KAROON ENERGY

26 February 2026

Company Announcements Office
ASX Limited

Dear Sir/Madam,

2025 Sustainability Report

Enclosed is Karoon Energy Ltd's 2025 Sustainability Report.

This announcement was authorized by the Board of Directors.

Yours faithfully

Daniel Murnane
Company Secretary

BUILDING PERFORMANCE

KAROON ENERGY

2025 SUSTAINABILITY REPORT

About Karoon Energy

Karoon Energy Limited ('Karoon' or 'the Company') is an international oil and gas exploration and production company, listed on the Australian Stock Exchange. Karoon is incorporated in Australia and maintains it global headquarters in Houston, USA with a regional office in Rio de Janeiro and operated assets in the Santos Basin, Brazil and non-operated assets in the Gulf of America (GoA), USA. Karoon aims to provide energy safely, reliably, and responsibly in order to create lasting benefits for all our stakeholders.

Karoon's foundation producing asset is the 100% owned Baúna Project located in the southern Santos Basin, Brazil and comprising the Baúna, Piracaba and Patola oil fields. The facilities are located in ~300m water and approximately 220km offshore. Karoon's second asset is an approximately 30%, non-operated, interest in the Who Dat asset, located in deep-water, ~800m, off shore in the GoA, USA.

Cabio Frio support vessel and Baúna FPSO, Southern Santos Basin, Brazil

ABOUT THIS REPORT

STATEMENT OF COMPLIANCE

This report outlines the sustainability performance and presents a complete set of climate-related financial disclosures for Karoon Energy Limited (Karoon) for assets owned and operated by Karoon, including the Baúna Project (100%), which was operated during 2025 under contract by Altera Ocyan. The non-operated Who Dat Asset (30%) is excluded from safety performance reporting in this report, as Karoon is a non-operating joint venture partner. The exception to this is greenhouse gas (GHG) emissions data, which is reported on an operational control basis for operated assets to ensure jurisdictional requirements are met, and equity interest basis for non-operated assets, consistent with the definitions in the Greenhouse Gas Protocol.

This report, statistics and annual data therein cover the period 1 January 2025 – 31 December 2025. The report has been prepared for the same consolidated reporting entity and reporting period as Karoon's Consolidated Financial Statements (refer to 'note 21 Basis of consolidation' in the financial statements). In its first year of reporting under AASB S2, Karoon has applied transitional relief from the requirement to disclose comparative information alongside Scope 3 emissions in the first annual reporting period.

Karoon's climate-related disclosures have been prepared in accordance with AASB S2 Climate-related Disclosures, which is the mandatory Australian Sustainability Reporting Standard (ASRS) that has been issued by the Australian Accounting Standards Board (AASB) and in accordance with the *Corporations Act 2001*.

This report was authorised for issue in accordance with a resolution of the directors on 25 February 2026, see the Directors Declaration on page 61.

SCOPE OF THIS REPORT

Karoon's 2025 Sustainability Report comprises two sections:

Section 1 discusses Karoon's governance structure as it applies to sustainability and climate-related risks and opportunities AASB S2, (CRRO) and reports against Karoon's Environment Social and Governance (ESG) performance for the calendar year 2025, split into four areas: health and safety, people and culture, social and community, environment.

Karoon uses the term 'sustainability' when referring to the five pillars of our sustainability strategy: 'health, safety and security, 'climate', 'people and culture', 'community' and 'environment'. Throughout this report, sustainability can refer to any one of these items and may be used interchangeably with each of these terms. Each use of the term sustainability should be understood in this context and in the specific context of the topic discussed.

The people-related data included in this report, such as safety performance data, refer to workers associated with our operated assets, including contractors. It does not include people-related data associated with non-operated assets. Safety, Process Safety and Environment performance of non-operated assets is addressed under 'Performance and Achievements' in the appropriate section.

Section 2 provides a current and forward-looking view of Karoon's climate related risks and opportunities under different climate scenarios. These guide our operations and medium-term targets, such as those for emissions and emission intensity reduction. The section also combines Karoon's reporting under the ASRS and our commitment to develop a Climate Transition Action Plan (CTAP) as well as Karoon's climate performance for the 12-month period ended 31 December 2025.

For emissions related data, such as Scope 1 and 2 emissions, the data for Brazilian operations is reported using the GHG Protocol Operational Control approach to comply with jurisdictional reporting requirements, operations outside Brazil are reported using the equity share approach.

In assessing Karoon's climate-related risks and opportunities (CRRO), both the upstream and downstream components of Karoon's value chain have been considered to support a more comprehensive understanding of the Company's climate exposure. Karoon uses data gathered from across the value chain to inform disclosures of quantitative metrics and financial effects. Where direct measurement is not possible value chain metrics derived from internal data, external sources, industry benchmarks, and other proxies are applied.

For example, Scope 3 greenhouse gas (GHG) emissions are estimated using sector-average emissions factors and available activity data. The accuracy of these calculations depends heavily on data quality and the appropriateness of the proxies applied. Likewise, estimating the financial implications of climate-related risks involves a degree of uncertainty. Outputs are shaped by the assumptions and scenarios embedded in our risk modelling and may vary significantly under different conditions. These estimates are forward-looking and subject to change based on evolving policies, technologies, market dynamics, and data limitations. Actual outcomes may differ materially from those indicated.

All monetary amounts reported are in United States (US) dollars, unless otherwise stated.

The metrics in this report should be read in conjunction with the footnotes and glossary in this report.

This report references additional company reports, that together provide a complementary view of Karoon's strategy, assets and performance. To avoid duplication, where information is reported elsewhere it is referenced in this report. The following documents are of particular relevance:

- Karoon's 2025 Annual Report provides a summary of Karoon's operations, activities and financial position for the 12-month period ended 31 December 2025.
- Karoon's 2025 Corporate Governance Statement provides a summary of governance structures, frameworks practices and policies in place covering calendar year 2025.

EXTERNAL ASSURANCE

PricewaterhouseCoopers (PwC) have provided limited assurance aligned with the AASB S2 Climate related Disclosures guidance issued by the Australian Accounting Standards Board (AASB). Limited assurance includes:

- Governance (subparagraph 6(a)(b));
- Strategy (risks and opportunities subparagraphs 9(a), 10(a) and 10(b)); and
- Scope 1 and Scope 2 absolute emissions (subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v))

PwC have also provided limited assurance over Karoon's other Sustainability metrics, including:

- Selected safety statistics for operated assets;
- Surrender of voluntary carbon units (VCU's) to offset Scope 1 emissions; and
- Emissions intensity.

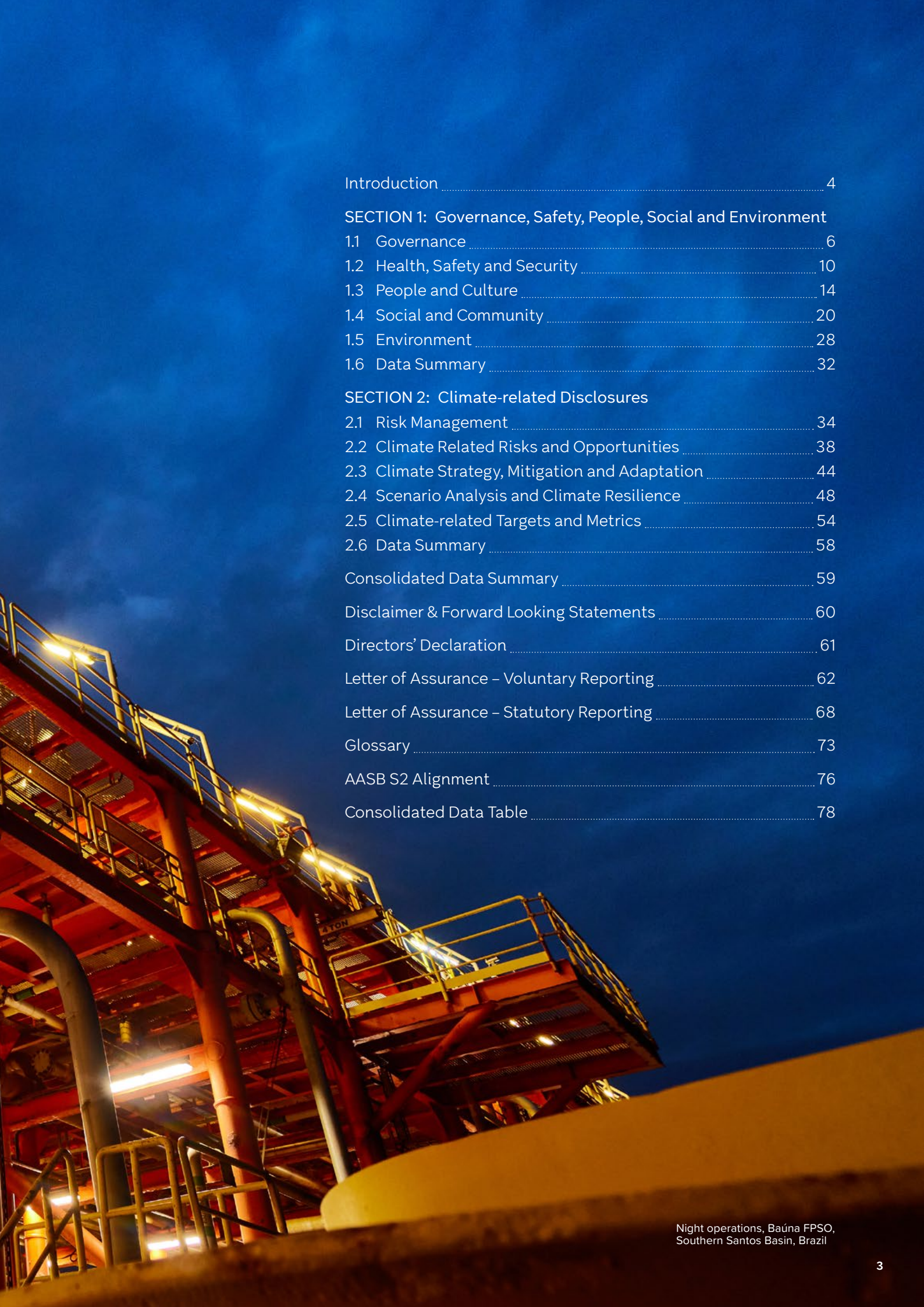
PwC's report is available on page 62.

DATA AND METRICS

With the exception of the data the subject of limited assurance as set out above, all data and metrics within this report are unaudited and unassured. The data and metrics have been prepared with reasonable care using the information available to the Company, but data quality and accuracy may vary depending on the source and methodology.

VOLUNTARY DISCLOSURES

In the preparation of the 2025 Sustainability Report, Karoon has made the following voluntary disclosures in addition to its statutory obligations under the Corporations Act or under AASB S2. These sections are not subject to the same assurance and liability regime. Following is an exhaustive list of the voluntary part of the report: Introduction, 1.2 HSSE, 1.3 People and Culture, 1.4 Social and Community, 1.5 Environment and 1.6 Data Summary.



Night operations, Baúna FPSO, Southern Santos Basin, Brazil

INTRODUCTION

At Karoon Energy, sustainability is integral to how we operate, manage risk and create long-term value. Our 2025 Sustainability Report, outlines the actions we have taken and the outcomes we have delivered across safety, climate, people and governance during a year of significant organisational change.

Safety remains our highest priority and our 2025 performance reflects this commitment, with zero lost time injuries, zero Tier 1 or 2 process safety events, and a Total Recordable Injury Rate of 0.16 per 200,000 hours worked. This outcome reflects our continued focus on leadership engagement, system integration and behavioural safety.

Our people remain central to our performance. During a period of significant transition, we maintained our commitment to fairness, inclusion and employee engagement. Women now represent 42% of our workforce and 57% of Karoon's Directors, reflecting progress in diverse leadership. Ongoing investment in capability, culture and wellbeing has supported our teams to navigate change while maintaining high standards of safety and performance.

We continued to strengthen our contribution to the communities in which we operate, with voluntary social investment increasing for the fourth consecutive year and growing nearly four-fold since 2022. These investments support education, skills development and community wellbeing in Brazil and reflect our belief in the importance of strong local relationships.

2025 also marked an important milestone in Karoon's climate reporting, with the section two of this report prepared in accordance with AASB S2 Climate-related Disclosures. Our disclosures explain how climate considerations are governed, how climate-related risks and opportunities are identified and assessed, and how they are integrated into strategy, enterprise risk management and capital allocation decisions.

Operational improvements at Baúna delivered measurable environmental outcomes during 2025, including a 9.5% reduction in Scope 1 and 2 emissions intensity and a 41% reduction in flaring emissions compared with 2024. We continued to offset 100% of Scope 1 emissions, off-setting 127,937tCO_2e from 2024 through the use of carbon credits and sourcing 100% renewable electricity for our onshore offices in 2025.

Looking ahead, as we prepare to assume direct operational control of the Baúna FPSO in mid- 2026 and further mature our climate risk assessment and reporting, our priorities remain clear. We will operate safely and responsibly, manage climate-related financial risks with discipline, and position Karoon for long-term resilience in a changing world.

Luciana Rachid
Chair of the Sustainability and Operational Risk Committee

Carri Lockhart
CEO and Managing Director

Baúna FPSO, Southern Santos Basin, Brazil

0.16
Total Recordable Incident Rate (TRIR per 200,000 hours)[1]

0.00
Lost Time Injury Rate (LTIR per 200,000 hours)[1]

0
Tier 1 & 2 Process Safety Events[2]

118,236
Absolute Emissions (Scope 1 and 2, tCO_2e)[2]

10.6
Emissions Intensity (Scope 1 and 2, $kgCO_2e/boe$)[2]

41%
Reduction in safety flaring (from previous year)[2]

US$144.8m
Contribution to the Brazilian, Australian and US economies in wages, royalties, levies and taxes as well as social and community and environmental programs[2]

US$2.5m
Contribution to Social and Communities ($ amount, voluntary and incentivised)[1]

100%
Scope 1 and 2 Emissions offset 2024 (%)[2]

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

Water CDP 2025 B-

Climate CDP 2025 B

In 2025, Karoon engaged with a number of globally recognised ESG risk ratings agencies, including MSCI and CDP. This resulted in an improvement from an A to an AA rating under MSCI, in addition to B and B- scores for Climate and Water under CDP's global voluntary disclosure program.

1. Operated assets.
2. Operated assets and non-operated assets on an equity basis.

Note: all outcomes are for the 12 month period ended 31 December 2025 unless stated otherwise.

1.1 GOVERNANCE

Karoon's Governance framework ensures that the Company's strategy, business plans, budgets and risks are appropriately integrated into business decision making processes.

The framework supports the setting of sustainability and climate-related plans and targets, implementation and management of initiatives to improve Karoon's sustainability performance and climate transition risk, and the ongoing monitoring of performance through clearly defined oversight and accountability mechanisms.

This framework comprises three levels, namely the Board, Board Committees and Karoon's Management team, which in turn are supported by the Company's policies, procedures and Operating Management System (OMS).

ROLES AND RESPONSIBILITIES

Board Oversight

Karoon's Board of Directors (the Board) meets at least six times per year and currently comprises six non-executive directors and Karoon's CEO/MD. Guided by the Board Charter, the Board has ultimate responsibility for overseeing and guiding senior management by setting and monitoring the Company's strategic direction, and establishing policies and budgets to appropriately address the relevant legal, ethical, social and climate risks and opportunities, while striving to meet and exceed stakeholder expectations.

During 2025, the Board participated in a deep-dive workshop where Karoon's climate-related risks and opportunities were discussed in the context of the Company's current strategic plan.

As part of strategic decision making, including the evaluation of major investments, consideration is given to various factors, including but not limited to superior growth and returns, whilst considering Karoon's sustainability and emissions metrics. This includes assessment of changes in absolute emissions and emission intensity and in 2024 also included the assessment of carbon opportunities prior to entering into carbon credit agreements.

BOARD COMMITTEES

Board oversight of sustainability and climate strategy, risk and opportunities is supported by three Board Committees; the Sustainability and Operational Risk Committee (SORC), the Audit, Risk and Governance Committee (ARGC) and the People and Culture Committee (PCC). Board Committees report to the Board after each committee meeting, and are responsible for maintaining key governance policies related to sustainability, climate, safety and environment, and people, which are publicly available on Karoon's website:

Sustainability and Operational Risk Committee (SORC)

The SORC meets at least twice annually, and is updated on operational risks, safety, environment and climate performance and opportunities. The Committee is responsible for providing guidance on sustainability and climate strategy and ensures alignment with Karoon's sustainability pillars. The SORC Charter details the responsibility of the Committee and its members in supporting and providing oversight of sustainability and operational climate related risks and opportunities, including scope, mandates and associated policies.

The SORC is also responsible for monitoring Karoon's safety and environmental performance, and social and community activities undertaken by Karoon's Brazilian operations. It also receives briefings on emerging regulatory requirements, technology developments, carbon credit and offset management, industry and sector best practices, and emerging global trends that have arisen since the previous meeting.

The policies that the SORC oversees include:

- Sustainability Policy
- Health, Safety, Security & Environment (HSSE) Policy
- Human Rights Policy
- Risk Management Policy

Baúna FPSO, Southern Santos Basin, Brazil

THE BOARD

Responsible for overseeing the Company's strategic direction and management of the company, while providing guidance on expectations through the Risk Tolerance Statement and regularly reviewing major business risks.

BOARD COMMITTEES

Board committees have procedures in place to ensure they effectively communicate with each other.

SUSTAINABILITY AND OPERATIONAL RISK COMMITTEE (SORC)

Assists the Board in overseeing sustainability-related risks and opportunities as well as supervising HSE and Sustainability policies. It also supports the management of operational risks, fostering a culture of sustainability and social responsibility.

Includes Health, Safety, Security and Environmental projects, Climate Change strategies, Social and Environmental projects, regulatory compliance and Karoon's operating management system.

AUDIT, RISK AND GOVERNANCE COMMITTEES (ARGC)

Supports the Board in fulfilling its oversight duties regarding audit processes, corporate governance, internal control and processes, as well as overall risk identification and management. Includes Karoon's Corporate Risk register and all aspects of financial reporting.

PEOPLE AND CULTURE COMMITTEE (PCC)

Supports the Board in overseeing Karoon's remuneration framework, including oversight and recommendations on remuneration outcomes for senior executive. In addition, the committee makes recommendations to the Board on people, culture, diversity and employee engagement.

RISK FRAMEWORK

COMPANY POLICIES & PROCEDURES

MANAGEMENT UNDER THE LEADERSHIP OF THE CEO

Responsible for delivering the strategic direction approved by the Board.

Audit Risk and Governance Committee (ARGC)

The ARGC meets at least three times annually and is responsible for ensuring the integrity and transparency of financial reporting, monitoring risk identification and management, and upholding ethical standards and sound corporate governance practices. The ARGC Charter details the responsibility of the Committee in ensuring the effectiveness of internal controls, maintains a robust and independent audit process, and promotes reliable and timely financial and corporate reporting. It aims to balance non-operational risk management with innovation to help the Company achieve its strategic goals and maximise shareholder value.

Policies that the ARGC oversees include:

- Anti-Bribery, Fraud and Corruption Policy
- Whistleblower Protection Policy
- Code of Conduct
- 'Speak Up' Policy
- Risk Management Policy

People and Culture Committee (PCC)

The PCC meets at least twice annually and is responsible for overseeing, so far as possible, that policies are properly embedded within the Company's operations, supporting the development of Karoon's workplace culture and corporate identity, defining the Company's remuneration policies and strategic objectives for remuneration frameworks and promoting a culture of belonging and inclusion within the Company.

Policies that the PCC oversees include:

- Diversity and Inclusion Policy
- Performance Review Policy
- Senior Executive Remuneration Policy

Management Under the Leadership of the CEO

Karoon's Executive Leadership Team (ELT) reports to the Board and has delegated authority and accountability for the development and implementation of Karoon's strategic and business plans, including the management and control of climate-related risks and opportunities to meet operational and regulatory requirements. Management provides recommendations to the Board for climate related targets and initiatives, and the day-to-day implementation and monitoring of operations against this plan.

- **CEO:** Reporting to the Board, the CEO holds highest responsibility for oversight of climate & sustainability targets, metrics, risk management and strategy, coordinating the execution of climate strategy throughout the business.
- **CFO:** Reporting to the CEO, the CFO is responsible for ensuring sufficient resources are available to allow Karoon to assess and manage its climate-related financial risks.
- **EVP Brazil:** Reporting to the CEO, the EVP Brazil manages all aspects of Karoon's business in Brazil, including all operations associated with the 100% owned Baúna Project.
- **EVP Technical:** Reporting to the CEO, the EVP Technical manages Karoon's health, safety, sustainability and environment teams, including integration of climate and sustainability initiatives into Karoon's broader business strategy and monitoring progress against targets. The EVP Technical is also accountable for the non-operated interests in the Who Dat asset.
- **General Counsel & Company Secretary:** Reporting to the CEO, the General Counsel & Company Secretary maintains oversight for climate related disclosures and regulatory compliance as well as coordination of the Board and Board Committee meetings and agendas.
- The Company Secretary has an additional direct reporting line to the Board (via the Chair) in respect of governance matters. This supports effective Board oversight of disclosures, regulatory compliance, and corporate integrity.

