PASARGAD ENERGY

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# SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT - 2025

# About

**Pasargad Energy Development Company (PEDC)** is a leading energy company committed to sustainable value creation and advancing Iran's economic development. In our second annual Sustainability Report for 2025, we reaffirm our dedication to embedding sustainability into our core operations, guided by the GRI standards and IPIECA's sustainability roadmap, ensuring transparent, industry-relevant disclosures. We have streamlined our sustainability framework by consolidating objectives to prioritize high-impact initiatives and implemented generalized performance indicators to track progress across our diverse subsidiaries while accommodating operational diversity. Committed to transparency, we provide data-driven progress updates, acknowledging that the complexity of our operations may occasionally lead to minor discrepancies, which we address through continuous improvement. We invite you to explore this report to discover how PEDC is driving sustainable progress for our communities and the environment.



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# Introduction

01

## Driving Iran's Energy Future

- A Vision for the Future
- A Legacy Rooted in Iran's Cultural Heritage
- Comprehensive Involvement Across the Energy Spectrum

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**Pasargad Energy Development Company (PEDC)** was founded in 2008 as one of Iran's leading players in the energy industry. With a strong focus on smart investment and effective asset management, PEDC has developed a diverse portfolio across the entire energy value chain, spanning upstream and downstream oil and gas, power and utilities, infrastructure, trading, and renewable energy sectors. Our integrated approach and extensive capabilities are designed to support sustainable national development, deliver tangible benefits to shareholders, and implement impactful, socially responsible projects. To date, PEDC has invested over USD10.6 billion in diverse energy initiatives, solidifying its position as a committed corporate citizen with significant economic and social contributions.

"Never-Ending as **Energy,**
Everlasting as **Pasargad,**"

### A Legacy Rooted in Iran's Cultural Heritage

The name "Pasargad" is deeply rooted in Iran's rich cultural heritage, symbolizing stability, prosperity, and respect for human rights. Derived from Pasargadae, the ancient capital of the Achaemenid Empire, it is associated with the legacy of King Cyrus the Great, who ruled in the 6th century BC. Cyrus is celebrated for his visionary leadership and the Cyrus Cylinder, a historic document often regarded as one of the earliest expressions of tolerance, justice, and respect for diverse cultures. The principles embodied in the Cylinder such as the protection of rights, freedom of worship, and the promotion of peace are values that PEDC aspires to reflect in its operations and ethical standards. This historical connection underscores our commitment to responsible and ethical business practices, guided by the enduring principles of Iran's ancient heritage.

### A Vision for the Future

PEDC's history is a testament to our dedication to innovation, sustainability, and social responsibility. As we look to the future, we remain committed to driving progress in Iran's energy sector while upholding the values of integrity, transparency, and community stewardship that have defined us since our inception. Our slogan, "Never Ending as Energy, Everlasting as Pasargad," encapsulates our mission to provide enduring energy solutions while honoring the timeless principles of our heritage.

### Comprehensive Involvement Across the Energy Spectrum

Since its founding, PEDC has achieved significant milestones that have shaped its growth and diversification. Our journey began with pioneering projects in upstream oil and gas, where we established ourselves as a leader in exploration, development, and production. Recognized for our expertise in drilling, reservoir management, and software development for oil and gas reservoir modeling, we have become one of Iran's top companies in this sector.

In downstream oil and gas, PEDC has leveraged advanced technological expertise to develop and manage petrochemical units and refineries, covering the full value chain from natural gas to Polyolefins. Our investments in this sector have earned us a top ranking by the National Iranian Oil Company, positioning us as a powerhouse in Iran's energy landscape.

PEDC's entry into the power and utilities sector marked another milestone, solidifying our role as Iran's largest private electricity provider. We currently supply approximately 4% of the country's electricity through conventional thermal power plants, pipelines, and boosting stations. Our infrastructure projects, including oil terminals and docks, have enhanced Iran's energy logistics and storage capabilities, further strengthening our contribution to the nation's energy security.

In recent years, PEDC has demonstrated its commitment to innovation and sustainability through investments in renewable energy. In 2022, we inaugurated a 10 MW solar power plant in Damghan, with plans for additional projects. This focus on renewables reflects our forward-looking strategy to support sustainable energy sources, contribute to Iran's energy security, and promote environmental resilience.

# A Message from Our CEO

" We engage local communities, employees, regulators, and partners"

As CEO of Pasargad Energy Development Company (PEDC), I am proud to present our second annual Sustainability Report. This edition marks a significant step forward in our reporting journey, incorporating key enhancements such as emissions data reporting using a combination of Tier 1, 2, and 3 data, an overview of governance changes to streamline decision-making, and a new section on financial transparency to bolster accountability.

Our sustainability commitment remains the foundation of PEDC's operations within Iran's energy sector, where we balance economic growth, environmental stewardship, and social responsibility in the face of persistent challenges including power outages, economic sanctions, water scarcity, and climate change. To advance this commitment, we have structured our strategy around four key axes: Energy Transition, Protecting Earth, Safety, and Economic and Social Development. Under these axes, we have consolidated our objectives into eight targeted aims to drive focused progress.

Building on the foundations laid in our inaugural report, these efforts contribute directly or indirectly to the achievement of the 17 United Nations Sustainable Development Goals and demonstrate our ongoing dedication to innovation and collaboration. We invite our employees, subsidiaries, partners, regulators, and communities to join us in refining this approach, ensuring a resilient and sustainable energy future for Iran.

**Alireza Sadegh Abadi CEO**
Pasargad Energy Development Company

# Sustainability Highlights

Our progress.
Building a resilient future.

## AXIS 1

### ENERGY TRANSITION

Delivering reliable energy today while accelerating innovation for tomorrow.

CUMULATIVE OIL PRODUCTION
SINCE BEGINNING OF OPERATIONS

**40.8** million barrels

2024 **19.7** million barrels → 2025 **40.8** million barrels

POGP CRUDE PRODUCTION
2024 **15.7** million barrels
2025 **20.2** million barrels
(+28.3%)

PEGA GEOMEMBRANE OUTPUT
2024 **2.66** million m²
2025 **6.10** million m²
(+129.5%)

KNOWLEDGE-BASED COMPANIES (2025)
**5** companies | 3 Innovator tier, 2 Startup tier

AI INNOVATION CENTER (2025)

ELECTRICITY GENERATED (EQUITY-SHARE BASIS, 2025)
**6.99** million MWh

**1,500 MW** NATIONAL SOLAR PROGRAM | **25%** complete (2025) | **24** plants | **12** provinces | Projected to reach **500 MW** by the end of Q3 2026

## AXIS 2

### PROTECTING EARTH

Preserving ecosystems and reducing our environmental impact.

$CO_2$-EQUIVALENT EMISSIONS AVOIDED
**Mobile Oil Separation Program across 22 wells**
Cumulative total in 2025
**112,508**
tonnes $CO_2$e avoided

TREES PLANTED
2024 **20.6** hectares → 2025 **47.2** hectares

MANGROVES PLANTED
2024 **7,000** → 2025 **8,200** (cumulative)

ESTIMATED ANNUAL CARBON SEQUESTRATION
2024 **163** tonnes $CO_2$ → 2025 **280** tonnes $CO_2$

ENDANGERED SPECIES CONSERVATION
**2** conservation programs supported in 2025, contributing to biodiversity protection and ecosystem resilience.
- Persian fallow deer (first calves born)
- Turkmenian fox conservation

ENVIRONMENTAL IMPACT ASSESSMENT COVERAGE
**100%** of projects (2025)

## AXIS 3

### SAFETY

A proactive safety culture that protects people and strengthens performance.

ACCIDENT FREQUENCY RATE
2024 **8.87** → 2025 **7.70** per million man-hours
DOWN 13.2%

SAFETY OBSERVATIONS REPORTED
2024 **8,472** → 2025 **12,716** (+50.1%)

EMERGENCY DRILLS CONDUCTED
2024 **445** → 2025 **624** (+40.2%)

MEDICAL EXAMINATION COVERAGE (2025)
**100%** of personnel and contractors

EXTERNAL-TRAINER HSE TRAINING HOURS
2024 **25,082** → 2025 **30,465** (+21.5%)

EMPLOYEE FATALITIES (2025)
**0**
- Scope: Direct employees only.

## AXIS 4

### ECONOMIC & SOCIAL DEVELOPMENT

Empowering people and communities to build shared and lasting value.

**450** APPLICANTS

INTERNS SELECTED
2024 **70** → 2025 **100**

TRAINING HOURS DELIVERED
2024 **4564** → 2025 **4780**

PARTICIPANT SATISFACTION
2025 **94%**

LOCAL SOURCING (2025)
**100%** of general consumables and standard services

DIRECT EMPLOYMENT
2024 **3,533** → 2025 **3,630** (+2.7%)

WOMEN'S SHARE OF DIRECT WORKFORCE (GROUP-WIDE)
2024 **9.8%** → 2025 **10.9%**

WOMEN'S SHARE OF HQ DIRECT-CONTRACT STAFF
2024 **31.6%** → 2025 **33.9%**

# Operation Highlights

**Alborz Province**
250 MW | Solar Power Plant

**Gilan Province**
20 MW | Solar Power Plant

**Qazvin Province**
195 MW | Solar Power Plant

**Khoy Power Plant Combined Cycle**
350 MW

**Urmia Power Plant Combined Cycle**
1527 MW

**West Azerbaijan Province, Urmia**
10 MW | Solar Power Plant

**Kurdistan Province**
10 MW | Solar Power Plant

**Alborz Polyethylene Factory**
Production of Various Polymer Products (Polyethylene Gas Supply Pipe and Wide Geomembrane Sheets)

**Hamedan Province**
135 MW | Solar Power Plant

**6th Iran Gas Trunk-Line (IGAT6)**
Transferring Gas from the South Pars Gas Field with a length of 593 km

**Lorestan Province**
60 MW | Solar Power Plant

**Chaharmahal & Bakhtiari Province**
100 MW | Solar Power Plant

**Sepehr and Jufair Oil Fields Development**
Current Production Capacity: 70,000 BPD
Target Production: 150,000 BPD

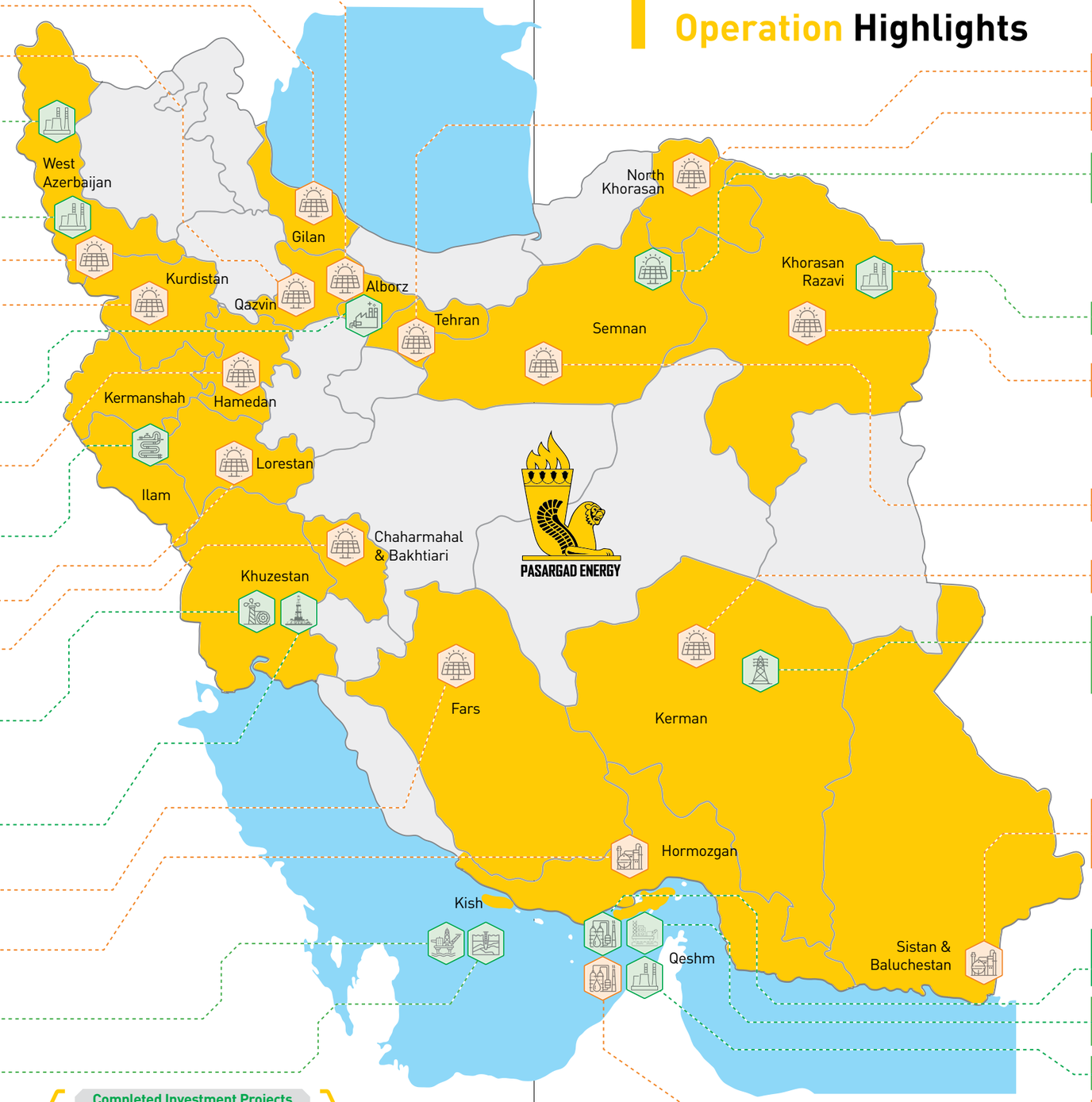
**Pasargad Onshore Drilling Rigs**
**Pasargad 21** (D. W.: 2000 HP)
**Pasargad 22** (D. W.: 2000 HP)
**Pasargad 31** (D. W.: 3000 HP)

**Fars Province**
150 MW | Solar Power Plant

**Hormozgan Pasargad Polyolefin Complex**
**Phase 1 Product.** Methanol 1,650 KTA
**Phase 2 Products.** PP, HDPE and EPDM

**Pasargad Offshore Drilling Rigs**
**Pasargad 100** (Jack up - 300 ft)
**Pasargad 200** (Jack up - 300 ft)

**Providing Drilling Services**




**Tehran Province**
110 MW | Solar Power Plant

**North Khorasan Province**
72 MW | Solar Power Plant

**Semnam Province, Damghan**
**Phase 1.** 10 MW | Solar Power Plant
**Phase 2.** 29 MW | Solar Power Plant

**Shariati Power Plant Combined Cycle** - 497 MW

**Khorasan Razavi Province**
110 MW | Solar Power Plant

**Semnam Province**
24 MW | Solar Power Plant

**Kerman Province**
300 MW | Solar Power Plant

**Sirjan Power Plant Distributed Generation**
**Phase 1.** 4 MW
**Phase 2.** 16 MW

**Chabahar Pasargad Polyolefin Complex**
**Phase 1 Product.** Methanol 1,650 KTA
**Phase 2 Products.** PP, Olefin, HDPE/LLDPE

**Pasargad Qeshm Heavy Oil Refinery**
**Phase 1.** 35,000 BPD
**Phase 2.** 65,000 BPD

**Pasargad Qeshm Port**
Capacity 17.5 Mt / year
Export and Import of Refinery Feedstock

**Pasargad Qeshm Power and Water Cogeneration Plant** - 405 MW

**Pasargad Qeshm Gas Condensate Refinery** 60,000 BPD

Map Guide:
Completed Investment Projects
On-going Investment Projects

# Financial Disclosure

This chapter reports PEDC's economic and financial performance disclosures under the GRI 200 series (Economic Standards). Figures cover PEDC's financial year 1404, and are converted to USD at 832,336 IRR/USD unless otherwise noted.

## GRI 201-1 – Direct Economic Value Generated and Distributed

| Component | Zharf | Kimia | Mahtab | Other | PEDC Group Total |
|---|---|---|---|---|---|
| Direct economic value generated: Revenue | $452,064,958 | $269,788,700 | $70,131,601 | $12,687,446 | $804,672,704 |
| Economic value distributed: Operating costs | $442,435,029 | $242,630,957 | $48,242,945 | $287,234,480 | $1,020,543,411 |
| Economic value distributed: Employee wages and benefits | $29,103,858 | $9,680,462 | $6,917,867 | $4,639,601 | $50,341,788 |
| Economic value distributed: Payments to government | $15,201,367 | $7,504,635 | $12,427,912 | $6,318,093 | $41,452,007 |
| Economic value distributed: Community investments[1] | $8,118,740 | $2,974,008 | $155,847 | $9,822 | $11,258,417 |

*1. Cross-referenced from GRI 203, sub-holding totals. Excludes Kimia's local infrastructure item (a school cooling unit), which was delivered by Kimia's EPC contractor.*

## GRI 201-2 – Financial Implications of Climate Change

Financial effects of climate-related risks and opportunities, by sub-holding.[2]

| Sub-Holding | Financial Effects Reported |
|---|---|
| Zharf | $0 |
| Kimia | $0 |
| Mahtab | $0 |
| Other | $0 |

*2. All four sub-holdings reported zero financial effects related to climate change for FY1404.*

## GRI 201-3 – Defined Benefit Plan Obligations and Other Retirement Plans

| Sub-Holding | Long-Term Pension Liabilities |
|---|---|
| Zharf | $2,665,582 |
| Kimia | $1,756,745 |
| Mahtab | $327,502 |
| Other | $496,343 |
| PEDC Group Total | $5,246,172 |





## GRI 201-4 – Financial Assistance Received from Government

| Sub-Holding | Government Grants Received |
|---|---|
| Zharf | $4,326,540 |
| Kimia | $1,185,774 |
| Mahtab | $16,185,633 |
| Other | $286,404 |
| PEDC Group Total | $21,984,350 |

## GRI 207 – Tax

| Item | Zharf | Kimia | Mahtab | Other | PEDC Group Total |
|---|---|---|---|---|---|
| Total tax paid | $15,201,367 | $7,504,635 | $12,427,912 | $6,318,093 | $41,452,007 |
| Income tax paid | $8,116,491 | $323,516 | $11,819,773 | $5,410,673 | $25,670,454 |
| Other taxes (VAT, payroll, withholding, etc.) | $7,084,876 | $7,181,119 | $608,138 | $907,420 | $15,781,553 |
| Tax disputes / open cases (count) | 10 | 0 | 7 | 39[3] | 56 |

*3. Other Group Companies' 39 open tax disputes are concentrated in Naftanir, a subsidiary in wind-down.*

## GRI 205 – Anti-Corruption

| Sub-Holding | Risk Evaluations Conducted | Anti-Corruption Policies/ Directives | Employees Trained | Confirmed Corruption Incidents | Corrective Actions | Reports to Authorities |
|---|---|---|---|---|---|---|
| Zharf | 4 | 5 | 68 | 0 | 0 | 0 |
| Kimia | 8 | 8 | 20 | 0 | 0 | 0 |
| Mahtab | 5 | 5 | 10 | 0 | 0 | 1 |
| Other | 4 | 5 | 8 | 2 | 1 | 1 |

## GRI 206 – Anti-Competitive Behavior

| Sub-Holding | Legal Disputes | Training[4] | Confirmed Violations | Costs |
|---|---|---|---|---|
| Zharf | 1 | 0 | 0 | $2,554,196 |
| Kimia | 0 | 0 | 0 | $0 |
| Mahtab | 15 | 0 | 0 | $0 |
| Other | 0 | 0 | 0 | $0 |

*4. PEDC does not track competition/antitrust training as a distinct module. Competition-law principles (avoidance of collusion, monopolistic practices, and market manipulation) are addressed within the Group Code of Conduct and within the broader ethics and code of conduct training reported under GRI 404 (Chapter 6), which averaged 2.1 hours per person at HQ in 2025.*

*5. Qeshm-Molad (Sepehr Afaq Qeshm Communications Industries Development Co.) dispute, currently in the appeals process.*

# Our Journey

**2008**
- Establishment of PEDC

**2009**
- Establishment of Alborz Polyethylene Factory

**2010**
- Purchase of Khoy power plant

**2011**
- Purchase of Shariati Power Plant

**2013**
- Phases 20 and 21 South Pars gas field development drilling unit supply
- Commencement of the Qeshm Heavy Oil Refinery

**2014**
- Pasargad 100 offshore drilling rig acquisition

**2015**
- Construction of IGAT 6 Gas Pipeline

**2016**
- drilling unit supply at Siri area platforms Drilling operations, repair, and completion

**2017**
- Sepehr-Jufair oil fields development IPC contract award

**2018**
- Drilling and related support services of phase 2 in the South Pars field Enhancement for Phase 2-5 Wells

**2020**
- Siamakan Oil field Development Plan

**2021**
- Launch of the first Qeshm heavy crude oil refinery

**2022**
- Inauguration of Qeshm's 320 MW Power and Water Cogeneration Plant
- Urmia Combined Cycle Power Plant Launch
- Damghan 10 MW Solar Plant Launch
- Establishment of the Sustainability Committee

**2023**
- Wins Bid for 1,500 MW, 12-Province Solar Power Plant Project

**2024**
- Sepehr & Jufair Oil Fields Production Commencement
- Pasargad Hydro-Frac Lab Inaugurated at Amirkabir University
- Pasargad Upstream Management system launch
- Pasargad 200 offshore drilling rig acquisition
- Pasargad 21 & 31 onshore drilling rigs acquisition

**2025**
- First Sustainability Report
- Start of 1500 mw solar project
- Pasargad 21, Pasargad 22 and Pasargad31 Drilling Platforms Operational

# PEDC At a Glance

Pasargad Energy Development Company (PEDC) operates across seven business lines: Upstream, Downstream, Power and Utilities, Infrastructure, Trading and Commercial, Renewables, and the newly established Innovation division.

We strategically manage our asset portfolio and maintain continuous activity across the entire energy value chain. This approach allows us to create value for our stakeholders while contributing to the development of a sustainable national economy. The Innovation business line reflects our focus on digital transformation, high-tech solutions, and forward-looking ventures, complementing our traditional operations and positioning PEDC at the forefront of energy transition in the country.

# Our Vision, Mission and Core Values

## Vision

To rank among the top 10 energy companies in Iran's capital market by sales volume by 2028, driven by smart investments, high productivity, and innovation in high-quality product and service delivery.

## Mission

To provide competitive energy products and services via smart investments and partnerships, technology advancement, and efficient asset management on national and regional scales, ensuring long-term value for stakeholders.

## Core Values:

- Excellence and Innovation
- Accountability and Transparency
- Sustainable Value Creation for Stakeholders
- Commitment to Sustainable Development and Safety

# Business Lines

Upstream Oil and Gas
Downstream Oil and Gas
Power and Utility
Renewable Energy
Infrastructure
Trading and Commercial
Innovation

## Upstream Oil & Gas

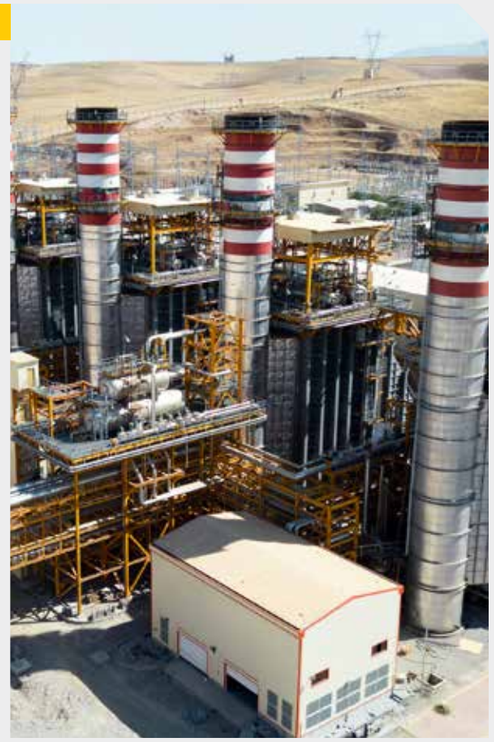
PEDC is a leading Iranian company active in the upstream oil and gas sector, providing comprehensive services across reservoir studies, exploration, development, production, engineering, drilling, well services, operations and maintenance, and Smart WRFM. The company has made significant investments to strengthen its upstream capabilities and field development activities. In 2017, PEDC became the first Iranian E&P operator to sign an IPC with NIOC for the Sepehr and Jofeir onshore oil fields in southwest Iran. This 20-year contract, valued at USD 2.7 billion (CAPEX), targets recovery of more than 540 million barrels of oil through 130 development wells, aiming for a production plateau of 150000 barrels per day. Through its subsidiaries, PEDC operates two offshore drilling rigs, Pasargad 100 and Pasargad 200 and three onshore rigs Pasargad 22, Pasargad 21, and Pasargad 31, while offering a broad range of well-based and rig-less services, including directional drilling, well intervention, coiled tubing, wireline, MOT, and integrated drilling and workover operations. PEDC has developed RETINA, a 3D reservoir simulation software for advanced reservoir modeling, and executes projects in accordance with defined schedules, budgets, and the highest standards of safety and environmental stewardship.

## Downstream Oil & Gas

PEDC operates in Iran's downstream oil and gas sector with total investments of USD 4.3 billion, including USD 2.57 billion in completed refinery and petrochemical projects. Through its subsidiaries, the company develops, operates, and manages refinery and petrochemical facilities across production, O&M, sales, marketing, and logistics. Since March 2023, PEDC has operated a 35,000 bpd heavy oil refinery and holds approximately 20% of Iran's domestic bitumen market, while the Qeshm Gas Condensate Refinery under construction will add 65,000 bpd, increasing total refining capacity to 100,000 bpd. PEDC has also executed the 6th Iran Gas Trunkline (IGAT VI) under a BOT contract, comprising a 56-inch, approximately 600 km pipeline from Assaluyeh to the Iraq border, with an investment value of USD 2.28 billion. In petrochemicals, PEDC is developing two plants in southern Iran with an initial methanol capacity of 3.3 million tons per year, with planned expansion to PE, PP, and HDPE using MTO technology.

