN RESOURCES

ARA has enhanced its HRMS system by introducing & implementing the advanced SAP SuccessFactors technology. This innovative system facilitates seamless coordination of departmental activities, efficiently & confidentially storing extensive employee records and generating comprehensive employee profiles. Moreover, it significantly aids ARA in the employee performance management processes and identifies training needs.

SAP SuccessFactors

Stores confidentially employee data records and supports the digital transformation for HR.

Furthermore, in ARA's ongoing commitment to assess employees' emotional, mental, and physical connection to the organization, it has actively promoted participation in the "Your Voice" Employee Engagement Surveys. Recently the launch of the third edition occurred.

Your Voice 2.0
Employee Engagement Survey

COMPLIANCE
REPORT

ARA

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