The Sustainability team, headed by the Group Sustainability Manager, reports to the Executive Leadership Team (ELT), SORC and Board on climate-related risk management, strategy development and implementation, target setting and operational performance tracking. This includes managing carbon offset purchase agreements, carbon accounting and reporting requirements, climate related risk assessments, and the development of decarbonisation and emissions reduction initiatives. In-country sustainability and operational management teams take direct responsibility for the implementation of Karoon's strategic and business plans on a day-to-day basis as well as identification and implementation of further decarbonisation opportunities.

Company Policies and Procedures

Policies, procedures and standards are managed through Karoon's Operating Management System (OMS), providing a framework for the Company to monitor and manage its safety, sustainability and climate risks and controls.

The following documents are referenced within this report and are publicly available on Karoon's website:

- 2025 Annual Report
- 2025 Corporate Governance Statement
- Karoon's Board Charter
- Sustainability and Operational Risk (SORC) Charter
- Audit, Risk and Governance (ARGC) Charter
- People and Culture (PCC) Charter
- Enterprise Risk Management Standard

Governance of Climate Strategy and Targets

Oversight of Sustainability strategy, targets and performance is undertaken by Karoon's Executive Leadership Team under the guidance of the Board and SORC with support from the ARGC and PCC.

In February 2025, Karoon released its refreshed Strategic Plan, including an updated sustainability strategy and sustainability and climate targets.

Details of Karoon's strategy and targets are outlined in Sections 2.3 Climate Strategy, Mitigation and Adaptation and 2.5 Climate Related Targets and Metrics of this report.

Climate-related Skills and Experience

Karoon recognises that achieving its sustainability and climate strategy requires specialised expertise across governance, technical operations and strategic planning. Karoon maintains sustainability and climate-related expertise across the Board, management and technical level, including leadership from a designated Group Sustainability Manager and Sustainability Board Committee. The Board maintains climate-related oversight capabilities through a combination of director expertise and experience in sustainability and climate-change and structured professional development. Director skills and experience are reviewed on an annual basis. As part of this process, each Director, including the Chair, undertakes a self-assessment of their capabilities. These assessments inform the Board Skills and Experience Matrix, which is developed and maintained by the Company Secretary and published in Karoon's Corporate Governance Statement.

The matrix outlines the skills and experience currently represented on the Board, as well as those targeted for future appointments or ongoing development and training. It is reviewed in the context of the Group's strategic priorities and the external environment in which Karoon operates. The Matrix is considered fundamental to the effectiveness of the Board and its Committees.

Remuneration

Sustainability targets are linked to Karoon's remuneration through the Company's short-term incentive (STI) program, which applies to all Karoon employees, encouraging involvement at all levels of the business. The program reflects the Company's strategic plan and is reviewed annually with targets adjusted to reflect Karoon's commitment to continuous improvement as well as changes to the Company's strategic outlook.

In 2025, the Sustainability target represented 20% of the total STI, comprising 15% for safety and 5% for climate. These climate targets focused on reducing emission intensity ($kgCO_2e/boe$) reflecting a focus on consistent and reliable operations and supporting the Board's target to reduce Scope 1 and 2 emissions intensity 30% by 2032 from a 2021 baseline. Full details of the Short-Term Incentive and Long-Term Incentives are reflected in the Remuneration Report in Karoon's 2025 Annual Report.

Support Helicopter, Baúna FPSO, Southern Santos Basin, Brazil

1.2 HEALTH, SAFETY AND SECURITY

Karoon is committed to fostering a safe and secure working environment through the development of a strong safety culture in all areas of the business, proactively managing risks, promoting wellbeing, and ensuring resilience across our operations.

OUR APPROACH

Safety is embedded within Karoon's company culture and values. Ensuring that employees are trained, equipped and empowered to prioritise health and safety is core to Karoon's values. Founded on a company-wide 'duty of care' for people and processes, Karoon's proactive approach to safety management is designed to maintain high standards and strive for continuous improvement in health, safety, security, and environment (HSSE) performance across all operations under its control.

Karoon works closely with contractors, suppliers, and identified project partners to ensure that values, practices and approaches are aligned across all disciplines through a shared commitment to safety. Karoon's safety systems are built on a continuous improvement model, using the 'Plan, Do, Check, Act' cycle to ensure lessons translate into action, from offshore operations and logistics to our onshore offices and worksites.

Karoon's safety management systems form a core part of the Operating Management System (OMS), which outlines the policies, standards and procedures that guide our operations. Under the OMS framework, Karoon conducts internal inspections, audits, and risk assessments to verify that safety controls are applied effectively and regulatory obligations are met.

Proactive risk management is a key part of Karoon's approach to safety and is supported by an integrated risk management framework that is applied across all areas of operation. The framework aims to identify, assess and mitigate risks to a level as low as reasonably practicable, the ALARP principle. A key principle under this framework is employee's right to stop work if unsafe working conditions are identified. This principle ensures no activity proceeds until risks have been reduced to acceptable levels and empowers employees to merge safety into their day-to-day activities.

Safety performance at Karoon is monitored and measured using a mixture of leading (inspections, audits, training, risk assessments and observations) and lagging (injury rates, process safety events and high potential incidents) indicators common across our industry. This allows the company to adopt a continuous improvement cycle through preparation and preventative actions, complemented by incident and trend monitoring of incidents and key metrics.

OUR PERFORMANCE

2025 Karoon saw an improvement in personal safety performance from the previous year, with zero lost time injuries and one restricted work case for the year, resulting in a year-end Total Recordable Injury Rate (TRIR) of 0.16 per 200,000 exposure hours.

Karoon also saw an improvement in process safety performance, with zero Tier 1 or 2 incidents reported in the year.

This improvement demonstrates Karoon's commitment to improving safety performance following a disappointing outcome in 2024. Much of this improvement is the result of an increased focus on safety, driven by two key programs:

Acquisition of the Baúna FPSO

Karoon's safety performance and initiatives throughout 2025 have focused on the purchase of the Baúna FPSO asset and with it, the planned transition of safety, systems and processes to Karoon's control. Under previous agreements, Karoon shared responsibilities with the operating contractor on elements of asset and safety management. With the asset now under Karoon's full ownership, further elements of operational safety and integrity are being integrated with Karoon's existing governance frameworks and systems. This process has resulted in Karoon becoming more closely involved in all aspects of safety and operational performance.

The transition and integration of safety systems have been undertaken through a series of structured '100 Day Safety Improvement Plans', with the first two delivered in 2025 and a third to commence at the start of 2026.

Anchor system, Who Dat, Gulf of America, USA

0.16
Total Recordable Incident Rate (TRIR per 200,000 hours)[1]

0.00
Lost Time Injury Rate (LTIR per 200,000 hours)[1]

0
Fatalities[1]

0
Lost Time Injuries[1]

0
Medical Treatment Cases[1]

1
Restricted Work Injuries[1]

7
High Potential Incidents[1]

0
Tier 1 or 2 Process Safety Incidents[1]

These plans provide a prioritised framework, allowing close monitoring of progress and effectiveness of initiatives. To date there has been a focus on increasing the presence of senior leadership through regular visits and meetings with key personnel, demonstrating Karoon's ongoing focus on safe operations.

The development of a behaviour-based safety program, focused on preventative actions as well as the launch of 'hazard hunt' and safety observation programs onboard have strengthened the focus on early identification and management of risks. Ongoing safety systems audits, focused on verifying compliance with alarm and safety system lockout procedures as well as the introduction of regular Process Safety training has helped to deliver a significant improvement in operational performance and reliability.

These initiatives have all been supported through a relaunch of the 'Golden Safety Rules' and ongoing audits on the permit to work system, both aimed at ensuring safety controls are clearly understood and effectiveness of implementation is tracked.

The transition of operational control to Karoon is currently expected to be completed during Q2 2026.

Flotel Campaign

In the first quarter of 2025, Karoon undertook a campaign to address outstanding work at the Baúna asset. The campaign involved the use of a Flotel (Floating Hotel) allowing an additional 200 off shore specialists to work on the Baúna FPSO during the 60-day program, which was aimed at improving operational reliability and integrity and improving safety, environmental and emissions performance. Results from the Flotel campaign were seen immediately, with noted improvements in safety performance and operational reliability, including a reduction of 41% in flaring for the year compared to 2024.

1. Operated assets.

Who Dat Asset

Karoon's non-operated, joint venture asset, Who Dat, experienced another positive year, with zero recordable safety incidents and zero Tier 1 or 2 process safety incidents, continuing the strong safety and process safety performance in 2024.

Other HSSE Initiatives and Results

Karoon's Rio de Janeiro office have established the Internal Accident Prevention Commission (CIPA), with the primary goal of preventing safety incidents and work-related illnesses, ensuring that work is consistently aligned with the preservation of life and the promotion of workforce health. Aligning with this initiative, in October the office organised a 'Week for Prevention of Accidents at Work' (SIPAT) featuring a range of initiatives and lectures promoting health and safety values. In November, this area of work was complemented by Karoon's appointment of its first Company Labour Doctor, implementing occupational health programmes advising and monitoring incident reports, and following up on cases involving injuries or illness.

Finally, in support of ongoing transitions, Karoon implemented two new online systems, focused on incident and event reporting and management as well as Management of Change (MOC), both of which work alongside the Company's existing Risk Management Systems.

TABLE 1: HEALTH AND SAFETY PERFORMANCE[1,2]

	CY21	CY22	CY23	CY24	CY25
Health, Safety and Security					
Fatalities	0	0	0	0	**0**
High Potential Incidents	3	0	1	9	**7**
Lost Time Injuries (LTI)	1	4	0	2	**0**
Medical Treatment cases	0	2	0	2	**0**
Restricted Work Cases	0	1	0	0	**1**
Work Exposure Hours	800,000	1,640,000	1,390,664	1,043,592	**1,238,149**
Total Recordable Injury Rate (per 200,000 hours)	0.25	0.85	0.0	0.77	**0.16**
Lost Time Injury Rate (per 200,000 hours)	0.25	0.48	0.0	0.38	**0.00**
Process Safety					
Tier 1 or 2 Process Safety Events	0	0	0	2	**0**

1. Operated assets.
2. For definitions see the Glossary, p.73.

Transfer Line, Baúna FPSO, Southern Santos Basin, Brazil

Emergency Response and Crisis Management

In 2025 Karoon continued to mature its capability to respond to unplanned operational incidents. Based on the nature of Karoon's operations, potential incidents can range in severity and type, from minor loss of containment to cyber-attacks or physically harmful incidents onboard our assets or at our other work sites. Capabilities of the Emergency Response Team (ERT), Incident Management Team (IMT) and Crisis Management Team (CMT) continued to develop as we move to become the Operator of the FPSO at our Baúna asset in Brazil.

In March and August 2025, real-time crisis response exercises were conducted across Karoon's operations. The March exercise was run by the Melbourne office and focused on cyber security, while the August exercise was led by Karoon's Brazilian operations and focused on operational crises management. Both exercises simulated crisis response protocols and procedures across multiple levels of the organisation, with active participation from members of Karoon's ELT, Country leadership teams, management and operations teams, ensuring communication channels, protocols and response capability are integrated throughout the business.

Cyber Security

Embedding Resilience as a Business Enabler

In 2025 Karoon continued to strengthen its cyber resilience by embedding security into the way the Company operates. Cybersecurity is no longer treated as an add-on but as an enabler of competitive advantage, supporting safe, reliable and innovative operations while protecting shareholder value.

Karoon has achieved its targeted NIST Cybersecurity Framework maturity Level 3, while maintaining compliance with international ISO 27001 Information Security Management System (ISMS) based objectives and the Australian Essential Eight controls. These benchmarks give the Company confidence that our approaches are measured, consistent, and globally aligned.

Governance, Risk and Business Continuity

Cybersecurity governance and risk oversight have matured considerably this year. Engagement now extends across all levels of the organisation, ensuring alignment between Board, management, and workforce responsibilities. Cyber risk is fully integrated into Karoon's enterprise-wide governance, risk, compliance and crisis management frameworks.

To reinforce preparedness, ongoing business continuity and crisis simulation exercises have tested our readiness to respond to critical scenarios. These activities strengthen assurance that Karoon can maintain safe and secure operations in the event of disruption.

Culture of Cyber Awareness

Karoon's people remain central to our cyber resilience. Training, awareness, and simulation programs have shifted from raising awareness towards instilling security as part of everyday decision-making. This change reflects Karoon's commitment to integrate cyber security into all aspects of its business.

The Company continues to update these programmes to ensure vigilance against new risks, including AI-enabled threats and evolving attack methods. By embedding cyber literacy across the organisation, we are building confidence and trust in our ability to adapt to a changing landscape.

Strengthening Resilience and Capability

Karoon has advanced its operational capability by refining monitoring, detection and response practices to ensure potential risks are identified early and addressed rapidly. Information security remains a standing agenda item across governance forums, ensuring executive and Board oversight.

Karoon's approach to cyber resilience is proactive and adaptive. By aligning to international standards, fostering a culture of responsibility, and continuously testing our readiness, we are positioning cybersecurity not only as protection but as a driver of resilience and sustainable business growth.

LOOKING AHEAD

The near future holds opportunities for Karoon to mature safety capability and improve performance. Karoon aims to complete the successful integration of the Baúna FPSO under our control as swiftly as possible, ensuring the implementation of our safety culture at all levels of operation of the asset. Implementation of Karoon's safety approach and principles is crucial to ensuring smooth running of the facility on an ongoing basis, while allowing the continuous improvement cycle to be applied for all aspects of safety performance.

In the first half of 2026, a number of activities are planned. These begin with a scheduled further 100-day Safety Improvement plan phase. This phase of the safety transition process aims to build upon the success and outcomes of the first two 100-day plans, embedding this progress and improvements made into ongoing safety management approaches as Karoon moves into the future with full control over our producing asset.

During this period, a further Baúna FPSO revitalization campaign is scheduled to be conducted using a flotel-type vessel, together with a workover campaign on the Baúna production wells using a drilling rig. To support the safe execution of these concurrent operations, comprehensive accident-prevention and risk-mitigation campaigns will be implemented, ensuring that all activities are carried out with the highest safety standards and without incidents.

1.3 PEOPLE AND CULTURE

At Karoon, our people are integral to achieving our goals. Guided by our values of respect, safety, integrity, commitment, and collaboration, we seek to foster a culture where every individual is empowered, included, and proud to contribute.

OUR APPROACH

Values-based Culture

Karoon's culture is built on a clear purpose that directly connects to performance and is supported by our values of respect, safety, integrity, commitment, and collaboration, which are central to our competitive strategy, and guide decision-making at every level.

Dedicated governance mechanisms ensure that practices and behaviours genuinely align with our purpose and values, and foster an environment where people are respected, empowered, and proud of their contributions.

Karoon's culture is not defined solely by what we say we believe but by how these beliefs translate into the decisions our people make every day. Values are transformed into operational imperatives, evidenced through our people's behaviour and understanding of the link between values, daily working practices, and strategic objectives. This is reflected in regular employee engagement surveys, workshops, and informal discussions, with transparent reporting especially during periods of organisational change.

OUR VALUES

Guide how we operate as a business and underpin everything we do.

Safety is our highest priority, a state of mind in respect of personnel, community, and the environment.

Integrity is honestly doing what is right and what we say we will do.

Collaboration is working together, to achieve our goals and striving for better outcomes for all stakeholders.

Commitment is following through on our promises with focus, passion, and dedication.

Respect is actively listening to, harnessing, and embracing different backgrounds, cultures, thoughts, and ideas.

Baúna FPSO, Southern Santos Basin, Brazil

As a company with personnel and activities across three continents, Karoon recognises the necessity for employees to feel empowered and recognised in their work locally, while contributing to Company objectives, and collaborating with a diverse range of colleagues through a shared set of values and priorities.

Internal programs such as the values card recognition initiative encourage employees to reflect on and celebrate colleagues who exemplify Karoon's values, and strengthen belonging and inclusion across all offices.

Karoon ensures cultural progress is measured, and every employee has the opportunity to thrive and contribute meaningfully to the Company's shared success.

INTERNAL VALUES PROGRAM

A Year of Transition

2025 represented a period of significant change for Karoon.

In May 2025, the board approved a progressive transition of Karoon's headquarters from Melbourne to Houston, while retaining a smaller team in Melbourne to support our Australian shareholder base and satisfy our regulatory obligations. The Board's decision reflects the location of the Company's assets in Brazil and the United States, the acquisition of the FPSO Cidade de Itajaí in Brazil, and the location of future growth opportunities requiring more direct local support.

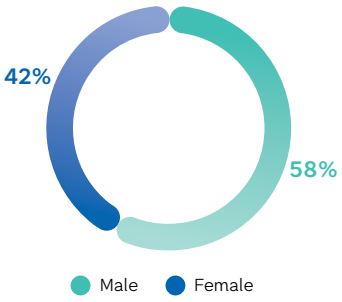
In keeping with Karoon's culture, every care and effort was made to ensure a fair, equitable, and respectful transition program for the affected Melbourne team members. Approximately 50% of the Melbourne team left the business at the end of 2025, with the transition continuing throughout the first half of 2026.

Employee Profile

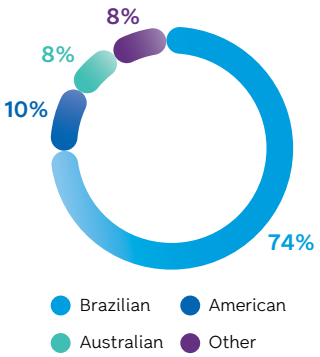
Karoon's employee base comprises 167 permanent employees, of which 42% were women as of 31 December 2025. This represents an increase of 1% over the previous year. Karoon's Senior Leaders comprise 22% women and female participation on the Board is 57%. Karoon's Legal, People & Culture, Finance and Regulatory functions comprise the highest concentration of female employees.

Karoon's workforce has 36% of employees under 40 years. The team is also highly diverse, representing 15 different nationalities with the majority of employees, representing of the countries in which Karoon operates.

GENDER PROFILE



NATIONALITY PROFILE



AGE PROFILE

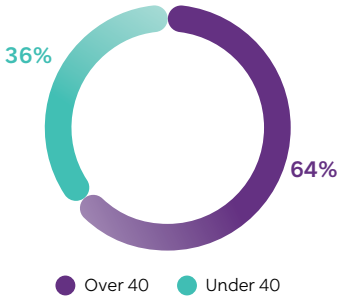
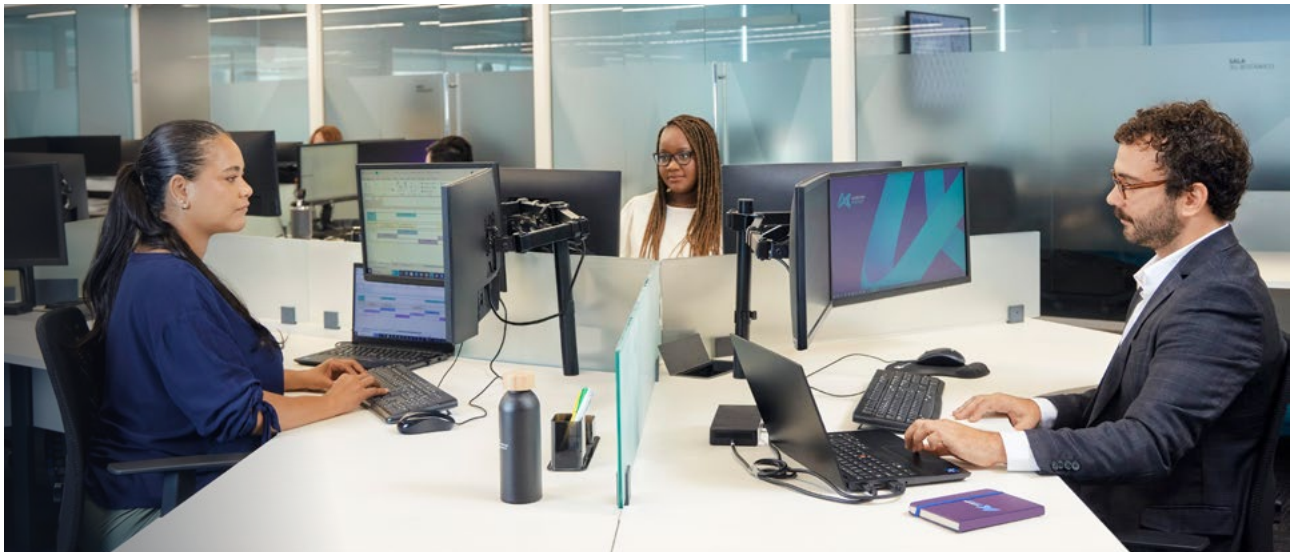


TABLE 2: DIVERSITY PROFILE[1]

	Female Representation (%)				
Category	**FY22**	**FY23**	**TY23[2]**	**CY24**	**CY25**
Board	17	17	14	43	**57**
Senior Leaders	26	17	11	17	**22**
Group-wide	50	46	42	41	**42**

1. Operated assets.
2. Represents six month period from 1 July to 31 December 2023.



Karoon employees, Rio de Janeiro, Brazil

OUR PERFORMANCE

Employee Engagement

In maintaining Karoon's culture, the Company incorporates three strategic elements to build and sustain a work environment where people can thrive:

- understanding the needs and motivations of the workforce;
- reviewing and redesigning work to support competence development and subject matter expertise; and
- strengthening the relationship between employee engagement and operational excellence to drive growth.