## Power and Utilities

Since 2008, PEDC has been a key player in Iran's power generation sector, with strategic investments in thermal and renewable facilities yielding an installed capacity of approximately 2802 MW (about 4%) of national generation. The company delivers end-to-end services across the value chain, including construction, EPC/Turnkey execution, O&M, equipment supply, technical services, and consulting for combined-cycle, gas turbine, steam turbine, and solar plants, executed through specialized subsidiaries. Operational assets include Urmia (1527 MW), Shariati (497 MW), Pasargad Qeshm Cogeneration (405 MW), Khoy (350 MW), and Sirjan (8.5 MW) power plants, with a 245 MW expansion of Shariati underway. In utilities, PEDC supports the Qeshm Heavy Crude Oil Refinery and future North Qeshm projects with three HRSG units (230 tons/hour steam at 5 and 23 bars), four MED desalination units (680 $m^3$/hour), demineralized water production (155 $m^3$/hour), potable water production (660 $m^3$/hour), and auxiliary systems for distilled, demineralized, potable water, and low- and medium-pressure steam supply.



## Renewables

PEDC is actively developing its presence in Iran's renewable energy sector, with a primary focus on solar power. The company commissioned its inaugural solar project in Damghan, central Iran a 10 MW facility that became operational in winter 2023 and incorporates bifacial solar panels and trackers to achieve approximately 30% higher efficiency than conventional fixed-panel systems. PEDC is expanding its portfolio through the Sorkheh Solar Power Plant (12 MW, USD 7 Million investment), the Mehdishar Solar Power Plant (12 MW, USD 7 Million investment), a 25 MW expansion of the Damghan facility, and a dedicated 4 MW solar plant supporting one of its internal projects. Furthermore, Pasargad Energy Group has secured a major tender for the construction and operation of 1,500 MW of solar capacity across 24 plants in 12 provinces the largest renewable energy initiative in Iran to date with a total investment of USD 1 billion (25% financed by the Group and 75% by the National Development Fund); the project is currently in the development and execution phase.

## Infrastructure

Incollaboration with the Qeshm Free Zone Organization, PEDC has invested in the construction and operation of an oil jetty and terminal on Qeshm Island under a BOT arrangement, as the sole private company authorized for this venture. The facility, located in the northern area of Qeshm Island, facilitates the import and export of feedstock and products for the operational Qeshm Heavy Crude Oil Refinery and the under-construction Qeshm Gas Condensate Refinery, while also supplying seawater to PEDC's utilities plant on the island. The third berth, with a capacity of 35,000 DWT, has been completed and is fully operational, supporting the export of products such as bitumen from the Qeshm Heavy Crude Oil Refinery. Construction of the first and second berths is in its final stages; these berths will accommodate vessels with capacities ranging from 7,000 to 70,000 DWT and will be equipped with dolphins and mooring systems.

## Trading & Commercial

PEDC is building a fully integrated trading and commercial operation across the oil and gas value chain, underpinned by three key assets:

- Refinery production from the Qeshm Heavy Oil Refinery and the under-construction Qeshm Gas Condensate Refinery, with upcoming petrochemical units further expanding the product portfolio
- Strategic storage and logistics via access to storage facilities and the Hara Jetty Oil Terminal on Qeshm Island, enabling efficient import, export, and customer fulfillment
- Specialist trading expertise through an in-house team focused on oil and petrochemical product trading

PEDC's ambition extends beyond trading its own output, with a longer-term vision of becoming a leading trading house for oil, products, and petrochemicals in Iran, including third-party products to grow market presence and diversify revenue streams.

# Our Governance Structure

## Corporate Governance Framework

PEDC governance framework is designed to ensure transparency, accountability, and alignment with our long-term strategic goals, including sustainability and social responsibility within the Parent Company and its Subsidiaries. This framework is built on a foundation of strong leadership, clear policies, and collaborative mechanisms that enable us to navigate challenges, seize opportunities, and create value for all stakeholders. At the core of this structure is our Board of Directors, supported by specialized committees, departments, and a commitment to sustainability at every level of the organization
Board of Directors

## Board of Directors

The Board of Directors at PEDC is composed of highly accomplished professionals whose expertise and vision guide the company toward sustainable growth and operational excellence. Each member brings a wealth of experience and a commitment to upholding the highest standards of corporate governance. Members of the Board of Directors are selected by PEDC's shareholders, with the selection of members is proportional to shareholding. The Board and CEO accountability operates through outcome-based expectations and annual shareholder meetings. The Board of Directors' familiarity with sustainability-related topics derives from members' professional backgrounds in the energy sector

**Mr. Alireza Sadeghabadi, (CEO),**

As a Mechanical Engineering graduate, he has held pivotal positions such as Deputy Minister of Petroleum, CEO of the National Iranian Oil Refining and Distribution Company, and CEO of Siraf Comprehensive Refining Infrastructure Company. As the CEO of Pasargad Energy Development Company, he leads the company with a focus on operational excellence.

**Mr. Mohammad Malaki, (Chairman),**

With a Master's degree in Electrical Engineering, brings over four decades of experience in the energy sector. His leadership roles include serving as Deputy Minister of Energy, Deputy Minister of Petroleum, and CEO of Tavanir Company and the National Iranian Gas Company (NIGC). Today, as Chairman of the Board of Directors, he continues to drive the company's vision of innovation and sustainable growth.

**Dr. Mohsen Safajoo, (Board Member),**

With a Ph.D. in Accounting, Dr. Safajoo has managed companies such as Saman Tejarat and Darupakhsh Distribution Company, bringing deep expertise in corporate affairs and governance. In his role as a Board Member of company, he ensures robust governance and accountability across the organization.

**Mr. Esfandiar Azimi, (Board Member),**

Bringing extensive experience in finance and economics, he contributes strategic financial oversight to PEDC's board. His background includes leadership roles as CEO of Pars Arian Company and Vice Chairman of Pasargad Capital Market Services Company, supporting informed economic decision-making for the company's diverse energy investments.

**Dr. Mojtaba Kobari, (Board Member),**

With a Doctorate in Business Administration, he offers expertise expertise in business strategy and organizational development to PEDC's governance. His experience leading Pasargad Value Creation Group and serving as Vice Chairman of Pasargad Capital Market Services Company informs his approach to value creation and strategic development within Iran's energy sector





## Sub-Holding Structure

In 2025, PEDC established three fully operational specialist sub-holdings to address governance challenges across its distinct sectors:

- **Zharf Energy Pasargad** — Upstream
- **Kimia Energy Pasargad** — Downstream
- **Mahtab Energy Pasargad** — Power & Utilities

This structure provides five key benefits:

- **Specialized management** with sector-specific expertise
- **Resource synergy** via shared procurement and best practices
- **Targeted risk management** at the appropriate level
- **Enhanced capital market** access through independently financeable entities
- **Governance clarity** with scalable parent-subsidiary accountability

## Relationship with Subsidiaries and Governance Integration

To ensure cohesive operations and strategic alignment across its Subsidiaries, PEDC has established a robust corporate governance model. This framework standardizes planning, monitoring, and reporting processes, enabling the company to implement its strategic objectives and sustainability commitments effectively across the Group. Key elements of this model include:

- **Corporate Governance Policies:** Clear guidelines on strategy, investment, budgeting, risk management, procurement, human capital, and sustainability are set out.
- **Consolidated Planning Department:** Integrates planning, budgeting, feasibility analysis, financial control, market monitoring and reporting to ensure Subsidiary projects develop coherently with the Parent Company's strategic goals.
- **Internal Auditing Department:** Establishes, enforces and monitors an integrated control system across the Parent Company and its Subsidiaries to verify financial accountability, regulatory compliance and strategic alignment.
- **Shareholder & Subsidiaries Affairs:** Oversees shareholder meeting management and board matters for the Parent Company and its Subsidiaries and handles insurance, tax and legal compliance issues in line with strategic objectives.
- **Independent Board Auditor:**The principal shareholders annually appoint an independent auditor to periodically verify the transparent and proper performance of the Board of Directors and company management. This includes compliance with applicable laws and regulations as well as adherence to the resolutions of the General Meeting of Shareholders and the Parent Company's strategic objectives.
- **Monitoring Tools:** Annual evaluations using PEDC Total Assessment Model based on the EFQM 2025 and compliance checklists to ensure Subsidiaries adhere to governance requirements.
- **Regular Reports and Meetings:** Periodic reporting and meetings between the Parent Company and Subsidiaries to ensure alignment and address challenges.

The strength of PEDC's governance framework lies in the seamless collaboration between its various Subsidiaries. The Board of Directors, management committees and operational departments work in harmony to ensure informed decision-making, effective risk management, and alignment with the corporate's strategic and sustainability goals. Regular communication and coordination among these entities foster accountability, operational excellence and continuous improvement across the organization. This integrated approach ensures that the Parent Company's goals and policies are consistently applied across all Subsidiaries, fostering operational efficiency and accountability while enabling PEDC to navigate complex challenges, seize opportunities, and achieve its long-term objectives.

## Management Committees

To ensure compliance with governance requirements issued by shareholders, the Board of Directors, and the CEO across all subsidiary companies, and to maintain integrity and coordination between subsidiaries, the parent company, and other affiliated entities, PEDC has established several specialized committees. These committees operate under the supervision of the CEO and the Board of Directors, providing focused oversight over critical operational and governance aspects. The following committees have been formed for this purpose.

### Risk Committee

The Risk Committee oversees the company's risk management framework, ensuring that risks are identified, assessed, and mitigated effectively. It approves the overall risk management policy, monitors high-priority risks, and reviews risk response plans. The committee also reports on risk management performance and critical concerns to the Board of Directors, ensuring alignment with the company's strategic objectives.

### Audit Committee

The Board of Directors established the Audit Committee, operating under its direct supervision and composed of selected Board members, to ensure that the CEO and company management comply with applicable laws, resolutions of the General Meeting of Shareholders, and decisions of the Board of Directors. The committee oversees the effectiveness of internal controls and regulatory compliance; supervises internal and external audit processes; reviews financial statements; assesses IT security and data protection measures; and reports to the Board on the overall effectiveness of internal controls, thereby promoting transparency and accountability in the company's financial operations.

### Investment Committee

The Investment Committee oversees the company's investment strategies and portfolio management. It reviews and approves investment policies, evaluates major projects, and makes decisions on mergers, acquisitions, partnerships, and divestments. The committee ensures that all investments align with the company's strategic and sustainability goals.

### Cyber Security Committee

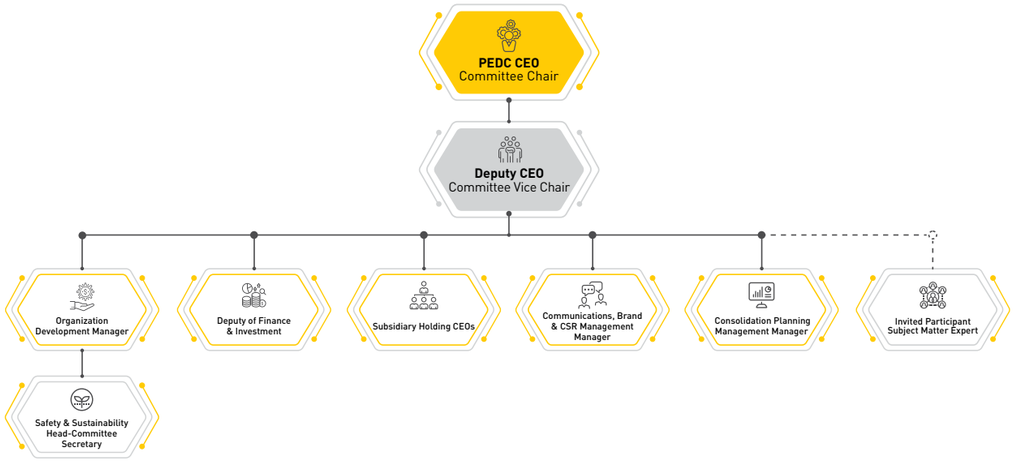
The Cyber Security Committee oversees the protection of the company's digital assets. It develops and implements information security policies, coordinates incident response teams during cybersecurity breaches, and ensures the integrity and confidentiality of company data.

### Governance Committee

The Governance Committee is responsible for corporate governance policies and practices. It defines and approves the corporate governance framework for Pasargad Energy Development Group, ensuring alignment with best practices and regulatory requirements. The committee also reviews and approves comprehensive evaluation reports on the performance of the Group's Subsidiaries, strengthening oversight and accountability.

### Nominations & Remuneration Committee

The Nominations and Remuneration Committee oversees the selection, appointment, and removal of senior executives within the Parent Company and its Subsidiaries. It develops policies for leadership development and capacity building for senior managers, CEOs, and board members across the Group. Additionally, the committee evaluates and approves performance assessment reports for senior executives, ensuring leadership effectiveness and alignment with corporate goals.




### Sustainability Committee

While the previous committees focus on specific operational and governance areas, the Sustainability Committee holds a unique and cross-cutting role within PEDC's governance framework. Sustainability is a cornerstone of the company's operations, and this committee ensures that this commitment is reflected in every aspect of the company's activities. Chaired by the CEO, the committee includes senior executives and representatives from key departments. It is responsible for setting sustainability objectives, monitoring compliance, and ensuring alignment with the company's long-term sustainability goals. Significant sustainability-related matters, particularly major financing decisions above defined thresholds, are escalated through this channel to the Board.

The committee's key responsibilities include the following:

- Setting sustainability objectives, policies, and roadmaps for PEDC and its Subsidiaries.
- Monitoring compliance with sustainability policies across the Group.
- Allocating resources to achieve sustainability goals.
- Reviewing investment and development plans for ensuring alignment with sustainability principles.
- Proposing investment and development projects that align with the company's sustainability goals and policies.
- Making decisions on major issues within the Group that could impact sustainable development.
- Defining and approving corporate social responsibility (CSR) initiatives.
- Reviewing and approving annual sustainability reports of the Group.

# Management of Sustainability

To ensure a comprehensive and focused approach to sustainability, PEDC has established dedicated structures and responsibilities at multiple levels of the organization. These include the Sustainability Committee, Specialized Departments, and Employee Responsibilities, all working together to integrate sustainability into the company's operations and culture.

## Safety & Sustainability Department

The Safety & Sustainability Department plays a pivotal role in embedding sustainability into PEDC's day-to-day operations. It acts as the secretariat for the Sustainability Committee and ensures that sustainability principles are integrated into all aspects of the company's activities.
The department's key responsibilities include the following:

- Acting as the secretariat for the Sustainability Committee.
- Setting sustainable development goals and policies.
- Monitoring subsidiary performance in sustainability.
- Promoting a culture of sustainability across the group.
- Developing and promoting the mindset and culture of sustainable development throughout the holding company.
- Preparation of the annual Sustainability Report.
- Ensuring alignment of all activities with the Group's sustainability policies.
- Overseeing all activities and actions at the holding company level to ensure alignment with the group's sustainability policies.

## Social Responsibility Department

PEDC's Social Responsibility Department, operating under the supervision of the Group's Communications, Brand, and Social Responsibility Management, is dedicated to creating a positive impact on society and the environment It develops and implements programs that align with the company's commitment to sustainable development and community engagement.
The department's key responsibilities include the following:

- Developing and implementing CSR policies and programs.
- Designing and implementing the corporate social responsibility model.
- Implementing corporate social responsibility policies and programs at the Holding Company.
- Monitoring the execution of CSR initiatives across the group.
- Preparing progress reports on CSR activities.

## General Sustainability Responsibilities

Sustainability is a shared responsibility at PEDC, and all employees are encouraged to integrate sustainable practices into their daily work. From adhering to sustainability policies to contributing innovative ideas, employees play a vital role in driving the company's sustainability agenda.
Employees' key responsibilities include the following:

- Adhering to sustainability policies and objectives.
- Collaborating across departments to implement sustainability strategies.
- Promoting resource efficiency and waste reduction.
- Participating in CSR activities and community engagement programs.
- Supporting health, safety, and environmental (HSE) practices.
- Contributing innovative ideas for sustainable process improvements.
- Encouraging sustainable practices within teams and across departments.
- Supporting process improvements that enhance the company's sustainability performance.
- Providing data and reports to support sustainability performance reviews.

This collective effort ensures that sustainability is woven into the fabric of PEDC's corporate culture.





# Code of Conduct

At PEDC, our core values revolve around harmonizing sustainable development with long-term profitability. We expect all subsidiary companies to uphold ethical business practices, ensuring fair competition and compliance with all regulatory standards. Customer satisfaction is at the heart of our operations, driving us to meet their needs efficiently and cost-effectively. Integrity and transparency are non-negotiable principles that guide all business transactions and relationships within our organization.
Our commitment extends to fostering a workplace free from conflicts of interest and political affiliations, with safety as a top priority. Subsidiary companies are encouraged to implement robust safety measures and environmental sustainability practices while contributing to the improvement of local communities. We treat all stakeholders with respect and dignity, emphasizing equal opportunities for individuals regardless of background. Transparency and accountability are the cornerstones of our financial activities, with strict adherence to laws, regulations, and industry standards across all levels of the organization.
In line with PEDC's mission, all employees whether in the parent company or subsidiary companies—are expected to support and adhere to a Code of Conduct that reflects our core values. These values include:

These principles form the foundation of our organization's commitment to ethical conduct, guiding the actions of every employee, manager, and partner. To uphold these values, we have established a comprehensive Code of Conduct that outlines specific expectations and responsibilities for all individuals and entities associated with PEDC. This code serves as a practical framework for translating our core values into day-to-day practices, ensuring consistency and integrity across all aspects of our operations.

The PEDC Code of Ethics includes the following key principles:

## 1. Empowered Employees
A Productive Organization

Employees should strive to leverage their knowledge and expertise to perform their duties effectively and efficiently, employees at PEDC will endeavor to:

- Prioritize personal development and strive to achieve the company's goals through hard work and perseverance.
- Embrace empathy, collaboration, and teamwork as core principles, fostering healthy competition and cooperation across the holding company.
- Believe that preserving the holding company's brand requires making the best use of its resources, equipment, positions, and reputation.

## 2. Forward Thinking Managers
A Pioneering Organization

Managers at PEDC are responsible for creating an environment where organizational values and ethical behavior are promoted and upheld. Managers will endeavor to:

- Cultivate a vibrant and effective workplace by fostering secure interpersonal behavior and camaraderie.
- Are aware that they represent the company's reputation and avoid actions that could tarnish its brand.
- Are aware that by respecting our colleagues, we earn mutual respect.
- Should manage workplace stress appropriately to avoid transferring psychological pressure to our colleagues and provide them with honest, relevant information within established confidentiality frameworks.

## 3. Satisfied Customers
A Reputable Organization

At PEDC, we believe that serving customers is the key to success and builds their trust in us. To cultivate this, we will:

- Prioritize understanding and addressing both current and future customer needs
- Never make promises we cannot keep.
- Maintain customer trust through honest and professional behavior, transparent and efficient communication, and adherence to commitments and timelines.
- Ensure full compliance with safety and quality standards in delivering services to our customers.

## 4. Strong Business Partners and Stakeholders A Sustainable Organization

At PEDC, we understand that fulfilling commitments on time, providing accurate and detailed reports (such as project progress or financial information), adopting a win-win approach in business relationships, and maintaining data confidentiality enable us to select strong partners and stakeholders. This ensures the organization's sustainability in the industry. In line with this:

- We maintain impartiality and avoid personal interests in all activities.
- We refrain from unfair competition for resources or benefits and promptly report any conflicts of interest or illegal activities.

## 5. Risk-Tolerant Shareholders
A Profitable Organization

At PEDC, we recognize the immense value of our brand in the energy industry and remain committed to safeguarding this vital asset. In line with this we will:

- Bolster our financial and managerial foundations and diversifying our portfolio of products and services, we continue to expand on our capital-raising strategies and strengthen our financial competitiveness.
- We are committed to creating value for our shareholders.
- We provide shareholders with transparent information for decision-making.
- We avoid engaging in business activities that conflict with the interests of the company or its shareholders

## 6. Capital Acquisition Experts
A Secure Organization

At PEDC, we recognize that maintaining stable relationships with financial institutions is vital for securing finance in line with this:

- We prepare accurate and timely business reports and present fully transparent financial statements without any concealment. This ensures the company's economic and financial security.

## 7. Expert Suppliers (Goods and Services)
A Transparent Organization

At PEDC, for continuous operations finding and maintaining reliable suppliers are necessary. To this we:

- Strive to provide equal opportunities for all suppliers and share transparent, verified information with them.
- Respect supplier's laws and regulations and expect them to adhere to ours. This enables us to select the best domestic and international suppliers, foster win-win relationships, and contribute to the country's economic growth and employment.
- Avoid unfair competition, monopolies, and corruption, and we report any violations of laws or company principles by suppliers to senior management.

## 8. A Sustainable Society
An Enduring Organization

At PEDC, we prioritize respect for the environment, occupational health & safety and process safety, and the dignity of society and humanity in all our programs and approaches. In line with this:

- We understand that our growth and survival depend on preserving the environment and shared human values. Therefore, we dedicate all our efforts to safeguarding this divine gift for future generations.
- Through policy-making, planning, and cultural initiatives, we are committed to developing and applying environmentally friendly technologies.
- By optimizing the use of limited resources such as energy, water, and raw materials, we aim to preserve this divine heritage for future generations.
- We clearly understand our responsibilities toward surrounding communities and society at large. We are committed to eliminating any potential negative impacts on communities and strive to play a significant role in achieving sustainable development goals through our sustainability approach.

# Membership Associations

Pasargad Energy Development Company actively strengthens its connections with academic, professional, and industry networks at national and international levels. These efforts enhance knowledge exchange, foster innovation, and support the development of new technologies in the energy sector. By building dynamic channels for collaboration with scientific and industrial experts, PEDC ensures access to cutting-edge research, talent, and best practices. The following section highlights our memberships across international, national, and university-based associations.

## International Associations:

By engaging with internationally recognized professional bodies in energy, engineering, and the petrochemicals sector, PEDC expands its global reach and gains access to advanced industry knowledge, international best practices, and cross-border collaboration opportunities. The following associations strengthen our international connectivity and support our commitment to professional excellence and a sustainable, innovation-driven energy future:

### Association of International Energy Negotiators (AIEN):

is an independent, non-profit professional organization dedicated to supporting and elevating the work and professionalism of international energy negotiators worldwide. AIEN provides high-value services including top-tier conferences, education programs, model contracts, networking opportunities, and industry information to advance members' career development and effectiveness. (https://www.aien.org/)

### Association of Energy Engineers (AEE):

is a non-profit professional society founded in 1977. The organization promotes scientific and education interests in the energy industry through its networking and outreach efforts and educational and professional certification programs. (https://www.aeecenter.org/)

### Gulf Petrochemicals and Chemicals Association (GPCA):

The Gulf Petrochemicals and Chemicals Association (GPCA) established in 2006 represents the downstream hydrocarbon industry. The association voices the common interests of more than 250 member companies. GPCA manages six working committees Plastics, Supply Chain, Fertilizers (now known as Agri-nutrients), International Trade, Research and Innovation, and Responsible Care. (https://gpcachem.org/)

## National Scientific Associations

By engaging with professional bodies across engineering, management, finance, and technology, PEDC benefits from broader knowledge exchange and capacity building that strengthen our overall sustainability and operational excellence. These memberships complement our core energy focus by enhancing the competencies and expertise we rely on across the organization. The following associations reflect this commitment to continuous professional development:

- **Iranian Chemical Engineering Association (IAChE):** Publishes the Iranian Journal of Chemical Engineering and organizes international and national congresses, promoting research in chemical engineering (www.ijche.com).
- **Iranian Management Association (IMA):** Promotes effective management practices through educational programs and professional development, supervised by the Iranian Ministry of Science, Research, and Technology (iranmanagement.net).
- **Iranian Financial Management Association (IFMA):** Established with the aim to foster and enhance the level of financial management knowledge in the country and within the nation's institutions and organizations, and to uphold professional ethics and modern financial practices. (ifmaweb.ir).
- **Iranian Association for Management of Technology (IRAMOT):** is a non-profit, non-governmental organization with the aim of promoting education, training and research in the fields of Technology and Innovation Management. (https://iramot.ir/)

# University Associations

As part of Pasargad Energy Development Company's outreach and collaboration with universities we have maintained communications with university based scientific associations. This cooperation is the basis for our top tier internships, exposing Iran's best students to the energy industry, strengthening university partnerships and talent acquisition. Allowing us to spot and attract promising talent, supporting our long-term growth.

- **International Petroleum Engineers Association of Sharif University (Sharif SPE)**
- **Scientific Association of the Institute of Petroleum Engineering, University of Tehran**
- **Scientific Association of the Faculty of Petroleum and Geothermal Energy Engineering, Amirkabir University of Technology**

Through these memberships and cooperative relationships, Pasargad Energy Development Company strengthens its professional, academic, and global networks to advance innovation and sustainability. Our involvement in national associations supports broader industry progress, while partnerships with universities and student groups connect us to emerging talent and leading research. At the same time, our international linkages expand our global outreach, ensuring we remain aligned with best practices and collaborative opportunities that contribute to a sustainable energy future.

PEDC Introduction Video

# Our Approach

02

## Global Energy Trends 2025

### Continuity and Evolution in the Global Energy Landscape

Last year's assessment highlighted the onset of an irreversible global energy transition, characterized by the declining strategic dominance of traditional petro-states, the accelerating rise of renewable energy driven by technological cost reductions and policy commitments, and China's pivotal role in clean energy expansion. Despite these shifts, fossil fuels particularly oil and natural gas retained a commanding position in the global energy mix, while emerging economies continued to drive demand growth. The analysis emphasized the need for a balanced approach: advancing renewables to address climate imperatives and energy security, while optimizing hydrocarbon resources during the transitional period.