Achieving these strategic elements supports a better workplace for our people and delivers value to all stakeholders.

Karoon is committed to creating an environment where every employee is valued and has meaningful work that aligns with their strengths and aspirations. This includes clear pathways for career growth, and work structures that enable them to thrive professionally while maintaining personal well-being.

Through training programs, career development initiatives, and ongoing investment in performance excellence, Karoon is building the foundation for sustained organisational excellence.

Talent Development

In 2025, Karoon continued to invest in building a talent pipeline through the Company's Internship Program in Brazil. The Program provides a structured learning experience combining technical exposure, on-the-job learning, and mentorship by leaders and subject matter experts. Regular career conversations and development checkpoints provide visibility and support for interns' growth throughout the Program.

Employee recognition is also a critical part of effective employee engagement and is an important practice which generates positivity and commitment. Employee Service Recognition Awards commenced in 2024, Karoon's 20th Anniversary Year.

Karoon employees, Rio de Janeiro, Brazil

The Employee Recognition Program has proven to cultivate employee pride, strengthen employee engagement, and create psychologically safe environments in which employees feel empowered to speak up, contribute ideas, and shape organisational direction.

In 2025, 9% of employees received Employee Service Recognition Awards for 5-, 10-, and 15-years' service.

Promoting a Culture of Belonging and Inclusion

At Karoon, we believe that fostering a sense of belonging and inclusion is essential to our success as a global organisation. Our people come from a wide range of backgrounds and experiences, and we recognise that when every employee feels valued and included, we unlock creativity, drive innovation, and make better decisions.

We understand that belonging is not just about representation, it is about ensuring that every employee feels seen, heard, and empowered to shape the direction of our Company.

Our approach to inclusion is embedded in our values, our leadership practices, and our everyday interactions. By cultivating a workplace where differences are respected and celebrated, we strengthen our resilience and drive sustainable growth.

Karoon sets clear objectives each year to advance belonging and inclusion, in line with both our global footprint and our commitment to transparent reporting. These objectives guide our actions and help us measure progress to ensure we remain accountable to our people and stakeholders.

Karoon achieved substantial progress against the CY25 Diversity Objectives:

- Promote a Board Composition that reflects a broad range of perspectives, aligned with our global operations.
- Improve gender representation into senior leadership roles by fostering an inclusive environment, and providing equal opportunities for all qualified employees.
- Maintain a commitment to pay equity by regularly reviewing compensation practices to ensure fairness across all career levels.
- Maintain structured and bias-free recruitment processes supported by inclusive talent acquisition strategies.

Karoon's Board composition reflects the diversity of our international operations. Directors bring a mix of professional backgrounds, international experience, and skills relevant to our business in Australia, Brazil, and the United States. The Board participation rate of women rose to 57%, up from 43% in CY2024. This increase reflects the appointment of Ms Carri Lockhart as CEO and Managing Director, following a comprehensive search process conducted by a specialist recruitment firm. The recruitment process considered a broad field of qualified candidates and concluded with Ms Lockhart's appointment in November 2025, further enhancing the Board's gender balance and international focus.

We are committed to balanced gender representation in senior leadership by nurturing an inclusive environment and supporting equal opportunities for advancement. In 2025, women were appointed to 29% of the Senior Leadership role vacancies which has led to a 5% increase to 22% in CY2025 of women in our Senior Leadership team. Across the Karoon Group, women now make up 42% of our workforce, with 35% of appointments filled by women. Our leadership development, mentorship programs, and succession planning initiatives are designed to provide a strong pipeline for future leadership roles, empower diverse talent and drive better business outcomes. We are also committed to providing regular workplace behaviour training to reinforce the importance of positive conduct, and maintaining a healthy and inclusive workplace, free from harassment and bullying.

Karoon maintains a proactive approach to pay equity, conducting regular analyses of compensation practices to ensure fairness across all job grades. Our structured pay grade system is designed to minimise bias, and ensure that men and women receive equal pay for equivalent roles. Any identified disparities are promptly addressed, reflecting Karoon's ongoing commitment to equity and transparency in remuneration. Prior to initiating recruitment, the relevant salary range is determined in advance to minimise hiring bias.

Karoon partners with external recruitment agencies and specialised talent acquisition professionals who are committed to presenting qualified candidates from a broad range of backgrounds. We continue to implement structured and inclusive merit based recruitment practices, such as proactive market mapping and ensuring balanced shortlists to support fair and equitable consideration of all qualified applicants.

Human Rights & Modern Slavery

Karoon continued to mature and expand its value chain engagement in 2025, with the Company's fourth Modern Slavery (MS) Statement submitted in June 2025. Available on Karoon's website, the report details Karoon's assessments of the Company's business model and supply chain for risk of human rights abuses, such as human trafficking, enforced labour, or substandard living and working conditions.

Modern Slavery Risk is overseen by the SORC which manages the development of Karoon's Human Rights policy. The ARGC governs the Whistleblower protection policy, Speak Up policy, and annual corporate governance statements.

In 2025, Karoon continued to progress our MS Action Plan engagement with the Fair Supply platform, by harnessing the platform's extensive databases and software to understand the spread of risk throughout our top 10 tiers of suppliers.

Karoon increased the coverage of our supplier assessment year on year, assessing 171 suppliers, representing 99% of total procurement spend. This was complemented by the direct issuance of 20 Self-assessment Questionnaires to our Tier 1 suppliers. Through these indirect and direct channels, Karoon is expanding our understanding of our supply chain and compliance with Modern Slavery.

In October 2025, Karoon engaged an independent specialist to undertake a review of the Hiwi carbon project, with a specific focus on social and community impacts. The review formed part of Karoon's ongoing commitment to ensuring transparency across its carbon portfolio. The review supported the positive initial assessment undertaken in 2023 prior to Karoon's participation in the project. While it identified several areas for improvement, primarily related to communication, the review found that overall, the project met all requirements under both the Climate, Community and Biodiversity (CCB) and Verified Carbon Standards (VCS).

Baúna FPSO, Southern Santos Basin, Brazil

1.4 SOCIAL AND COMMUNITY

Karoon is committed to promoting positive social outcomes in the communities in which Karoon operates by supporting social projects that enhance the quality of life for the people. Supporting community development and contributing to positive social change is achieved by fostering transparent, respectful, and collaborative relationships with all community stakeholders, actively engaging with local communities and aligning our efforts with their priorities.

OUR APPROACH

2025 saw Karoon increase voluntary social investment for the fourth year in a row alongside the launch of the Company's new social and community commitment, linking support for voluntary social projects with company performance. The new target, to reach a voluntary contribution of 0.1% of sales revenue by 2027, aligns Company performance with social investment.

Karoon's social investment framework, implemented under Karoon's Community Investment Guidelines, is designed to deliver tangible, long-term benefits to the communities in which we operate, while aligning with the UN Sustainable Development Goals (SDGs). Contributions and investments are made under two categories:

- **Voluntary Funding** – Contributions made from Karoon's after-tax earnings to support initiatives that enhance community wellbeing and respond to priorities identified at the local level.
- **Incentivised Funding** – Participation in government approved programs that allow part of Karoon's tax payments to be directed toward projects fostering social, cultural, sporting, and educational development.

Selecting, Reviewing & Monitoring Projects

Selection of both voluntary and incentivised projects is steered by the company's Community Investment Guidelines, which outline clear criteria for initial project selection and processes for ongoing project monitoring and evaluation. To be considered, projects must demonstrate;

- an educational purpose
- positive and lasting social impact
- support for improvements in quality of life, health, and wellbeing

Music and Citizenship project, fourth year with with Karoon as sponsor

Release of turtles, Luisa Pinho Sartori Institute, Conservationist Master Dissertation, Brazil

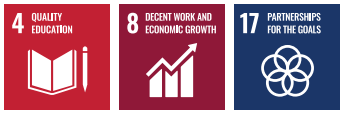
- professional training opportunities that contribute to long-term community benefits.

Other factors taken into consideration during the selection process include;

- the quality and reputation of the project proponent, including any known track record in delivering similar initiatives,
- the project's proximity to Karoon's operations
- Project compliance with the Company's Anti-Bribery, Fraud and Corruption (ABFC) Policy.

Under Karoon's Community Investment Guidelines, Karoon's applies a hierarchy of selection, ensuring projects align to prioritised SDG's Graphic. This hierarchy, alongside Karoon's structured approach of due diligence, continuous monitoring and regular performance reviews, ensure projects produce measurable outcomes and align with Karoon's broader sustainability strategy.

First level of priority



Second level of priority

Third level of priority

OUR PERFORMANCE

Karoon has steadily increased support for voluntary social projects since becoming owner of the Baúna Project in 2021, resulting in a 380% increase between 2022 and 2025, reinforcing and growing our commitment to advancing positive social change.

These investments enable Karoon to engage meaningfully with local stakeholders, strengthening community relationships, and evolve support to meet the needs of the communities in which we operate. Through this collaborative approach Karoon seeks to maximise our social impact and contribute to a more inclusive, equitable, and sustainable future.

TABLE 3: SOCIAL AND COMMUNITY INVESTMENT

	Voluntary			Incentivised	
Year	Number of Projects Supported	$US	% of Annual Revenue[1]	Number of Projects Supported	$US
2022	3	100,280	0.02	1	47,689
2023	3	148,620	0.02	16	1,782,765
2024	4	240,782	0.03	18	2,154,014
2025	**4**	**381,000**	**0.06**	**21**	**2,102,487**

1. Based on group sales revenue.

TABLE 4: VOLUNTARY SOCIAL PROJECTS – 2025

Project	Description	SDG's
Liter of Light	Karoon first partnered with the Liter of Light Project in 2023, receiving positive feedback from all stakeholders. Based on these, the initiative has been replicated in another community in the state of Rio de Janeiro. Through the installation of low-cost solar solutions, the initiative contributes to increased safety, improved quality of life, and better use of community spaces.	
ProCREP	Pro-CREP (Create, Recycle, Educate, Preserve) is an innovative social project in the state of Santa Catalina, near Karoon's Baúna project, that provides work opportunities and steady income to families in socially vulnerable situations. Karoon has supported the project for the last three years, and in 2025 supported the purchase and installation of a new sorting conveyor belt. This project improved the safety and efficiency of sorting recyclable materials, allowing a larger volume of material to be safely sorted.	
Revolusolar	In 2025 Karoon continued to support this project through the delivery of technical training courses to 24 trainees. The courses combined basic electrical competency with photovoltaic system installation skills over a 90 hour program.	
Ambience for Creative Connections (ACC) Project	Project transforms underutilized spaces in social institutions into accessible, engaging, and well-equipped environments. After technical assessments of 12 sites, tailored renovation plans are being developed, with around eight projects expected to proceed based on budget and final costs. Upgrades may include accessibility improvements, durable furniture and equipment, refreshed visual design, and the integration of technology and learning materials.	

Litro de Luz Brasil (Liter of Light) provides sustainable, low cost solar lighting to off-grid, low-income, and rural Brazilian communiaties using recycled plastic bottles, LED lights, and solar panels.

TABLE 5: TAX INCENTIVISED SOCIAL PROJECTS – 2025

Project	Description	SDG's	Category
Music and Citizenship	Music classes, theory, and citizenship workshops for 150 children and adolescents aged 7 to 17, distributed across 3 new learning centres.		Culture
Annual Plan – Bachiana Foundation	Training 140 young people in classical music in two cities in São Paulo (Sorocaba and Paraisópolis). VIolin, viola and chour lessons delivered through the Bachiana Foundation.		Culture
Knowledge Hub – Dara Institute	Develops and disseminates practices and methodologies to combat poverty via digital platforms, strengthening the work of social entrepreneurs, community leaders, and other civic sector actors.		Culture
Annual Plan – Generating Falcons	Serves 3,000 participants in the cities of Poa and Ferraz, offering choir, orchestra, theatre, dance, guitar, visual arts, ballet, percussion, capoeira, and street dance workshops.		Culture
Between Lines and Jewels – Refazer Institute	Women's development program targeting mothers who are heads of households, combining income generation, education, and the appreciation of popular culture. 12 months program of cultural workshops in crochet, macramé, and eco-jewellery, benefiting 180 women from the institution (mothers of children with rare diseases). The project also includes technical, pedagogical, psychological, and social support, plus 4 entrepreneurship workshops on management, creativity, and commercialization, concluding with an artists exhibition.		Culture
Dance Workshops – Solar Children of Light	The project provides dance workshops for 150 children and young people living in the Pavão-Pavãozinho and Cantagalo communities. The activities include Tap, Jazz, Creative Dance, Classical Ballet, Hip Hop, and Zumba, all free of charge. In addition, dance performances will be held throughout the project.		Culture
Theatre Workshops – Solar Children of Light	Theatre education classes for students of Solar Meninos de Luz and residents of adjacent communities. The year-long workshops serve children and youth aged 2 to 24, focusing on theatrical research, production and performance of plays, and audience development in the communities.		Culture
Meca Cultural	Cultural activities such as arts, music, storytelling, dance, and capoeira for children and adolescents with disabilities.		Culture

Project	Description	SDG's	Category
Annual Plan – Brazilian Orchestra Symphony	Music classes; orchestra conducting; production of recycled instruments; orchestral arrangement creation; instrument making; teacher training; artistic and educational exchanges; and cultural management training for partner projects benefiting 300 children and youth.		Culture
Fashion Atelier	Train young people aged 15 to 25 with both theoretical and practical skills for the job market in the fashion industry via in person and online training.		Culture
Citizenship Circuit	Production and touring of an interactive play about citizenship and the importance of safety and traffic education for 1,200 children aged 7 and up. Activities are open to children and held in public schools, cultural centres, and nonprofit institutions.		Culture
Admirals – 2025 Season	Aims to expand the interest and popularity of American football (flag football) among adults, with the goal of attracting new participants to the sport, supporting up to 50 male and female athletes.		Sport
Admirals of the Future – Year V	Flag Football classes for 120 children and young people from low-income and socially vulnerable communities. The project focuses on citizenship and educational development through guided sports practice.		Sport
Sportingly IV	An online theoretical and practical course for the development of 150 professionals in fields such as physical education, psychology, physiotherapy, pedagogy, nutrition, and nursing, focusing on inclusion and accessibility in sports.		Sport
Include in Communities	Football, swimming, adapted boccia, and sitting volleyball classes for 150 people with disabilities, promoting inclusion and accessibility through adapted sports.		Sport
Sports Seeds ties	Uses futsal as an educational tool to improve holistic child development, serving 160 children in after-school sessions. The project also includes online English and Portuguese classes, accessible via the students' own devices or school multimedia rooms, as well as field trips, friendly matches, and cultural activities throughout the 12-month program.		Sport
Owl House	Community centre hosting social and sports activities, educational and high performance sports programs alongside Paralympic modalities.		Sport

Project	Description	SDG's	Category
Fearless	Promotes running practice for 50 girls and women from the Maré community, using sports as a means of personal development and female empowerment.		Sport
Love Down	Expansion of the service area to meet increased demand, offering music and computer classes; expansion of the physical therapy room; implementation of a supported employment program; and the construction of a cafeteria for employees.		Children
Come and join us	Include 120 children and adolescents with intellectual disabilities and in situations of social vulnerability through capoeira classes.		Children
Training for elderly people care	A training program for NGO members designed to provide participants with tools for better organizational management		Elderly

LOOKING AHEAD

Karoon remains committed to supporting social projects within the communities in which we operate and continuing to work towards our social contribution targets. As production varies, Karoon's incentivised social contribution also varies, however the commitment made in 2024 to link voluntary social support with forecast sales revenue remains on track to hit our target of 0.1% of sales revenue contributed to social projects in 2027.

For Karoon's portfolio of projects, the company aims to continue to grow the positive impacts created. Karoon's aim is to achieve this via two mechanisms; focusing on the quality of the projects we contribute to and continuing partnerships with existing projects that have demonstrated the most significant positive impact.

Reciclarte project

1.5 ENVIRONMENT

As an oil and gas producer, Karoon is conscious of the actual and potential environmental impacts and consequences of our operations and the sale of our products. The environmental focus of our sustainability program seeks to monitor, manage and minimise the impacts on ecosystems and the physical environments in which we operate.

OUR APPROACH

In Brazil, Karoon's approach to minimising environmental impact is via the diligent management of our operational projects, at all times aiming to meet or exceed local regulations, working with contractors who align with this objective, and investing in environmental conservation causes, many of which focus on the marine environment we operate in.

Environmental controls and projects aim to limit the physical impact of our operations, maintaining ecosystem integrity and supporting a net positive footprint from the company's operations with focuses on conservation, socioeconomics and biodiversity. These actions fall under two categories:

- Mandatory projects under environmental regulations, including those delivered under the Macro-Regional plan;
- Financial contribution to environmental conservation causes.

In the United States of America, Karoon's non-operated asset Who Dat, in the Gulf of America, is operated by Karoon's joint venture partner, LLOG, who is also responsible for managing environmental compliance and initiatives to improve environmental performance.

Mandatory Projects – Brazil

As part of Karoon's offshore operating licence conditions, the Company maintains a set of ongoing environmental projects designed to deliver a positive impact on the communities, ecosystems and natural environments in which we operate, while mitigating negative impacts in these areas.

In 2025, Karoon continued its support and commitment to nine mandatory projects focusing on;

1. Marine environment monitoring (PMA)
2. Offshore Waste management (PCP)
3. Wildlife & exotic species monitoring, management & conservation (PMAVE, PPCEX, PACS Arvoredo)
4. Education and awareness within the Company and throughout the supply chain (PEA, PEAT)
5. Safety, stakeholder relations, Emergency response and Oil Spill readiness (PCS, OSRP)

In addition to the above projects, Karoon contributes to a suite of projects as part of an industry collaboration named the MacroRegional Plan (Macro-Plan). This initiative, a requirement of the Brazilian offshore regulator IBAMA in the licensing processes, seeks to integrate methodologies for monitoring, characterising, assessing and mitigating impacts of oil and gas activities in the Campos, Santos, and Espírito Santo basins. Enabling the assessment of synergistic impacts associated with the operation in these basins.

The integrated MacroRegional programs are developed by the group of oil operators and represent an innovative initiative to improve the production of information and the planning of new actions within the scope of licensing. Through this mechanism, Karoon is able to collaborate with peers and regulators to ensure industry knowledge is shared and best practice implemented in pursuit of the most effective method for mitigating industry impacts and producing positive outcomes for communities and the environment.

There are five active projects Karoon contributes to in the Macro Plan:

1. Macro-regional Social Communication Program (PMCS)
2. Monitoring changes in the socioeconomic profile of workers (PMST)
3. Monitoring Karoon's supply chain, looking at generation and disposal of waste (PMIR)
4. Air traffic monitoring from shore bases supporting maritime activities (PMTA)
5. Support and logistics vessel monitoring and assessment (PMTE)

Baúna FPSO, Southern Santos Basin, Brazil

1
Minor Spill (Number of minor spills to sea)[1]

54%
Non-hazardous waste recycled (% of non-hazardous waste generated)[1]

177.5 kt
Hazardous waste[1]

41%
Reduction in flaring emissions from the previous year[2]

20,501 tCO_2e
Total emissions from flaring[1]

Karoon also has three projects with their implementation format under discussion. These projects are regularly reviewed and communicated to stakeholders:

- Analyses of potential vulnerabilities of impacted fisheries and fishing territories from production activities (PMCAP)
- Investigating economic dependence of municipalities on oil revenues and potential socioeconomic impacts therein (PMCRP)
- Macro-regional socioeconomic environmental Impact Assessment Program (PMAIS)

Conservation – Brazil

Under Federal law in Brazil, operators are required to provide financial contributions to environmental conservation units at both State and Federal levels.

Karoon has already made full payment of the Environmental Compensation for the Baúna Field production activity, with the issuance of the Environmental Compensation Commitment Agreement at the end of 2023. Karoon contributed approximately US$ 600,000 to environmental compensation of the state level, and more than US$ 1,500,000 to the federal level to support the maintenance and protection of conservation areas:

- Arvoredo Marine Biological Reserve (SC) (Federal)
- Superagui National Park (PR) (Federal)
- Taim Ecological Station (RS) (Federal)
- Lagoa do Peixe National Park (RS) (Federal)
- Serra do Tabuleiro Ecological Park (SC) (State of Santa Catarina).

Monitoring & Management – Brazil

Karoon's environment team oversee continuous monitoring, management and prevention programs year-round, focusing on water, spills and environmental incident response and waste, including the following:

1. Water

As an offshore operator, impacts and dependencies on marine environments are a key consideration for Karoon. The company monitors key industry metrics to provide a snapshot of the effect operations have on offshore environments:

- Oil content of Produced Water and Oily Water Discharges
- Water, sediment and associated planktonic and benthic biota.

1. Operated assets.
2. Operated assets and non-operated assets on an equity basis.
3. A minor spill is <2 bbl.

Under Karoon's Pollution Control Plan (PCP) project, Karoon also measures and monitors effluents, cooling water and freshwater consumption on board the FPSO.

Guided by regulatory requirements and parameters set out by The National Brazilian Council for the Environment (CONAMA) and International Convention for the prevention of Pollution from Ship (MARPOL), Karoon monitors volumes and oil content composition of discharges made to sea during operations.

Water treatment plants operated on board the Baúna FPSO, minimising residual oil in water (OIW) content in any discharge, ensuring produced water discharged remains below regulatory limits of oil concentration. In 2025 Karoon remained below both the daily oil in water regulatory limit of 42ppm and the monthly limit of 29ppm.

Karoon also tracks the frequency and quality of testing for discharged water sampling, ensuring samples undergo gravimetric testing on site at sufficient frequencies daily.

2. Spills & Environmental Incident response

A key risk across our industry is oil spillage to sea. To manage this, Karoon has developed and continues to implement the Oil Spill Response Plan (OSRP), a key operational document used to guide response procedures in the event of an oil spill incident, developed with oversight from CONAMA.

Closely tied to Karoon's risk management system, the OSRP combines elements of Safety, operational capabilities and environmental monitoring to ensure any potential incidents are handled swiftly, safely and resolved with minimal impacts.

The plan was developed using risk analyses for 15 potential scenarios reflecting the range of possible spill incidents, with a worst-case being oil spill at sea resulting from the sinking of the Baúna FPSO.

Risk assessment outcomes are integrated into operational processes and procedures to ensure all relevant personnel and systems are ready for an unforeseen incident. These risks, along with their control measures and response procedures are integrated into Karoon's corporate operational risk register.

3. Waste

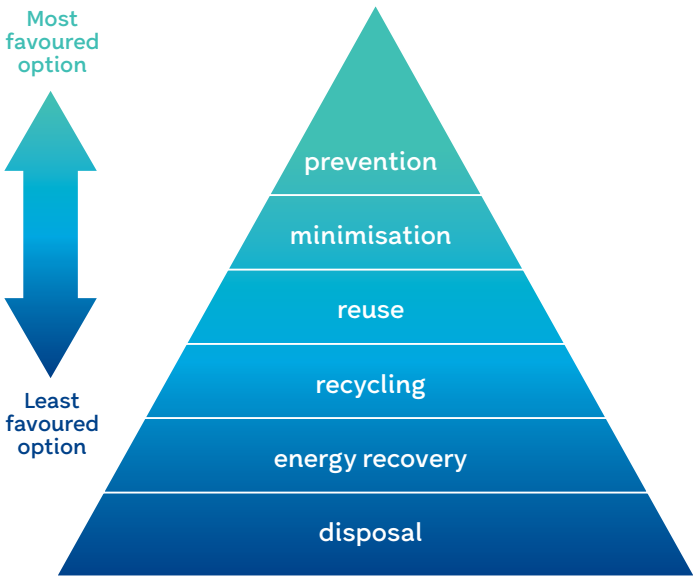
Karoon's environment team in Brazil runs the Pollution Control Plan (PCP) monitoring and management program, covering all forms of waste produced by operations. In line with IBAMA regulation, this program comprises systems used to track Greenhouse Gas Emissions (See Climate Report), sanitary and oil effluent discharge to the sea and land-based disposal of hard waste volumes, ensuring all metrics are controlled. Karoon aims to minimise and mitigate all these forms of emissions through various initiatives and operational programs. As part of the PCP, waste generated by the Baúna asset is managed offshore, with disposal and offload systems in place to ensure the safe processing of all physical waste volumes in line with regulation.

Management and disposal plans comprise:

1. Different types of hard waste require different treatment and disposal methods. As such, all offshore waste is categorised on site, sorted, measured and recorded prior to being offloaded to shore. During this process the Maritime Waste Manifest is generated.
2. Waste volumes are transported to the Itajaí shore base where it undergoes further measurement and is weighed again prior to being offloaded to third party partners managing disposal. Prior to transfer to third parties managing disposal, the Transport Waste Manifest is generated recording data for all waste types and is transported to its final destination.
3. Third party waste disposal companies verify Karoon's weight, material and classification logs, and proceed with treatment or disposal in full compliance with legal and environmental standards.

WASTE MANAGEMENT HIERARCHY

Karoon follows the waste pyramid hierarchy when managing waste.



Waste categorisation under the PCP classifies physical volumes into appropriate end point processing types. These final disposal methods align with a preference hierarchy Karoon has implemented since production operations began at the asset:

- **Reuse:** Residual materials are repurposed to create new products, often used as alternative fuels in cement kilns. This also includes the recovery and further treatment of used oil (such as lubricating oil or oily water after separation) into higher-quality oil.
- **Recycling:** The process of converting discarded solid waste into new raw materials or products, extending the lifecycle of resources and reducing demand for virgin materials.
- **Energy Recovery (incineration, coprocessing and blending)**: Waste is treated at very high temperatures (above 1,200°C), enabling it to act as a substitute fuel while generating energy. Materials can also be blended with other substances for use as fuel, commonly in cement kilns.
- **Disposal:** When no other management options are possible, waste is sent for final disposal. This is done in a controlled manner to ensure that materials do not pose risks to human health or the environment.

OUR PERFORMANCE

Throughout 2025, Karoon integrated a series of strategic initiatives to support the transition of the Baúna FPSO operations. During this period, the company has developed environmental plans and procedures aimed at strengthening monitoring programs and enhancing the management of waste, emissions, and effluents. These efforts are designed to ensure full compliance with regulatory requirements and alignment with the best practices in our industry.

Karoon's total waste production saw a year on year increase from 2024 to 2025, largely due to the maintenance program in early 2025. Karoon continued to undertake its annual audits of all waste management partners to ensure proper handling, traceability, and compliance with environmental and safety standards, reflecting the Company's ongoing commitment to minimizing environmental impact, and regulatory compliance.. Together, these initiatives reflect Karoon's continued commitment to operational excellence, regulatory compliance, and the integration of sustainability principles across all stages of its operations.

LOOKING AHEAD

In 2026, after a year of extensive preparation, Karoon will assume full operational control of the FPSO Cidade de Itajaí located on the Baúna Project. The integration of this asset will increase Karoon's responsibilities under environmental licensing conditions, resulting from closer direct control and responsibility for operational activities.

In addition, within the scope of the Baúna environmental license projects, further flotel campaign operations and workover intervention in the producer well SPS-92 well are planned for 2026. Preparations are in place for these operations to take place in alignment with Karoon's environmental licenses, ensuring the campaign is carried out with minimal environmental impacts and results in improvements in offshore operational reliability which has a positive effect on impact mitigation efforts. On both fronts, Karoon reinforces its commitment to environmental compliance and the adoption of industry best practices, ensuring safe, sustainable operations fully aligned with current legislation.

These operations are expected to lead to a short-term increase in waste generation, a trend evident from the 2025 campaign, and an increase in emissions from 2024.

TABLE 6: WASTE BY DISPOSAL CATEGORY[1]

	CY 2024	CY 2025
Non-hazardous waste (kg)	76,558	**109,511**
Energy recovery (blending)	8,815	**17,250**
Recycling	47,950	**59,481**
Landfill	19,793	**32,780**
Hazardous waste (kg)	125,706	**177,500**
Reuse	795	**472**
Recycling (re-refining)	40,880	**95,301**
Energy recovery (coprocessing and blending)	55,232	**53,076**
Disposal (Decontamination)	25,323	**18,893**
Disposal (Incineration)	1,275	**8,553**
Disposal (Landfill)	2,201	**1,205**

1. Operated assets.

1.6 DATA SUMMARY

TABLE 7: HSSE DATA

	CY21	CY22	CY23	CY24	CY25
Health, Safety and Security[1]					
Fatalities	0	0	0	0	**0**
High Potential Incidents	3	0	1	9	**7**
Lost Time Injuries (LTI)	1	4	0	2	**0**
Medical Treatment cases	0	2	0	2	**0**
Restricted Work Cases	0	1	0	0	**1**
Work Exposure Hours	800,000	1,640,000	1,390,664	1,043,592	**1,238,149**
Total Recordable Injury Rate (per 200,000 hours)	0.25	0.85	0.0	0.77	**0.16**
Lost Time Injury Rate (per 200,000 hours)	0.25	0.48	0.0	0.38	**0.00**
Process Safety[1]					
Tier 1 or 2 Process Safety Events	0	0	0	2	**0**
Environment[2]					
Number of minor spills (to sea)	2	1	1	0	**1**
Number of incidents in offloading operations	0	0	0	0	**0**
People and Culture[3]	**FY22**	**FY23**	**TY23**	**CY24**	**CY25**
Gender Diversity (%)					
Board	17	17	14	43	**57**
Senior Leadership	26	17	11	17	**22**
Overall	50	46	42	41	**42**

1. Safety and Process Safety incident data includes operated and non-operated assets. Exposure hours and frequency rates reflect operated assets only.
2. Operated assets.
3. Percentage of women in each category.

Topside operations,
Baúna FPSO,
Southern Santos Basin,
Brazil

2.1 RISK MANAGEMENT

RISK PROCESS

Karoon's approach to the identification, assessment, management and review of climate-related risks and opportunities is based on the ISO31000:2018 Risk Management standard, which in turn is aligned with the Intergovernmental Panel on Climate Change (IPCC) framework. Responsibility for climate-related financial risk sits with the Board, assisted by two Board Committees. The Audit, Risk & Governance Committee (ARGC) has responsibility for non-operational financial risk and assurance, while the Sustainability and Operational Risk Committee (SORC) is responsible for operational risk, including physical climate risk.

All risks, including climate-related risk, sit under Karoon's Risk Management Policy and Enterprise Risk Management (ERM) Standard, ensuring that there is a consistent approach taken to the assessment and management of risks across the business. This standard includes Karoon's risk matrix, definitions for likelihood and consequence and approach to mitigation.

Identification and management of risk is governed by the ARGC and SORC through the Enterprise Risk Committee (ERC). Karoon's ERC meets quarterly and comprises senior management, operational staff, and subject matter experts within the business, providing quarterly updates to the ELT and both the SORC and ARGC at least twice per year.

In 2025 the identification and assessment of climate-related financial risk has been run in parallel with the ERC as the formats and structure were developed, and will be integrated in 2026.

Karoon has undertaken a comprehensive climate risk and materiality assessment process to evaluate current and potential future impacts on its business and value chain. Transition risks arising from the global shift toward a decarbonised economy have considered evolving climate policies, increasing carbon pricing, shifts in market and investor expectations, and advancements in low-carbon technologies. Potential climate-driven Physical risks have considered more frequent and extreme weather events, rising sea levels, coastal erosion, and changing ocean conditions, which have the potential to disrupt operations and damage infrastructure.

In assessing and presenting its climate risks and opportunities, Karoon has considered those factors that could reasonably be expected to influence its long-term outlook, particularly with regard to cash flow generation, financing capacity, and the cost of capital over the short, medium, and long term.

RISK GOVERNANCE FRAMEWORK

Control Room, Who Dat, Gulf of America, USA

IDENTIFICATION

In 2024, Karoon worked with internal and external subject matter experts (SME's) to undertake a comprehensive materiality assessment, identifying the most significant climate-related risks and opportunities facing the Company at the time. This assessment considered external factors such as emerging information on climate risks, research on changing weather patterns and industry trends, as well as internal factors such as incidents or observed trends in our operations. Karoon have continued to expand and embed this process into our business in 2025, in particular, building internal capability and knowledge on the International Energy Agency (IEA) future pathway scenarios.

Karoon identifies and assesses climate-related risks as part of the Company's ongoing risk management process, as well as running a structured annual review of all identified climate-related risks. A register of previously identified and assessed risks is maintained and new risks may be identified, drawing on industry benchmarks, internal stakeholder feedback, and regulatory trends.

Karoon utilises climate-related scenario analysis to identify both risks and opportunities and to assess the resilience of its business strategy. By evaluating multiple climate scenarios, the Company gains insight into the potential scale and likelihood of various climate-related risks. Scenario analysis also helps uncover additional risks or opportunities that could influence business performance and long-term prospects. Integrating scenario analysis into the risk identification process involves assessing possible outcomes under different temperature pathways to understand potential impacts on assets and operations. Through this approach, Karoon has identified physical and transition climate risks, stress-tested them across different time horizons and temperature scenarios, and ultimately assessed the resilience of its strategy and business model.

In identifying opportunities, Karoon has focused on those opportunities that align with core competencies that currently exist, or can reasonably be expected to be developed in the short-term, within the Company.

ASSESSMENT

Climate-related risks are assessed at least annually in consultation with internal stakeholders, functional leaders and SME's, with external review as deemed appropriate. Identified risks are first collectively reviewed to assess ongoing relevance and identify new or emerging risks, followed by a detailed deep-dive session with SME's using the using the hazard, exposure, vulnerability, impact (HEVI) methodology.

Where practical, risks have been assessed using both quantitative and qualitative data points, however quantification can be challenging due to a lack of data, or a significant degree of uncertainty surrounding the data, especially when considering extended timeframes and potential climate scenarios. When assessing risk and materiality, Karoon has utilised internal knowledge from SMEs, research reports and analysis from recognised industry and non-industry sources and reports from recent events, in particular when considering physical risk. The International Energy Agency (IEA) scenarios have been considered when assessing transition risk and IPCC scenarios for physical risk, based on their AR6 report with consideration given to local weather predictions, in particular in the Gulf of America (GoA).

Karoon uses a 'five by five' consequence by likelihood risk matrix to assess the overall significance of a risk occurring, based on assessed event likelihood and credible consequence. The assessments are made by relevant subject matter experts and include consideration of both historical data and future projections, as relevant to Karoon's assets and activities. In Karoon's context, a 'material risk' has been deemed by Karoon to be a risk that could be reasonably expected to occur and materially affect the Company's performance, which could be reasonably expected to be of interest to an investor in the Company. In this first year of reporting, Karoon have determined this to be a risk with a potential financial impact >US$12m (net share) and a risk rating of either 'high' or 'extreme' in the Company's risk matrix.

As Karoon matures its understanding of climate-related risks and opportunities, and additional quantifiable data points and models become available, the quality of the risk quantification and assessment of potential financial impact is expected to improve.

MANAGEMENT

Karoon's assessment and prioritisation of climate-related risks and opportunities is aligned with the approach taken for assessing and managing operational and non-operational risks across the company, using a consistent risk matrix and approach, as per Karoon's Risk Management Standard.

The development of risk management strategies and controls is undertaken using a variety of common industry approaches, when developing mitigation controls.

Opportunities are prioritised based on their ability to eliminate or reduce risks, as well as the potential benefits and alignment with strategic business goals. Opportunities are also evaluated based on their relevance to Karoon's core business operations, the Company's current skill and capability composition, stakeholder interest and potential to deliver value. Karoon prioritises initiatives that align with the Group's commitment to achieving net-zero emissions for Scope 1 and 2 emissions from operated assets.

REVIEW

Climate-related risks and opportunities are reviewed at least annually. The review uses a combination of qualitative and quantitative information along with a review of the climate scenarios to determine whether any updates to the assessed risk are required.

In 2025 the outcome of this review was presented to Karoon's Board in a deep-dive workshop to ensure alignment with identified risks and ratings. In 2026 the process will be integrated into Karoon's existing Enterprise Risk Committee, with risk updates provided to the executive leadership team as well as the SORC and ARGC. These committees in turn communicate relevant updates or changes to Karoon's risk landscape to the board and the corporate risk tolerance statement is changed accordingly.

Topside operations, Baúna FPSO, Southern Santos Basin, Brazil

2.2 CLIMATE RELATED RISKS AND OPPORTUNITIES

STRATEGY

This section considers climate-related risks and opportunities, evaluating the potential impact material risks may have on Karoon's business in the short, medium and long-term.

Future potential physical and transition risks associated with climate change and the global shift toward a lower-carbon economy are expected to continue to influence Karoon's business and value chain. A changing climate and external stakeholder expectations introduce new risks and may alter the significance of others. At the same time, opportunities may alter, with emerging technology and changing economics.

TIMEFRAMES

In identifying and assessing climate-related risks and opportunities, Karoon considers short-term to be 2 years, out to 2027; medium-term out to 2035; and long-term beyond 2035 out to 2050. These timeframes are in good alignment with the lifespan of existing and potential future assets, and to Karoon's strategic priorities and to the IEA scenarios used by Karoon.

The assessment of future financial impacts is undertaken using Karoon's internal financial models and reference case out to 2035. Financial modeling beyond this introduces too many uncertainties and does not provide meaningful business insights.

BUSINESS MODEL AND VALUE CHAIN

Karoon is an international oil and gas exploration and production company, with a shore base in Itajaí on the coast of southern Brazil, and an operated offshore producing asset in the Southern Santos Basin. The Company also has a non-operated interest in the Who Dat development, located in the Gulf of America (GoA), US.

Karoon's value chain is primarily focused on North and South America, with 70% of upstream spend on goods and services in South America and 30% in North America. Karoon's operational and downstream value chain footprint comprises 75% of oil sales in North America and 25% in South America, with 100% of gas production and sales into the North American market.

Climate-related risks are considered to be across Karoon's value chain, although risks will impact different areas to differing degrees as detailed in the following section.

With the geographic focus of both operations and value chain outside of Australia, when considering potential climate-related risks and opportunities, Karoon has focused on data and analysis relevant for these markets, while maintaining a view of the broader global context.

TABLE 8: KAROON'S VALUE CHAIN

	Category	Description	Primary Geographic location
Upstream Value Chain	Key Suppliers	Consulting and contractor services	Brazil, US and Australia
		Operate and maintenance services	Brazil and US
		Plant and equipment suppliers	Brazil and US
		Office and warehouse facilities	Brazil, US and Australia
	Transportation	Support vessels transporting materials to offshore assets	Brazil and US
		Support helicopters transporting workers to offshore assets	Brazil and US
		Local and international transportation for employees and contractors	Brazil, US and Australia
Downstream Value Chain	Distribution and Storage	Tanker vessels for offloading from production assets	Brazil
		Oil (Mars) and Gas (Independence Trail) pipeline networks connecting to national networks	US
		Clovelly Hub Terminal for temporary storage of oil	US
	Customers and Consumers	Customers, refineries, for processing of product	US and Global markets
		Consumers as the end user	US and Global markets

Karoon shorebase, Itajaí, Santa Catarina, Brazil

CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRRO)

Karoon's assessment of potentially material climate-related risks and opportunities is based on a wide range of factors, including current understanding, assumptions, scenarios, and available data. Any assessment is subject to significant uncertainty due to evolving scientific, regulatory, and market conditions. Actual outcomes may differ materially from those indicated, and this assessment is provided for strategic and disclosure purposes only and should not be interpreted as a guarantee of possible or likely future business performance.

Medium and long-term financial effects have been assessed based on Karoon's projected growth model, including existing operating assets and known development opportunities not yet sanctioned. It does not include future unknown acquisitions or developments.

The IEA publication, The World Energy Outlook, 2025 and other publicly available research reports and articles have been used to inform the development of Karoon's climate strategy and the assessment of potentially material risks.

This work builds on assessments undertaken in previous years, using a framework developed by the Taskforce on Climate-related Financial Disclosure (TCFD)[1], and considered:

- **Market and economic**, considering the potential impact of climate change on supply chains, demand and pricing, shifts in consumer preference, and future market volatility.
- **Policy and legal**, considering potential regulatory changes and compliance obligations including carbon tax or trading schemes, potential litigation and disclosure requirements.
- **Reputational**, considering potential stakeholder perception and expectations, both of the company and wider industry, as well as opportunities for positive perception.
- **Physical**, considering potential direct impacts associated with a changing physical environment, including both acute or temporary events and chronic changes. This assessment considered both Karoon's operations and the Company's broader supply chain.
- **Opportunities**, considering existing, new and emerging markets, technologies and practices where Karoon's existing or developing competencies could be utilised.

This assessment identified fourteen potential risks and two potential opportunities, aligned with Karoon's operations, value chain and core competencies. These risks are summarised on the following page.

Of the fourteen identified risks, three were assessed to be potentially material[2] to the businesses performance. High level summaries have been provided in the following table and a more detailed analysis of the three material risks on the following pages.