In 2025, these core dynamics have persisted and intensified, albeit with notable accelerations and adjustments. Global investment in clean energy reached a record USD2.3 trillion in 2025, up 8% from USD2 trillion in 2024, underscoring sustained momentum despite significant geopolitical headwinds. Chief among these was the United States formally withdrawing from the Paris Agreement for the second time, with the withdrawal taking effect in January 2026 following an executive order signed at the outset of the Trump administration. While this introduces fresh uncertainty into the global climate governance framework, clean energy investment has continued regardless, a sign that the economics of the transition are now largely self-sustaining even where political commitment has wavered. Fossil fuels, namely oil, gas, and coal, nonetheless retain their commanding position, accounting for more than 75% of the global energy mix in 2025. This underscores a central reality of today's energy sector: security of supply, affordability, and emissions reduction cannot be pursued in isolation; they must be advanced together as simultaneous, mutually dependent priorities. Electricity demand emerged as the primary driver of global energy growth, propelled by industrial electrification, expanding access in developing economies, particularly China, India, and Southeast Asia, and the surging power requirements of data centres and artificial intelligence infrastructure. The IEA projects global data center electricity consumption to more than double to around 945 TWh by 2030, with AI identified as the single most important driver of this growth. Notably, AI is also beginning to reshape energy sector operations, improving grid management, predictive maintenance, and the efficiency of both renewable and hydrocarbon assets, creating productivity gains that partially offset its own demand footprint. Renewables, led once again by China, continued to outpace expectations in capacity deployment, even as fossil fuel supply remained robust and oil demand projections extended further into the future without an imminent peak.

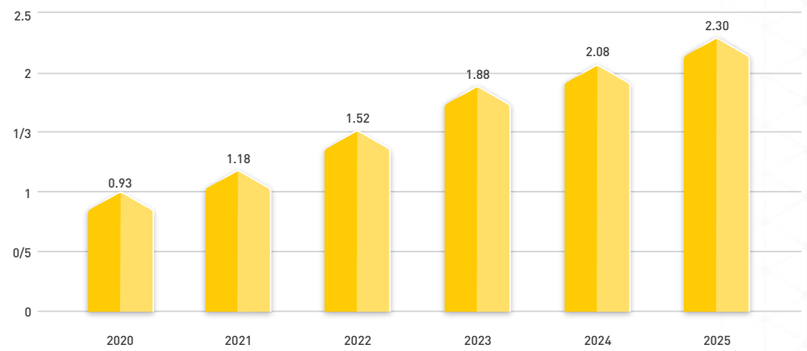



Chart 1: Global Investment in Clean Technologies (USD trillion) - Source: Bloomberg

## Key Developments in 2025 and Implications for PEDC

Renewable energy deployment maintained its rapid trajectory, with global clean technology investments setting new benchmarks. China set consecutive annual records over the past three years: 217 GW of new solar in 2023, followed by 277 GW in 2024, when cumulative photovoltaic capacity reached approximately 890 GW, nearly half of total global installed solar capacity. In 2025, China surpassed even those figures, adding approximately 315 GW of solar, bringing cumulative photovoltaic capacity to around 1.2 TW and representing approximately 45% of estimated global solar capacity at year-end, and a further 119 GW of wind, bringing its combined wind and solar capacity to nearly 1.84 TW. Wind additions similarly progressed from 64 GW in 2023 to 80 GW in 2024 and 119 GW in 2025. These successive records affirm China's dominant position in clean energy deployment, even as market regulation adjustments introduced some volatility in specific sub-sectors during the period. Yet for all this progress, the broader picture is one of a world still far from a carbon-neutral trajectory. Clean technology deployment, while outpacing forecasts, has not been sufficient to offset continued growth in overall energy demand.

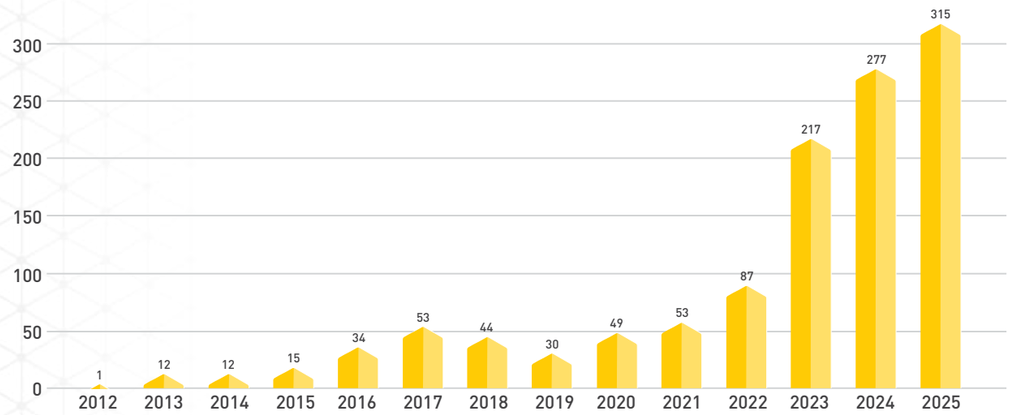



Chart 2: China Annual Solar Power Capacity Additions (GW) - Source: IEA

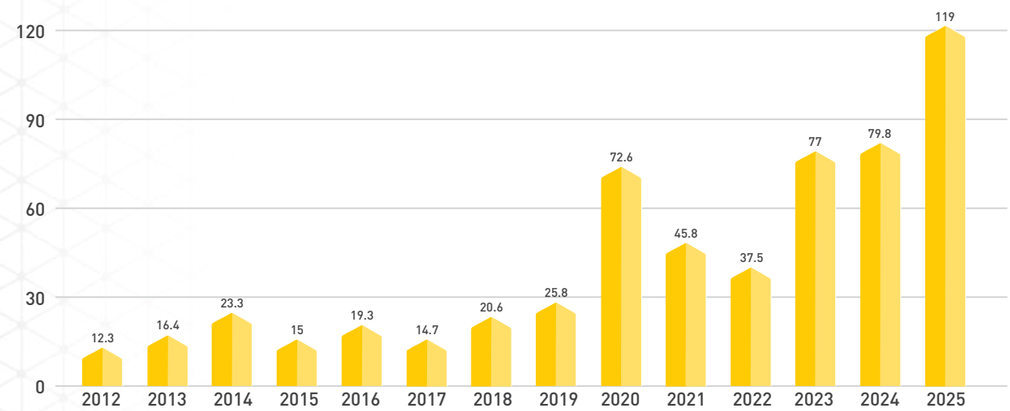



Chart 3: China Annual Wind Power Capacity Additions (GW) - Source: IEA





Concurrently, fossil fuels demonstrated enduring resilience. Global oil demand continued its moderate upward path, with forecasts from OPEC indicating sustained growth toward 123 million barrels per day by 2050, supported by demand in non-OECD economies, petrochemical expansion, and transportation needs in emerging markets. The picture is nuanced, however. On one hand, EV adoption in 2024 already displaced more than 1.3 million barrels per day of oil demand, a figure that will grow steadily. On the other, petrochemicals, namely plastics, chemicals, and related products, are projected to see demand growth of 20% to 30% by 2050, delaying any peak in overall oil consumption and keeping hydrocarbons relevant well into the transition period. Supply-side developments, including non-OPEC+ production increases and strategic OPEC+ adjustments, pointed to potential surpluses in the near term, influencing price dynamics amid geopolitical and macroeconomic factors. Natural gas markets evolved with new LNG capacity expansions, further integrating global trade while highlighting regional price divergences.

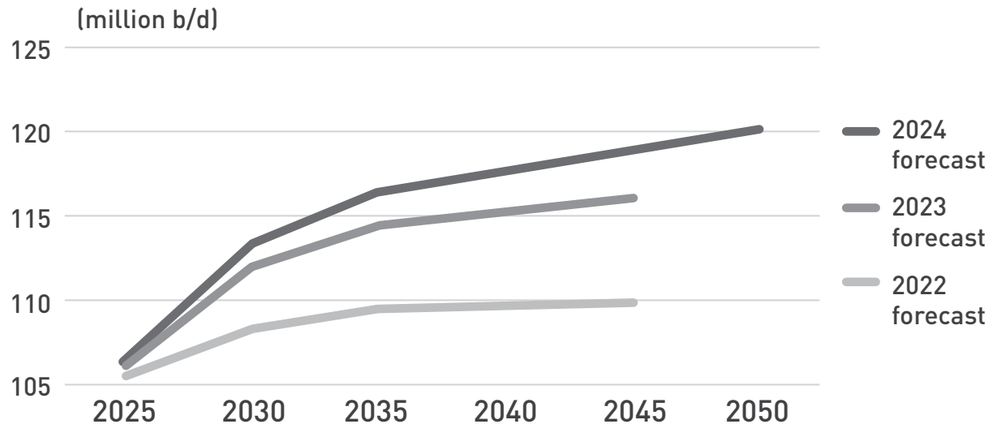



Chart 4: OPEC Forecast of Global Oil Demand to 2050 (million b/d) - Source: OPEC World Oil Outlook

These 2025 trends reinforce the strategic imperatives outlined previously for PEDC. The accelerated renewable capacity growth globally and particularly in China underscores the viability of low-carbon technologies and the imperative for PEDC to expand its renewable portfolio in parallel with hydrocarbon activities. In Iran's context, despite holding the world's second-largest gas reserves and fourth-largest oil reserves, the country faces a deepening domestic energy crisis. Electricity shortages during summer months and gas shortfalls in winter have grown more acute year on year, compounded by the effects of sanctions and chronic underinvestment in upstream development. Persistent domestic shortages in electricity and gas during peak seasons continue to necessitate diversified supply solutions. By advancing renewables, PEDC can alleviate pressure on domestic fossil fuel consumption, freeing additional volumes of natural gas and oil for higher-value exports, petrochemical feedstock, and refined products, enabling the production of hundreds of downstream products rather than simply burning hydrocarbon resources, thereby enhancing foreign exchange earnings and enabling reinvestment in future-oriented technologies. Reinforcing this direction at the policy level, Article 16 of Iran's Knowledge-Based Production Acceleration Law, passed in 2022 and in active implementation since 2023, mandates that industrial units with electricity consumption exceeding one megawatt must source a minimum share of their power from renewable energy. The obligation starts at 1% and increases by one

percentage point annually, reaching 5% by 2027–28, where it is set to remain. Companies that do not meet this requirement directly, whether through their own renewable generation or by purchasing green power certificates via Iran's energy exchange, face financial penalties on the non-compliant portion of their consumption. For PEDC and its affiliated industrial operations, this framework creates both a direct compliance requirement and a commercial opportunity: as a developer of renewable capacity, the company is well-positioned to supply this growing mandatory demand from within Iran's industrial base.

Moreover, with no imminent peak in global oil demand projected by major forecasters, Iran's substantial reserves represent a meaningful window for maximizing resource monetization during the transition period. By expanding renewable capacity now, Iran can produce and export greater volumes of oil, gas, and refined products during the remaining years before global demand plateaus, directing the resulting foreign currency revenues toward investment in future technologies and higher-value industries. Realizing this potential requires concurrent development across all three interdependent pillars: upstream oil and gas to secure feedstock supply, downstream refining and petrochemicals to generate export revenue, and the power sector to eliminate the outages that constrain productivity across the economy. Beyond hydrocarbons, Iran's geographic position also creates a significant near-term opportunity in electricity exports to neighboring countries, a clean revenue stream that would strengthen regional ties while generating additional foreign currency income. Iran's comparative advantages in low-cost fossil and renewable production further enhance its potential as a future hydrogen hub, aligning with global shifts toward cleaner energy carriers.

Closely tracking these evolving trends is essential for timely, well-informed decision-making at PEDC.

The energy transition is not a single event but a decades-long process, and the companies best positioned to navigate it will be those that treat renewables and hydrocarbons not as competing priorities but as mutually reinforcing ones. For PEDC, this means building renewable capacity to address Iran's immediate energy security challenges, while using the resulting headroom in fossil fuel supply to generate the export revenues and investment capital that will carry the company and the country through the decades ahead.





# Sustainability Risk Profile

## Risks and Opportunities

The global energy landscape continues to evolve rapidly, presenting both persistent and emerging challenges for companies operating across the energy value chain. Last year's assessment identified a set of risks and opportunities that remain broadly valid: regulatory and carbon policy risks, Iran's domestic energy deficit as both a constraint and a commercial opening, the threat of declining global demand for Iranian hydrocarbons, cybersecurity and technological adaptation challenges, macroeconomic and financial instabilities, and workforce transition pressures. On the opportunity side, the themes of renewable energy expansion, integrated value chain presence, digital innovation, strategic partnerships, and PEDC's dominant position in the Iranian market continue to apply. Rather than repeat that analysis in full, this section focuses on the risks and opportunities that have become more pronounced or have emerged newly in 2025.

## New and Evolving Risks

**Financing Risk:** Political conditions continue to constrain timely access to capital, creating delays in equipment procurement and project execution that affect completion schedules and revenue realisation against plan. To mitigate this, the company has prioritised investment in faster-return segments such as solar, which require lower capital outlay and carry lower payback risk.

**Feedstock Shortage Risk:** Completed petrochemical projects face the risk of interrupted operations due to gas feedstock shortages during peak consumption months. To address this, the company is pursuing two parallel initiatives: flare gas recovery projects and gas field development contracts structured to make produced gas available during periods of peak national demand. and carry lower payback risk.

**Market and Currency Risk:** Volatility in foreign exchange rates, interest rates, and commodity and equipment prices exposes the company's financial instruments, facilities, and held assets to significant value fluctuations. The company's mitigation strategy focuses on expanding the share of foreign-currency-earning products and services in its portfolio, progressively converting this risk into a source of resilience.

**Russia as a New Petrochemical Competitor:** Gas sanctions on Russia have redirected significant Russian investment toward petrochemical development, particularly methanol, making Russia an increasingly serious competitor in international markets where PEDC operates. Russia's primary advantage is access to exceptionally cheap and abundant feedstock. In response, the company is accelerating the commissioning of Phase 1 methanol production and advancing the MTO development phase to consolidate its market position ahead of this competitive pressure.

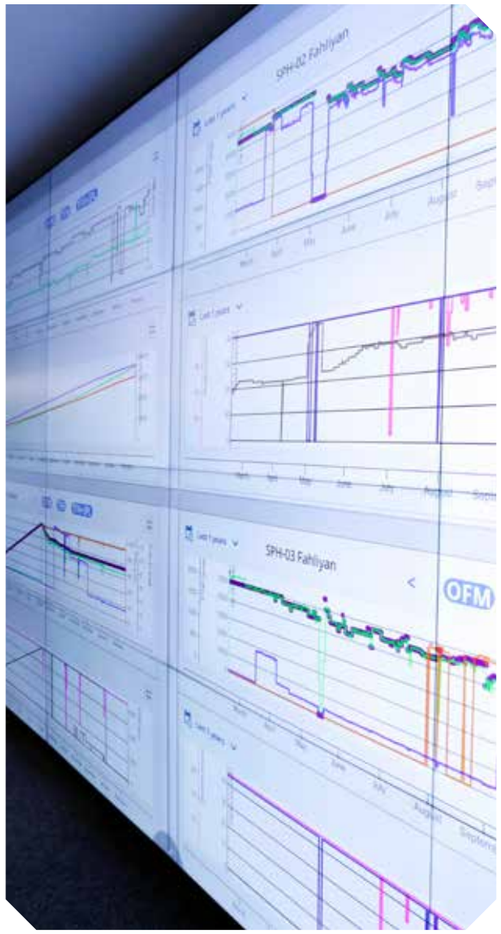
**Regulatory Tightening on Carbon:** While the United States withdrawal from the Paris Agreement in early 2025 has introduced uncertainty into the global climate governance framework, the broader trajectory of carbon regulation, particularly in Europe through mechanisms such as CBAM, continues to tighten. For PEDC's export-oriented operations, this represents a compliance and cost risk that requires ongoing monitoring and proactive adaptation.

**AI and Digital Efficiency:** Advances in artificial intelligence and digital operations technology offer meaningful efficiency gains across PEDC's asset base, from predictive maintenance in petrochemical plants to optimized grid management in power operations. Capturing these gains can reduce operating costs, extend asset lifecycles, and strengthen the company's competitive position across all segments.

## New and Evolving Opportunities

**Solar Power Revenue Stream:** Increased government support for renewable energy development, combined with favourable demand pricing on Iran's green power exchange board, makes solar projects an attractive and growing revenue source for the company. Continued focus on solar capacity expansion is expected to generate stable, long-term cash flows with manageable risk profiles.

**Article 16 Compliance Market:** The Knowledge-Based Production Acceleration Law's mandatory renewable sourcing obligation, rising from 1% to 5% of consumption for industrial units above one megawatt by 2027-28, is creating a structured domestic market for renewable energy. As a developer of solar capacity that has already supplied green power through Iran's energy exchange, PEDC is well-positioned to scale this activity to meet compliance-driven demand from Iran's industrial base, adding a captive revenue channel alongside its existing commercial sales.








# Engaging Stakeholders

Stakeholder engagement is central to PEDC's strategy for sustainable growth, market development, and long-term value creation. In a rapidly evolving energy landscape shaped by increasing domestic demand, technological transformation, environmental expectations, and national and international economic challenges, continuous engagement with stakeholders enables PEDC to strengthen its market position, enhance the quality and reliability of its products and services, and expand sustainable business opportunities. Through transparent, constructive, and ongoing dialogue with stakeholders, PEDC seeks to better understand emerging needs, anticipate risks, respond effectively to market dynamics, and improve decision-making across its operations and investments. This approach supports the Company's efforts to increase competitiveness and market share while creating shared value for shareholders, customers, employees, communities, and business partners.

By integrating stakeholder perspectives into strategic planning and sustainability initiatives, PEDC aims to build resilience, support responsible innovation, and contribute to sustainable economic, social, and environmental development in alignment with long-term national priorities and international sustainability expectations.

## Stakeholder Groups and Expectations

| Stakeholder Group | Relationship to PEDC | Primary Expectations |
|---|---|---|
| Shareholders and Investors | Providers of capital and strategic oversight | Sustainable profitability, transparent reporting, effective governance, risk management, and long-term value creation |
| Group Companies and Affiliates | Subsidiaries and operational partners within the corporate ecosystem | Strategic alignment, operational support, knowledge sharing, and integrated governance |
| Customers | Organizations and industries receiving PEDC's products and services | Reliable supply, service quality, operational continuity, ethical conduct, and responsive support |
| Key Business Partners | Joint venture partners, project collaborators, and contractors | Fair partnerships, timely execution, transparency, technical collaboration, and HSE compliance |
| Financial Institutions and Lenders | Providers of financing and financial services | Financial discipline, transparency, credit reliability, and compliance with financial obligations |
| Employees and Human Capital | Full-time, part-time, and project-based | Fair compensation, professional development, safe working conditions, inclusion, and future-oriented capability building |
| Government Bodies and Regulators | Regulatory and policy-making institutions | Compliance with national laws and regulations, environmental stewardship, labour standards, and contribution to national energy priorities |
| Local Communities | Communities located near operational sites and facilities | Employment opportunities, infrastructure development, environmental protection, community well-being, and responsible operations |
| Media and Public Platforms | Media outlets and public communication channels | Timely, accurate, and transparent information regarding PEDC's activities and impacts |
| Industry Peers and Competitors | Universities, research institutes, and innovation ecosystems | Fair competition, ethical market conduct, and industry collaboration where appropriate |
| Academic Institutions and Innovation Centers | Research and training partners | Innovation partnerships, research collaboration, and knowledge exchange |

## Stakeholder Engagement Approach

PEDC applies a structured and multi-channel engagement framework to ensure stakeholder perspectives are regularly captured, evaluated, and reflected in management processes and sustainability priorities.

## Engagement Tools and Mechanisms

Our engagement activities include:

- Stakeholder surveys and perception assessments
- Employee engagement and satisfaction evaluations
- Workshops, interviews, and focus group discussions
- Industry forums and professional networks
- Community field studies and local engagement initiatives
- Digital communication platforms and newsletters

## Frequency of Engagement

Engagement activities are conducted through a combination of periodic and ongoing interactions:

- Annual stakeholder reviews and materiality assessments
- Annual engagements with key stakeholders including shareholders, regulators, and strategic partners
- Continuous dialogue with local communities and operational stakeholders
- Ongoing internal communication with employees and affiliated companies

## Communication Channels

PEDC utilizes diverse communication channels to ensure accessibility, transparency, and responsiveness, including:

- In-person meetings and executive sessions
- Digital platforms and online communication tools
- Formal reports and disclosures
- Questionnaires processes
- Industry conferences and academic collaborations

## Monitoring and Governance

Stakeholder engagement performance is monitored through structured governance mechanisms, including stakeholder management processes, engagement tracking systems, and responsibility assignment matrices. These tools support accountability, responsiveness, and consistency across the organization.

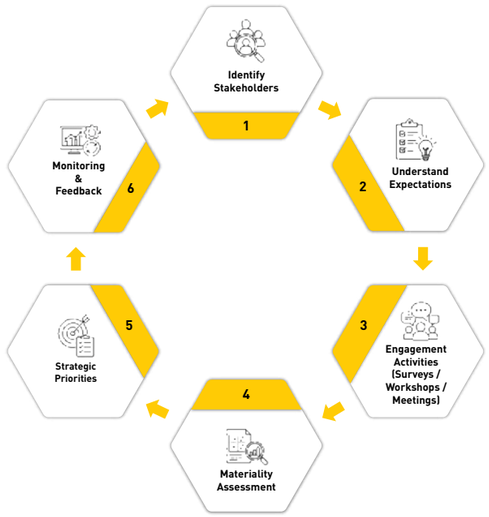
PEDC also continuously evaluates emerging stakeholder concerns linked to the nation's evolving energy conditions, including supply reliability, environmental impacts, regulatory developments, and macroeconomic constraints. This adaptive approach helps ensure that stakeholder engagement remains relevant, proactive, and aligned with the Company's long-term sustainability objectives.

## How Stakeholder Engagement Shapes Our Strategy

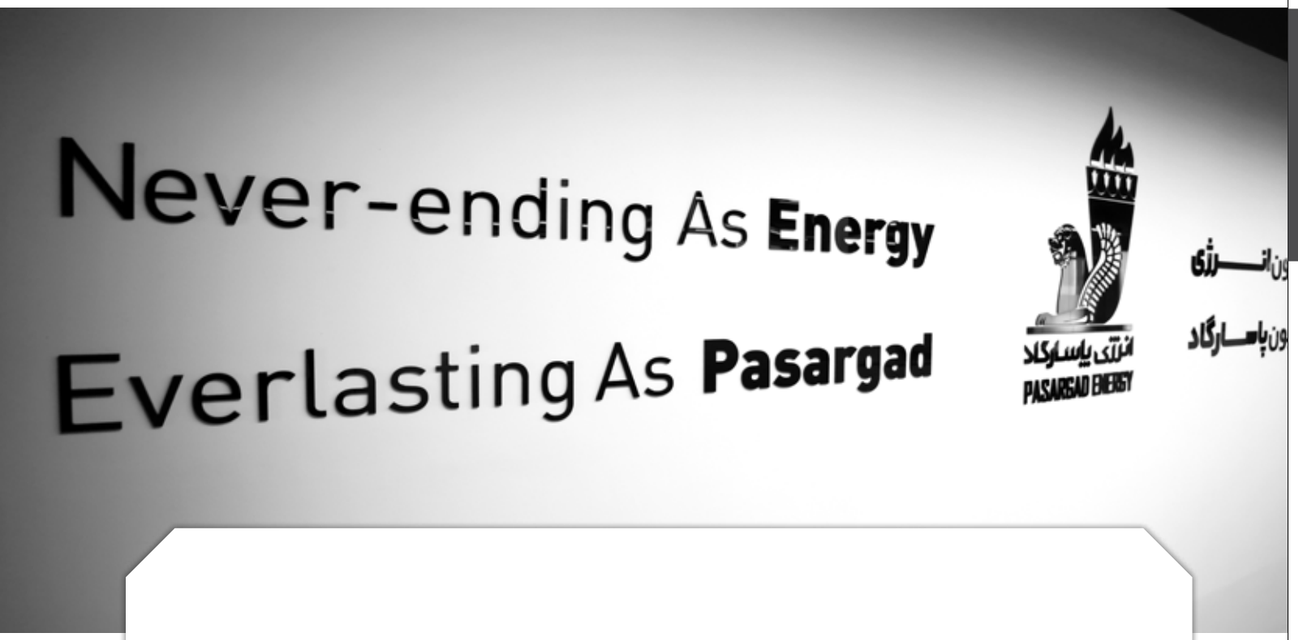
Stakeholder insights play a critical role in shaping PEDC's sustainability priorities, risk management approach, and strategic direction. Feedback gathered through engagement activities directly informs our materiality assessment process, enabling the Company to identify and prioritize the environmental, social, governance, and operational topics most significant to both stakeholders and the business.

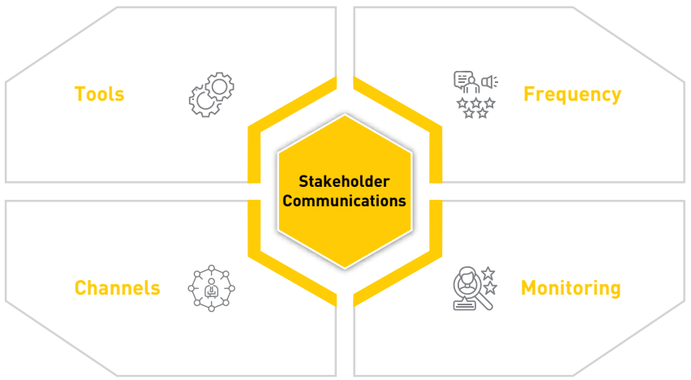
The outcomes of this process support the development of PEDC's strategic framework, sustainability commitments, and performance targets, ensuring that our initiatives remain aligned with stakeholder expectations, national priorities, and international sustainability practices.

Further details on this process, including the prioritization methodology and material topics identified, are presented in the following Materiality Assessment section.



Omani students visiting PEDC's exhibition booth at OPES




## Engagement Methods and Mechanisms

Tools: Structured data-gathering activities including employee satisfaction surveys, workshops, interviews, focus groups, site visits, and industry forums.
Schedule: Annual stakeholder reviews, quarterly updates for key groups such as shareholders and regulators, and ongoing engagement with communities through field studies.
Channels: Newsletters, digital platforms, and dedicated communications to media and university partners, supplemented by direct correspondence and reporting.
Governance: Engagement is tracked through our stakeholder management matrix and responsibility assignment matrix, ensuring responsiveness to Iran's specific context including energy supply pressures and the sanctions environment.

## How Engagement Shapes Our Strategy

Stakeholder insights feed directly into our materiality assessment, shaping our sustainability approach and strategic framework. These connections are further explored in the subsequent Materiality section, which details how stakeholder priorities were ranked and translated into our strategic framework.





# Materiality

Understanding what matters most to PEDC and our stakeholders is the foundation of our sustainability strategy. Materiality ensures we focus our efforts on issues that genuinely drive value for our operations, our country, and the broader environment, particularly in a context shaped by Iran's energy challenges, economic sanctions, and evolving regulatory pressures.

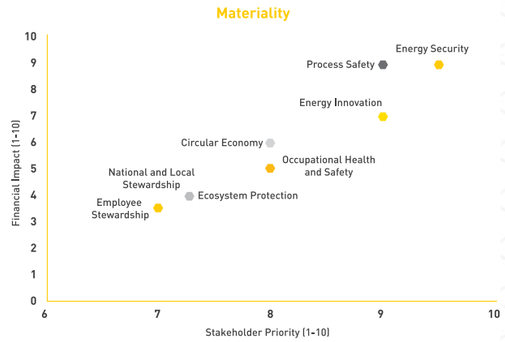
## Our Process

This year's materiality assessment builds on the comprehensive analysis conducted for our 2024 report, which established our methodology, stakeholder engagement mechanisms, and baseline issue rankings. Readers seeking a full account of that process are referred to the 2024 Sustainability Report. For 2025, our Sustainability Committee reviewed the prior assessment in light of updated global energy trends, changes in Iran's domestic policy environment, and the stakeholder feedback described in the preceding section. No fundamental changes to the methodology were required.
The primary outcome of this year's review was a consolidation of our reporting aims from thirteen to eight, merging areas where our activities and commitments had significant practical overlap. One new aim, Energy Innovation, was also added to reflect the growing strategic importance of technology and digitalization across our operations.Our process continues to rest on three pillars:

- **Alignment with global trends and industry** standards, drawing on the IPIECA Sustainability Roadmap and our analysis of the global energy transition as described in the Global Energy Trends section of this report.
- **Assessment of risks and opportunities specific to PEDC and Iran**, including energy security, carbon regulation, water scarcity, market competition, and workforce considerations, as described in the Risks and Opportunities section.
- **Active stakeholder engagement** with employees, local communities, government bodies, and investors through the mechanisms described in the preceding section, capturing priorities around reliable energy supply, job security, emissions reduction, water conservation, and safety.

## Prioritizing Material Issues

Issues are ranked across two dimensions: their financial impact on PEDC's business, and their priority to our stakeholders. The table below reflects this year's updated assessment across our eight aims.




Energy Security and Process Safety rank highest on financial impact, reflecting their direct effect on revenue, continuity of operations, and asset integrity. Energy Innovation and Ecosystem Protection rank among the highest on stakeholder priority, reflecting growing expectations from communities, regulators, and investors around technology adoption and environmental responsibility. Employee Stewardship and National and Local Stewardship, while scoring lower on financial impact, remain material given our responsibilities to our workforce and to the communities where we operate. The Sustainability Approach and Framework section that follows explains how these material issues are organized into our four axes and translated into the eight aims that structure this report.

## Our Sustainability Approach and Framework

The materiality assessment above identifies the issues that matter most to PEDC and our stakeholders. This section explains how those issues are translated into a coherent strategic framework, and how that framework connects to the global trends and local conditions that define our operating environment.

PEDC's sustainability framework is built on four strategic axes: Energy Transition, Protecting Earth, Safety, and Economic and Social Development. These axes reflect our understanding of worldwide energy shifts and Iran's specific needs, and were developed with reference to the IPIECA Sustainability Roadmap as an organizing standard. This year, following our materiality review, we consolidated our aims from thirteen to eight by merging areas of significant overlap, and added Energy Innovation as a new aim under the Energy Transition axis. The four axes and their underlying logic remain unchanged.

## Linking Global Trends and Risks to Our Strategy

Global energy trends point toward greater electrification, rising investment in renewables, and a gradual evolution in the role of fossil fuels as described in the Global Energy Trends section of this report. For PEDC, this means navigating a long-term demand shift while capitalizing on the immediate and growing opportunity to build renewable capacity. Iran's recurring power outages and seasonal gas shortfalls make this particularly urgent domestically, and our planned 1,500 MW solar capacity is a central plank of our response.

The Energy Transition axis addresses these dynamics through two aims. Energy Security covers the full scope of how we produce, manage, and deliver energy, from upstream production and conventional power generation to solar capacity, O&M efficiency, and resilience planning. Energy Innovation, introduced this year, reflects the growing importance of technology and digitalization across our operations. From AI-assisted predictive maintenance to digital optimization of production processes, this aim captures our commitment to operational efficiency and staying at the frontier of industry practice.

Environmental responsibility is integral to our strategy given Iran's water scarcity, rising temperatures, and tightening regulatory environment. The Protecting Earth axis responds with two aims: Circular Economy, focused on asset lifecycle extension, waste reduction, and material reuse; and Ecosystem Protection, which integrates our management of emissions, water, wastewater, waste disposal, and land restoration, recognizing that these responsibilities are best addressed together.

Our people and operations must remain safe as the energy sector evolves. The Safety axis encompasses Occupational Health and Safety, protecting our workforce and contractors through health monitoring, training, and rigorous contractor management; and Process Safety, preventing incidents through risk assessment, HSE systems, annual evaluations, incident management, and emergency preparedness.

The Economic and Social Development axis reflects our responsibilities in Iranian society through two aims. Employee Stewardship covers the full scope of our obligations to our people, from compensation and career development to wellbeing and open communication channels. National and Local Stewardship covers our engagement with the communities where we operate, our support for domestic suppliers and producers, university and school partnerships, intern programs, and contribution to local employment.

# Strategic Axes and Aims

PEDC's approach combines global best practice with Iran's specific realities. Our involvement across the full energy value chain, from oil and gas extraction to power generation and petrochemicals, gives us both a broad view of risks and more levers to respond to them. While the global energy system shifts toward electricity, Iran still depends heavily on oil and gas today, and our strategy holds both realities at once, expanding solar capacity while sustaining strong hydrocarbon operations, and using each to reinforce the other.

Tightening carbon regulations in export markets, growing national compliance obligations such as Article 16 of the Knowledge-Based Production Acceleration Law, and intensifying competition in petrochemical markets all require active responses. Our framework is designed to generate those responses systematically across all four axes.

Our four strategic axes emerge directly from our materiality assessment, global trends, and local conditions. Each axis has specific aims that make our strategy actionable:

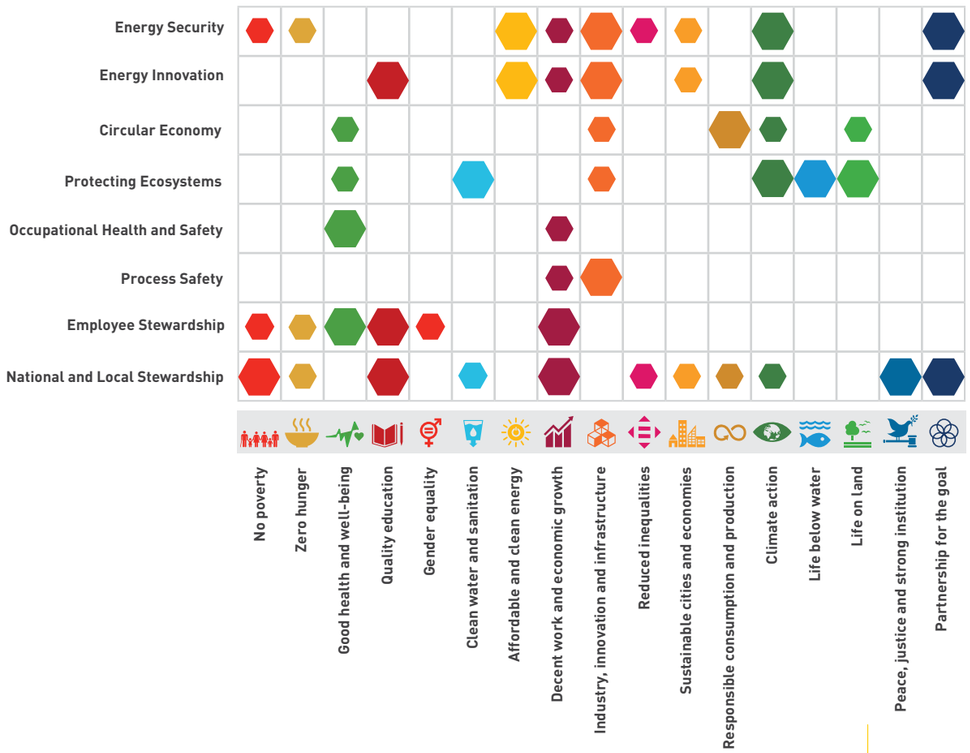
- **Energy Transition:** Energy Security ensures reliable production and delivery of energy across all our activities, from upstream oil and gas to solar generation, covering O&M efficiency actions and resilience planning. Energy Innovation drives the adoption of new technologies, investment in AI and digital transformation, and participation in technology development partnerships.
- **Protecting Earth:** Circular Economy promotes responsible asset management, lifecycle extension of equipment, and waste reduction, reuse, and recycling. Ecosystem Protection covers environmental impact assessment, emissions management, water and wastewater management, safe waste disposal, and tree-planting initiatives.
- **Safety:** Occupational Health and Safety protect our workers and contractors through health monitoring, training programs, and contractor management systems. Process Safety prevents incidents through rigorous risk assessment, HSE management systems, annual company evaluations, incident management, and emergency preparedness.
- **Economic and Social Development:** Employee Stewardship covers compensation, career development, wellbeing, training, gender representation, and communication channels. National and Local Stewardship supports local communities through hiring, university and school partnerships, intern programs, and active support for domestic suppliers and producers.

These eight aims, detailed in the sections that follow, provide a focused and actionable roadmap for navigating the years ahead. They reflect both the discipline of international best practice and the realities of operating in Iran's energy sector today.

# SDG applicability matrix

Although we have merged certain aspects of our sustainability aims, we remain committed to covering all 17 Sustainable Development Goals at least indirectly, as illustrated in the chart below. We continue to fully address 13 of these SDGs, aligning our efforts with global priorities, Iran's specific needs, and our company's strategies. Our strategic axes, "Energy Transition," "Protecting Earth," "Safety," and "Economic and Social Development," now cover 8 aims and remain integral to our approach. These axes and their aims ensure that our initiatives reflect our strategic priorities while maintaining our alignment with the broader goals outlined by the SDGs.

## SDGs-AIMs Aligment




Direct Contributions

Indirect Contributions

Opening ceremony of the Dar al-Funun School in Ardabil

# Axis1 – Energy Transition

03

The global energy landscape is being reshaped by three interlinked forces: the urgency of decarbonization, evolving geopolitical realities, and the rapid digitalization of critical infrastructure. For PEDC, navigating this transition requires confronting a specific and demanding combination of pressures: a tightening international decarbonization agenda, sanctions that restrict access to advanced technologies, and a widening domestic energy deficit driven by aging infrastructure and rapidly rising demand. These are not abstract challenges. They define the operating environment within which every subsidiary in the group works each day.

In 2025, PEDC restructured its energy transition framework to reflect this reality more directly. The previous structure, which distributed energy security, efficiency, and innovation across multiple separate aims, has been consolidated into two integrated aims. Aim 1, Energy Security, brings together the group's operational efficiency programs and energy production activities under a single objective focused on securing a reliable, affordable, and progressively lower-emissions energy supply. Aim 2, Energy Innovation, concentrates the group's technology development, digitalization, and knowledge-building work into a coherent program that treats innovation as a strategic capability rather than a collection of isolated projects.



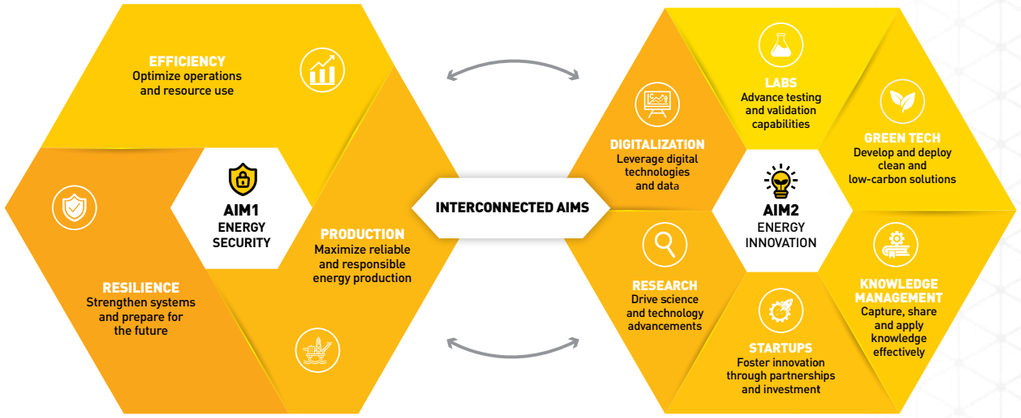


## The Operating Context

Iran's domestic energy market faces structural imbalances that create both urgency and opportunity for PEDC. Consumption growth has outpaced supply expansion for years, placing pressure on the national grid and creating chronic shortages during peak demand periods. The energy intensity of the country's industrial base remains high, and the infrastructure that underpins generation and distribution is aging. For a group with PEDC's footprint across upstream production, downstream refining, and national power generation, these conditions translate directly into operational risk.

At the same time, the international environment imposes its own constraints. Access to modern low-carbon technologies, advanced monitoring software, and specialized equipment has been limited by sanctions, making the conventional path of technology procurement unavailable. PEDC's response to this has been deliberate: invest in domestic capability, build research partnerships with Iranian universities, develop proprietary software, and support the creation of knowledge-based companies within the group. What began as a response to constraint has become a competitive strategy.

## Our Integrated Approach




The two aims of this axis are designed to work together. Energy Security addresses the present: ensuring that PEDC's operations are efficient, that production is growing, and that the energy supply to subsidiaries and to the national grid is reliable and resilient. Energy Innovation addresses the future: building the technical tools, analytical capabilities, and institutional knowledge that will allow the group to operate with progressively lower energy intensity and progressively higher sophistication.

**Aim 1 – Energy Security:** Building a resilient, lower-emissions supply of affordable energy while reducing energy consumption per unit of output across all operations. This objective is pursued through three enablers: improving operational efficiencies and productivity across upstream, downstream, and power generation assets; expanding energy production through both conventional and renewable sources; and strengthening the resilience and self-sufficiency of the group's energy supply systems.

**Aim 2 – Energy Innovation:** Driving the deployment of advanced technologies across the group's operations and building the domestic technical capability needed to sustain this deployment over time. This aim is pursued through digitalization and smart operations, specialist research laboratory development, green technology innovation, active research and university engagement, an innovation and startup ecosystem, and integrated knowledge management.

## Energy Transition
### Alignment with Global Goals

### Direct Contributions

- SDG 4 – Quality Education
- SDG 7 – Affordable and Clean Energy
- SDG 9 – Industry, Innovation and Infrastructure
- SDG 13 – Climate Action
- SDG 17 – Partnerships for the Goals

### Indirect Contributions

- SDG 1 – No Poverty
- SDG 2 – Zero Hunger
- SDG 8 – Decent Work and Economic Growth
- SDG 10 – Reduced Inequalities
- SDG 11 – Sustainable Cities and Communities





# Aim 1 – Energy Security

Iran's domestic energy deficit is structural and growing. Rising consumption, aging infrastructure, and constrained investment in new generation capacity have created a gap between supply and demand that places sustained pressure on the national grid and on the refinery and feedstock supply systems on which industrial operations depend. For PEDC, which operates across upstream production, downstream refining, and national power generation, this deficit is not a distant policy concern but a daily operational reality.

Energy security, as PEDC defines it, means ensuring a reliable, affordable, and progressively lower-emissions energy supply across the group's full value chain. It is achieved not through any single measure but through the simultaneous pursuit of three reinforcing objectives: reducing the energy intensity of existing operations, expanding domestic production of both hydrocarbons and clean electricity, and building resilient supply systems that can absorb disruption without compromising output. These three objectives are reflected in the three enablers that structure this aim.

In 2025, this aim was expanded to incorporate energy efficiency programs previously reported under a separate aim, as well as renewable energy production activities formerly covered under the Low Carbon and Renewable Energy aim. This consolidation brings all actions related to securing the group's energy supply under a single coherent framework, reflecting how these activities operate in practice and eliminating reporting redundancies across the sustainability program.

## Key Enablers

The following three enablers define how PEDC pursues energy security across its subsidiaries. Together they address the full scope of the aim: reducing the energy intensity of what already exists, growing the volume and cleanliness of what is produced, and hardening the systems that deliver it.

a) **Improving Operational Efficiencies and Productivity:** Across upstream fields, refining operations, and power generation assets, PEDC's subsidiaries are systematically reducing energy intensity through digital transformation, equipment upgrades, process optimization, predictive maintenance, and the deployment of formal energy management frameworks. These measures reduce unit costs, lower energy consumption, and improve overall productivity, creating a more efficient base from which to grow.

b) **Energy Production:** This enabler encompasses both the expansion of secure domestic crude oil production and the scaling of clean generation capacity. Growing upstream output strengthens national supply security. Deploying new solar capacity and maintaining reliable conventional power generation reduces dependence on the national grid and increases the share of clean energy in the group's portfolio. Production growth and clean energy expansion are treated as complementary rather than competing objectives.

c) **Enhancing Resilience and Self-Sufficiency:** Securing reliable energy supply requires more than efficiency and production; it requires systems designed to withstand disruption. This enabler covers supply diversification, emergency infrastructure, grid independence initiatives, and the integration of climate-ready engineering practices that ensure operational continuity under adverse conditions. It also includes formal energy management systems and standards that provide the governance framework within which resilience is built and sustained.

# Energy Security
## Alignment with Global Goals

### Direct Contributions

- **SDG 7 – Affordable and Clean Energy:** Expanding clean generation capacity and improving operational energy efficiency directly supports access to reliable, affordable, and progressively cleaner energy.
- **SDG 9 – Industry, Innovation and Infrastructure:** Investments in upstream production, power generation infrastructure, and energy management systems strengthen Iran's industrial base and support sustainable development.
- **SDG 13 – Climate Action:** Reducing energy intensity across operations lowers emissions. Expanding renewable capacity and building climate-ready resilience directly contribute to mitigation and adaptation efforts.
- **SDG 17 – Partnerships for the Goals:** Collaborative initiatives with industry partners and technology providers strengthen collective action toward sustainable energy development.

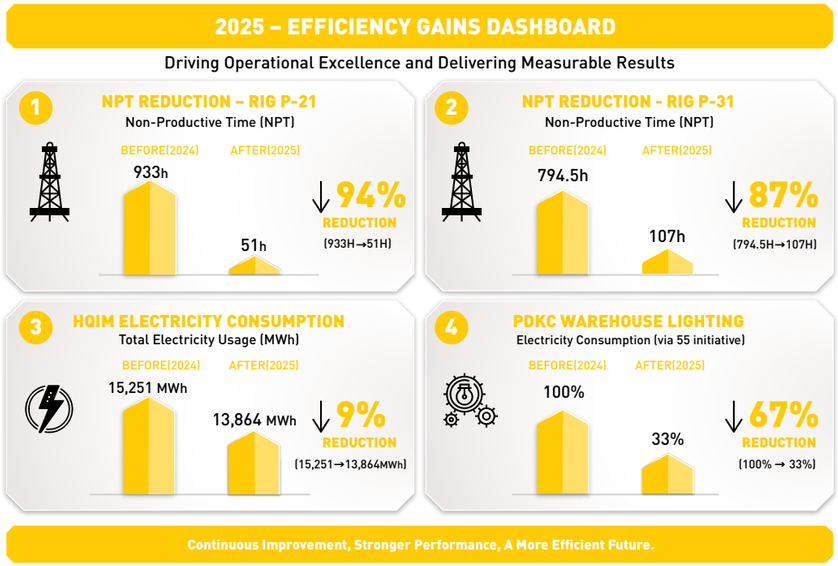
### Indirect Contributions

- **SDG 1 – No Poverty:** Stable, reliable energy supply supports economic activity and lowers energy costs for communities connected to the systems PEDC operates.
- **SDG 2 – Zero Hunger:** Secure energy for agriculture and industry supports food production and distribution.
- **SDG 8 – Decent Work and Economic Growth:** Infrastructure investment and efficiency programs create jobs and drive economic growth in the energy sector.
- **SDG 10 – Reduced Inequalities:** Accessible, affordable energy and climate-resilient systems help reduce social and economic disparities.
- **SDG 11 – Sustainable Cities and Communities:** Expanding generation capacity and improving grid reliability support sustainable urban development and reduce the domestic energy deficit.

# Aim 1 – Energy Security Actions

In 2025, PEDC's subsidiaries advanced on three interconnected fronts: improving the efficiency and productivity of existing operations, expanding domestic energy production, and strengthening the resilience and self-sufficiency of the energy supply system.

## Improving Operational Efficiencies and Productivity




The most consistent theme across efficiency programs in 2025 was the coupling of digital tools with physical upgrades. Across upstream operations, drilling, refining, and power generation, subsidiaries are moving away from reactive maintenance and manual monitoring toward systems that generate continuous data, flag deviations before they become failures, and enable engineers to act on accurate real-time information.

In upstream field operations, Sepehr Pasargad's (POGP) proprietary PUM Platform enables real-time remote monitoring of industrial equipment across field sites, providing online comparison of daily drilling and production operations against planned targets and generating automated alerts on deviations. The platform is being extended with AI-driven predictive failure forecasting and production prediction systems. Alongside the platform, the company enforces a site-wide prohibition on oil burning, requiring all well test oil to be transferred to storage or injected into the pipeline rather than combusted, and has banned electric heaters by contractors on site. PetroDanial Kish (PDKC) deployed Naroon energy management software to identify Significant Energy Uses across its operations and introduced GPS-based fleet management to reduce unnecessary fuel consumption from machinery movements. The company also eliminated the practice of burning oil recovered during well tests, now requiring transfer to licensed refineries for processing, recovering value that was previously destroyed. Ostovan Kish Drilling (OKDC) deployed the MaintAssist predictive maintenance system across its rigs, achieving an estimated 5% reduction in energy consumption through continuous monitoring and condition-based intervention.

In drilling operations, the most measurable efficiency gains came from eliminating non-productive time. Pezhvak Energy's (PECO) deployment of a Semi-Hybrid 16-inch PDC bit reduced drilling time by 4.8 days per well, saving approximately 51,000 liters of diesel. Eliminating unnecessary perforating runs, optimizing cement circulation, and streamlining BOP installation procedures collectively reduced waiting time on Rig P-21 from 933 hours to 51 hours and on Rig P-31 from 794.5 hours to 107 hours. Tandem Scraper technology consolidated three scraper runs into one, and RSS drilling increased rate of penetration while reducing sliding time. Optimized drilling fluid formulation saved approximately USD 178,000 compared to the previous well and came in approximately USD 1.2 million below the contractual fluid budget.

Lighting and equipment upgrades delivered verifiable savings across multiple companies. LED replacements on drilling rig lamps at OKDC reduced annual electricity consumption by 14%, with a further 10% saving from transitioning to 20-watt lamps. At PDKC, generator replacements on the HILLA Barge reduced fuel consumption by 12%, and lighting upgrades at the Kish Island and Ahvaz bases reduced electricity use by 14% and 16% respectively. The 5S workplace methodology at PDKC's Kish Island operations achieved a 67% reduction in warehouse lighting electricity consumption. At OKDC, LEED-certified reflective coatings applied to accommodation structures reduce heat absorption through higher light reflectance and thermal insulation, directly optimizing chiller energy consumption. The transition from one-year to ten-year durability paints extended surface preparation and application cycles significantly, reducing consumption of materials including sandblast air, abrasives, and paint along with the energy embodied in their production and application. Corrosion prevention programs reduced the frequency of structural steel sheet and pipe replacement; given the extremely high energy intensity of steel production, avoiding unnecessary replacement delivers substantial embodied energy savings. Hengam Qeshm Industrial Mobilization (HQIM) reduced electricity consumption from 15,251 MWh in 2024 to 13,864 MWh in 2025, a 9% reduction, and diesel consumption from 450,000 to 360,000 liters, a 20% reduction, through operational optimization at its oil jetty facilities.

At process and utility level, removal of the atomizing system at Qeshm Movalled's (QMCO) utilities complex produced 93.7 MWh of annual energy savings. Planned maintenance and operational optimization programs across both the power generation and utility sections contributed to measurable reductions in internal consumption through the year. Energy audits at Pars Behin Palayesh Qeshm (PBPQ), conducted under its ISO 50001 deployment, identified replacement of defective steam traps as a high-value improvement opportunity with projected savings of 16,000 tons of steam per year, alongside the use of flare gas as furnace fuel in the distillation unit, which could displace up to 10,000,000 standard cubic meters of natural gas annually once implemented.