Likelihood has been defined as per Karoon's risk matrix:

- Remote: Rare occurrence (100+ years)
- Unlikely: Has occurred once or twice (20-99 years)
- Possible: Has occurred several times (5-19 years)
- Likely: An infrequent but known occurrence in the industry (1-4 years)
- Almost Certain: A frequent occurrence or actually occurring (weeks or months)

1. Task Force on Climate-related Financial Disclosures (TCFD) Guidance on Scenario Analysis for Non-Financial Companies (October 2020).
2. Risk with a potential financial impact >US$12m (net share) and a risk rating of either 'high' or 'extreme' in the Company's risk matrix.

IDENTIFIED CLIMATE-RELATED RISKS & OPPORTUNITIES[1]

	Category	Risk/opportunity	Time horizon	Potential business impact
Risks	Policy and Legal	Carbon Price/Tax introduction	Short/Medium	• Increased operating costs & requirements • Increased reporting requirements • Potential legal/financial penalty impacts
		Methane & CO_2 emission reduction mandates	Medium/Long	
		Increased mandatory (and voluntary) disclosure requirements	Short	
		Increasing litigation or other legal action	Long	
		Restrictions on approvals for future exploration and development	Long	
	Market	Reduced price or demand for oil or gas	Medium/Long	• Impact to revenues/growth potential • Increased costs of supplies, raw materials & inputs
		Increase in cost of raw materials	Medium/Long	
		Increase in cost of carbon credits	Medium/Long	
		Cost, availability and complexity of insurance	Long	
		Restricted access to financing or investment	Medium/Long	
	Reputation	Negative Stakeholder Action	Medium/Long	• Financial stakeholders change in priorities, limiting access to funding/ investment
		Constrained ability to attract and retain talent	Long	
	Physical	Extreme weather events[2] offshore	Medium/Long	• Loss of production and associated sales revenue • Physical damage to surface and subsurface infrastructure • Increased safety hazards for personnel • Delays in maintenance and projects • Higher insurance costs
		Extreme weather events[2] onshore	Medium/Long	
Opportunities	Resource Efficiency	Measures to reduce energy use	Short	• Reduced operational costs through retrofitting of assets
	Products and Services	Carbon Capture Use and Storage (CCUS)	Medium/Long	• Purchase/investment of CCS projects, revenues through sales to 3rd parties • Complement ongoing offset purchase program, potentially replace purchases, reducing costs
		Investment in Nature Based Solutions (NbS) projects	Medium/Long	

1. Due to the nature of Karoon's business, transition risks, physical risks and opportunities are considered to apply to 100% of Karoon's business.
2. Extreme weather event as defined in the IPCC Glossary of Terms.

RISKS THAT COULD REASONABLY BE EXPECTED TO IMPACT KAROON

REDUCED PRICE OR DEMAND FOR OIL OR GAS

NATURE OF THE RISK

Changing consumer preferences, policies such as carbon pricing, emissions caps, and renewable energy incentives, as well as the introduction of new and emerging technologies and alternative energy sources may lead to a decline in demand or price for oil and natural gas.

LIKELIHOOD: Unlikely to Possible

RISK TYPE: Transition – Market & Economic

TIME OVER WHICH THE RISK MAY OCCUR:

CURRENT | SHORT | MEDIUM | LONG

EFFECTS ON THE BUSINESS MODEL AND VALUE CHAIN

Karoon considers climate-related demand risk to be relatively low given its scale and business model, with production volumes readily absorbed into global oil markets. Under the IEA Stated Policies Scenario (STEPS) 2025, global oil demand is expected to remain broadly stable to around 2035 and then decline modestly toward 2050 as electrification and energy efficiency increase. These trends are not expected to materially affect Karoon's ability to sell to customers in the near to medium term, particularly given the Company's operations in efficient basins producing light, sweet crude, which is generally preferred by refiners and petrochemical customers.

Oil prices are expected to remain broadly consistent with current levels in the near term, with medium-term outcomes dependent on demand, production levels, investment decisions and broader market conditions. Traditional supply and demand dynamics are expected to remain the primary drivers of price movements. Over time, declining demand is expected to affect higher-cost and higher-emissions sources of supply earlier, such as heavy crude, oil sands and production with high carbon intensity or complex refining requirements. This outlook reinforces the importance of Karoon's capital discipline, cost competitiveness and flexible development approach, as well as continued engagement with customers and suppliers across the value chain.

This view is broadly aligned with the IEA STEPS scenario which is discussed later in the report.

CURRENT & SHORT-TERM FINANCIAL EFFECTS

2025 saw no material financial impact resulting from climate-related changes in price or demand.

The Company will continue to be exposed to oil and gas price fluctuations, driven primarily by global and regional supply-demand imbalances, the global economy and geopolitical factors. Climate related factors are expected to have less of an impact in the short term.

The Company's low cost, high margin production in Brazil and the US, as well as limited hedging, reduce the risk of price fluctuations impacting the viability of the business.

POTENTIAL MEDIUM & LONG-TERM FINANCIAL EFFECTS

Oil and gas prices are expected to continue to fluctuate within ranges seen historically with global oil demand expected to plateau and decline in the long term due to reduced transport and power sector requirements and gas demand to increase reflecting its role as an enabler of energy transition.

The Company will continue to manage its portfolio of assets to ensure they remain robust to low product price cycles.

Based on the IEA STEPS oil price models, there is a 10% potential increase in the recoverable amount over Karoon's own internal reference model out to 2035.

STRATEGY, DECISION MAKING AND RISK MITIGATION

Consistent with the demand and price outlook described above, Karoon's strategy is focused on maintaining a resilient and competitive portfolio by prioritising development and investment within its existing areas of operation, where the Company has established capabilities and infrastructure. Emphasis is placed on low-cost, high-efficiency and comparatively lower-emissions assets, recognising that higher-cost and higher-emissions sources are expected to become less competitive over time. To offset natural reservoir decline and sustain production, Karoon continues to assess growth opportunities that align with its capital discipline and emissions profile, including portfolio diversification and a gradual increase in gas exposure. Research, development and innovation will continue to support this strategy by improving production efficiency and enabling the integration of emissions-reducing processes and technologies into both existing operations and new projects.

Karoon does not currently differentiate budget for climate-related initiatives other than the purchase of verified carbon units. Details of specific projects and initiatives to reduce this risk are provided is Section 2.3 page 44.

EXTREME WEATHER EVENTS IMPACTING OFFSHORE ASSETS

NATURE OF THE RISK

As global surface temperatures increase, climate models indicate that the frequency of offshore extreme weather events may increase. Acute changes including severe storm conditions and unpredictable weather windows, or chronic changes such as sea level rises, changes in ocean currents and severe storm zones, may disrupt operations and production.

LIKELIHOOD: Possible

RISK TYPE: Physical

TIME OVER WHICH THE RISK MAY OCCUR:

CURRENT | SHORT | MEDIUM | LONG

EFFECTS ON THE BUSINESS MODEL AND VALUE CHAIN

Extreme weather events have the potential to impact Karoon's offshore operations in three main areas;

- Short-term production outage due to precautionary shut-ins, evacuation or minor damage, limited impact to revenue.
- Long-term production outage, due to physical asset damage requiring capital investment and resulting in a material financial impact.
- Ongoing production disruption due to restricted windows in which maintenance activities can be safety performed or temporary suspension of works, resulting in increased operating cost but no impact on revenue.

Karoon's value chain may also be affected due to delays in availability of materials due to increased demand if regional operations are impacted at the same time.

CURRENT & SHORT-TERM FINANCIAL EFFECTS

2025 saw no material financial impact resulting from extreme weather events impacting Karoon's offshore operations.

Karoon business plans allow for short duration outages due to weather, which may disrupt operations, and maintains contingencies in the event of longer duration outages.

Incidents from the previous 5-years indicate an anticipated range of US$16m-21m

POTENTIAL MEDIUM & LONG-TERM FINANCIAL EFFECTS

Out to 2035, the likelihood of extreme weather events having a material impact on offshore assets is possible, but would require significant, prolonged outage to materially impact the business. Due to the variability in frequency and intensity of offshore weather events and uncertainty of the potential extent of damage or deferred production, accurate quantification of financial impact is not possible.

As a qualitative indication, a two month production outage at the Baúna asset due to extreme weather, could result in a reduction of approximately 10% in annual revenue, a similar duration outage of operations in the GoA could result in a 2.5% reduction in revenue, based on current production volumes.

STRATEGY, DECISION MAKING AND RISK MITIGATION

To manage the risk of extreme weather events impacting offshore operations, the Company's strategy focuses on portfolio resilience, asset integrity and informed decision-making. Asset growth and diversification across the portfolio reduces reliance on any single asset and mitigates the potential financial impact of asset-specific disruption.

At the operational level, asset integrity is supported through established maintenance and inspection programs, with particular emphasis on critical control equipment, budget for maintenance initiatives associated with climate-related risk is not differentiated from other maintenance requirements. This includes the use of redundant systems and controls, such as positioning and anchoring systems, as well as defined procedures for rapid shut-in, evacuation and safe restart in response to extreme weather events.

Existing assets are expected to reach the end of their design life by around 2040, and based on current assessments, no material physical modifications are anticipated. Future developments will be designed using updated, asset-specific metocean forecasts to ensure resilience to projected weather and ocean conditions in their operating regions.

Research, development and innovation activities support this approach by strengthening the Company's understanding of metocean conditions, particularly in the Southern Santos Basin. These activities are intended to improve both shortterm operational forecasting and longer-term planning and design decisions. Further detail on specific initiatives to mitigate physical climate risk, including enhanced weather forecasting and ocean current modelling, is provided in Section 2.3 Climate Strategy, Mitigation and Adaptation on page 44 of this report.

EXTREME WEATHER EVENTS IMPACTING ONSHORE SUPPLY CHAIN

NATURE OF THE RISK

As global surface temperatures increase, climate models indicate that the frequency of onshore extreme weather events may increase. Acute effects include heatwaves, floods, wildfires, and in coastal areas stronger storm surges and worse hurricane impacts. Chronic effects include higher average temperatures, more erratic rainfall, and rising sea levels along coasts. Changes will vary by location.

LIKELIHOOD: Possible

RISK TYPE: Physical

TIME OVER WHICH THE RISK MAY OCCUR:

CURRENT | SHORT | MEDIUM | LONG

EFFECTS ON THE BUSINESS MODEL AND VALUE CHAIN

Karoon's onshore operations are limited to offices and a support base in Itajaí, Brazil, which support offshore activities in the Southern Santos Basin. While these assets are not production facilities, extreme weather events affecting onshore infrastructure can indirectly disrupt offshore operations through impacts on logistics and the supply chain.

Karoon's supply chain presents a greater risk due to the coastal proximity of refineries and pipeline networks. Anticipated impacts include damage to receiving pipelines, and impacts on refineries operated by Karoon's customers due to flooding, storm surges or high winds. Damage to refinery or downstream distribution infrastructure may restrict the processing and movement of oil and gas, creating bottlenecks that limit offtake from offshore fields.

Karoon's operations in the Southern Santos Basin present a lower risk as production is transferred via tanker vessel, while operations in the GoA present a higher risk due to the use of pipelines to transfer production to refineries.

CURRENT & SHORT-TERM FINANCIAL EFFECTS

2025 saw no financial impact resulting from extreme weather events impacting onshore operations. Karoon's own onshore operations have not experienced material disruption in the past and sufficient redundancies are in place.

Karoon business plans allow for short duration outages due to weather, which may disrupt operations, and maintains contingencies in the event of longer duration outages.

Incidents from the previous 5-years indicate an anticipated range of US$13m-16m.

POTENTIAL MEDIUM & LONG-TERM FINANCIAL EFFECTS

Out to 2035, the likelihood of extreme weather events having a material impact on offshore assets is possible, but would require significant disruption Due to the variability in frequency and intensity of onshore weather events a quantitative financial estimate is not possible.

As a qualitative indication, a one month disruption to GoA operations is possible and would result in a reduction of approximately 2.5% of revenue. Baúna operations are unlikely to be impacted due to the capacity to store production and the use of tanker vessels providing flexibility in refinery destination.

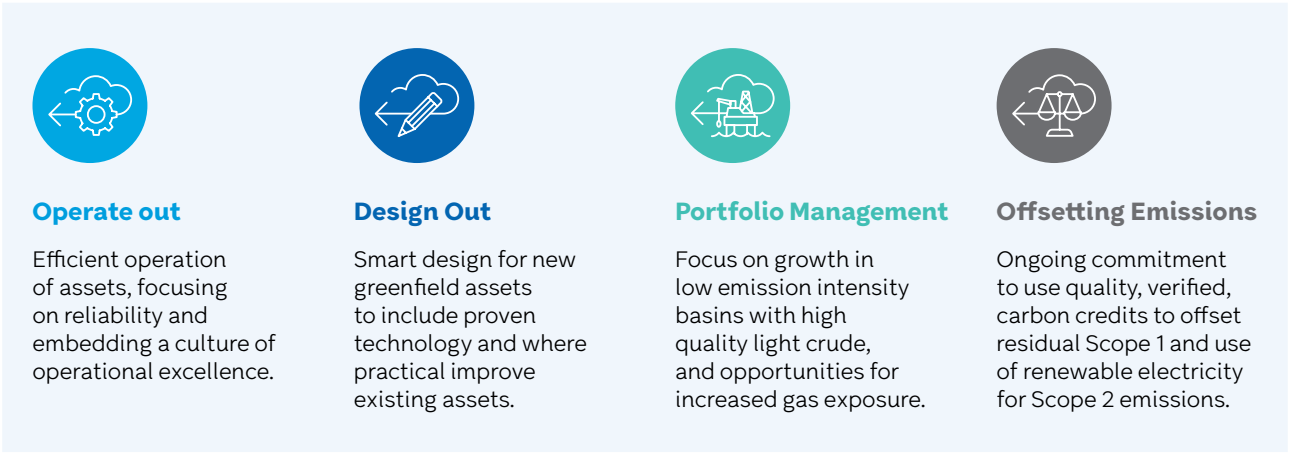
STRATEGY, DECISION MAKING AND RISK MITIGATION

Karoon's strategy to manage this risk includes:

1. Diversifying the asset portfolio and value chain to reduce the impact of any single event on the Company's financial performance.
2. Incorporating extreme weather risk considerations into procurement, project planning and operational decision making.
3. Engaging with key value chain partners to understand their preparedness for extreme weather events and, where possible, working with them to strengthen risk controls and mitigation measures.

2.3 CLIMATE STRATEGY, MITIGATION AND ADAPTATION

FIGURE 3: KAROON'S CLIMATE PRINCIPLES



Karoon's first sustainability strategy, developed in 2021 in alignment with the Company's wider strategic plan, was successfully delivered by 2024. Karoon's current sustainability strategy was developed during 2025 and aligns with the corporate strategy announced in February 2025.

The updated Corporate strategy has five main 'pillars', including sustainability. The sustainability pillar focuses on five drivers, namely health, safety and security; climate; people and culture; environment; and community. The climate pillar itself is based on four key principles, intended to allow Karoon to adapt to changing activities, risks and opportunities.

Supporting Karoon's sustainability and operational efficiency program, the Company invests in Research, Development and Innovation (RDI) projects, under a levy program facilitated by the Brazilian petroleum regulator (ANP). These are typically multi-year research projects and in reporting Karoon's commitment, the total investment over the life of the project is considered.

OPERATE OUT

Karoon's focus in 2025, which will continue into 2026, has been the acquisition of the FPSO, Cidade de Itajaí, operating at the Baúna project, announced in April 2025, and the successful completion in the first quarter of a flotel supported maintenance and reliability campaign, bringing an extra 200 staff and contractors offshore to undertake additional maintenance, repairs, and life extension project activities.

The success of these initiatives in 'operating out' emissions can be seen through the improvement in key climate metrics in 2025:

- A 12.5% increase in operational uptime, from 84.5% in 2024 to 95.1% in 2025
- A 41% reduction in safety flaring from 34,698 tCO_2e in 2024 to 20,501 tCO_2e in 2025
- A 7.5% reduction in Scope 1 & 2 absolute emissions from 127,937 tCO_2e in 2024 to 118,236 tCO_2e in 2025
- A 9.5% reduction in Scope 1 & 2 emission intensity from 11.7 $kgCO_2e$/boe in 2024 to 10.6 $kgCO_2e$/boe in 2025

Looking ahead, a second 2-4 month maintenance and reliability campaign is planned to commence in the first quarter of 2026. This will build on the successful 2025 program and continue to drive operational reliability and improvements.

Karoon has invested in four RDI projects to support ongoing operational efficiency and emissions reduction, with a combined total investment of US$4.1m over approximately three years. These projects focus on implementation of artificial intelligence (AI) models to improve reliability and building a regional ocean observation and weather forecasting model. The main projects under this investment include partnering with HAI on the development of three AI models:

- Prosim-AI, monitoring, evaluation and continuous improvement of equipment performance in offshore production units.
- Predmain-AI, risk monitoring and predictive maintenance on critical topside equipment.
- HYD-AI, simultaneous detection and classification of abnormal production events, enabling a reduction in unplanned downtime.

Since 2023, Karoon has been working with OceanPact and Coppe UFRJ, to use high spatial resolution and machine learning techniques, to build a deeper understanding of weather patterns directly impacting Karoon's operations in the area. As the southern most FPSO in the Santos basin, there is limited data to support local weather forecasting and understanding of future weather trends.

Operations, Baúna FPSO, Southern Santos Basin, Brazil

If successful, these projects will assist Karoon to reduce downtime, energy consumption, and safety flaring events, improving efficiency and safety while lowering emission intensity for Karoon, as well as providing key learnings for the wider industry.

Karoon is also in the process of exploring complementary initiatives related to emissions reduction and operational reliability, focusing on opportunities to reduce fugitive methane emissions and flaring. For existing assets this presents a number of challenges, with limited footprint for new equipment and feasibility of investment in assets approaching end-of-life, however the Company is continuing to investigate these opportunities.

DESIGN OUT

Considers opportunities within new and existing assets for physical improvements, including new technology, processes and equipment to reduce or eliminate emissions.

In 2025 Karoon continued to work with external supplier Siemens to identify emission reduction opportunities at the Baúna asset. This assessment identifies the main points of energy consumption in the production process, along with an analysis of the energy mass balance to identify losses. The focus is on the utilities with the highest consumption (mainly the turbines for power generation as well as other smaller but relevant gas consumers), proposing opportunities including operational adjustments and/or modifications and improvements to the process or facilities. This initiative is ongoing, continuing into 2026.

2025 also saw the completion of a process debottlenecking study, in partnership with Karoon's joint venture partners, for the Who Dat asset. The study aimed to identify operational and equipment improvements to increase operating efficiency while minimising emissions. The study focused on relieving existing process constraints and optimising equipment performance, whilst minimising the need for new infrastructure. Identified opportunities are being reviewed and prioritised for future implementation where justified.

Karoon also had four RDI projects underway in 2025 to support the future design and decommissioning of offshore assets, with a combined total investment of US$5.6m over approximately three years:

- Geowellex and the Federal University of Rio Grande do Norte: Smart platform design, focusing on the design of decommissioning plans for end-of-life wells, which will assist in the calculation of emissions associated with decommissioning and will support decision making and quantification of avoided emissions.
- Pixforce: Using 'computer vision' and AI to assess materials in the physical topside structure, optimizing the ability to recycle and reduce waste.
- OceanPact and the Federal University of Rio Grande do Norte: Cube Deepwater uses AI modelling to improve prediction of currents, waves, and oceanic phenomena, to build a regional profile that will be used during exploration, engineering projects, installation, production and decommissioning of assets.
- LabTam at the Federal University of Rio Grande do Norte: Karoon is partnering to develop a prototype process for chemical looping combustion (CLC), a process to recover energy from gas that is currently safety flared, reducing emissions and transforming a waste into a beneficial process.

Developing a deeper understanding of ocean currents around Karoon's operations will enable more efficient planning and design of future wells and sub-surface operations. In conjunction with an earlier project that developed an approach to calculating emissions generated by offshore well construction activities, this will improve emission forecasting and reduction.

PORTFOLIO MANAGEMENT

This encompasses Karoon's existing and future assets, from mature operating assets to new greenfield and potential exploration opportunities.

A key aspect to the global energy transition is the importance of natural gas as a transition fuel, with most climate and energy scenarios anticipating natural gas playing an increasing role to meet energy demand and electricity generation.

Karoon's expansion into the GoA with its investment in the Who Dat asset in 2023, added natural gas to the Company's portfolio, as well as diversifying its geographic and market exposure. Entering an operating area with relatively low emission intensity projects and a regulatory environment that is supportive of long-term sustained oil and gas production diversifies Karoon's geographic risk.

The Company will continue to assess opportunities for future growth, including increased exposure to natural gas where economicly attractive.

In addition to continuing to assess the Company's production profile, in 2025 Karoon commenced an RDI project to build knowledge in alternative fuels, with a total investment of US$1m over approximately two years.