The governance layer underpinning these actions is a growing ecosystem of formal energy management systems. PDKC holds ISO 50001:2018 certification covering energy management across its administrative buildings, workshops, and all well services operations at offshore and onshore sites, valid to January 2028. PBPQ is implementing ISO 50001:2018 alongside the ISIRI 13369 production energy benchmark standard, with internal and system-technical audits completed. Tabesh Company (TEBS) and PECO have implemented energy management programs aligned with national and international standards. Pasargad E&P (PEPD) has updated its engineering documentation with value engineering principles, reducing specified capacity of diesel generators and distribution transformers to lower both capital requirements and operational energy consumption.

## Energy Production

### Energy Production Summary 2025

**Upstream Production**

28%

15.7Mbbl — Previous

20.2Mbbl — 2025

**Conventional Power Plants**

- Urmia CCPP
- Shariati CCPP
- Pasargad Qeshm Water and Power Cogeneration plant
- Khoy CCPP
- Sirjan Power Plant

Total:2786,5 MW

**Solar Buildout**

1,500 MW Program

25%

Damghan and Shahr-e-Rey 2 Commissioned

PEDC's energy production strategy in 2025 integrated three complementary objectives: growing domestic crude output, maintaining a reliable conventional power generation base, and accelerating the solar buildout toward market leadership in clean energy.
Domestic crude production grew significantly in 2025. POGP increased output from 15.7 million barrels in 2024 to 20.2 million barrels in 2025, a 28% year-on-year increase, while PECO expanded its production entitlement from 39,000 to 44,200 barrels, a 13% increase. These gains strengthen the group's role in national energy production and contribute directly to stable domestic supply.

PEDC's conventional power generation portfolio totals over 2786.5 MW of reliable dispatchable capacity, spanning:

- Urmia Combined Cycle Power Plant at 1527 MW
- Shariati Combined Cycle Power Plant operated by TEBS at 497 MW
- Pasargad Qeshm Water and Power Cogeneration Plant at 405 MW, of which 320 MW feeds the national grid
- Khoy Combined Cycle Power Plant at 349 MW
- Sirjan Power Plant at 8.5 MW

The Shariati plant generated 2,538,798 MWh in 2025, up from 2,522,970 MWh in 2024. Notably, this increase in generation was achieved alongside a 17% reduction in diesel consumption, from 183 million liters in 2024 to 152 million liters in 2025, as higher dispatch was met through natural gas rather than diesel, reflecting both improved operational efficiency and a lower-emissions fuel mix. QMCO signed a long-term power sales contract with the state thermal power generation company in 2025, committing its full 320 MW capacity to the national grid.
Taban Energy (TEID), PEDC's dedicated renewable development and operations subsidiary, drove the most significant transformation in the group's energy profile in 2025. The Damghan Solar Power Plant generated a confirmed 19,281 MWh of clean electricity during the year, and the Shahr-e-Rey 2 plant at 5.5 MW was commissioned, bringing confirmed 2025 solar generation to 20747 MWh across the portfolio. Damghan is the first solar plant in Iran to deploy a tracker system with bifacial panels and backtracking capability, increasing annual generation by up to 37% compared to fixed-installation plants. The Damghan 4 MW expansion reached 88% completion at year-end and the Damghan 50 MW expansion was approved. The 1,500 MW national solar program reached 25% overall completion. Operational solar capacity is projected to exceed 200 MW by mid-2026 and 500 MW by the end of the third quarter of 2026, which would position PEDC as the leading clean energy producer in Iran's private sector.





## Enhancing Resilience and Self-Sufficiency

### Three-Tier Resilience Architecture

**Tier 3: Portfolio Level**

- Supply Diversification Across 5 Companies

**Tier 2: Grid Scale**

- QMCO Black Start Capability
- 320 MW Grid Contract forgrid stability

**Tier 1: Field Level**

Sepehr-Jufair
- WKPU Grid Connection (In Progress)
- Emergency Water Tank:209,000 L
- Diesel Tank:123,000 L

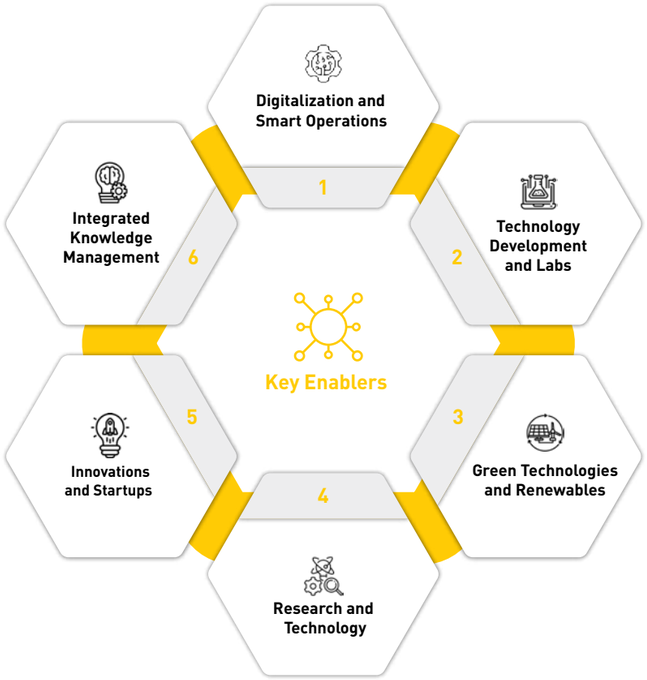
Resilience actions in 2025 focused on three areas: reducing dependence on external grid power at field sites, securing national grid-level stability through strategic infrastructure, and strengthening emergency supply systems across the portfolio.
At the field level, Pasargad E&P (PEPD) is in active discussions to connect the Sepehr-Jufair field facilities to the WKPU network operated by MAPNA, routing stable grid power through the South Azadegan CTEP feeders. Once completed, this connection would eliminate the majority of diesel generator runtime at the field. A solar plant adjacent to the field is also planned to provide a renewable share of facility power. Emergency infrastructure at the field includes a 209,000-liter water storage tank and a 123,000-liter diesel storage tank, UPS systems for control and safety circuits at 70% completion, and engineering documentation for power distribution networks updated to withstand earthquake, high wind, and storm loads at 85% completion.
At grid scale, QMCO's power complex holds a Black Start capability, enabling it to restart generation from a completely de-energized state using diesel starter systems on its gas turbine units. This allows the facility to act as a grid anchor during a national blackout, injecting stabilizing power into the regional network when no external source is available. QMCO formalized this role in 2025 by signing a long-term power sales agreement with the state thermal power generation company, committing its full 320 MW capacity to the national grid.
Across the portfolio, supply continuity programs were reinforced through multiple measures. PECO formalized supplier diversification procedures, engaging five drilling fluid providers and three directional drilling companies under framework agreements to ensure continuity during drilling campaigns. POGP established mutual support arrangements with local petroleum companies for emergency resource sharing. TEBS maintains dedicated emergency energy management protocols and systematic incident documentation. QMCO completed planned overhauls of its gas turbine units and implemented a comprehensive preventive maintenance program across power generation and utility sections. HQIM completed installation of a 20 kVA battery bank and UPS for emergency electrical infrastructure at its oil jetty operations.

# Aim 2 – Energy Innovation

Iran's energy sector operates under conditions that make conventional technology acquisition difficult. Sanctions have constrained access to international software, laboratory equipment, and specialist services, creating a structural dependency that carries operational and strategic risk. For PEDC, this environment has sharpened a conviction that long-term competitiveness requires building technical capability from within rather than importing it from outside. Energy Innovation is the aim through which that conviction takes operational form.

This aim was introduced in 2025 by consolidating innovation-related objectives that had previously been distributed across multiple aims, including those covering energy infrastructure and technology, knowledge-based solutions, collaborative partnerships, and university cooperation. This consolidation reflects a strategic decision to treat innovation as a coherent, integrated program rather than a set of parallel activities, building an ecosystem in which technology is not procured but created, tested at scale in PEDC's own operations, and progressively commercialized.

The scope of this aim spans the full innovation cycle: digital tools deployed in active operations, research laboratories developing new methods, an AI innovation center translating findings into deployable solutions, and knowledge management systems ensuring that expertise is retained and built upon. Together these elements form a connected and reinforcing system.




The following six enablers define how PEDC pursues energy innovation. Together they form a connected system in which digital tools generate operational data, research facilities develop the methods to interpret it, the innovation center translates findings into deployable solutions, and knowledge management ensures that expertise is retained and built upon systematically.

a) Digitalization and Smart Operations: Deploying real-time monitoring platforms, AI-driven analytics, and smart operational systems across upstream fields and power generation assets to enable data-driven decision-making, reduce non-productive time, and improve asset performance.

b) Technology Development and Labs: Establishing and equipping specialist research laboratories in partnership with leading universities to develop proprietary methods and equipment in hydraulic fracturing, flow assurance, and digital core analysis, directly addressing technical challenges in PEDC's operating fields.

c) Green Technologies and Renewables: Developing and deploying renewable energy technologies, including domestically-engineered solar tracking systems and bifacial panel configurations, and initiating carbon management programs to quantify and progressively reduce emissions intensity across the portfolio.

d) Research and Technology: Building an active research network through formal partnerships with Iranian universities and international scientific associations, hosting expert seminars, participating in international conferences, and translating academic knowledge into industrial application across PEDC's operating companies.

e) Innovations and Startups: Creating structures through which innovative ideas, whether originating within the group or from the broader technology ecosystem, can be developed into deployable solutions. This includes the AI and Digital Transformation Innovation Center established at Sharif University of Technology, engagement with the Oil Industry Research and Technology Fund, and participation in pitch and venture events with knowledge-based companies and startups.

f) Integrated Knowledge Management: Protecting and developing the intellectual capital generated across the group through knowledge-based company registrations, patent and intellectual property management, proprietary software development, and a structured talent development pipeline that connects university engagement to long-term employment within PEDC.

## Energy Innovation
## Alignment with Global Goals

### Direct Contributions

- **SDG 4 – Quality Education:** Collaborative initiatives with academic institutions, joint laboratory programs, and structured knowledge transfer directly support the advancement of technical education and applied skill development.
- **SDG 7 – Affordable and Clean Energy:** Expanding clean energy generation through technology development and improving energy efficiency across operations directly supports access to affordable, reliable, and sustainable energy.
- **SDG 9 – Industry, Innovation and Infrastructure:** Investment in research facilities, proprietary software platforms, digitalization programs, and an AI innovation center directly strengthens industrial innovation capacity and supports infrastructure development.
- **SDG 13 – Climate Action:** Technology-driven efficiency improvements reduce emissions intensity across operations. Carbon management initiatives and renewable energy development further lower overall emissions across the portfolio.
- **SDG 17 – Partnerships for the Goals:** Research collaboration agreements with universities and scientific institutions, joint laboratory development, and engagement with the broader innovation and startup ecosystem strengthen collective action toward sustainable development.

### Indirect Contributions

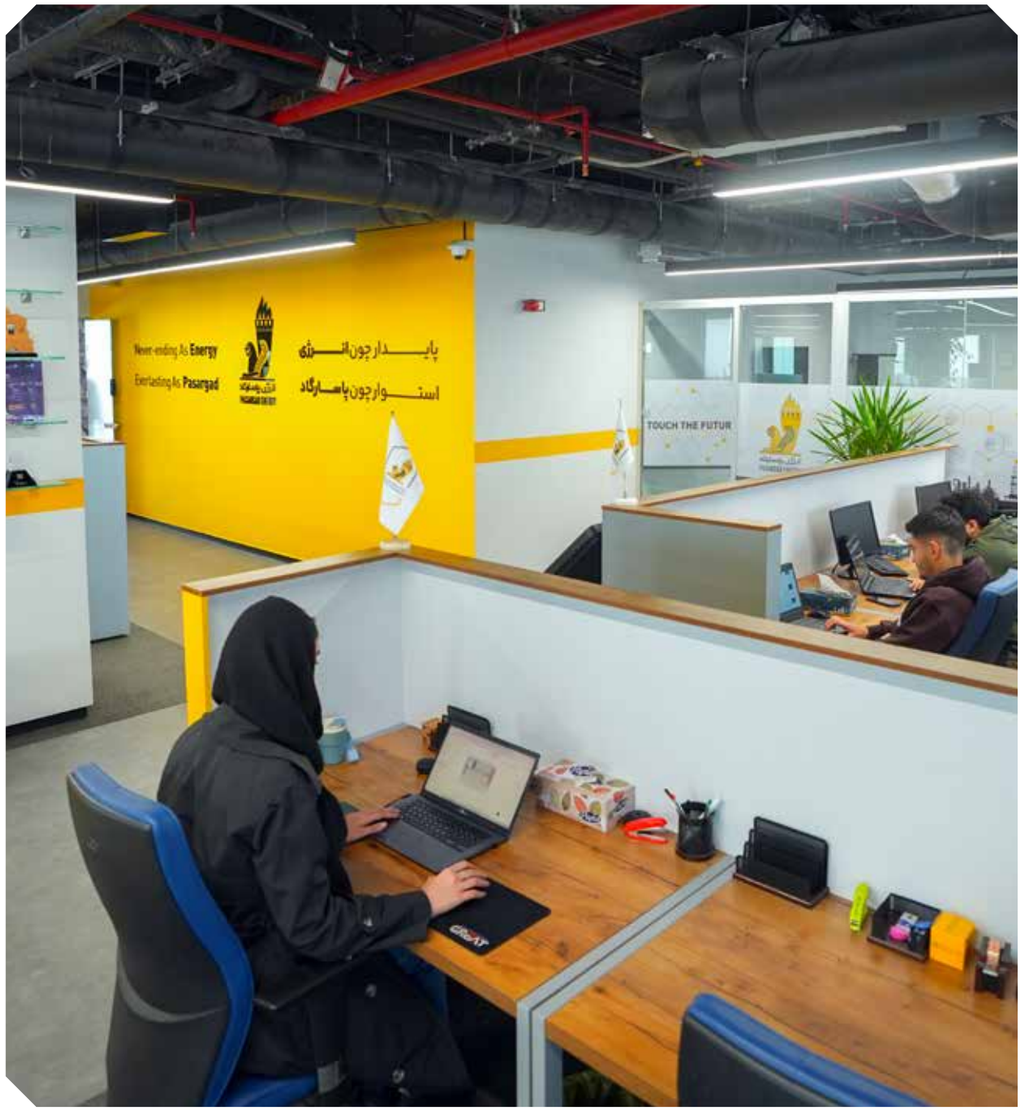
- **SDG 11 – Sustainable Cities and Communities:** Smarter, more efficient energy operations and the integration of renewable capacity reduce the energy deficit and support sustainable urban development.





# Aim 2 – Energy Innovation Actions

PEDC's innovation program in 2025 advanced on multiple fronts simultaneously: deploying intelligent monitoring platforms in the field and at power plants, building specialist research laboratories with leading universities, establishing an AI innovation center, progressing proprietary software development, and formalizing the group's knowledge-based company ecosystem. Taken together, these actions reflect a deliberate strategy of building technical capability from within, reducing dependence on externally-sourced technology, and translating research investment into operational advantage.



PUM Developed by AITD for POGP, Phase 2 at 43%

IPCM Center-Turbine Performance Dashboard at Shariati CCPP Developed by TEBS with Sharif University, 77% complete, USD 65,000 Investment

## Digitalization and Smart Operations

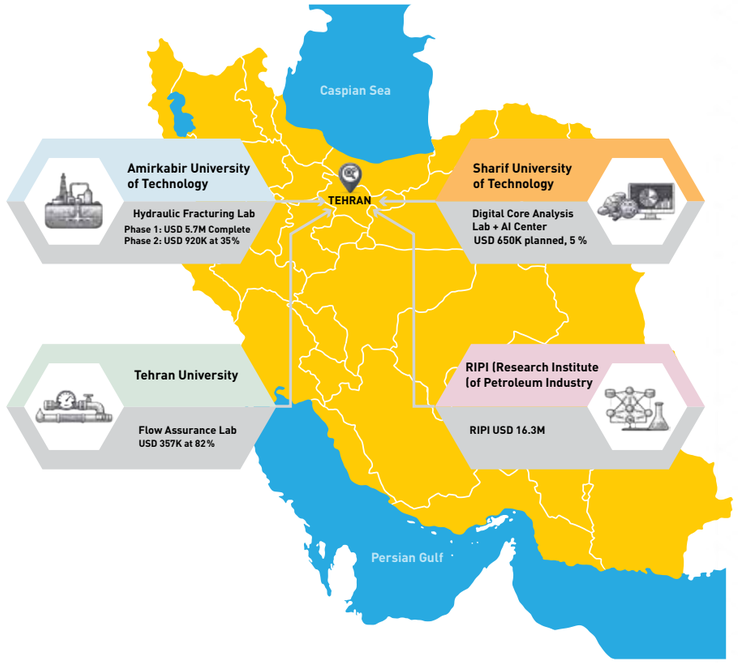
The group's two flagship monitoring platforms advanced significantly in 2025. The PUM Center, developed by AI and Intelligent Technology Development (AITD) in collaboration with POGP, provides integrated online monitoring of wells, reservoirs, and surface facilities, comparing daily drilling and production operations against planned targets in real time and generating automated alerts on deviations. Its engineering analytics cover the full production cycle from subsurface to surface. The monitoring and data analysis system reached 100% completion in 2024, and Phase 2 covering PUM capabilities reached 43% progress by end of 2025, with active development programs including multi-well production optimization, asphaltene deposition monitoring based on machine learning, and AI-driven predictive maintenance. At the Shariati Combined Cycle Power Plant, the IPCM Center developed jointly by TEBS and Sharif University of Technology provides online monitoring of turbine performance and vibration data, predictive failure simulation, and maintenance scheduling to prevent unplanned outages. The project reached 77% progress in 2025, up from 35% in 2024, with a total investment amounting to USD 65,000, and TEBS received Innovator tier knowledge-based company status for the system. Next-phase development will add AI-based failure prediction, management dashboards, cybersecurity enhancements, and big data analytics.

Across the portfolio, subsidiaries deployed AI tools directly in active operations. PECO's AI-connected drilling optimization tool reduced lost time on the South Pars infill drilling project from 379 hours on the first well to 40.5 hours on the second, while a smart pump monitoring system prevented a pipe stuck incident during drilling. PECO also developed a deep learning model for oil, gas, and drilling domain applications to 70% completion, presenting findings at the EAGE international conference, and progressed a real-time drilling hazard detection system to 35% completion and an AI financial analysis tool trained on proprietary cost data to 90% completion. POGP advanced three parallel AI workstreams built entirely in-house: predictive failure forecasting at 30% completion, production prediction modeling at 70% completion, and drilling speed optimization at 30% completion. PDKC developed a smart HSEQ governance system without external outsourcing, applying AI algorithms to operational data to identify high-risk areas, predict potential incidents, and replace manual reporting with management dashboards. PBPQ implemented an NFC-based digital logsheet system at 95% completion, converting paper-based equipment records to electronic logs with automatic timestamping. QMCO implemented the IPCMMS asset management platform, completing a full equipment taxonomy to level 8 in accordance with ISO 14224, commissioning the corrective maintenance work order module, and conducting a criticality assessment of all assets.





LABORATORY INVESTMENT




## Technology Development and Labs

In 2025, PEDC built a network of specialist research laboratories at leading Iranian universities, each designed around the specific technical challenges of the Sepehr-Jufair field development. At Amirkabir University of Technology, the Hydraulic Fracturing Process Design Laboratory enables the study and simulation of acid fracturing operations under field-representative conditions, supporting the design of optimal fracturing programs for the tight carbonate reservoirs of the Sepehr-Jufair field. Phase 1 was completed in 2024 at an investment of approximately USD 5.7 million, and Phase 2 covering additional fracture conductivity measurement capabilities reached approximately 35% progress in 2025 representing an investment of USD 920,000. At Tehran University, the Flow Assurance Laboratory studies the behavior of asphaltene, organic and inorganic scale, wax, and other flow-blocking materials under conditions that replicate tubing and reservoir environments, providing the experimental foundation for developing effective inhibition and remediation strategies. The laboratory reached approximately 82% progress in 2025 at a total investment of USD 357,000, with commissioning targeted for end of year. At Sharif University of Technology, a Digital Core Analysis Laboratory contract was signed in 2025 at a planned investment of approximately USD 650,000 with 5% progress at year-end. This facility will enable high-resolution digital imaging and analysis of reservoir core samples, improving the accuracy of subsurface characterization and reducing uncertainty in reservoir modeling. Also at Sharif, Mahtab Energy Pasargad (MEPH) signed a memorandum of understanding with the Electrical Engineering Faculty for the design and development of an electric vehicle design and testing laboratory, extending the group's university partnership model into the clean transport technology domain.

Beyond the university laboratories, PEPD engaged the Research Institute of the Petroleum Industry for quality testing of well completion fluids and acid additives used in Sepehr-Jufair field operations, at an investment of approximately USD 16.3 million, with results improving completion fluid performance and acidizing stability. PBPQ received a technology license and process design documentation from the Research Institute for a key unit in Phase 2 of the Pasargad Qeshm heavy oil refinery.

"First in Iran: tracker + bifacial + backtracking"; "Up to 37% higher generation vs fixed installation"; "Storm resistance: 144 km/h"; "19,281 MWh confirmed generation in 2025".

## Green Technologies

The Damghan Solar Power Plant, operated by TEID, is the first solar plant in Iran to deploy a tracker system with bifacial panels and backtracking capability. Developed domestically and incorporating smart control and storm resistance rated to 144 kilometers per hour, the system tracks the optimal panel angle throughout the day while minimizing inter-row shading, increasing annual generation by up to 37% compared to fixed-installation plants. Damghan has recorded the highest daily and monthly generation figures among solar plants in Iran, and TEID is in the process of applying for knowledge-based company registration for the tracker technology. Alongside renewable deployment, PEDC initiated its carbon management program in 2025, conducting Tier 1 and Tier 2 Scope 1 and Scope 2 emissions calculations across group operations and supporting university thesis research aimed at developing Monitoring, Reporting, and Verification systems for implementation across the portfolio. Together these actions establish both the generation and the measurement foundations for the group's long-term emissions reduction trajectory.

## Research and Technology

PEDC's research program in 2025 combined structured academic engagement with active participation in the international technical community. Eight online seminars were organized featuring leading international experts on subjects directly relevant to the group's operations, including:

- AI-based asphaltene monitoring
- Digital rock technology
- AI applications in engineering
- Technological decarbonization approaches
- Digital twins in oil and gas
- Blockchain for energy data security
- Mineral scale control and formation damage reduction
- Uncertainty quantification in $CO_2$EOR processes

Five specialist research events were organized at leading Iranian universities, covering directional drilling services, RETINA maintenance software deployment, the scientific basis of Sepehr-Jufair field development, and EPC project experience in oil and gas. PEDC maintained active collaboration with 12 domestic and international scientific associations and institutions throughout the year.

At subsidiary level, PECO published findings on the first application of simultaneous triple casing perforation at the Darkhoin project at the EAGE international conference, and commissioned a Tehran University research study on drilling time differences between structurally comparable wells in Iran and Iraq with an investment amounting to USD 13,000. PDKC commissioned a research collaboration with Azad University for an energy management software system at an investment of USD 6,000, and initiated an agreement with Amirkabir University for the development of a biodegradable viscoelastic diverter material for use in acidizing operations at Sepehr-Jufair field wells.

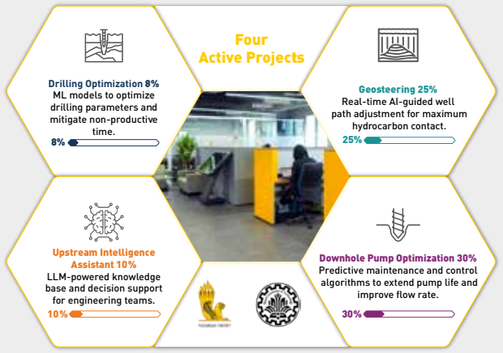
## Innovations and Startups

In 2025, the Pasargad Energy Group established the AI and Digital Transformation Innovation Center at the Shahid Sattari Technology Tower of Sharif University of Technology under a formal contract for its establishment, equipping, operation, and management. The center serves as the primary accelerator for the group's digital transformation roadmap across upstream and downstream oil and gas, electricity and utilities, and renewable energy. Four active projects were underway at year-end:

- Drilling Optimization at 8% progress
- Geosteering at 25% progress
- Upstream Intelligence Assistant at 10% progress
- Downhole pump optimization at 30% progress

Overall performance against establishment and operational targets for 2025 was reported at 100%.

The group also developed active connections with the Oil Industry Research and Technology Fund, the Shenasa venture capital company, and the Trigup accelerator, organizing pitch sessions, reverse pitch events, and business-to-business events to identify industry challenges and develop innovative solutions. The group's first internal AI brainstorming session brought together senior managers and specialists from across the group to identify AI applications in organizational performance improvement, supported by a comprehensive AI awareness training course delivered to group staff. In 2025, Sharif University of Technology recognized the Pasargad Energy Group as one of its selected strategic partners in acknowledgment of its sustained collaboration and commitment to knowledge-based development.

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## Innovations and Startups

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A defining feature of PEDC's innovation approach is the systematic conversion of technical capability into recognized, protectable, and commercially deployable knowledge assets. Five companies within the group hold formal knowledge-based company status granted by the Vice Presidency for Science, Technology, and Knowledge-Based Economy:

- PDKC holds Innovator tier status for PerfoExact, a software platform for the simulation, analysis, and optimization of perforation operations
- AITD holds Innovator tier status for RETINA Simulation, a reservoir simulator developed over four years that achieves less than 5% deviation from the industry-standard Eclipse simulator
- TEBS holds Innovator tier status for the IPCM system
- PetroKala Pasargad Kish (PEKA) holds Startup tier status for its domestically developed drilling Jar tool
- Arman Pasargad Energy Technologies (APET) holds Startup tier status for technology commercialization and licensing services

**Knowledge-Based Company Ecosystem Network**

TEID is in the process of applying for registration for its solar tracker system.