- LabProBio and the Federal University of Rio Grande do Norte: Commencing a two year RDI project to assess the potential to use agro-industrial residue to produce marine biodiesel.

If successful, the project will not only increase Karoon's understanding of the bio-fuels industry, but would also develop a marine biodiesel that could be used to partially substitute conventional diesel.

OFFSETTING EMISSIONS

Since becoming an operator in 2021, Karoon has used verified carbon credits to offset 100% of residual Scope 1 emissions, and renewable electricity contracts or international renewable energy certificates (iRECs) for Scope 2 emissions. As the Company continues to grow, this commitment to remain carbon neutral remains core to Karoon's climate strategy.

During the 2024 strategic refresh Karoon considered the type of credits used, and committed to continuing to improve the quality of credits, including the use of Afforestation, Reforestation and Revegetation (ARR as well as existing REDD+ credits (Reducing Emissions from Deforestation and Forest Degradation).

Karoon's portfolio of carbon projects now includes three off-take agreements and a balance of approximately 55% REDD+ and 45% ARR credits. Existing agreements are expected to secure this commitment out to 2029.

OPPORTUNITIES

Carbon Capture, Utilisation and Storage (CCUS) and Nature-based Solutions (NbS) may present a medium to long-term opportunity, should government incentives or market sentiment shift towards such areas. Capabilities associated with CCUS align well with Karoon's core capabilities, building directly on subsurface expertise, reservoir characterisation, well design, drilling, injection operations, and long-term asset stewardship capabilities.

Karoon's experience in the purchase and use of NbS generated carbon credits, as well as the Company's existing carbon neutral commitment also position the Company well to enter the NbS market.

However, both CCUS and NbS remain immature markets with material financial and execution challenges. CCUS projects are capital-intensive, with economics highly sensitive to policy support and carbon pricing. Revenue certainty is often limited outside jurisdictions with strong incentives or regulated storage models. NbS, while typically lowercapex, face challenges around scalability, permanence, additionality, and verification, which constrain investor confidence and limit pricing upside.

In the current economic environment, Karoon will continue to monitor opportunities, but does not see a short-term opportunity to be more actively involved at this stage.

Baúna FPSO, Southern Santos Basin, Brazil

2.4 CLIMATE SCENARIO ANALYSIS AND RESILIENCE

The following section should be read in conjunction with the limitations noted on page 60 of this report.

Climate-related scenario analysis is used to understand how different hypothetical future climate pathways, such as a rapid transition to a low-carbon economy versus a delayed transition, could affect, strategy, and financial performance. Scenarios are not, and should not be relied upon as, forecasts, guidance or predictions.

Scenario analysis is used to identify and assess a potential range of outcomes of future events under conditions of uncertainty and the potential impact on Karoon. They are intended to provide an assessment framework only and do not provide a full description of the future, but are used to highlight elements of a possible future and how this may affect strategy and financial performance over time.

In assessing climate-related transition risk, Karoon has used the three International Energy Agency (IEA) scenarios and supplemented with analysis from the IEA World Energy Outlook 2025 (WEO).

The IEA scenarios have been selected as they are commonly applied across the energy sector, are recognised as an established framework for assessing future energy pathways and are independent to Karoon. The scenarios were developed by the IEA through detailed modelling and stakeholder consultation, offering an industry standardised framework for evaluating the potential impacts of climate-related policies, technological shifts, and market dynamics on the energy sector.

Assessment of climate-related physical risks is complicated by the limited availability of specific data associated with Karoon's main area of operation, approximately 200km offshore in a deep-water area of the Southern Santos Basin, Brazil. In considering future physical risk, the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP) scenarios were considered in combination with IEA Scenarios and other available location specific data.

The IEA's NZE scenario used by Karoon in framing and assessing future risk is considered to be aligned with the Paris Agreement, 2015.

In 2025, in consultation with internal SME's, the identified climate-related transition risks and resilience of Karoon's business strategy were assessed under the three IEA scenarios across short, medium and long-term timeframes. Using scenarios when assessing potential future risk enables Karoon to assess the likelihood and potential financial effect of each risk under a variety of future states.

TABLE 9: INTERNATIONAL ENERGY AGENCY (IEA) SCENARIOS[1]

Net Zero Emissions by 2050 (NZE)	Transition – Low-warming (1.5-1.65°C)	Sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals.
Stated Policies Scenario (STEPS)	Transition – High-warming (2.5°C)	An exploratory scenario, designed to reflect the prevailing direction of travel for the energy system based on a detailed reading of country-specific energy, climate and related industrial policies that have been adopted or put forward, even if not yet codified in law. It reflects the state of technology and market conditions but does not include aspirational goals.
Current Policies Scenario (CPS)	Transition – Very high-warming (2.9°C)	Relies only on measures that are formally written into existing legislation and regulation, and which does not consider any additional changes to policy, even where governments have announced an intention to enact them. It assumes current policies persist, driving energy demand and emissions with delayed uptake of renewable electricity in several regions.

1. IEA 'World Energy Outlook – 2025'.

TABLE 10: VERY HIGH WARMING SCENARIO: CURRENT POLICIES SCENARIO (CPS)[1]

	Short-term (2027)	Medium-term (2035)	Long-term (2050)
Physical risk	Unlikely	Possible	Likely
Transition risk	Unlikely	Unlikely	Possible
Scenario 1: **Current Policy Scenario (CPS)**	Prices remain consistent with 2025 average (oil US$60/bbl; gas US$3.5/bcm), demand increases ~1.2% per year, consistent with growth over the last decade. Changes in the market are expected to be driven by traditional market factors such as supply, investment levels and geopolitical conditions rather than climate-related demand changes. Physical climate impacts are expected to become more evident as global temperatures continue to rise. Increasing ocean and atmospheric temperatures are likely to contribute to more frequent and severe extreme weather events and more rapid escalation in severity.	Oil price US$88.50[2]/bbl with demand of 105mb/d. Natural gas price US$4.52/MBtu with demand of 5,000bcm. Oil and gas are expected to remain major components of the global energy system, despite continued growth in renewable electricity generation. Demand continues to be supported by emerging and developing economies and by sectors that are difficult to electrify. As production from existing reservoirs declines over time, and demand and price remain strong, there is an ongoing need for exploration and development of new resources. Higher global temperatures are expected to increase the frequency and severity of physical climate impacts, including more intense offshore extreme weather events driven by rising ocean temperatures. These conditions may increase operational and safety risks for offshore assets and supporting infrastructure, including greater exposure to severe storms, extreme sea states and disruption to offshore and onshore supply chains. As a result, physical climate risks are expected to become a more significant consideration for asset design, operational resilience and value chain reliability under the CPS scenario.	Oil price US$113/bbl with demand of 113mb/d. Natural gas price US$4.5/MBtu with demand of 5,600bcm. Continued demand and strong prices support further development of new assets. Global temperatures reach approximately 2C in 2050 and continues to increase, reaching 2.9C by 2100. leading to more extreme weather events, further impacting supply chains.

CLIMATE RESILIENCE

In a very high warming scenario, there is no expected adverse financial impact on prices or demand in the short or long term. Higher oil and gas prices and continued demand could increase value by up to 31% by 2035 compared to Karoon's internal reference case.

Investment in exploration and new developments remains viable across all timeframes, as ongoing demand and natural field decline require replacement production. Karoon's strategy focuses on optimising existing assets through tie-backs and infill drilling, supported by its exploration expertise in low emission intensity basins. Access to finance from banks and institutional investors is expected to remain available, supporting production investment, emissions reduction initiatives and potential future CCUS opportunities beyond 2035.

Karoon's key markets, including the US and Brazil, are expected to remain supportive of oil and gas development, particularly for companies demonstrating emissions reduction commitments aligned with Karoon's strategy.

Existing assets are expected to reach end of life by 2040. While major weather-related upgrades are not anticipated in the short term, increased monitoring of critical controls will be required. Any life extensions or new developments will consider future metocean conditions and projected weather patterns.

Extreme weather events may become more variable over the next decade. While impacts cannot be clearly differentiated between scenarios, increased risk to onshore value chain operations is expected.

1. Global average surface temperatures: 2050: >2°C and 2100: >2.9°C above pre-industrial levels.
2. Scenario prices are as per IEA WEO 2025, presented in real terms in year-2024 US dollars converted at market exchange rates unless otherwise stated.

TABLE 11: HIGH WARMING SCENARIO: STATED POLICIES SCENARIO (STEPS)[1]

	Short-term (2027)	Medium-term (2035)	Long-term (2050)
Physical risk	Unlikely	Possible	Likely
Transition risk	Unlikely	Unlikely	Possible
Scenario 2: **Stated Policies Scenario (STEPS)**	Prices remain consistent with 2025 average (oil US $60/bbl; gas US$3.5/bcm), demand increases ~1% per year, consistent with growth over the last decade. Changes in the market are expected to be drive by traditional market factors such as supply, investment levels and geopolitical conditions rather than climate-related demand changes. Physical climate impacts continue to increase gradually, with more frequent extreme weather events beginning to affect operational reliability. In the short term, outcomes under STEPS and CPS are broadly similar, with limited divergence in demand, prices or physical impacts. Differences are mainly forward-looking, reflecting stronger stated policy intent rather than immediate market change.	Oil price US$79.70/bbl with demand of 100mb/d. Natural gas price US$3.904.5/MBtu with demand of ~5,000bcm. Slower demand growth is a restricter while the need for continued investment to replace declining production is a driver. Stronger implementation of existing climate and energy policies, leads to oil demand plateauing by 2030 and slowly declining in 2035, while gas demand continues to grow at 1% per year, supported by its role in power generation and industry. Electricity use rises four-times faster than overall energy demand, the renewables share in electricity generation rises from 1/3 in 2025 to over 50% and EV's make-up 50% of the light vehicle market. Physical climate impacts become more pronounced, with global temperatures exceeding 1.5°C, increasing the frequency and severity of extreme weather events, including offshore storms and heat-related impacts on infrastructure and supply chains. Compared to CPS, STEPS shows lower oil demand by 2035 and a clearer divergence in energy pathways. Physical climate risks are still significant under STEPS but are less severe than under CPS, reflecting lower cumulative emissions and slower warming.	Oil price US$76/bbl with demand of 96.9mb/d. Natural gas price US$4.2/MBtu with demand of 4,645bcm. Oil demand has declined from peak levels but remains material, while natural gas continues to play a significant role, particularly in regions with limited alternatives. Prices remain strong supported by ongoing demand and the need for new developments to offset reservoir decline. Physical climate impacts remain substantial, with global temperatures continuing to rise, resulting in persistent risks from extreme weather, sea level rise and operational disruption. IPCC SSP2-4.5 indicates potential sea level rises towards 0.30m.

CLIMATE RESILIENCE

In a high warming scenario, no adverse financial impact on prices or demand is expected in the short term and remains strong long term. Although oil demand peaks around 2030, it remains important to 2050, with gas demand and prices staying stable. This could result in a value uplift of around 10% by 2035 compared to Karoon's reference case.

Exploration and new developments remain viable to 2035, as ongoing demand and natural decline require replacement production. After 2030, investment is likely to focus on lower emissions intensity basins. Karoon's strategy of optimising existing assets and leveraging its exploration expertise is well aligned, and its Gulf of America operations may benefit from continued gas demand.

Access to finance is expected to continue, though investors may be more selective. Karoon's relatively low emissions intensity and carbon neutral Scope 1 position support access to capital and investment in production and emissions reduction initiatives, including potential CCUS opportunities.

The US and Brazil are expected to remain supportive markets. Asset optimisation and cost control will remain important, with no early decommissioning anticipated. Increased monitoring will be required, and any life extensions or new assets will consider future weather conditions.

Extreme weather variability may increase over the next decade, with higher risk to onshore value chain operations.

1. Global average surface temperatures: 2050: >2°C and 2100: >2.5°C above pre-industrial levels.

TABLE 12: LOW WARMING SCENARIO: NET ZERO EMISSIONS BY 2050 (NZE)[1,2]

	Short-term (2027)	Medium-term (2035)	Long-term (2050)
Physical risk	Unlikely	Unlikely	Possible
Transition risk	Likely	Almost Certain	Almost Certain
Scenario 3: **Net Zero Emissions by 2050 (NZE)**	A radical, global, realignment across all markets is required, with unilateral introduction of climate targets, incentives and regulatory enforcement. A nearly 50% increase in energy investment, to approximately US$4.8 trillion per year, for the next decade, to commercialise existing renewable electricity opportunities as well as significant research into alternative biofuels. In 2025, total CO_2 removal capacity is around 1Mt CO_2 per year, mostly in the form of Bioenergy with Carbon Capture and Storage (BECCS) and Direct Air Capture and Storage (DACS). Capture and storage capacity needs to increase more than 80-fold by 2035 from current levels, this is still far below the annual removal of 660 Mt CO_2 needed by 2035.	Oil price US$33/bbl with demand of ~58mb/d. Natural gas price of US$2.1/MBtu with demand of ~3,300bcm. The installed capacity of renewable electricity generation increases nearly 400% from 2025. Sustainable fuels, including liquid biofuels, biogases, low-emissions hydrogen and hydrogen-based fuels, must be widely deployed, with a more than 400% increase from current levels. Energy efficiency needs to increase by about 4% per year, double the rate of the current best year on record, 2022, a significantly expanded nuclear generation program is required to supply baseload by 2040. Physical climate impacts are similar to 2025, with an increase in frequency and more rapid escalation in severity possible.	Oil price reduces to US$25/bbl awith demand of ~24mb/d. Natural gas price of US$2.2/MBtu with demand of ~1,200bcm. Global temperatures peak at 1.65C, before reducing to 1.5C by 2100, this is only achievable with the rapid deployment, of carbon dioxide removal technologies that are currently unproven at large scale. Physical climate impact is similar in 2050 under NZE to 2035 under STEPS, with increasing frequency and severity of extreme weather events.

CLIMATE RESILIENCE

In a low warming scenario, a significant decline in oil demand and prices is expected, resulting in a substantial reduction in medium and long term revenue. This could lead to a decrease of up to 76% by 2035 compared to Karoon's internal reference case.

Access to finance would become constrained, with banks reducing sector exposure and lower commodity prices impacting cash flow. However, increased focus on atmospheric carbon removal would enhance the attractiveness of CCUS and NbS opportunities over the medium to long term. Karoon's geotechnical capability and experience position it well to participate in these opportunities.

Sector-wide pressure from lower demand, prices and regulatory requirements would challenge higher-cost production regions first. Lower-cost basins, including those where Karoon operates, and regions with combined oil and gas production such as the Gulf of America, are expected to remain viable for longer.

Assets would be regularly reviewed against economic cut-off dates. Investment in new developments would be limited to the lowest-cost and lowest-emissions intensity fields, although some continued development would be required to meet residual demand.

Physical climate risks are expected to increase moderately, with more frequent extreme weather events, but at lower severity and variability than in higher warming scenarios. The overall financial impact of physical risks on Karoon is considered immaterial.

1. Global average surface temperatures: 2050: >1.65°C and 2100: >1.5°C above pre-industrial levels.
2. The updated NZE Scenario reflects the fact that exceeding 1.5°C is now inevitable, and some reliance on technologies to remove CO_2 from the atmosphere is unavoidable to return warming to below 1.5°C.

SIGNIFICANT AREAS OF UNCERTAINTY

There are a number of uncertainties, and judgements inherent in the use of scenario analysis, as well as the assumptions of future business strategy, when modelling different scenarios and their climate-related impacts.

Extreme weather events offshore: There are significant uncertainties regarding how climate change, including the effect of the increase/decrease in GHG emissions, will affect the frequency and intensity of offshore weather events in Karoon's areas of operation, in particular the Southern Santos Basin. These uncertainties arise from the variability in climate projections and the potential unexpected changes in ocean currents due to shifting weather patterns and evolving climate conditions.

Extreme weather events onshore: The risk of onshore impacts are largely within Karoon's value chain rather than its own operations, in particular associated with downstream refineries. While there have been notable instances of impact to these operations in the past, significant investment has been made to harden assets against future events. The effectiveness of these improvements is not currently within Karoon's ability to assess fully and further information is required.

Future demand and price for oil and gas: There are significant uncertainties regarding the future levels of supply, demand and price for oil and gas. As demonstrated in the first quarter of 2025 in Europe, oil price is currently more dependent of the geopolitical environment than the physical environment. Uncertainties arise from the variability of geopolitical changes that may not have been fully modelled in these scenarios.

Future operational profile: Karoon's existing production assets are expected to reach end-of-life before 2040. While the current business strategy is for continued operation within current basins, this may change due to operational economics as well as changes in the market and regulatory environments.

Topside facilities, Who Dat FPS, Gulf of America, USA

Baúna FPSO, Southern Santos Basin, Brazil

2.5 CLIMATE-RELATED TARGETS AND METRICS

TARGET SETTING PROCESS AND REVIEW APPROACH

Karoon's first climate-related targets were developed in 2021 and subsequently reviewed in 2024 with the intention of keeping Karoon's performance in line with the Paris Agreement, UN Sustainable Development Goals and the legislative requirements in the locations Karoon operates, predominantly AASB S2 and ISSB S2. These targets have been developed to provide a framework against which Karoon can measure its progress towards mitigation and adaptation of climate-related risks over the short, medium, and long-term. In setting targets and measuring performance for GHG emissions, Karoon uses CO_2e, to include both carbon and other GHG gases including methane.

Climate-related targets focus on Karoon's Scope 1 and 2 emissions only and have been developed based on Karoon's understanding of its business model, with reference to industry peers and sectoral decarbonisation approaches and practices and where applicable with the assistance of external parties. The methodology for setting targets has not been validated by a third party, however the data supporting measurement of Karoon's target to remain Carbon Neutral for Scope 1 & 2 emissions and the data used to determine emissions intensity, undergoes annual limited assurance. Climate-related targets sit within the scope of Karoon's SORC and are reviewed by Karoon's Management Team on an annual basis, with consideration given to changes within the business, industry and wider environment. No revisions have been made to Karoon's targets in 2025.

Targets apply to both operated and non-operated assets, unless noted otherwise in the table below.

TABLE 13: CLIMATE-RELATED TARGETS AND INITIATIVES[1]

Target	Description of Target	Methodology to calculate	Baseline	Metric	Short	Medium	Long
30% Reduction in Emissions intensity[2,3]	Reduce Scope 1 and Scope 2 emission intensity by 30% by end-2032 from a 2021 baseline.	Absolute emissions per barrel of oil equivalent (boe)	2021	$KgCO_2e$/boe (Intensity; Gross GHG emissions)			
Carbon Neutral for Scope 1 & 2 emissions[3]	Achieved from CY2021 onwards via use of verified carbon units (VCU's). From 2024 onwards this includes joint venture emissions on a NWI basis.	Number of verified carbon credits surrendered against absolute emissions	2021	tCO_2e (Absolute; Net GHG emissions)			
<1.5% Flaring[4]	<1.5% of flaring as a percentage of gas produced.	Ongoing	–	% (Absolute)			
Near Zero fugitive methane[4]	Align on an industry near zero fugitive methane initiative.	2030	–	$KgCO_2e$/boe (Intensity)			
Net Zero by 2050 or sooner[4]	'Net Zero by 2050 or sooner' for Scope 1 and Scope 2 emissions aligns Karoon with industry and global standards.	Absolute emissions produced from operationally controlled assets	2021	tCO_2e (Absolute; Net GHG emissions)			

1. A target is a specific, measurable outcome to be achieved within a defined timeframe, whereas an initiative is a coordinated set of actions or projects undertaken to achieve that target.
2. Emissions intensity calculated based on total Scope 1 and Scope 2 (Market basis) emissions.
3. Operated and non-operated assets.
4. Operated assets.

PERFORMANCE AGAINST CLIMATE-RELATED TARGETS

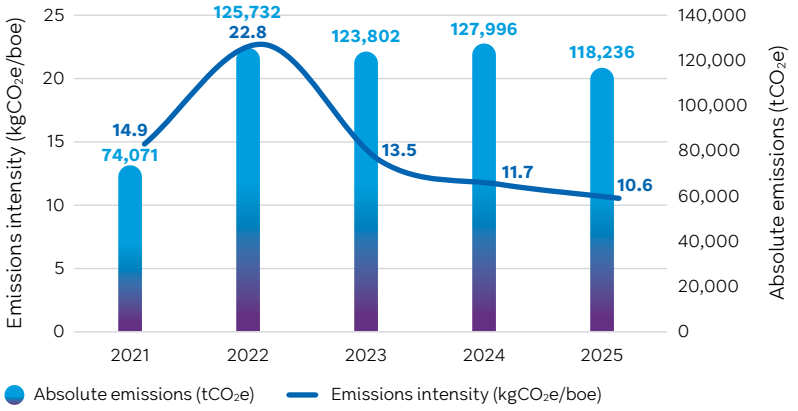
Karoon has progressed to plan in 2025, a significant investment in improving operational reliability, resulting in reduced flaring and decreased emissions intensity across all operations.

Emissions intensity (kgCO_2e/boe)

Emission intensity across Karoon's entire portfolio, including non-operated assets on basis, continued to reduce in 2025, with an intensity, including support helicopters and vessels for operated assets in Brazil, reaching 10.6 kgCO_2e/boe, down from 11.7 kgCO_2e/boe in 2024 and in line with Karoon's target of a 30% reduction from 2021 baseline by 2032.

Maintaining a low emission intensity portfolio over time requires the addition of new Reserves and production, supported by the development and deployment of low emission technology. As existing assets mature, and production declines, operational energy requirements do not decrease at the same rate. As a result, emissions intensity may increase.Operational efficiency and reliability will help, however, Karoon recognises that emission intensity reduction is not a linear pathway. Portfolio renewal and technology development are important elements of Karoon's long-term approach to managing emissions intensity.

SCOPE 1 & 2 ABSOLUTE EMISSIONS AND EMISSIONS INTENSITY[1]



Carbon Neutral Scope 1 and 2 emissions

Karoon's target to remain 100% Carbon Neutral for Scope 1 and Scope 2 emissions continued in 2025, with the offsetting of emissions from Karoon's operations for the financial year, 1 January 2024 to 31 December 2024:

- Scope 1 emissions were offset in 2024 and 2025 through the surrender of 127,937 verified carbon credits. For the first time this included both REDD+ and ARR credits, continuing Karoon's commitment to improve the quality of credits used.
- Scope 2 market-based emissions were zero based on the purchase on iREC's for Karoon's Brazilian office and shore based activities and the ongoing purchase of 100% renewably generated electricity for both the Melbourne and Houston offices.

Karoon only purchases Verra certified carbon credits and the purchase and surrender of credits undergoes limited assurance.

<1.5% Flaring associated with production

Flaring is a necessary safety control system to relieve pressure and reduce hydrocarbons in the process system during planned and unplanned shutdowns. There should be minimal flaring whilst producing, when the system is in standby, and minimising the need to flare is a core target of Karoon's environmental performance. 2025 saw a significant reduction in flaring, from 34,698 tCO_2e in 2024 to 20,501 tCO_2e in 2025, and as a percentage of gas produced, a reduction from 4.38% 2024 to 1.5% in 2025.

This has been achieved by two changes at the Baúna asset. Firstly, through changes in the overall management of the production system and producing wells, including the improved monitoring of daily flare rates; and secondly through physical improvements made to the asset to achieve better reliability, reducing the freqeuency of non-routine flaring. The focus on reducing flaring will remain a core long-term target for Karoon.

1. Operated assets and non-operated assets on an equity basis..

Near Zero fugitive methane

Karoon is continuing to investigate the feasibility of a near zero fugitive methane program for operated assets. This remains a challenge for existing assets due to challenges associated with age and the ability to modify or install new equipment. In 2025 Karoon commenced a project using AI to assess energy variability, which will ultimately assist in the identification of opportunities to improve energy efficiency and reduce fugitive emissions.

Net Zero by 2050 or sooner

Karoon's long term target is to become a sustainable Net Zero Company for Scope 1 and 2 emissions, meaning a substantial reduction (>90%) in operating carbon emissions over a given period, complemented by offsets for any residual emissions.

In 2025 absolute Scope 1 and 2 emissions reduced from 127,996 tCO_2e in 2024 to 118,236. While this is a significant achievement in a challenging operating environment, in the medium term, as Karoon grows and technology continues to mature, CO_2 emissions may increase. To balance this, Karoon aims to reduce emission intensity through improved practices and new technologies, while building an asset portfolio that will enable the Company to achieve further reductions with time.

New assets, in particular, offer the opportunity to apply new technology to reduce absolute emissions in economically viable ways, e.g. exhaust gas capture.

2025 METRICS

Operational GHG emissions

In CY25, Karoon's direct GHG emissions (Scope 1 and 2) were 118,236 tCO_2e. Emissions were solely associated with Scope 1 as Scope 2, purchased electricity, is 100% sourced from renewable electricity generation. GHG emissions are measured in accordance with the GHG Protocol[1,2], the Brazilian GHG Protocol[3] and industry specific guidelines from IPIECA[4].

In 2024 Karoon undertook a review of its organisational and operational boundaries for the purposes of emission reporting, this considered both GHG Protocol and IPIECA guidance, as well as local guidance and regulatory reporting requirements. This review determined that operated assets in Brazil, including support helicopters and vessels not owned by Karoon, would report on an operational control approach while non-operated assets would be reported on an equity approach. In this way Karoon fully captures emissions associated with its entire asset footprint.

Scope 1 GHG emissions refer to the direct GHG emissions that occur from sources owned or controlled by Karoon.

Scope 2 GHG emissions refer to indirect emissions from the generation of electricity. In CY25 Karoon continued to use 100% renewably generated electricity in all markets. In Australia through a direct contract with the electricity provider, in the US through tenancy agreements and in Brazil through the purchase of iREC's.

Value chain GHG emissions

Karoon's Scope 3 GHG emissions inventory considers 15 categories established by the GHG Protocol and are reviewed annually.

Karoon's Scope 3 emissions for 2025 were 4,673 $MtCO_2$-e. A breakdown by category is provided in the table below. Karoon does not have Scope 3 emissions associated with upstream leased assets (category 8), end of life treatment of sold products (category 12), downstream leased assets (category 13) or franchises (category 14).

Upstream emissions associated with the supply of purchased goods and services, purchase of capital goods and transportation of both accounted for 1.4% of Karoon's Scope 3 emissions, while Downstream emissions, primarily processing of sold product and use of sold product accounted for 98.6%.

The difference between upstream and downstream emissions is primarily associated with the nature of Karoon's sold product which is inherently high in carbon.

METHODOLOGY FOR THE CALCULATION OF GHG EMISSIONS

Reporting Boundaries

Karoon has used the GHG Protocol[1] to establish reporting boundaries for Scopes 1 and 2, and for Brazilian operations the Brazilian GHG Protocol[3] and Brazilian National Agency of Petroleum (ANP) requirements.

The GHG Protocol 'Operational Control Approach' is used to define reporting boundaries in Brazil, this aligns with regulatory (ANP) reporting requirements in the country. Under this approach, 100% of the GHG emissions from operations over which Karoon has operational control are reported. An entity has operational control over an operation if it has full authority to introduce and implement operational policies. This approach focuses on the ability to operate the assets, notwithstanding legal ownership of the asset.

For assets outside of Brazil, to ensure completeness of reporting, where Karoon holds a non-operated interest the Equity Share approach is applied. Under this approach, Karoon accounts for emissions based on its net working interest (NWI). This approach is applied to Karoon's approximately 30% interest in the Who Dat asset.

This hybrid approach ensures compliance with Brazilian reporting requirements, as well as providing transparency across all operational areas of Karoon's business. This approach has been consistently applied since Karoon commenced production operations in 2021.

1. Greenhouse Gas Protocol (2004) – Corporate Accounting and Reporting Standard, revised edition.
2. Greenhouse Gas Protocol (2011) – Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
3. Programa Brasileiro GHG Protocol (2008).
4. IPIECA (2011) – Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions, second edition.

Calculation Standards

Calculation of Scope 1, 2 and 3 greenhouse gas emissions is aligned the GHG Protocol[1,2], and IPIECA[4] emissions accounting guidelines, specific to the oil and gas sector. In Brazil, where the company's operations are focused, reference is also made to the Brazilian GHG Protocol[3].

Under the GHG Protocol guideline, sources of Scope 1, 2 and 3 emissions throughout Karoon's business model and supply chain are assessed and logged using an activity-based approach, with activity data recorded on a monthly basis. These emission sources encompass both on and offshore electricity, diesel and gas consumption in addition to leaks, fugitive emissions from offshore assets and emissions from flaring activity.

Emission Factors

Where direct, physical metering data is not available, emission factors are applied to activity data to develop the emissions inventory. As an ASX listed company and subject to Australian reporting requirements under ASRS and AASB S2 framework. The National Greenhouse Reporting Scheme (NGERS), and National Greenhouse Accounts (NGA) factors are primarily used.

Across the business model some exceptions are made where either NGER/NGA does not provide an emissions factor or calculation approach or a country specific method is available and more appropriate. One such example in calculating Karoon's share of fugitive emissions from Who Dat, another is venting emissions for the Bauna FPSO.

PwC provides limited assurance Karoon's Scope 1 and Scope 2 emissions are prepared in accordance with this criteria, their report is available on page 62.

CHALLENGES FOR THE MEASUREMENT OF EMISSIONS

Data used to calculate Scope 1 and 2 emissions is typically directly metered, with production and consumption continuously monitored. This generates a volume number to which an emission factor is applied.

Vented emissions from cargo tanks are likewise metered and an emission factor applied. However, fugitive emissions associated with minor and/or intermittent leaks and marginal losses from equipment are estimated using industry norms.

The main challenge, or area of uncertainty, is the application of emission factors to metered volumes, for example the calculation of CO_2e emissions associated with safety flaring, where an emission factor is applied to a metered volume of gas.

For Baúna, the NGER approach is applied, while for Who Dat, the US based OCSAQS method is applied, both of which apply assumptions alongside industry specific emissions factors. While relatively consistent there may be minor variations in factors or methodology.

Calculation of Scope 3 emissions, where activity data lies outside the company's control is challenging, and sourcing data from supply chain partners is not always possible. To date, financial spend and category factors have been applied. Additionally, in contrast to Scope 1 and 2 emissions, standardised emissions factors are not currently available for many Scope 3 emissions and geographic variation is not commonly allowed for.

TABLE 14: EMISSION SOURCES AND FACTORS

Scope	Emission category	Activity	GWP and EF Source
Scope 1	Operations	Flaring and fugitive emissions	NGER factors OCSAQS Calculation Methodology, applying GWP of 28 for methane
	Energy generation and logistics	Diesel, gasolene and kerosene fuel consumption for stationary equipment and marine support vessels	NGER factors
Scope 2	Purchased electricity	Office and shorebase electricity use	NGER factors Brazilian Government (Ministry of Science) Emission factor inventories
Scope 3	Reported (Material) Scope 3 Categories: 1, 2, 3, 4, 5, 6, 10, 11, 12		Various emissions factor sources used: US EPA, UK GHG Conversion Factors, NGA factors, US Energy Information Administration (EIA) and NETL database

1. Greenhouse Gas Protocol (2004) – Corporate Accounting and Reporting Standard, revised edition.
2. Greenhouse Gas Protocol (2011) – Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
3. Programa Brasileiro GHG Protocol (2008).
4. IPIECA (2011) – Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions, second edition.

2.6 CLIMATE DATA SUMMARY

	CY21	CY22	CY23	CY24	CY25
Climate					
Scope 1 emissions (tCO_2e)[1, 2, 3, 4]	73,942	125,694	123,747	127,937	**118,236**
Operational Control	73,942	125,694	123,294	104,018	**96,876**
Equity Share	–	–	453	23,919	**21,360**
Scope 2 emissions (tCO_2e)[5, 6]	129	38	55	59	**137**
Market based	129	38	55	59	**0**
Location based	–	–	–	–	**137**
Scope 1 + 2 (Total)[1]	74,071	125,732	123,802	127,996	**118,236**
Operational Control	74,071	125,732	123,349	104,077	**96,876**
Equity Share	–	–	453	23,919	**21,360**
Emissions Intensity ($KgCO_2e$/boe)	14.9	22.8	13.5	11.7	**10.6**
Scope 3 emissions (tCO_2e)[7,8,9,10]	1,000,886	2,679,198	3,941,858	4,651,475	**4,673,826**
Category 1 – Purchased Goods and Services		34,644	27,693	30,148	**22,885**
Category 2 – Capital Goods		1,908	17,169	0	**35,724**
Category 4 – Upstream Transportation and Distribution		58,397	86,127	31,299	**14,585**
Category 10 – Processing of Sold Products		95,321	140,582	155,129	**155,204**
Category 11 – Use of Sold Products		2,487,457	3,668,604	4,432,731	**4,434,688**
Others		1,470	1,684	2,101	**10,740**

Notes:

1. Reporting Boundary – Karoon reports in accordance with the GHG Protocol, using the operational approach for Brazilian assets to comply with jurisdictional requirements and equity approach for operations outside of Brazil, based on Karoon's Net Working Interest (NWI).
2. Scope 1 – Emissions are 100% offset through the purchase and surrender of Verified Carbon Units (VCUs) in the year following the reporting period, i.e. 2024 emissions were offset in 2025 and 2025 emissions are intended to be offset in 2026.
3. Scope 1 – Emissions from the non-operated assets are calculated using data provided by the operating partner.
4. Scope 1 – Fugitive emissions for Brazilian assets are calculated using NGER emission factors for offshore oil and gas production fugitive emissions. For US assets the US EPA and Outer Continental Shelf Air Quality Monitoring System (OCSAQS) methodology and recommendations are applied.
5. Scope 2 – Location based emissions have been reported in 2025 in accordance with mandatory reporting requirements and reflect the greenhouse gas emissions from purchased electricity calculated using the average emissions intensity of the local grid where the energy is consumed.
6. Scope 2 – market based emissions reflect emissions calculated based on the specific electricity products or contractual instruments that a company has chosen to purchase. These were zero for the reporting year as Karoon purchased 100% renewably generated electricity, either through direct purchase agreements or the purchase and surrender of International renewable energy certificates (iREC) prior to reporting.
7. Scope 3 Material emissions categories (Category 1,2,3,4,5,6,10,11 and 12) were calculated using, spend, fuel, waste type, average data and distance based factors.
8. Scope 3 – `Other' includes categories 3, 5, 6 and 12. Categories 7, 8, 9, 13, 14, & 15 were assessed as not material to Karoon in 2025.
9. Scope 3 – Emissions associated with category 2 increased in 2025 due to the one-off purchase of the Baúna FPSO in the reporting period.
10. Scope 3 – As per GHG Protocol guidance, emissions associated with contracted exploration, well development and well workover that were previously reported as Scope 1 have been classified as Scope 3, this reclassification has not been made retrospective and applies from 2024 onwards.

Baúna FPSO, Southern
Santos Basin, Brazil

DISCLAIMER & FORWARD LOOKING STATEMENTS

This report is part of Karoon's publicly available reporting suite including the:

- 2025 Annual Report
- 2025 Corporate Governance Statement
- Annual Modern Slavery Statement 2025

Karoon Energy Ltd (ABN 53 107 001 338) is the ultimate holding Company of all subsidiaries in the Karoon group. All references to "Karoon", "us", "we" and "our" refers to Karoon Energy Ltd and/or its subsidiaries.

This report contains forward-looking statements regarding Karoon's environmental, social and governance performance, targets, initiatives, and operational activities. These statements can be identified by words such as 'may', 'could', 'believes', 'expects', 'plans' ` will', 'likely', 'estimates', 'targets', 'intends', and similar expressions.

Forward-looking statements include, but are not limited to, statements regarding sustainability targets and initiatives, emissions reduction plans, climate-related risks and opportunities, operational activities and timing (including well intervention programs, maintenance campaigns, and other corporate activities), environmental performance, and social and governance commitments.

Forward-looking statements are not guarantees of future performance and involve inherent uncertainties, assumptions, contingencies and other factors. Such statements are subject to inherent known and unknown risks, uncertainties and other factors, many of which are beyond Karoon's control, including petroleum operations risks, climate change impacts, evolving regulatory requirements, operational and project performance, changes in project schedules, weather and climate effects, and other technical and economic factors. Actual outcomes may differ materially from those expressed or implied by forward looking statements.

SCENARIO ANALYSIS

The use of scenarios are not, and should not be relied upon as, forecasts, guidance or predictions. Scenario analysis is used to identify and assess a potential range of outcomes of future events under conditions of uncertainty and the potential impact on Karoon. They are intended to provide an assessment framework only and do not provide a full description of the future, but are used to highlight elements of a possible future and how this may affect strategy and financial performance over time.

The selection and use of scenarios is for illustrative purposes only and should not be construed as Karoon's endorsement, validation, or view as to the likelihood of any particular scenario occurring.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. Karoon disclaims any obligation to update these statements except as required by applicable law.

Karoon's strategies and targets will adapt given the dynamic conditions in which Karoon operates. Readers should not assume that any particular strategies, targets or implementation measures are inflexible or frozen in time. No representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forward looking information contained in this report.

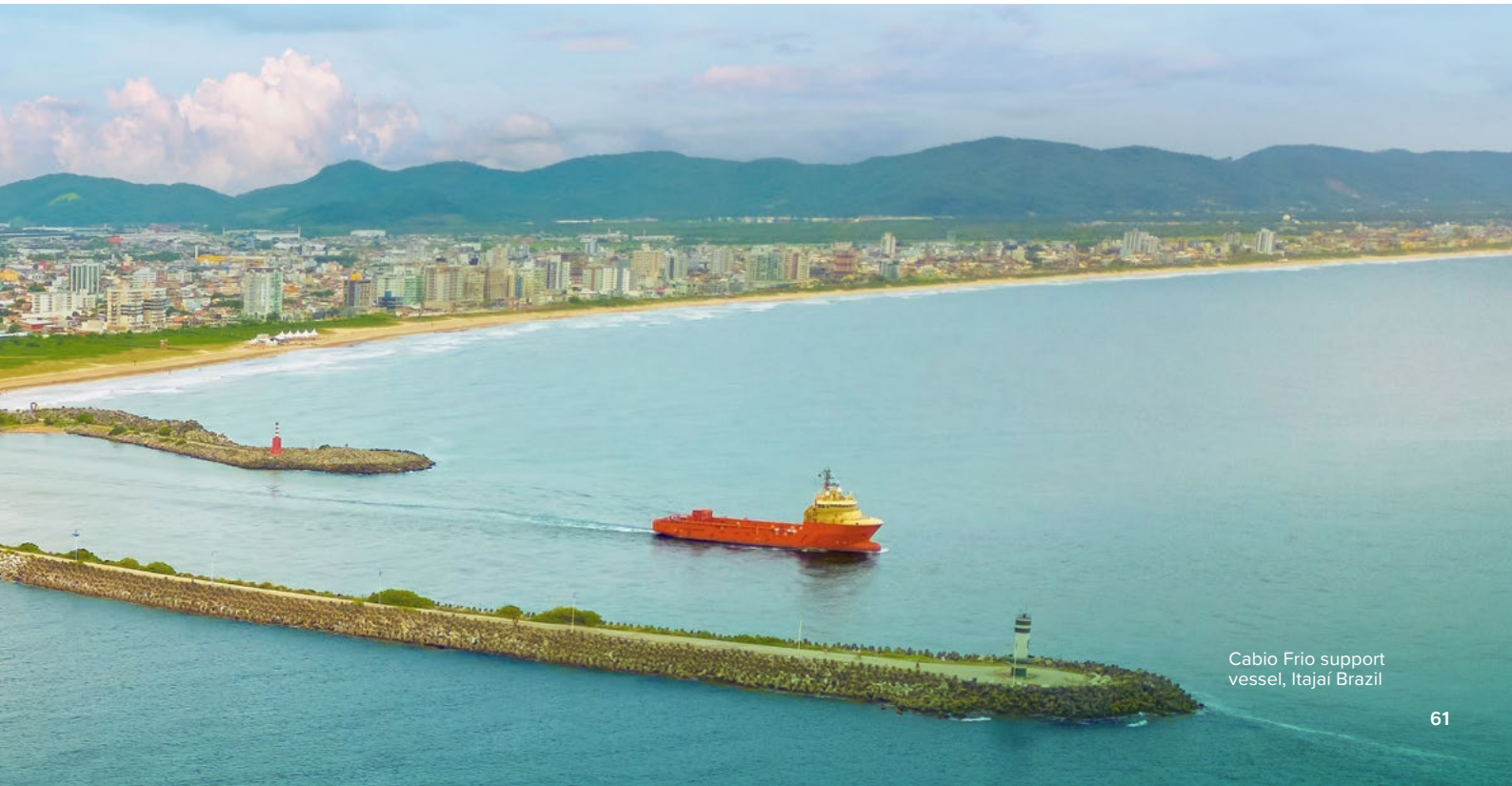
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Karoon Energy Limited, the directors declare that in the opinion of the directors:

Karoon Energy Ltd (Karoon) has taken all reasonable steps to ensure that the substantive provisions of Karoon's sustainability report for the financial year ended 31 December 2025 set out in sections 1.1, 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6 are in accordance with the *Corporations Act 2001* (C'th) ("the Act") including:

- Section 296C of the Act (compliance with applicable sustainability standards such as the *Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures*); and
- Section 296D of the Act (climate statement disclosures).

Luciana Rachid
Chair of the Sustainability and Operational Risk Committee
26 February 2026



Cabio Frio support vessel, Itajaí Brazil

LETTER OF ASSURANCE – VOLUNTARY REPORTING

Independent practitioner's limited assurance report on Karoon Energy Ltd's Selected Sustainability Information

To the Board of Directors of Karoon Energy Ltd

Limited Assurance Conclusion

We have conducted a limited assurance engagement on the Selected Sustainability Information as defined below in Karoon Energy Ltd (the "Company" or "Karoon") and its controlled entities (together, the "Group")'s Sustainability Report for the year ended 31 December 2025 (the "Report").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the accompanying Selected Sustainability Information for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Reporting Criteria set out in the Report and referenced in the 'Selected Sustainability Information and Reporting Criteria' section below.