PEDC subsidiaries are advancing registration of patents and intellectual property across oil and gas, renewable energy, simulation, and related domains; specific details are withheld pending completion of registration processes. The Retina System, a comprehensive enterprise resource planning platform developed by AITD spanning human resources, finance, procurement, project management, maintenance, and sales, provides the organizational infrastructure for knowledge management across the group. In 2025, the platform underwent architectural updates to improve scalability and support independent development of its modules. Underpinning all of this is a structured multi-stage talent development model that connects university engagement to long-term employment within the group, running from university societies and internship through research incubation, site visits, seminars, apprenticeship, and into permanent employment. The stages of this model are illustrated in the diagram below.

**Introducing the Talent Attraction and Development Cycle from Top Universities Across the Country**

# Axis 1 – Energy Transition: Performance Indicators

Performance data reported at sub-holding level in order: Zharf Energy Pasargad (ZHEC, upstream), Kimia Energy Pasargad (PEKC, downstream), Mahtab Energy Pasargad (MEPH, power and utilities). Coverage rates indicate the proportion of operating companies that submitted data.

## GRI 302-1 – Energy Consumption Within the Organization

All energy consumption figures represent energy purchased or sourced from external suppliers and consumed within PEDC operations. Self-generated electricity (diesel generators at field and construction sites) is excluded from this table; the diesel that fuels those generators is captured in the diesel consumption row.

| Sub-Holding | Year | Electricity (MWh) | Natural Gas ($m^3$) | Diesel (L) | Gasoline (L) | Coverage |
|---|---|---|---|---|---|---|
| Zharf Energy Pasargad | 2024 | 20,112 | 43.8 | 10,328,778 | 825,475 | 4 of 6 companies[1] PECO: HQ only PEKA: excl. (minor) |
| | 2025 | 19,507 | 46.8 | 21,021,400[2] | 853,402 | |
| Kimia Energy Pasargad | 2024 | 24,596 | 18,648,917 | 1,761,228[3] | 225,376 | 6 of 8 companies[4] PEGA, Shokoofasazan: excl. |
| | 2025 | 26,612[5] | 17,088,313[6] | 1,980,124[3] | 215,274 | |
| Mahtab Energy Pasargad | 2024 | 14,320[7] | 777,292,802[8] | 183,032,975 | — | 2 of 5 companies[9] TEID, CGEP, NGSC: excl. |
| | 2025 | 11,339[7] | 876,433,463[8] | 152,141,321 | — | |

*1. Zharf: PEPD, POGP, PDKC, OKDC reporting. PECO excluded (submitted headquarters data only). PEKA petrol consumption minor and excluded from totals.*

*2. Zharf 2025 diesel increase reflects PECO multi-project drilling expansion (4 active projects vs 1 in 2024) and OKDC expanded rig fleet. PDKC 2025 diesel includes onshore operations following energy management boundary expansion; 2024 figure covers offshore operations only for comparability.*

*3. Kimia diesel excludes STTC 2024 diesel (1,500,000 L covers all projects, not comparable to 2025 Khatam-only figure of 492,000 L).*

*4. Kimia reporting: PBPQ, PEGA, SCID, STTC (2025 only), JEPC, SEPC. HQIM. Shokoofasazan did not submit data.*

*5. Kimia 2025 electricity includes STTC (180 MWh, Khatam University projects) and PEGA increase reflecting production capacity growth.*

*6. Kimia 2025 gas includes PBPQ annualized from 11 months and PEGA first-year gas connection (121,500 $m^3$).*

*7. Mahtab electricity = QMCO self-generated from own gas turbines for internal consumption. TEBS generates its own electricity and does not purchase from the grid.*

*8. Mahtab gas dominated by TEBS fuel for Shariati CCPP. Both years below target due to national gas network pressure constraints.*

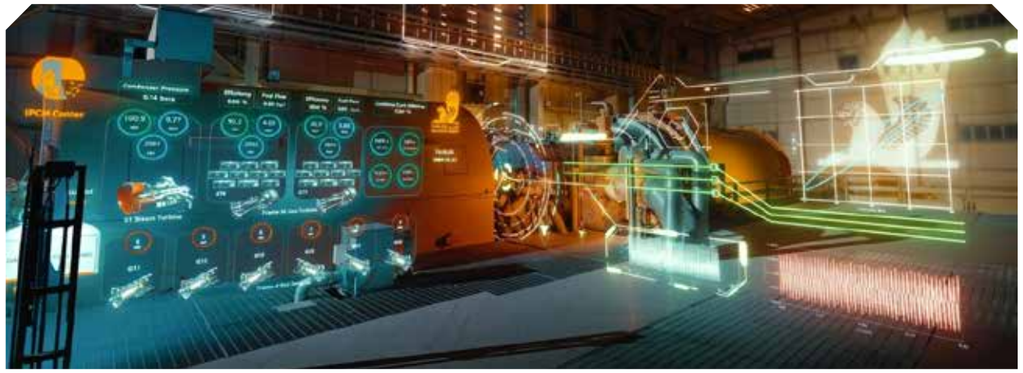
*9. Mahtab: TEBS and QMCO reporting. TEID did not submit consumption data. CGEP management holding; NGSC no submission.*

## Energy Generation – Mahtab Energy Pasargad (Equity-Share Basis)

Generation figures are reported on an equity-share basis, weighted by PEDC ownership percentage. 2025 figures from PEDC Planning Department. 2024 total equity-share generation from prior reporting; plant-by-plant 2024 breakdown pending follow-up with Mahtab Energy Pasargad.







| Plant | PEDC Ownership | Installed Capacity (MW) | 2024 Equity Generation (MWh) | 2025 Equity Generation (MWh) |
|---|---|---|---|---|
| Urmia CCPP | 37.5% | 1,527 | 2,948,774 | 3,108,781 |
| Shariati CCPP (TEBS) | 75% | 497 | 2,598,897 | 2,006,529 |
| Khoy CCPP | 36% | 349 | 755,720 | 756,207 |
| Qeshm 70 MW | 100% | 85 | 133,715 | 244,344 |
| Qeshm 320 MW (QMCO) | 100% | 320 | 514,551 | 839,580 |
| Sirjan | 96.23% | 8.5 | 11,123 | 15,902 |
| Damghan Solar (TEID) | 100% | 10[10] | 22,004 | 19,281 |
| Shahr-e-Rey 2 Solar (TEID) | 100% | 5,5 | — | 1,466 |
| Total Portfolio | | 2,802[11] | 6,984,784[12]~ | 6,992,090[12] |

*10. Damghan Solar Plant capacity expanded from 10 MW (2024) to 16 MW in 2025 (Damghan 4 MW expansion at 88% completion at year-end; 6 MW from Shahr-e-Rey 2 commissioning).*

*11. Total installed capacity 2025 = 2786,5MW conventional + 15.5 MW solar = 2802 MW. Shahr-e-Rey 2 (6 MW) commissioned in 2025.*

*12. 2025 plant-by-plant figures from PEDC Planning Department (Persian year 1404).*

## Upstream Hydrocarbon Production – Zharf Energy Pasargad

Production data for operational subsidiaries only. JEPC, SEPC, and SCID are in EPC or construction phase and will report production data upon commencement of operations.

| Company | 2024 (bbl) | 2025 (bbl) | Year-on-Year Change |
|---|---|---|---|
| POGP (Sepehr Pasargad) | 15,731,162 | 20,188,311 | +28.3% |
| PECO (Pezhvak Energy) | 39,000 | 44,200 | +13.3% |
| Zharf Total | 15,770,162 | 20,232,511 | +28.3% |

*PECO (Pezhvak Energy) production represents contractual entitlement from Darkhoin and Sepehr-Jufair projects.*

## Downstream and Petrochemical Production – Kimia Energy Pasargad

Production data for operational subsidiaries only. JEPC, SEPC, and SCID are in EPC or construction phase and will report production data upon commencement of operations.

| Company | Product | Unit | 2024 | 2025 | Change |
|---|---|---|---|---|---|
| PBPQ (Pars Behin) | Bitumen | Metric tons | 331,964 | 235,899 | -28.9% |
| | Naphtha | Metric tons | 78,367 | 92,492 | +18.0% |
| | LHC | Metric tons | 271,812 | 274,616 | +1.0% |
| | Total hydro-carbon output | Metric tons | 682,143 | 603,007 | -11.6%[13] |
| PEGA | Geomem-brane sheets | $m^2$ | 2,656,817 | 6,099,026 | +129.5% |

*13. While total hydrocarbon output at PBPQ decreased 11.6% in volume terms in 2025, the value of production increased significantly, reflecting a shift toward higher-value refined products.*

*PEGA (Pasargad Energy Gostar Alborz) produces geomembrane sheets, a polymer-based manufactured product reported separately from hydrocarbon output.*

## GRI 302-3 – Energy Intensity

Energy intensity calculated for companies with both energy consumption and production data. Conversion factors: electricity 3.6 GJ/MWh; natural gas 0.03878 GJ/$m^3$; diesel 0.03556 GJ/L; gasoline 0.03279 GJ/L.

| Indicator | Sub-Holding | 2024 | 2025 | Notes |
|---|---|---|---|---|
| Upstream energy intensity (GJ/bbl) | Zharf | 0.0296 | 0.0418 | Based on PEPD, POGP, PDKC, OKDC combined. 2025 increase reflects PECO multi-project expansion newly included. |
| Refinery energy intensity (GJ/t hydrocarbon output) | Kimia | 1.15 | 1.19 | PBPQ only. 2025 annualized from 11-month data. |
| PEGA energy intensity (GJ/1,000 $m^2$ geomembrane) | Kimia | 2.34 | 2.63 | Increase reflects natural gas connection in 2025 (0 $m^3$ in 2024). |
| Power generation thermal efficiency (%) | Mahtab | 31.2% | 30.6% | TEBS + QMCO gross generation vs fuel input. Below CCPP benchmark of 50-55% due to national gas pressure constraints. |
| Heat rate (GJ/MWh generated) | Mahtab | 11.52 | 11.77 | Based on TEBS + QMCO combined fuel and gross generation. |
| Renewable share of total equity generation | Mahtab | 0.31% | 0.30% | |





# Aim 2 – Energy Innovation Indicators

**Aim 2 was introduced in 2025 as a consolidated aim. No comparable 2024 baseline exists as these activities were not tracked under a unified reporting framework in the prior year.**

| Indicator | 2025 |
|---|---|
| Knowledge-based companies — Innovator tier | 3 |
| Knowledge-based companies — Startup tier | 2 |
| Knowledge-based company registrations pending | 1 |
| Active university research partnerships (formal contracts) | 5 |
| Research and knowledge transfer events organized (international expert seminars and university events) | 7 |
| Active AI and digitalization projects (group-wide) | 5 |
| Scientific associations and institutions engaged | 12 |
| Research laboratory projects active | 2 |

PEDC's Energy Innovation Initiatives

# Axis 2 – Protecting Earth

04

The energy sector carries an inherent environmental footprint. Drilling generates cuttings and process waste. Refineries produce effluents and solid residues. Power plants discharge heat and emissions. Construction phases generate large volumes of material waste. These impacts are not incidental; they are structural features of operating in this industry, and managing them systematically is a condition of operating responsibly. For PEDC, whose subsidiaries span upstream field development, downstream refining and petrochemicals, and power generation and utilities, the environmental management challenge is both broad and operationally complex.

At the same time, the physical environments in which PEDC operates impose their own demands. The Sepehr-Jufair field development sits in ecologically sensitive terrain in southwestern Iran. The Qeshm Island facilities operate adjacent to one of the most significant mangrove ecosystems in the Persian Gulf. Offshore drilling operations interact directly with marine ecosystems. Solar plant construction affects land use across arid landscapes. These are site-specific realities that require active assessment, monitoring, and mitigation.

## The Operating Context

PEDC operates under resource constraints that have no parallel in most international energy companies. Sanctions have effectively closed off access to international equipment markets, spare parts supply chains, and specialized technical services. These constraints have driven PEDC's subsidiaries to develop a genuine organizational capability for extending asset life, restoring components to service, and finding productive uses for materials that would otherwise be discarded.

This capability is visible across the portfolio:

- Perforating gun housings restored through cladding rather than replaced
- Coil tubing sections repurposed as structural supports and shelving systems
- Metal scrap systematically sold through licensed recyclers
- Drilling rig surfaces coated with ten-year durability paints to reduce repainting cycles
- Corrosion engineering programs deployed to avoid energy-intensive structural steel replacement

The physical environments in which PEDC operates add a second layer of obligation. Water scarcity is a defining feature of Iran's operating context, and several subsidiaries rely on purchased tanker water for basic needs. Carbon accountability adds a further dimension: PEDC initiated its carbon management program in 2025 to establish the data foundation for future emissions disclosure.

## Our Integrated Approach

In 2025, PEDC restructured its environmental management framework by consolidating four previously separate aims into two. The former aims covering Circular Economy, Water Efficiency, GHG Emissions Management, and Protecting Ecosystems have been brought together under two integrated aims.

**Aim 3 – Circular Economy:** Maximizing the useful life of equipment, minimizing waste generation at source, and finding productive secondary uses for materials. In a sanctions environment where equipment replacement is difficult and costly, lifecycle extension and component reuse are core operational strategies. This aim covers asset management governance, waste management across the full reduce-reuse-recycle hierarchy, and the management systems that embed these practices consistently across subsidiaries.

**Aim 4 – Protecting Ecosystems:** Managing PEDC's relationship with the natural environments in which it operates. This covers EIA tracking and mitigation, water sourcing and treatment, pollution prevention, biodiversity protection, and greenhouse gas emissions management. Water efficiency and emissions management, previously reported as standalone aims, are integrated here because they are most meaningfully understood as dimensions of ecosystem protection.

## Our Integrated Approach
### Alignment with Global Goals

### Direct Contributions

- SDG 6 – Clean Water and Sanitation
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action
- SDG 14 – Life Below Water
- SDG 15 – Life on Land

### Indirect Contributions

- SDG 3 – Good Health and Well-Being
- SDG 9 – Industry, Innovation and Infrastructure





# Aim 3 – Circular Economy

In PEDC's operating environment, circular economy principles are not aspirational sustainability targets. Sanctions have restricted access to international equipment markets, making lifecycle extension, component reuse, and waste minimization core operational strategies. This aim was carried forward from the previous reporting year with its scope maintained, with previously separate waste management reporting integrated here.

## Key Enablers

Three enablers define PEDC's circular economy approach:

a) **Lifecycle Management of Assets and Equipment:** Maximizing productive life of physical assets through preventive and predictive maintenance, systematic corrosion protection, component restoration and reuse, and structured asset management governance aligned with ISO 55001 and API-581.

b) **Waste Management:** Minimizing waste generation at source and managing what arises through the full reduce-reuse-recycle hierarchy. This enabler tracks progress toward consistent, documented, and verifiable waste performance across subsidiaries at different stages of maturity.

c) **Environmentally Sound Chemical and Waste Management:** Managing hazardous and specialty materials including used oil, oil filters, oily sludge, electronic waste, and drilling cuttings in compliance with Iran's Department of Environment requirements.

## Circular Economy
### Alignment with Global Goals

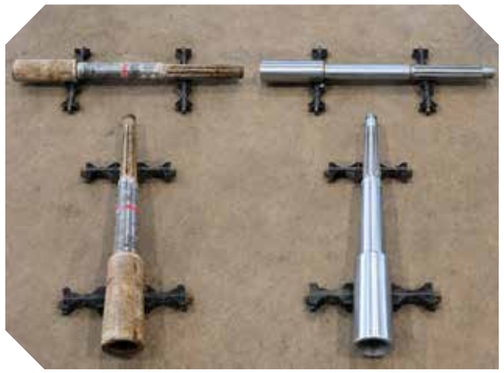
### Direct Contributions

- **SDG 12 – Responsible Consumption and Production:** Lifecycle extension, component reuse, systematic waste reduction, and circular material flows directly advance responsible production and consumption practices.

### Indirect Contributions

- **SDG 3 – Good Health and Well-Being:** Proper management of hazardous waste reduces environmental contamination risk for communities and workers near operational sites.
- **SDG 9 – Industry, Innovation and Infrastructure:** In-house equipment restoration and component remanufacturing capabilities build durable industrial capability and reduce dependence on external supply chains.
- **SDG 13 – Climate Action:** Reducing material consumption and extending asset life lowers the embodied energy and emissions associated with manufacturing and transporting replacement equipment.
- **SDG 15 – Life on Land:** Compliant waste disposal and prevention of soil contamination from hazardous materials protect terrestrial ecosystems at operational sites.

# Aim 3 – Circular Economy Actions



Drilling Jar Restoration, Before & After

Drilling Jar Restoration, Before & After

The circular economy story across PEDC's portfolio in 2025 is fundamentally a story about constraint driving capability. Across two distinct areas, extending the life of physical assets and managing the waste those assets eventually generate, subsidiaries developed practices that are both operationally resilient and environmentally sound. In both cases, the driving force was not a sustainability mandate but the practical reality of operating in an environment where replacement procurement is difficult, costly, and often unavailable.

## Lifecycle Management of Assets and Equipment

The most technically sophisticated lifecycle extension works in 2025 came from PEKA, which executed eight separate equipment restoration and capability development projects entirely without external outsourcing, a deliberate response to procurement constraints that has become a competitive differentiator. At its core was a program to restore perforating gun housings through surface cladding, converting metal scrap back into serviceable components at approximately USD11,000 per project rather than procuring replacements that may be unavailable. Alongside this, PEKA developed internal threading capabilities for 18-5/8" premium connections at approximately USD18,000, generating double the revenue per unit-compared to standard threading, and converted a casing wrench into a high-diameter bucking unit at approximately USD 12,000, a repurposing that simultaneously created a new service capability and avoided disposal of a major piece of equipment. Drilling jar internal repairs at approximately USD 54,000 extended key asset lifespans from an average of three years to a minimum of six. Tungsten carbide HVOF nano-coating, at 80% completion, will add a further 50% service life extension across treated components when commissioned.

Across the upstream sub-holding more broadly, the theme was formalizing what had previously been informal practice. POGP deployed its Computerized Maintenance Management System on the Rahkaran platform, reached 80% completion on Risk Based Inspection software per API-581, and formalized Asset Integrity and Safety Critical Equipment procedures, bringing systematic governance to a field operation that had been managing asset integrity through experience rather than documented systems. PECO achieved 95% net productive time across its active drilling projects through formal asset management procedures and consolidated three scraper runs into a single tandem operation, eliminating multiple pipe trips. PDKC's Hilla barge generator replacement program (at 60% progress with a 12% fuel reduction target) and its Kish base 5S program, which delivered a 67% reduction in workshop lighting electricity consumption, demonstrated that lifecycle management thinking applies as much to operational infrastructure as to drilling equipment. OKDC deployed the MaintAssist preventive maintenance system across its rig fleet, established a dedicated corrosion and coating unit, and completed 25,000 m² of surface coating per ISO 12944 with a 15–25 year paint lifespan standard, reducing the frequency of energy-intensive surface preparation cycles.

In the downstream sub-holding, PBPQ's fabrication of the E-802 heat exchanger internally extended the unit's service life by four years and removed a procurement dependency for a critical refinery component. The company's 651 key assets are now under continuous preventive maintenance with 39% under predictive maintenance, and the engagement of an external consultant to begin ISO 55001 asset management implementation signals a shift from informal maintenance practice to a formally governed asset lifecycle program. SEPC built its asset register from the construction phase rather than waiting for commissioning, applied cathodic protection to storage tanks, and adopted Risk Based Inspection as its primary maintenance prioritization framework, establishing the data foundation for lifecycle management before the plant has entered service.

In the power and utilities sub-holding, QMCO's implementation of the UPTIME asset management model across ten operational domains, completion of equipment taxonomy to ISO 14224 level 8, and commissioning of the IPCMMS software for corrective maintenance workflow represent the most comprehensive formalization of asset governance in the Mahtab portfolio. The BLACK START capability test and $F^6$ gas unit renovation program at 30% progress reflect the additional complexity of managing a grid-connected power plant where asset reliability has direct consequences for national energy supply.

## Waste Management

Waste management maturity varies significantly across the portfolio, from PDKC's fully documented stream-by-stream tracking system to PEPD's acknowledgment that waste segregation is not yet possible at the Sepehr-Jufair field. This range is honest and expected for a first-year systematic reporting exercise. What it shows is a portfolio with pockets of genuine best practice and a clear improvement trajectory.

In the upstream sub-holding, the most operationally demanding waste streams are the drilling cuttings and process hydrocarbons generated by active field and drilling operations. PEPD transferred 31,238 tons of water-based drilling cuttings to Hoveyzeh municipality and collected 85,535 barrels of hazardous hydrocarbon derivatives from downhole operations, injecting them to the pipeline rather than discharging or burning them. A further 75,000 barrels of surface maintenance waste is under management, of which 70% is assessed as recoverable. POGP similarly collected and injected to pipeline 85,535 barrels of hazardous downhole derivatives in 2025, with camp solid waste of 41.13 tons transferred to Hoveyzeh municipality via licensed contractor. PECO disposed of 16,200 tons of hazardous drilling cuttings at Sepehr-Jufair through licensed contractor landfill arrangements, managed multi-project non-hazardous waste streams across four active sites, and achieved zero net discharge from drilling water through centrifuge-based separation that returned 95% of water to the drilling cycle.

PDKC operates the most systematically documented waste management program in the portfolio. Every waste stream is segregated at source, tracked by weight, and disposed through contracted licensed processors: metal scrap at 6.5 tons with 1.5 tons reused and 5 tons recycled; wood at 1 ton fully recycled; plastic at 1.3 tons fully recycled; paper at 5 tons. The hazardous stream, including oil filters 1.7 tons, used industrial oil 4.1 tons in sealed standard containers, oily sludge 2.4 tons to Department of Environment approved centers, and e-waste 0.6 tons to specialist recyclers, is handled through individually contracted specialist processors, with all disposal documented in compliance with Iran's Waste Management Act. This level of documentation is the model toward which other subsidiaries are progressing.

OKDC's waste volumes are significantly larger than most companies in the portfolio, reflecting its expanded rig fleet. Metal scrap reached 92 tons in 2025, with 17 tons reused on site and 75 tons recycled; wood at 47 tons saw 35 tons reused and 12 tons recycled; plastic at 56 tons was fully recycled. Used oil at 72 tons went to licensed processors. Total contractor disposal increased from 54 tons in 2024 to 750 tons in 2025 as the fleet expanded. A visible behavioral change at OKDC during the year was the replacement of single-use plastic cutlery with reusable metal alternatives across all rig camps, a small intervention that reflects broader cultural change in how the company thinks about material consumption.

In the downstream sub-holding, construction-phase companies generated the largest volumes. SCID processed 130 tons of metal scrap, 24 tons of wood, 30 tons of plastic, and 105 tons of other solid waste from its Chabahar site through the Makran Petrochemical Special Economic Zone's centralized municipality arrangement. SEPC transferred 36 tons of metal and 17 tons of wood from its Bandar Parsian construction activities to licensed contractors under a formal project waste management plan. STTC recycled 20 tons of metal scrap from its Khatam University project sites and transferred 93 tons to licensed contractors, supported by its internal waste management procedure published during the year.

For operational companies, JEPC transferred 37.35 tons and QMCO recycled 105 of its 110 tons of hazardous process waste through licensed contractors, maintaining its chemical neutralization unit for industrial wastewater at pH 6.5–8.5.

In the power and utilities sub-holding, TEID reduced burning from 3.8 tons in 2024 to 1.5 tons in 2025 as formal licensed contractor arrangements matured and displaced on-site disposal. TEBS cleared 3,100 kilograms of accumulated special waste comprising rock wool, fluorescent lamps, and ash, to certified environmental disposal centers in a single organized operation in 2025, resolving a multi-year accumulation.

PEPD Drilling Mud Recycling Process

## Environmentally Sound Chemical and Waste Management

Drilling operations at the Sepehr-Jufair field generate chemically complex waste streams that require structured multi-stage treatment before disposal. PEPD, as field owner, has designed and constructed a formally engineered and environmentally licensed waste management system covering the full chain from separation through treatment to controlled disposal. POGP as field operator and PECO as drilling services contractor execute this system within their respective scopes of work.

Drill cuttings and solid particles are first separated from drilling fluid using shaker equipment and collected in a designated corral pit. Water from the corral passes through an oil trap before entering the waste pit. Rig washdown wastewater undergoes chemical treatment — polyaluminium chloride and polymer are added, followed by centrifugal separation — isolating solid material and returning clean water to buffer storage for reuse in drilling fluid preparation and rig washing. PECO additionally reuses treated water in road construction and concrete mixing at site level. The separated solids are transferred to a treatment area where cement is applied to absorb residual moisture and sodium silicate consolidates the particles. The stabilized material is held for drying and laboratory testing to confirm absence of hydrocarbon compounds before disposal. Confirmed non-hazardous cuttings are transferred to a purpose-built licensed landfill constructed to a 200 by 200 by 2.5 meter specification with seven protective layers: compacted soil, lime concrete at full compaction, a geotextile layer, a geomembrane layer, a second geotextile layer, lean concrete, and 22 centimeters of reinforced structural concrete. A guarded entry checkpoint maintains chain of custody. In 2025, 200.6 tons of non-hazardous drilling cuttings were processed through this system. PECO deploys spill containment kits across all fuel, oil, and chemical handling points and conducts regular staff and contractor training on chemical handling procedures and spill response protocols. An active sludge system on PECO's rigs treats sanitary and kitchen wastewater, with the treated effluent reused for site irrigation and green space development.