Selected Sustainability Information and Reporting Criteria

The Selected Sustainability Information and the Reporting Criteria are as set out in the table below:

Entity	Selected Sustainability Information
Karoon Energy Ltd	*For the year ended 31 December 2025* • Emissions Intensity 10.6 kgCo2e/boe • Work Exposure Hours – 1,238,149 hours • Tier 1 or 2 Process Safety Events – 0 *As at 31 December 2025* • Total Recordable Injury Rate (per 200,000 hours) – 0.16 • Lost Time Injury Rate (per 200,000 hours) – 0.00 • Total carbon offsets (tCO2e) surrendered during 2024 and 2025, in respect of 2024 emissions 127,937 tCO2e

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The Reporting Criteria used by the Group to prepare the Selected Sustainability Information is set out withing the 'Glossary' section of the Sustainability Report (the Reporting Criteria).

The maintenance and integrity of the Group's website is the responsibility of the management of Karoon; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Sustainability Information or Reporting Criteria when presented on the Group's website.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Australian Standard on Sustainability Assurance 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the Australian Auditing and Assurance Standards Board.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the *Practitioner's Responsibilities* section of our report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), that are relevant to our limited assurance of the specified Sustainability Disclosures. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Annual report and sustainability information in respect of earlier periods and any other information included in, or linked from, the Group's Sustainability Report but does not include the Selected Sustainability Information and our assurance report thereon.

Our conclusion on the Selected Sustainability Information does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate review conclusion on specified Sustainability Disclosures within the Sustainability Report, in accordance with the scope of Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

In connection with our assurance engagement on the Selected Sustainability Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Selected Sustainability Information or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the Selected Sustainability Information

Management of the Company is responsible for:

- Determining the appropriateness of the Selected Sustainability Information and the suitability of the Reporting Criteria for the evaluation and measurement of that information, including the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances,
- Designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Selected Sustainability Information, in accordance with the Reporting Criteria, that is free from material misstatement, whether due to fraud or error, and
- The preparation of the Selected Sustainability Information in accordance with the Reporting Criteria.

Inherent Limitations in Preparing the Selected Sustainability Information

Sustainability data and information may be subject to more inherent limitations than financial data and information, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure the information, due to different, but acceptable, methods applied.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Practitioner's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Selected Sustainability Information.

As part of a limited assurance engagement in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosures level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, and
- Consider the suitability in the circumstances of the Karoon's use of the Reporting Criteria as the basis for the preparation of the Selected Sustainability Information.

The Selected Sustainability Information includes an offset from Karoon's emissions for the year of 2024 of 127,937 tonnes of CO_2-e relating to offsets. We have performed procedures as to whether these offsets

were surrendered during 2024 or 2025, and whether the description of them in the Selected Sustainability Information is a reasonable summary of the relevant contracts and related documentation. We have not, however, performed any procedures regarding the external providers of these offsets, and express no conclusion about whether the offsets have resulted, or will result, in a reduction of 127,937 tonnes of CO2-e.

Summary of the Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Selected Sustainability Information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our limited assurance engagement, we:

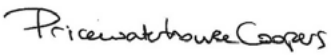
- made inquiries of the persons responsible for the Selected Sustainability Information;
- obtained an understanding of the process for collecting and reporting the Selected Sustainability Information;
- performed limited substantive testing on a selective basis of the Selected Sustainability Information to assess that data had been appropriately measured, recorded, collated and reported;
- undertook analytical procedures over the activity data utilised within the calculations and preparation of the Selected Sustainability Information; and
- considered the disclosure and presentation of the Selected Sustainability Information.

Use and distribution of our report

We were engaged by the board of directors of the Company to prepare this independent assurance report having regard to the Reporting Criteria specified by the directors and set out in this report. This report was prepared solely for the Company for explain purpose according to the engagement letter.

We accept no duty, responsibility or liability to anyone other than the Company in connection with this report or to the Company for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than the Company and if anyone other than the Company chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than the Company receiving or using this report.



PricewaterhouseCoopers

Scott Thompson
Partner

Melbourne
26 February 2026

LETTER OF ASSURANCE – STATUTORY REPORTING

Independent Auditor's Review Report on specified Sustainability Disclosures

To the Members of Karoon Energy Ltd

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Karoon Energy Ltd (the Company) and its controlled entities (together, the Group) for the year ended 31 December 2025 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Sustainability Disclosures	**Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2) (including related general disclosures required by Appendix D)**	**Location in Sustainability Report[1]**
Governance	Paragraph 6	Section 1.1 Governance on pages 6 to 9
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section 2.1 Risk Management on pages 34 to 37 Section 2.2 Climate Related Risks and Opportunities on pages 38 to 43
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 2.5 Climate- Related Targets and Metrics on pages 56 to 57 Section 2.6 Climate Data Summary on page 58

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

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Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Sustainability Report for the year ended 31 December 2025 but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate opinion on the Financial Report including the Remuneration Report included in the Annual Report. We have issued a separate limited assurance conclusion on other selected sustainability information included in the Sustainability Report.

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- The preparation of the specified Sustainability Disclosures in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations in preparing the specified Sustainability Disclosures

Sustainability data and information may be subject to more inherent limitations than financial data and information, given both its nature and the methods used for determining, calculating, and estimating such data. The precision of different measurement techniques may also vary. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure that information, due to different, but acceptable, methods applied.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The specified Sustainability Disclosures in relation to Strategy (risks and opportunities) have been prepared using assumptions about future events, and management's actions, that may not occur.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;

- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;
- Inspected and assessed, on a sample basis, charters, policies, minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;
- Performed enquiries of management regarding the approach taken by the Group to:
  - Identify climate-related risks and opportunities;
  - Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures;
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures.
- Performed enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions;
- Applied analytical procedures to evaluate the Scope 1 and 2 emissions and the underlying activity data, and;
- Performed testing over the calculations of the Scope 1 and 2 emissions, including testing the activity data utilised within the calculations to third-party records, information captured by onsite measurement devices at the facilities within the organisational boundary and other relevant underlying information, on a sample basis.

PricewaterhouseCoopers

Scott Thompson
Partner

Melbourne
26 February 2026

GLOSSARY

Term	Definition
AASB	Australian Accounting Standards Board.
Absolute Emissions	Climate related metric. Industry standard, measuring total mass of Greenhouse Gas Emissions created by working activities, expressed in carbon dioxide equivalent (tCO_2e).
ANP	Agência Nacional do Petróleo, Gás Natural e Biocombustíveis, Brazil's national regulatory agency responsible for regulating, contracting and supervising oil, natural gas and biofuels exploration, production, transportation and commercialization activities.
ARR	Afforestation, Reforestation and Revegetation. A nature-based solution that results in carbon sequestration i.e. a carbon removals offset.
ASRS	Australian Sustainability Reporting Standard. Closely aligned with IFRSS2, Australian mandatory reporting framework for Climate related disclosure, developed by the AASB.
Barrel or bbl	Barrel of oil, inclusive of condensate. A quantity of 42 United states gallons; equivalent to approximately 159 litres.
Baúna	Project Concession BM-S-40 containing the producing Baúna, Piracaba and Patola fields in Brazil
bcm	Billion cubic meters.
Boe	Barrel of Oil Equivalent; equivalent to 1 bbl or approximately 159 litres; equivalent to 6000 cubic feet (Mcf) of natural gas.
Boepd/Bopd	Barrels of oil equivalent per day/Barrels of oil per day.
Carbon Transition Action Plan (CTAP)	A focused and coordinated set of actions to manage, reduce and mitigate GHG emissions, outlining strategic actions and programs an entity will undertake in order to transition to alignment with a low carbon economy.
Carbon Neutral	Condition in which, during a specified period of time, the carbon footprint has been reduced through greenhouse gas (GHG) emission reductions or GHG removal enhancements and, if greater than zero, is then counterbalanced by offsetting.
CDP	Formerly the Carbon Disclosure Project, is a global non-profit environmental, social and governance (ESG) ratings provider.
CO_2e	Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide.
CONAMA	National Brazilian Council for the Environment.
CPS	IEA developed future scenario. Relies only on measures that are formally written into existing legislation and regulation, and which does not consider any additional changes to policy, even where governments have announced an intention to enact them. It assumes current policies persist, driving energy demand and emissions with delayed uptake of renewable electricity in several regions.
Emissions intensity (Scope 1 and 2)	Total Scope 1 and (Market Based) Scope 2 GHG emissions ($kgCO_2e$) divided by the total production (boe) of the equivalent period, including gas flared or combusted for energy generation, as per IPIECA guidance.
Essential 8 Maturity	Australian Cyber Security Centre framework for cybersecurity threat protection. 8 Strategies across 4 maturity levels; Application control, Patch applications, Configure Microsoft Office Macros, User application hardening, Restrictive Admin Privileges, Patch Operating systems, Multi-factor Authentication, Regular Backup.
Exposure hours	The total number of hours worked during the reporting period by all employees and contractors within the reporting boundary (as defined by IOGP).
Extreme Weather Event	An event that is rare at a particular place and time of year. Definitions of 'rare' vary, but an extreme weather event would normally be as rare as or rarer than the 10th or 90th percentile of a probability density function estimated from observations (Ref. IPCC Glossary of Terms).
Flaring	The controlled combustion of gas produced from oil and gas reservoirs to ensure the safe operation.
FPSO	Floating production, storage and off-loading facility.

Term	Definition
GHG	Greenhouse gas. Inclusive of Carbon Dioxide, Methane, Nitrous Oxide hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3), expressed in terms of the global warming potential of one unit of carbon dioxide.
GHG Protocol	'A Corporate Accounting and Reporting Standard of the GHG Protocol', developed by the World Resources Institute (WRI) covering Scope 1,2 and 3 emissions. Global standard for classifying, calculating and tracking emissions.
GRI	Global Reporting Initiative. The GRI reporting framework sets out principles and indicators that organisations can use to measure and report their environmental, social and governance performance.
GWP	Global warming potential.
HPI or HiPo	High Potential Incident. An incident or near miss that did not result in a serious injury or fatality, but had credible potential to cause a serious injury, fatality, or significant consequence under slightly different circumstances.
IBAMA	Brazilian Institute of Environmental and Renewable Natural Resources.
IEA	International Energy Agency.
IFRS	International Financial Reporting Standards.
IFRS S1/S2	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the ISSB. Globally recognised reporting standards for disclosure of sustainability and climate related data.
ISO 27001	Information Security Management System (ISMS).
IOGP	International Association of Oil and Gas Producers.
IPCC	Intergovernmental Panel on Climate Change.
IPIECA	International Petroleum Industry Environmental Conservation Association.
ISMS	Information Security Management System.
ISSB	International Sustainability Standards Board.
iREC	International renewable energy certificate is a type of Energy Attribute Certificate (EAC) used to track and verify that one megawatt-hour (MWh) of electricity was produced from a renewable energy source.
IUAG	Associated Gas Utilization Index.
KgCO_2e per boe	Kilograms of carbon dioxide equivalent per barrel of oil equivalent.
LTI	Lost Time Injury. A fatality or lost work day case. The number of LTIs is the sum of fatalities and lost work cases, due to work-related injuries and according to IOGP definitions. This includes employees and contractors.
LTIR	Lost Time Injury Rate (per 200,000 hours worked).
Material Risk	Risk with a potential financial impact >US$12m (net share) and a risk rating of either 'high' or 'extreme' in the Company's risk matrix.
MSCI	Global provider of environmental, social and governance (ESG) research, ratings and analytics.
MTI	Medical Treatment Injury. An injury requiring prescribed medical treatment, which is beyond the scope of normal first aid.
Net Zero	A condition in which human-caused residual GHG emissions are balanced by human-led removals over a specified period and within specified boundaries, achieved by reducing emissions at their source and counter-balancing residual emissions through carbon dioxide removal.
NGER	National Greenhouse and Energy Reporting.
NZE	IEA developed future scenario. 'A scenario which sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It does not rely on emissions reductions from outside the energy sector to achieve its goals. Universal access to electricity and clean cooking are achieved by 2030. The scenario was updated with the latest available data in 2024.'

Term	Definition
Process Safety	Tier 1 Process Safety Events: A typical tier 1 process safety event is loss of containment of hydrocarbons greater than 500kg (in any one-hour period). Tier 2 Process Safety Events: A typical tier 2 process safety event is loss of containment of hydrocarbons greater than 50kg but less than 500kg (in any one-hour period).
REBIO	Marine biological reserve.
REDD+	Reducing Emissions from Deforestation and forest Degradation, as well as forest conservation, sustainable management of forests, and enhancement of forest carbon stocks.
SBCE	Sistema Brasileiro de Comércio de Emissões de Gases de Efeito Estufa. Brazil's GHG Emissions Trading System.
Scenario Analysis	A process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Scenarios are hypothetical constructs (not forecasts) that allow an organisation to consider how different future developments (e.g., climate pathways, policy responses) may affect its business, strategy and financial planning. The use of scenarios are not, and should not be relied upon as, forecasts, guidance or predictions. Scenario analysis is used to identify and assess a potential range of outcomes of future events under conditions of uncertainty and the potential impact on Karoon. They are intended to provide an assessment framework only and do not provide a full description of the future, but are used to highlight elements of a possible future and how this may affect strategy and financial performance over time. The selection and use of scenarios is for illustrative purposes only and should not be construed as Karoon's endorsement, validation, or view as to the likelihood of any particular scenario occurring.
Scope 1 Emissions	Direct GHG emissions occurring from sources controlled or owned by the organisation.
Scope 2	Indirect GHG's released from the consumption of purchased electricity: Location-based Scope 2 emissions are calculated using the average emissions intensity of the electricity grid where the energy is consumed. Market-based Scope 2 emissions are calculated using emissions factors linked to the specific electricity contracts or energy instruments a company has chosen (such as iRECs or power purchase agreements).
Scope 3	Emissions occurring outside an organisation's boundary, but as a result of its actions.
STEPS	IEA developed future scenario; 'A scenario which reflects current policy settings based on a sector-by-sector and country-by-country assessment of the energy-related policies that were in place by the end of August 2024, as well as those that are under development. The scenario also takes into account currently planned manufacturing capacities for clean energy technologies.'
TCFD	Task Force on Climate Related Financial Disclosures.
tCO_2e	Tonnes of carbon dioxide equivalent.
Transition Risk	The financial and operational challenges and costs associated with making the necessary changes to move towards a lower-carbon economy.
TRIR	Total Recordable Injury Rate ((LTI + MTC + RWC) / 200,000 exposure hours).
UN SDGs	United Nations Sustainable Development Goals.
US$	United States dollar, expressed in real terms. m denotes million and k denotes thousand.

AASB S2 ALIGNMENT

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REFERENCED DOCUMENTS

Reference	Document
GHG Protocol	Greenhouse Gas Protocol (2004) – Corporate Accounting and Reporting Standard, Revised Edition.
GHG Protocol – Scope 3	Greenhouse Gas Protocol (2011) – Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
Brazilian GHG Protocol	Programa Brasileiro GHG Protocol (2008).
IPIECA – GHG	IPIECA (2011) – Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions, Second Edition.
World Energy Outlook 2025 – IEA	IEA's flagship analysis reportReleased in 2025 providing up to date projections, trends and analysis on all aspects of the global energy system, inclusive of sustainability and climate change impacts.
NGERS – National Greenhouse and Energy Reporting Scheme	Australian framework and guideline for approaching and reporting Greenhouse Gas emissions inventories. Established under national legislation.
National Greenhouse Accounts (NGA)	Aligned with NGER and released by the Australian Federal Government, (Department of Climate Change, Energy, the Environment and Water, DCCEEW), providing a set of standardised emissions factors for use by businesses.
Outer Continental Shelf Air Quality System	U.S. Bureau of Ocean Energy Management (BOEM) for oil and gas operators to manage, calculate, and report air emissions from offshore platforms.

CONSOLIDATED DATA TABLE

	CY21	CY22	CY23	CY24	CY25
Health, Safety and Security[1]					
Fatalities	0	0	0	0	**0**
High Potential Incidents	3	0	1	9	**7**
Lost Time Injuries (LTI)	1	4	0	2	**0**
Medical Treatment cases	0	2	0	2	**0**
Restricted Work Cases	0	1	0	0	**1**
Work Exposure Hours	800,000	1,640,000	1,390,664	1,043,592	**1,238,149**
Total Recordable Injury Rate (per 200,000 hours)	0.25	0.85	0.0	0.77	**0.16**
Lost Time Injury Rate (per 200,000 hours)	0.25	0.48	0.0	0.38	**0.00**
Process Safety[1]					
Tier 1 or 2 Process Safety Events	0	0	0	2	**0**
Environment[2]					
Number of minor spills (to sea)	2	1	1	0	**1**
Number of incidents in offloading operations	0	0	0	0	**0**
People and Culture[3]	**FY22**	**FY23**	**TY23**	**CY24**	**CY25**
Gender Diversity (%)					
Board	17	17	14	43	**57**
Senior Leadership	26	17	11	17	**22**
Overall	50	46	42	41	**42**

	CY21	CY22	CY23	CY24	CY25
Climate[4]					
Scope 1 emissions (tCO_2e)[5,6,7]	73,942	125,694	123,747	127,937	**118,236**
Operational Control	73,942	125,694	123,294	104,018	**96,876**
Equity Share	–	–	453	23,919	**21,360**
Scope 2 emissions (tCO_2e)[8,9]	129	38	55	59	**137**
Operational Control (market based)	129	38	55	59	**0**
Operational Control (location based)	–	–	–	–	**137**
Scope 1 + 2 (Total)	74,071	125,732	123,802	127,996	**118,236**
Operational Control	74,071	125,732	123,349	104,077	**96,876**
Equity Share	–	–	453	23,919	**21,360**
Emissions Intensity ($KgCO_2e$/boe)	14.9	22.8	13.5	11.7	**10.6**
Scope 3 emissions (tCO_2e)[10,11,12,13]	1,000,886	2,679,198	3,941,858	4,651,475	**4,673,826**
Category 1 – Purchased Goods and Services		34,644	27,693	30,148	**22,885**
Category 2 – Capital Goods		1,908	17,169	0	**35,724**
Category 4 – Upstream Transportation and Distribution		58,397	86,127	31,299	**14,585**
Category 10 – Processing of Sold Products		95,321	140,582	155,129	**155,204**
Category 11 – Use of Sold Products		2,487,457	3,668,604	4,432,731	**4,434,688**
Others		1,470	1,684	2,101	**10,740**

Notes: **1.** Safety and Process Safety incident data includes operated and non-operated assets. Exposure hours and frequency rates reflect operated assets only. **2.** Operated assets. **3.** Percentage of women in each category. **4.** Reporting Boundary – Karoon reports in accordance with the GHG Protocol, using the operational approach for Brazilian assets to comply with jurisdictional requirements and equity approach for operations outside of Brazil, based on Karoon's Net Working Interest (NWI). **5.** Scope 1 – Emissions are 100% offset through the purchase and surrender of Verified Carbon Units (VCUs) in the year following the reporting period, i.e. 2024 emissions were offset in 2025 and 2025 emissions are intended to be offset in 2026. **6.** Scope 1 – Emissions from the non-operated assets are calculated using data provided by the operating partner. **7.** Scope 1 – Fugitive emissions for Brazilian assets are calculated using NGER emission factors for offshore oil and gas production fugitive emissions. For US assets the US EPA and Outer Continental Shelf Air Quality Monitoring System (OCSAQS) methodology and recommendations are applied. **8.** Scope 2 – Location based emissions have been reported in 2025 in accordance with mandatory reporting requirements and reflect the greenhouse gas emissions from purchased electricity calculated using the average emissions intensity of the local grid where the energy is consumed. **9.** Scope 2 – market based emissions reflect emissions calculated based on the specific electricity products or contractual instruments that a company has chosen to purchase. These were zero for the reporting year as Karoon purchased 100% renewably generated electricity, either through direct purchase agreements or the use of International renewable energy certificates (iREC). **10.** Scope 3 Material emissions categories (Category 1,2,3,4,5,6,10,11 and 12) were calculated using, spend, fuel, waste type, average data and distance based factors. **11.** Scope 3 – `Other' includes categories 3, 5, 6 and 12. Categories 7, 8, 9, 13, 14, & 15 were assessed as not material to Karoon in 2025. **12.** Scope 3 – Emissions associated with category 2 increased in 2025 due to the one-off purchase of the Baúna FPSO in the reporting period. **13.** Scope 3 – As per GHG Protocol guidance, emissions associated with contracted exploration, well development and well workover that were previously reported as Scope 1 have been classified as Scope 3, this reclassification has not been made retrospective and applies from 2024 onwards.

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