Across the portfolio, hazardous and specialty waste streams are managed through licensed disposal channels. PDKC classifies and segregates used oil, oil filters, and contaminated absorbents for transfer to licensed contractors for sanitary disposal, handles oil sludge and oil-contaminated residues in sealed tanks for transfer to DoE-approved centers, and segregates electronic waste for collection by licensed recycling contractors, with approximately 0.6 tons of e-waste processed annually. QMCO's power complex on Qeshm Island generated 5 tons of hazardous waste in the form of used oil and oil filters in 2025, handled through licensed treatment and recycling channels. SEPC's construction site at Bandar Parsian manages oil, filter, and chemical waste through labeled and documented transfer to licensed contractors, and treats construction wastewater through reverse osmosis and wastewater treatment units with the treated output reused in the site water supply network.

Marine and industrial spill response capability is maintained at operational sites near water bodies. PBPQ's Qeshm refinery maintains a full marine spill response kit including fence booms, absorbent booms, absorbent pads, spill kits, and an oil skimmer, providing first-response capability for hydrocarbon spills in the marine environment adjacent to the facility. QMCO operates industrial wastewater treatment through pH adjustment units maintaining the 6.5 to 8.5 standard range, API oil and grease separators, and evaporation ponds, with quarterly sampling results reported to the DoE. QMCO also procured updated chemical absorbent materials in 2025. Field-level governance is embedded in project contracts, with POGP requiring equivalent waste and chemical handling standards from all field contractors.

# Aim 4 – Protecting Ecosystems

Every energy operation leaves a mark on the environment around it. Drilling disturbs soil and generates cuttings. Refineries discharge heat and effluents. Power plants draw on water bodies for cooling. Construction phases alter land use. These are inherent features of operating in the energy sector, and the question is not whether they occur but how systematically they are assessed, mitigated, and monitored.

This aim consolidates what were previously three separate aims: Water Efficiency, GHG Emissions Management, and Protecting Ecosystems. These are not independent programs but different dimensions of the same obligation: to operate in a way that does not degrade the natural systems on which communities, biodiversity, and long-term economic activity depend.

## Key Enablers

Four enablers define PEDC's approach to ecosystem protection:

a) **Environmental Impact Assessment and Mitigation:** Conducting formal EIA processes before new projects and systematically tracking the implementation of mitigation commitments throughout the project lifecycle. EIA is treated as a living management tool, not a regulatory hurdle.

b) **Water Management:** Managing sourcing, consumption, treatment, and discharge of water to conserve this scarce resource and prevent contamination. This includes minimizing freshwater withdrawal, treating wastewater before discharge or reuse, monitoring thermal discharge quality to marine environments, and developing closed-loop water systems where feasible.

c) **GHG Emissions and Air Quality Management:** Quantifying, disclosing, and progressively reducing greenhouse gas emissions and air pollutants. Covers Scope 1 direct emissions from fuel combustion and Scope 2 indirect emissions from purchased electricity. Solar generation deployment displaces both diesel and grid electricity. Tree planting programs contribute to carbon sequestration as a complementary offset, with mangrove plantations offering particularly high blue carbon absorption rates. Carbon management at PEDC is at an early stage; this aim establishes the measurement and reporting foundation for future reduction commitments.

d) **Biodiversity and Ecosystem Protection:** Actively protecting terrestrial and marine ecosystems through reforestation and habitat restoration programs, monitoring of marine temperature and water quality at discharge points, and site-specific protective measures. Mangrove planting at the Pasargad Qeshm Oil Jetty has reached 8,200 trees cumulatively, providing coastal erosion protection, marine habitat support, and significant blue carbon sequestration.

## Protecting Ecosystems
## Alignment with Global Goals

### Direct Contributions

- **SDG 6 – Clean Water and Sanitation:** Systematic water management, wastewater treatment, and discharge monitoring directly protect freshwater and marine water resources.
- **SDG 13 – Climate Action:** Quantifying and disclosing GHG emissions, eliminating unnecessary hydrocarbon combustion, deploying solar generation, and initiating carbon sequestration programs directly support climate action.
- **SDG 14 – Life Below Water:** Seawater discharge monitoring, drilling fluid management, and mangrove planting directly contribute to marine and coastal ecosystem protection.
- **SDG 15 – Life on Land:** EIA-driven mitigation, soil contamination prevention, reforestation, and active ecosystem restoration directly support terrestrial biodiversity protection.

### Indirect Contributions

- **SDG 3 – Good Health and Well-Being:** Controlling air emissions and preventing soil and water contamination reduce environmental health risks for communities near operational sites.
- **SDG 9 – Industry, Innovation and Infrastructure:** Developing environmental monitoring systems and carbon management programs builds institutional capability for responsible industrial development.

# Aim 4 – Protecting Ecosystems Actions

Managing PEDC's relationship with the natural environments in which it operates requires action across four interconnected areas: assessing and mitigating the impacts of operations before and during project execution, managing water with care in a water-scarce country, reducing and offsetting greenhouse gas emissions, and actively protecting the terrestrial and marine ecosystems adjacent to operational sites. In 2025, each of these areas saw meaningful progress across the portfolio.

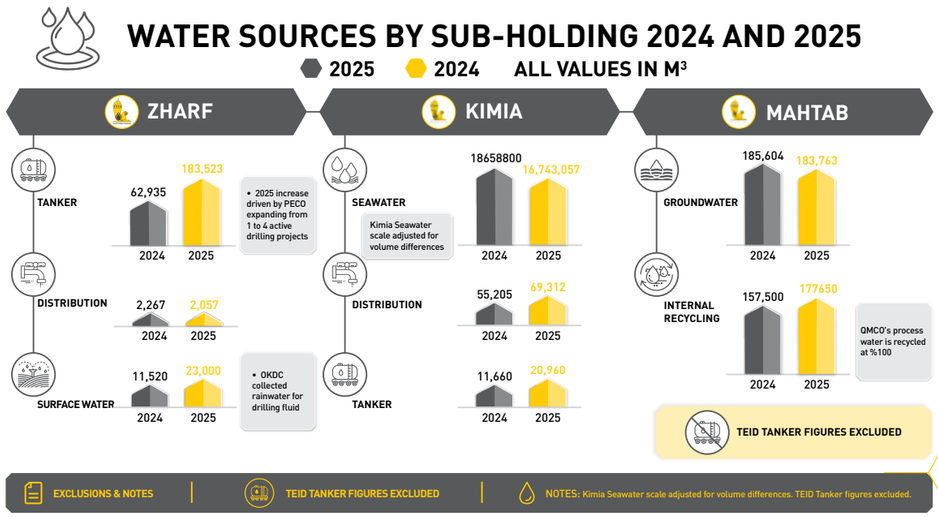
The most comprehensive EIA program in the portfolio covers Phase 1 of the Sepehr-Jufair field development, managed by PEPD. The assessment identified 24 significant negative environmental impacts, with the highest-scoring in the categories of wastewater and waste generation, excavation and earthworks, drilling operations, risk of incidents, and vegetation clearing. These are not static findings; each identified impact is linked to specific mitigation commitments that are tracked against implementation progress throughout the project lifecycle.

The most significant mitigation action at the Sepehr-Jufair field is the deployment of Mobile Oil Separation (MOS) units across well testing and workover operations. Well test operations historically required burning produced oil in pit fires, generating uncontrolled hydrocarbon emissions and soil and water contamination. MOS units eliminate this practice entirely by separating crude oil from gas and impurities on-site, enabling transfer directly to the pipeline or to storage tanks for transport to licensed refineries. By end of 2025, MOS units had been deployed across 22 wells at Sepehr-Jufair, up from 12 wells in 2024, recovering a cumulative 220,000 barrels of crude oil and avoiding an estimated 112,508 $tCO_2eq$ of greenhouse gas emissions. The full 110-well drilling program, once complete, is projected to recover 1,100,000 barrels and avoid an estimated 562,540 $tCO_2eq$. Alongside this, engineering documentation for the field was updated to withstand earthquake, high wind, and storm loads, and hydrological and flood studies established safe elevation thresholds for field infrastructure. Dust management protocols, including water spraying during excavation and suspension of high-risk activities during dust events, were maintained throughout construction activities.

PBPQ completed all four of its formal EIA commitments at the Pasargad Qeshm refinery during the year:

- Industrial wastewater treatment plant constructed and commissioned, with effluent quality monitored against Department of Environment standards
- Geomembrane-lined effluent holding pond completed, providing contained storage for treated process water used for landscape irrigation rather than discharged
- Stack analyzers installed on refinery chimneys and the facility transitioned to natural gas as primary process fuel, directly reducing particulate and sulfur emissions
- Green space development around the facility perimeter ongoing

Completing four EIA commitments in a single year is a meaningful achievement for a refinery still in early operations. QMCO completed its industrial wastewater neutralization unit, maintaining process effluent pH within 6.5–8.5 through chemical treatment with API oil separators upstream, and operated Continuous Emissions Monitoring Systems on all stacks with all parameters within national limits across all four quarters of 2025. TEID conducted an EIA for the Zarand Kerman solar plant. HQIM conducted environmental and occupational health assessments for oil jetty construction under its ISO 14001:2015 management system. PDKC conducted environmental assessments before all well services operations, with no reportable environmental incidents during the year.



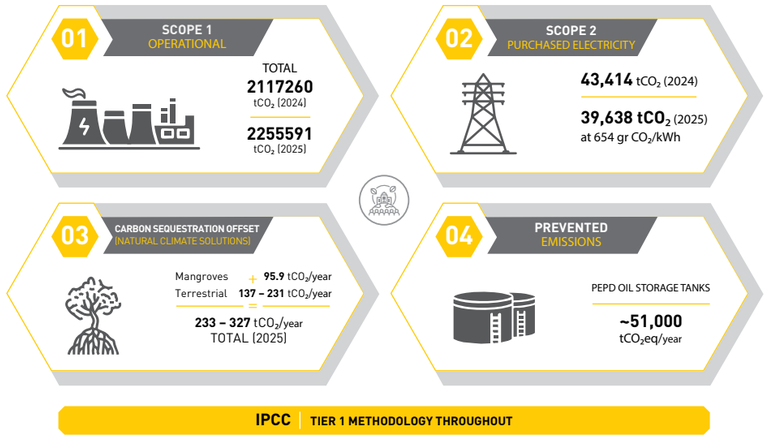

## Water Management

Iran's water scarcity shapes how every PEDC subsidiary sources, consumes, and returns water. The portfolio's water profile reflects three quite different operational realities: upstream drilling and field operations that rely almost entirely on purchased tanker water; a refinery and power plant that draw on distribution networks, seawater, and groundwater at scale; and a power plant that has eliminated freshwater dependency entirely through on-site desalination.

Among the upstream companies, PEPD purchased 78,348 m³ of tanker water in 2025 for drinking, washing, and operational needs at the Sepehr-Jufair field, while separately reusing 32,044 m³ of treated wastewater from the Azadegan STP for landscape irrigation, a meaningful reduction in freshwater demand at a field where every cubic meter must be trucked in. POGP consumed 8,226 m³ of tanker water from Hoveyzeh Water Authority and transferred 6,581 m³ of wastewater to the South Azadegan STP for treatment and return to the cycle. PECO's multi-project operations across Sepehr-Jufair, Infill, Changuleh, and Siahmakon totaled approximately 93,830 m³ of tanker water in 2025, a nearly five-fold increase over 2024 that reflects the addition of multiple active drilling projects. OKDC collected 23,000 m³ of surface rainwater for drilling fluid preparation, recycled at 100% within the drilling system, reducing its tanker dependency for operational water.

PBPQ remains the portfolio's largest freshwater consumer, with 69,312 m³ from the local distribution network and 16.74 million m³ of seawater for cooling and process applications in 2025. Its treated wastewater reuse program returned 24,192 m³ to landscape irrigation during the partial reporting period, water that would otherwise have been discharged. TEBS consumed 183,763 m³ of groundwater for the Shariati Combined Cycle Power Plant and recycled 12,650 m³ of treated wastewater for cooling and landscaping, with a study underway to replace groundwater withdrawals with treated wastewater for CCPP cooling, a change that would materially reduce the plant's freshwater footprint. QMCO represents the most advanced water management model in the portfolio: all freshwater needs are met through on-site seawater desalination, 165,000 m³ of process water was recycled internally at 100%, and the company provides desalinated water to the Dargahan area as a community service. Its seawater thermal discharge of 12,245,000 m³ in 2025 was confirmed within permitted parameters, with temperature differential below 2°C at the 50-meter monitoring point across all periods.

## PEDC CARBON MANAGEMENT FRAMEWORK 2025




## GHG Emissions and Air Quality Management

GHG Emissions and Air Quality Management PEDC initiated its portfolio-level carbon management program in 2025, establishing Tier 1 and Tier 2 calculation methodologies for Scope 1 and Scope 2 emissions across group operations. This is the first year in which the group has calculated and disclosed emissions at the portfolio level, and the numbers reported represent a baseline rather than a performance judgment; the foundation on which future reduction commitments will be built. MRV system development is supported by university thesis research partnerships.

The most significant single emissions reduction action across the portfolio is the MOS deployment at Sepehr-Jufair, which has avoided an estimated 112,508 $tCO_2eq$ cumulatively across 22 wells by end of 2025, up from 61,368 $tCO_2eq$ across 12 wells in 2024.

The avoided emissions are calculated using two components: 430 kg $CO_2eq$ per barrel avoided through prevention of combustion (IPCC 2006 Guidelines, Volume 2) and 81.4 kg $CO_2eq$ per barrel representing the upstream production emissions displaced by recovering oil that would otherwise have been destroyed (Masnadi et al., 2018). SEPC's methanol plant design incorporates nitrogen gas substitution at the flare header, which will eliminate natural gas purging and reduce natural gas consumption at the flare header by over 9 million m³ per year once the plant enters service. This is not yet an operational saving but is a permanent design feature that will deliver measurable reductions from commissioning onward.

Solar generation across the portfolio displaced both diesel generator consumption and grid electricity in 2025. The Damghan plant generated 19,281 MWh of clean electricity; the Shahr-e-Rey 2 plant contributed 1,466 MWh following commissioning. As the 1,500 MW solar construction program brings further plants online through 2026 and beyond, the displacement effect will scale significantly. Stack emissions monitoring at QMCO and PBPQ confirmed all parameters within national limits. OKDC's corrosion protection and ten-year paint programs reduce the frequency of sandblasting and surface preparation cycles, eliminating the volatile organic compound emissions associated with repeated repainting.

Carbon sequestration through tree planting expanded significantly in 2025. Nine subsidiaries across all three sub-holdings planted trees, bringing the portfolio's terrestrial plantation area from 20.6 hectares to 47.2 hectares. The additions were led by TEBS with 8,539 trees across orchard, forest, and ornamental categories, PBPQ with 2,443 trees across three locations inside and outside the Pasargad Qeshm refinery, and PEPD with 2,200 seedlings across 70,500 m² in the Hoveyzeh area. Using IPCC Tier 1 methodology throughout, the estimated portfolio sequestration from terrestrial plantings in 2025 is 137–231 $tCO_2$ per year, up from 60–101 $tCO_2$ in 2024, a reflection of the scale of planting activity this year. The mangrove program adds a further 95.9 $tCO_2$ per year from the 8,200 cumulative trees at the Pasargad Qeshm oil jetty. Total portfolio sequestration in 2025 is estimated at 233–327 $tCO_2$ per year.

## Biodiversity and Ecosystem Protection

The Pasargad Qeshm oil jetty mangrove program, maintained by HQIM, added 1,200 Avicennia marina trees in 2025 across 1,800 m² of coastal shoreline, bringing the cumulative total to 8,200 trees planted over successive years. Qeshm Island mangrove ecosystems are among the most ecologically significant in the Persian Gulf, providing nursery habitat for marine fish and invertebrates, coastal erosion protection, and substantial blue carbon storage. The sustained commitment to this program, planting year after year rather than as a single publicity exercise, demonstrates genuine long-term ecological stewardship at a site where oil jetty construction directly borders the coastal habitat.

QMCO's continuous seawater monitoring program confirmed that the power plant's thermal discharge is not creating measurable ecological stress in the surrounding marine environment. The temperature differential at the 50-meter monitoring point remaine below the 2°C operating threshold across all 2025 monitoring periods, chlorine residual levels were within permitted limits, and no coral bleaching events were reported in the monitored area. For a power plant that discharges 12.2 million m³ of water to the sea annually, maintaining these parameters across a full year of operation is a meaningful environmental result.

PEPD manages the Sepehr-Jufair field's ecological footprint through its EIA commitment tracking system. The combination of dust suppression during earthworks, contamination prevention protocols around drilling operations, and the elimination of pit burning, which previously generated uncontrolled hydrocarbon releases and soil contamination at well test locations, represents a qualitatively different level of environmental management than was in place before the formal EIA process. PDKC's policy of conducting environmental assessments before all well services operations extends this discipline to the wider upstream service sector.

PEDC supported two endangered species conservation programs in 2025 that extend the group's ecological engagement beyond its operational footprint. The Persian fallow deer rearing and breeding program at the Rashkan site in Lake Urmia National Park, conducted in collaboration with the West Azerbaijan Department of Environment, produced the first calves at the facility in 2025, a milestone for a species that is critically endangered in Iran. The Turkmenian fox conservation campaign in Golestan National Park, supported in collaboration with the Golestan Department of Environment, contributes to the protection of a rare species whose range overlaps with energy infrastructure corridors in northeastern Iran. Both programs reflect a sustainability philosophy that extends accountability beyond the fence line of operational sites.

STTC incorporated greywater recycling, subsoil drip irrigation, and solar water heating into construction project specifications at multiple university sites, embedding environmental design principles into the built environment from the outset rather than retrofitting them later. TEID's EIA for the Zarand Kerman solar plant addressed land use and habitat impacts of solar infrastructure construction in arid terrain, a recognition that even clean energy development carries ecological obligations.

# Axis 2 – Protecting Earth: Performance Indicators

Performance data is reported at sub-holding level in the order: Zharf Energy Pasargad (ZHEC, upstream), Kimia Energy Pasargad (PEKC, downstream), Mahtab Energy Pasargad (MEPH, power and utilities), and Centrally Managed companies. All figures are 2024/2025 unless noted.

## GRI 306 – Waste Disposal by Method (Aim 3)

All figures in metric tons. Drilling cuttings reported separately given their scale. PECO classifies drilling cuttings as hazardous process waste.

| Sub-Holding | Year | Sanitary Landfill (t) | Burning (t) | Licensed Contractor (t) | Coverage |
|---|---|---|---|---|---|
| Zharf Energy Pasargad | 2024 | 2,382.7[1] | — | 18,354.2[2] | 5 of 6 companies PEKA: no data submitted |
| | 2025 | 4,120.6[1] | — | 28,063.2[2] | |
| Kimia Energy Pasargad | 2024 | 0 | 0 | 380.4 | 4 of 8 companies[3] HQIM disposal excluded[3] |
| | 2025 | 0 | 0 | 190.4 | |
| Mahtab Energy Pasargad | 2024 | 80.0 | 3.8 | 228.7 | 3 of 5 companies CGEP, NGSC: no data |
| | 2025 | 108.0 | 1.5 | 529.3 | |
| Centrally Managed | 2024 | — | | 55.0 | PEMC only |
| | 2025 | — | | 305.0 | |

*1. Zharf landfill includes camp solid waste (PEPD) and drilling cuttings (PECO). PECO classifies drilling cuttings as hazardous process waste disposed to licensed landfill.*

*2. Zharf licensed contractor totals include large drilling waste volumes from PECO multi-project operations. Year-on-year increase reflects expansion from one to four active drilling projects.*

*3. Kimia coverage: PEGA and Shokoofasazan did not submit data. SCID submitted waste production data but no disposal method table. PBPQ waste not separable from construction salvage area until 2026. HQIM disposal method data not used in calculations.*

| Sub-Holding | Year | Surface Water (m³) | Groundwater (m³) | Distribution Network (m³) | Seawater (m³) | Tanker Water (m³) | WW Recycled (m³) | WW Recycled (m³) |
|---|---|---|---|---|---|---|---|---|
| Zharf Energy Pasargad | 2024 | 11,520[4] | — | 2,267 | — | 62,935[5] | 34,301[6] | 5 of 6 companies PEKA: no data |
| | 2025 | 23,000[4] | — | 2,057 | — | 183,523[5] | 55,044[6] | |
| Kimia Energy Pasargad | 2024 | — | — | 55,205 | 18,658,800 | 11,660[7] | 28,512[8] | 3 of 8 companies SEPC, SCID, PEGA: no volumes |
| | 2025 | — | — | 69,312 | 16,743,057 | 20,960[7] | 24,192[8] | |
| Mahtab Energy Pasargad | 2024 | — | 185,604[10] | — | — | 38[11] | 157,500[13] | 2 of 5 companies[13] CGEP, NGSC: no data |
| | 2025 | — | 183,763[10] | — | — | 5,980[11] | 177,650[13] | |
| Centrally Managed | 2024 | — | — | — | — | 380 | — | PEMC only |
| | 2025 | — | — | — | — | 395 | — | |





*4. Zharf surface water = OKDC rainwater collected for drilling fluid preparation, 100% recycled within the drilling system. Year-on-year increase reflects expanded rig fleet.*

*5. Zharf tanker water increase from 2024 to 2025 is driven by PECO expanding from one to four active drilling projects. All tanker water sourced from licensed municipal water suppliers.*

*6. Zharf WW recycled covers two streams: PEPD treated effluent from Azadegan STP reused for landscape irrigation; OKDC surface water recycled within drilling operations.*

*7. Kimia tanker water covers companies without access to local distribution networks. 2025 figure includes STTC water use at Khatam University construction projects (no 2024 data submitted by STTC).*

*8. Kimia WW recycled = PBPQ treated effluent reused for landscape irrigation only. 2025 covers partial year April–September 1404.*

*9. Kimia coverage: SEPC did not submit water volumes; SCID reported a design-phase wastewater reuse figure not yet operational; PEGA no data submitted.*

*10. Mahtab tanker = TEID solar construction sites only. 2024 figure reflects minimal early-phase activity; 2024 baseline is not a reliable year-on-year comparator and is excluded from the water sources infographic.*

*11. Mahtab WW recycled includes TEBS treated wastewater recycled for cooling and landscaping, and QMCO process water recycled at 100% internally. QMCO seawater discharge (cooling water and desalination brine) is discharged to sea within permitted thermal and chemical parameters.*

*12. Mahtab non-reporting: Ctesiphon Green Energy Production (CGEP, management holding); Niroo Gostar Sirjan Company (NGSC).*

*13. Mahtab non-reporting: CGEP and NGSC did not submit GHG data. Mahtab Scope 1 and Scope 2 cover TEBS, QMCO, and TEID only.*

## GRI 305 – GHG Emissions (Aim 4)

Scope 1 = all direct fuel combustion from PEDC-controlled sources including operational use and power generation fuel. Scope 2 = purchased grid electricity at 654 gr $CO_2$/kWh (IEA Iran factor 582 gr/kWh adjusted for 11% transmission losses). All figures in $tCO_2eq$. Methodology: IPCC defaults (diesel 2.68 kg $CO_2$/L; gasoline 2.31 kg $CO_2$/L; natural gas 2.0 kg $CO_2$/m³).

| Sub-Holding | Year | Scope 1 ($tCO_2eq$) | of which: Gas | of which: Diesel | of which: Gasoline | Scope 2 ($tCO_2eq$) | Total ($tCO_2eq$) | Coverage |
|---|---|---|---|---|---|---|---|---|
| Zharf Energy Pasargad | 2024 | 29,675.6 | 87.6 | 27,681.1 | 1,906.8 | 12,987.1 | 42,662.7 | 4/5 companies (80%) |
| | 2025 | 57,452.3 | 93.7 | 55,387.3 | 1,971.4 | 12,611.7 | 70,064.1 | |
| Kimia Energy Pasargad | 2024 | 42,470.5 | 37,297.8 | 4,625.5 | 547.2 | 21,061.4 | 63,532.0 | 4/8 companies (50%) |
| | 2025 | 37,533.3 | 33,933.6 | 3,127.0 | 472.6 | 19,610.2 | 57,143.5 | |
| Mahtab Energy Pasargad[14] | 2024 | 2,045,114.0 | 1,554,585.6 | 490,528.4 | — | 9,365.3 | 2,054,479.3 | 3/5 companies (60%) |
| | 2025 | 2,160,605.7 | 1,752,866.9 | 407,738.7 | — | 7,415.7 | 2,168,021.4 | |
| Portfolio Total | 2024 | 2,117,260.1 | — | — | — | 43,413.8 | 2,160,673.9 | Partial coverage see notes |
| | 2025 | 2,255,591.2 | — | — | — | 39,637.6 | 2,295,228.9 | |

*14. Mahtab Scope 1 is dominated by TEBS natural gas for the Shariati Combined Cycle Power Plant (777M m³/2024, 876M m³/2025) and diesel for generation. This is correct Scope 1 treatment as these are direct emissions from PEDC-controlled sources.*

*Scope 2 note: IEA 2023 Iran grid emission factor of 582 gr $CO_2$/kWh adjusted for 11% transmission losses = 654 gr $CO_2$/kWh. Upstream fuel extraction for third-party grid plants = Scope 3 (not included). PEDC own extraction = Scope 1 (included above). Pending official MOE factor.*

## Biodiversity and Carbon Sequestration (Aim 4)

Carbon sequestration calculated using IPCC Tier 1 methodology throughout. Mangroves: 11.7 kg $CO_2$/tree/year (blue carbon literature). Terrestrial: IPCC Tier 1 subtropical dry forest rates (2.9–4.9 $tCO_2$/ha/year).

| Sub-Holding | 2024 Trees | 2025 Trees | 2025 Area (ha) | Notable Species | $CO_2$ Sequestration 2025 ($tCO_2$/year) |
|---|---|---|---|---|---|
| Zharf Energy Pasargad | 110 | 2,797 | 8.09 | Eucalyptus, Sidr, Acacia, Mesquite, Palm, Fruit/ Non-fruit | 23.5–39.7 |
| Kimia Energy Pasargad | 275 (SCID) | 4,221 terrestrial + 1,200 mangroves | 4,58 terrestrial + 0,18 mangroves | Native/fruit/ornamental, Palm, Avicennia marina, Brunfelsia, Guaiacum officinale | 13.3–22.4 terrestrial + 14.0 mangroves |
| Mahtab Energy Pasargad | — | 8,882 | ~14.00[16] | Orchard/forest/ornamental (TEBS), Palm/ Buxus/Moringa (QMCO) | 40.6–68.6 |

| Carbon Sequestration Summary | 2024 ($tCO_2$/year) | 2025 ($tCO_2$/year) | Methodology |
|---|---|---|---|
| Mangroves – cumulative ((HQIM | 81.9 | 95.9 | Blue carbon literature rate. Cumulative trees: 7,000 (2024) / 8,200 (2025)[15]. |
| Terrestrial trees – portfolio | 60–101 | 137–231 | IPCC Tier 1 methodology. Portfolio area: 20,6 ha (2024) / 47,2 ha (2025)[16]. |
| Total portfolio sequestration | 142–183 | 233–327 | Mangroves + terrestrial combined |
| Avoided emissions – MOS deployment ($tCO_2$eq)[17] | 61,368[19] | 51,140[19] | 2024: 12 wells × 10,000 bbl. 2025: 10 new wells × 10,000 bbl. Annual figures only; each well test is a one-time operation. Full 110-well program projected: 1,100,000 bbl total / 562,540 $tCO_2$eq total. |
| PBPQ refinery emission intensity (kg $CO_2$/ton of hydrocarbon output)[18] | 70.9 | 73.8 | 14–29% below world average of ~100 kg $CO_2$/ton. Scope 1 (gas combustion) + Scope 2 (purchased electricity). Production: 682,143t (2024) / 603,007t (2025). |

*15. Mangrove sequestration rate: 11.7 kg $CO_2$/tree/year sourced from blue carbon restoration literature. Species: Avicennia marina. Cumulative count reflects ongoing annual planting program at Pasargad Qeshm oil jetty since program inception.*

*16. Terrestrial sequestration: IPCC Tier 1 methodology for subtropical dry forest. Biomass growth rate 2–4 tDM/ha/year; carbon fraction 0.47; $CO_2$ factor 3.67; below-ground biomass at 20% of above-ground. Range reflects low and high growth rate estimates. 2025 portfolio area of 47.2 ha reflects new plantings confirmed by nine subsidiaries during the year. TEBS area of ~13.88 ha is estimated from reported tree counts using standard species planting densities. POGP 10% green space commitment excluded from calculation (no tree count provided).*

*17. MOS avoided emissions methodology: Avoided combustion emissions calculated at 430 kg $CO_2$eq per barrel (IPCC 2006 Guidelines, Volume 2, Table 2.2) plus upstream displacement emissions of 81.4 kg $CO_2$eq per barrel (Masnadi et al., 2018, Science 361(6405)) = 511.4 kg $CO_2$eq per barrel total. Figures are annual (per-year well testing operations): 2024 = 12 wells × 10,000 bbl × 0.5114 = 61,368 $tCO_2$eq; 2025 = 10 new wells × 10,000 bbl × 0.5114 = 51,140 $tCO_2$eq. Cumulative program total at 22 wells: 220,000 bbl / 112,508 $tCO_2$eq.*

*18. PBPQ emission intensity methodology: Scope 1 = natural gas combustion at IPCC default 2.0 kg $CO_2$ /m³ (18,648,917 m³/2024; 16,966,813 m³/2025 annualized). Scope 2 = purchased electricity at 654 gr $CO_2$ /kWh (16,953 MWh/2024; 16,121 MWh/2025 annualized). Total: 48,385 $tCO_2$ (2024), 44,477 $tCO_2$ (2025). Production tonnage from Axis 1 GRI 302-3 production table. Global benchmark: IEA/GHG Protocol world average refinery ~100 kg $CO_2$/ton (Scope 1+2). Note: natural gas figure assumed to represent fuel gas only; if feedstock gas is included the intensity would be lower.*

PEDC's Damghan Solar Powerplant: Displacing Conventional Powerplant Emissions

# Axis 3 – Safety

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Safety is not a compliance function at PEDC. It is one of the group's four core values and a practical expression of the belief that sustainable operations are only possible when every person, asset, and process is actively protected. A workforce that is not safe cannot be productive. Assets that are not managed for process integrity cannot be reliable. Operations that generate serious incidents cannot sustain the trust of regulators, communities, or the public nor can they remain continuous. In an industry where the consequences of failure are often irreversible, safety is the foundation on which business continuity and operational excellence rest. A proactive approach to safety is not an overhead; it is the precondition for achieving both.

PEDC operates across a wide spectrum of high-hazard environments. Upstream drilling and field operations involve working at heights, handling high-pressure equipment, exposure to hydrogen sulfide, well control risks, and other hazards specific to subsurface and surface production. Downstream refinery and petrochemical operations involve flammable and toxic process streams, high-temperature and high-pressure systems, and complex maintenance activities. Power generation operations involve electrical hazards, rotating machinery, and cooling system management. Offshore and marine operations introduce additional risks from vessel movement, crane operations, and working over water. Each of these environments requires a safety management approach that is specific, systematic, and continuously improving.

## The Operating Context

Iran's energy sector operates under a regulatory framework administered by the Ministry of Petroleum, the Ministry of Labor, and the Department of Environment, with safety requirements embedded in project contracts, operating licenses, and sector-specific regulations. PEDC subsidiaries operate in compliance with these requirements and in a number of cases have adopted international management standards that exceed the domestic regulatory baseline.

The practical challenge PEDC faces is one that every multi-company holding group in a high-hazard industry confronts: embedding a consistent and genuinely effective safety culture across companies of different sizes, at different stages of operational maturity, working in different physical environments, and operating under different contractual arrangements. A company constructing a solar plant in Damghan faces different hazards from one operating a combined cycle power plant in Qeshm, which in turn faces different hazards from one drilling wells offshore in the Persian Gulf. Safety systems must be tailored to each context while being consistent in their underlying principles.

PEDC's response to this challenge is built around two instruments. The first is the group's HSE governance framework, structured around the International Association of Oil and Gas Producers Operating Management System (IOGP OMS), a principle-based framework built on four fundamentals: Leadership, Risk Management, Continuous Improvement, and Implementation. These fundamentals underpin ten elements spanning the full scope of organizational safety and environmental management, from commitment and accountability through to assurance and review. Each subsidiary is required to maintain an independent HSE unit with operational authority, adhere to the group's OMS-based framework, and report safety performance data to the parent company on a monthly basis. The second is the annual HSE performance evaluation conducted by the group's Safety and Sustainability Department, which assesses each subsidiary against all ten OMS elements plus an eleventh dimension covering HSE Performance Outcomes, reflecting the group's conviction that effective safety management must be measured not only by the robustness of systems but by the results those systems produce. The findings of this evaluation inform each subsidiary's HSE improvement roadmap for the following year.

## Our Integrated Approach

Axis 3 is structured around two aims that together address the full scope of safety risk in PEDC's operations.

**Aim 5 – Occupational Health and Safety:** This aim covers the safety and well-being of every person who works in or around PEDC's operations, whether as a direct employee or a contractor. It encompasses hazard identification and risk assessment, safety training and competency development, health monitoring and occupational medicine, incident reporting and investigation, and the cultivation of a safety culture in which every individual takes personal responsibility for safe behavior. The target is zero fatalities and continuous reduction in the frequency and severity of occupational incidents.

**Aim 6 – Process Safety:** This aim addresses the risks inherent in the materials and systems that PEDC's operations handle, store, and process. Process safety failures can have consequences that extend far beyond the immediate worksite, affecting communities, the environment, and critical infrastructure. PEDC's approach is based on the Risk-Based Process Safety (RBPS) framework developed by the Center for Chemical Process Safety (CCPS), covering commitment to process safety, hazard identification and risk-based design, asset integrity and reliability, operational discipline, and learning from experience.

# Aim 5 – Occupational Health and Safety

## Axis 3 – Safety
### Alignment with Global Goals

### Direct Contributions

- **SDG 3 – Good Health and Well-Being:** Occupational health programs, systematic risk assessment, and the prevention of work-related injury and illness directly protect the physical and mental well-being of PEDC's workforce and contractors.
- **SDG 9 – Industry, Innovation and Infrastructure:** Process safety management, mechanical integrity programs, and the deployment of intelligent monitoring systems strengthen the reliability and resilience of PEDC's industrial infrastructure.

### Indirect Contributions

- **SDG 8 – Decent Work and Economic Growth:** Safe workplaces, fair treatment of contractors, and investment in workforce competency support decent working conditions and contribute to sustainable employment in Iran's energy sector.

The protection of every person who enters PEDC's operational sites is the most basic obligation the group carries. This includes direct employees, contractors, subcontractors, and visitors. The aim of zero fatalities is not aspirational language; it reflects the understanding that every fatality is preventable and that every incident that does occur represents a system failure somewhere in the organization. PEDC pursues this aim not through a single program but through an integrated set of practices that address hazard identification, risk control, occupational health, training, contractor oversight, and safety culture simultaneously.

Occupational health and safety have been a core aim of PEDC's sustainability framework since the first reporting cycle. Unlike other axes which were restructured in 2025, Axis 3 retains its scope and structure from the previous year, reflecting the maturity and continuity of the group's approach to safety governance. The group's practices have developed progressively through annual HSE evaluations, improved data collection, and the gradual standardization of management systems across subsidiaries.

## Key Enablers

Four enablers structure PEDC's approach to occupational health and safety. Together they address the full arc from identifying what could go wrong, to building the competency to prevent it, to ensuring the systems are in place to respond when it does.

a) **HSE Culture and Governance:** Building an organizational environment where every employee and contractor takes personal ownership of safe behavior, reports hazards and near misses without fear of blame, and understands safety as a shared responsibility. This enabler also encompasses the structural mechanisms that make culture durable, like the group's OMS-based management framework, HSE accountability embedded in role-specific job descriptions.

b) **Occupational Health and Hazard Monitoring:** Identifying occupational hazards present in each work environment, measuring workforce exposure levels, and protecting personnel health through systematic medical monitoring and on-site clinic services. The outputs of hazard identification and exposure measurement directly inform control programs, medical interventions, and operational adjustments at each site.

c) **Safety Training and Competency Development:** Ensuring every employee and contractor has the knowledge and skills required to perform their work safely, through mandatory induction and task-specific training, competency development for high-risk activities, and regular emergency drills that test response capability under realistic conditions.

d) **Contractor Safety Management:** Extending PEDC's safety standards to the contractors and subcontractors who work alongside group employees on operational sites. This includes pre-qualification of contractors on HSE capability, contractual safety obligations, site-level oversight of contractor work, and inclusion of contractors in site emergency response plans. Contractor incidents are tracked alongside employee incidents in PEDC's performance reporting.

## Aim 5 – Occupational Health and Safety
## Alignment with Global Goals

### Direct Contributions

- **SDG 3 – Good Health and Well-Being:** Comprehensive occupational health programs, systematic hazard management, and the prevention of work-related injury and illness directly protect the physical and mental well-being of the workforce and contractors across PEDC's operations.

### Indirect Contributions

- **SDG 8 – Decent Work and Economic Growth:** Safe, healthy workplaces, equitable treatment of contractors, and investment in workforce competency support the conditions for decent work and contribute to sustainable employment across Iran's energy sector.





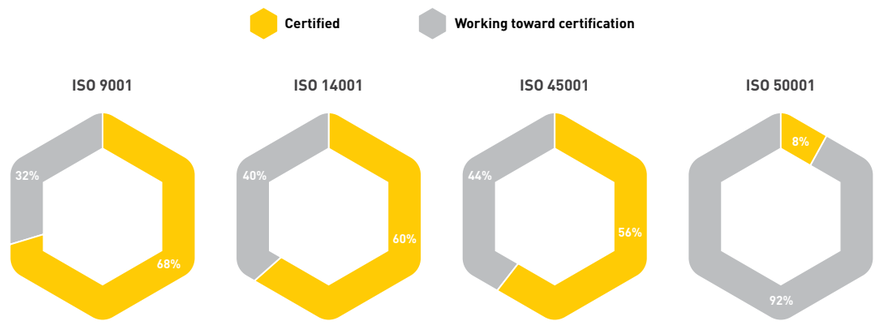
# Aim 5 – Occupational Health and Safety Actions

PEDC's approach to occupational health and safety in 2025 combined holding-level governance with company-level initiatives tailored to the specific hazard profiles of each operational context. The following summarizes the key actions taken across the portfolio.

## HSE Culture and Governance

Building an organizational environment where every employee and contractor takes personal ownership of safe behavior, reports hazards and near misses without fear of blame, and understands safety as a shared responsibility — supported by the structural mechanisms that make culture durable: the group's OMS-based management framework, management system certification, HSE accountability in role-specific job descriptions, and digital tools for performance tracking.

PEDC's group-level HSE management framework is structured around the IOGP OMS, with all subsidiaries required to adhere to its requirements. The annual HSE performance evaluation follows the same basis, assessing each subsidiary across all ten OMS elements plus an eleventh dimension covering HSE Performance Outcomes. In 2025, the evaluation model was updated based on lessons learned from three previous assessment cycles, introducing cross-company expert assessment teams and restructuring checklists for each OMS element across three levels: documentation, implementation, and continuous improvement. Across the portfolio, subsidiaries hold certifications across multiple international management system standards from certification bodies recognized by PEDC, with several additionally transitioning toward the group's OMS-based framework as their primary reference standard.




Management system certification status by standard, 2025 (25 subsidiaries)

In 2025, PEDC continued development of its comprehensive HSE management software, operationalizing four modules: incident management, performance indicators, HSE management dashboard, and personnel medical records. HSE responsibilities in job descriptions were also reviewed, updated, and communicated to all subsidiaries for incorporation into their own documentation. PDKC achieved one million manhours without a lost time incident and deployed its Digi-HSEQ Smart Governance system, replacing manual HSE reporting with real-time management dashboards that make safety performance continuously visible to operational leadership — embedding HSE accountability into the daily management cadence rather than periodic review cycles.

To strengthen safety culture, PEDC organized a group-wide HSE competition running from World Occupational Safety and Health Day (28 April) to National Safety and Fire Service Day (29 September 2025) across 11 rounds. A post-event effectiveness survey scored the competition's impact on HSE culture at 4.53 out of 5, with 4.82 out of 5 for the value of repeating such activities, with 11 participants achieving scores above 90%.

## Occupational Health and Monitoring

Identifying occupational hazards present in each work environment, measuring workforce exposure levels, and protecting personnel health through systematic medical monitoring and on-site clinic services. The outputs of hazard identification and exposure measurement directly inform control programs, medical interventions, and operational adjustments at each site.

PEDC's policy requires 100% medical examination coverage for all personnel and primary and secondary contractors, a target achieved in full during 2025. Electronic health records were created for all group personnel, enabling continuous and regular health monitoring over time. Occupational hazard measurements were conducted across all group buildings, workshops, and facilities using Ministry of Health approved consultants, with results forming the basis for subsequent control programs and interventions. A nutritionist program was introduced for high-risk personnel, providing dietary monitoring and counseling based on periodic examination results. On-site clinics are maintained at most operational sites across the portfolio. At PEPD's Sepehr-Jufair field, on-site clinic services support the health of field per

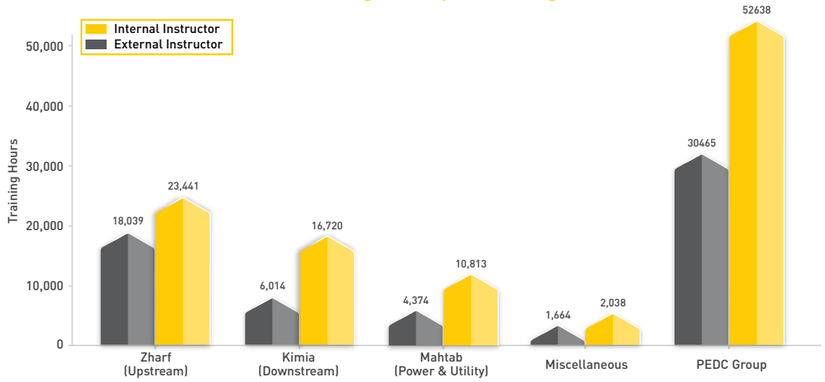
sonnel operating in remote terrain. At SCID's Chabahar project sites, the clinic is staffed with a physician, two nurses, and a Type B ambulance covering all EPC and subcontractor personnel. For the group's comprehensive health programs including supplemental insurance, family health coverage, and psychological support services, see Aim 7.

## Safety Training and Competency Development

Ensuring every employee and contractor has the knowledge, skills, and practiced capability to perform their work safely and respond effectively when conditions deteriorate. This encompasses mandatory induction and task-specific training, competency development for high-risk activities, and regular emergency drills that test response capability under realistic conditions.

HSE training activities were conducted across the portfolio throughout 2025, covering in-house delivery by internal instructors, specialist sessions led by external instructors, and emergency drills testing response capability under realistic conditions. The charts below show the 2025 training profile by sub-holding.

HSE Training Hours by Sub-Holding - 2025

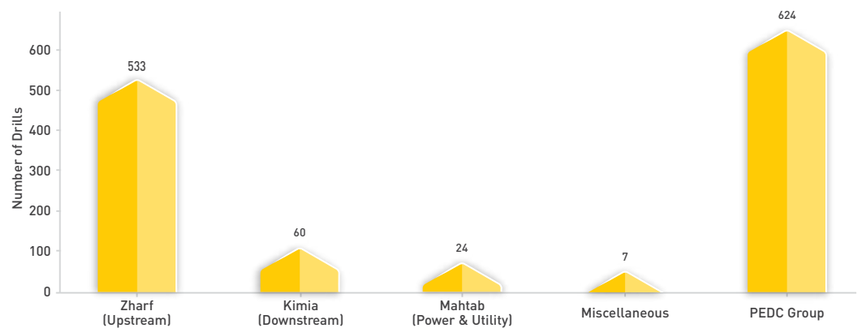



HSE training hours by sub-holding, 2025 (external and internal instructor hours)





Emergency drills conducted by sub-holding, 2025




Emergency drills conducted by sub-holding, 2025

Emergency preparedness activities were significantly strengthened in 2025. In response to geopolitical conditions and the need to raise hardware capability for emergency response, the Qeshm Joint Emergency Response Centre was equipped with firefighting vehicles and equipment, rescue and recovery equipment, chemical spill containment systems, communications equipment, and medical and clinic facilities. The centre serves not only the Qeshm Comprehensive Plan subsidiaries but has also provided emergency services to the surrounding community, including firefighting operations at Qeshm Grand Bazaar, a shopping centre in Dargahan, a shipyard fire, and road accident rescue operations.

Building on this capability, the first joint emergency drill at the Qeshm Comprehensive Plan was conducted in 2025 with the participation of HQIM, PBPQ, QMCO, and JEPC, under the coordination of the holding's Safety and Sustainability Department. Following the drill, analysis sessions were held to evaluate response quality and corrective and improvement actions were identified and implemented based on the outcomes.

## Contractor Safety Management

All primary contractors across the PEDC group are required to establish an HSE management system and comply with the group's HSE requirements as communicated by the holding. HSE-specific scope of services is embedded in all group contracts, covering both general and site-specific HSE obligations. HSE unit managers or representatives sit on contractor pre-qualification technical committees from the earliest stages of project definition and procurement, and no contractor may enter into a contract with any group company without first satisfying HSE pre-qualification criteria. All contractors are required to deploy specialist HSE personnel on site, with the number and specialization of those personnel determined by the nature and volume of work. All contractor personnel are treated as part of the group workforce, with full compliance with group health and safety policies required and subject to continuous monitoring.Given the scale of contractor activity across the portfolio, this framework covers a substantial portion of the group's total workforce. Subsidiaries operating large project sites including PEPD at Sepehr-Jufair, TEID across its solar construction sites, PEMC managing construction programs, and STTC at university construction projects all work with contractor workforces that in some cases significantly exceed the company's own headcount. Contractor manhours are tracked separately from direct employee manhours in monthly HSE reporting, allowing the group to monitor contractor exposure independently. Incidents, however, are recorded and reported on a combined basis across employees and contractors, reflecting PEDC's position that every person on a group site is covered by the same safety accountability regardless of employment status.





# Aim 6 – Process Safety

Occupational safety and process safety address different categories of risk. Occupational safety concerns the hazards that individual workers face in their day-to-day activities. Process safety concerns the hazards that arise from the materials, energy, and systems involved in industrial operations, where a single failure can release stored energy or hazardous substances at a scale that injures or kills multiple people, damages major assets, or contaminates large areas of the environment. The distinction matters because process safety failures require a different management approach: one built around the systematic identification of failure scenarios, the design of barriers to prevent them, and the verification that those barriers remain functional. Underpinning this technical approach is a process safety culture — an organizational commitment at every level to treating process risk with the same seriousness as personal safety, and to never normalizing deviations from safe operating conditions. PEDC's approach is structured around the RBPS model developed by CCPS, providing a comprehensive framework organized across the four enablers covered in this aim.

PEDC's operations include a number of scenarios where process safety risk is material. Upstream drilling involves well control risk, where a loss of well integrity can result in an uncontrolled release of hydrocarbons. Refinery operations involve high-temperature and high-pressure hydrocarbon processing where equipment failure or operational error can cause fires, explosions, or toxic releases. Power generation operations involve rotating machinery, high-voltage electrical systems, and cooling systems where failures can have serious consequences. Construction of petrochemical plants involves the commissioning of complex process systems where the management of change and pre-startup safety review are critical risk controls.

## Key Enablers

Four enablers define PEDC's approach to process safety management, structured around the RBPS framework. Together they address the full lifecycle of process risk from initial hazard identification through to operational control, emergency response, and organizational learning.

a) **Risk Assessment and Risk-Based Design:** Systematically identifying process hazards through structured techniques and using findings to design inherently safer processes, establish safety barriers, and integrate process safety into new projects from the earliest design stages.

b) **Asset Integrity and Reliability:** Maintaining the physical integrity of safety-critical equipment and systems through risk-based inspection, testing, and maintenance programs prioritized by process safety consequence.

c) **Operational Discipline and Risk Management:** Ensuring process operations are conducted in accordance with written procedures, formal work authorization, and management of change controls, while actively managing operational risk through monitoring of safety-critical barriers and maintaining site emergency preparedness for credible major accident scenarios.

d) **Learning from Experience:** Capturing and investigating process safety incidents and near misses to identify systemic root causes and translate findings into improvements across procedures, training, and design.

## Aim 6 – Process Safety
### Alignment with Global Goals

### Direct Contributions

- **SDG 9 – Industry, Innovation and Infrastructure:** Risk-based process safety management, mechanical integrity programs, and the systematic design of safety barriers strengthen the reliability and resilience of PEDC's industrial infrastructure and reduce the risk of major accidents that could cause lasting damage to assets and communities.

### Indirect Contributions

- **SDG 8 – Decent Work and Economic Growth:** Preventing major process incidents protects both the workforce and the economic continuity of operations, preserving employment and supporting sustainable growth in Iran's energy sector.





# Aim 6 – Process Safety Actions

Process safety actions in 2025 focused on three areas: advancing the deployment of formal process safety management systems at operational sites, maintaining and improving the mechanical integrity of critical equipment, and strengthening emergency preparedness at high-hazard facilities.

## Risk Assessment and Risk-Based Design

Completion and updating of risk assessment studies covering hazard identification, risk analysis, and risk evaluation was treated as a governance requirement across all group companies in 2025, reflecting the group's position that risk assessment is not a one-time design activity but a living obligation that must be kept current as operations evolve.

At the most advanced end of the portfolio, POGP progressed its Process Safety Management System to 90% completion, establishing the governance framework for managing major accident hazards at the Sepehr-Jufair production facilities. Alongside this, Risk Based Inspection software implementation aligned with API-581 reached 80% completion, enabling systematic prioritization of inspection activities based on the consequence and likelihood of equipment failure rather than fixed time intervals.

Across the broader portfolio, structured hazard studies were conducted at multiple operational and construction sites. HAZOP and HAZID studies were completed for all new sections entering operation at SEPC, and HAZOP studies were executed across PECO's drilling projects. HQIM and QMCO updated their existing HAZOP and HAZID studies to reflect current operational configurations. For projects still under construction, the emphasis shifted to ensuring that risk considerations were embedded in design decisions before systems entered service. Risk-based design oversight was applied to JEPC, SCID, and SEPC projects through engineering supervision provided by PEMC, verifying compliance with process safety standards and risk-based design criteria at the engineering stage rather than at commissioning.

Digital tools extended the group's hazard identification capability beyond periodic studies into continuous operational monitoring. PDKC's Digi-HSEQ system applies AI-driven analytics to identify high-risk operational patterns, predict potential process safety deviations, and generate management alerts before incidents occur, moving process safety management from reactive to predictive. POGP's AI-driven hazard detection system for real-time drilling data monitoring, at 35% completion at year-end, will provide continuous automated hazard identification during drilling operations, directly addressing well control risk.

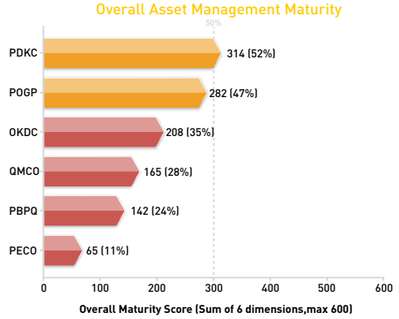
Two additional risk assessment workstreams reflected the specific context of 2025. Environmental impact assessments were conducted for all solar power plants above 10 MW capacity under development at TEID. Passive defense studies were completed as a mandatory design requirement across all ongoing projects, reflecting the geopolitical conditions of the year and the group's obligation to ensure infrastructure resilience under extraordinary circumstances.

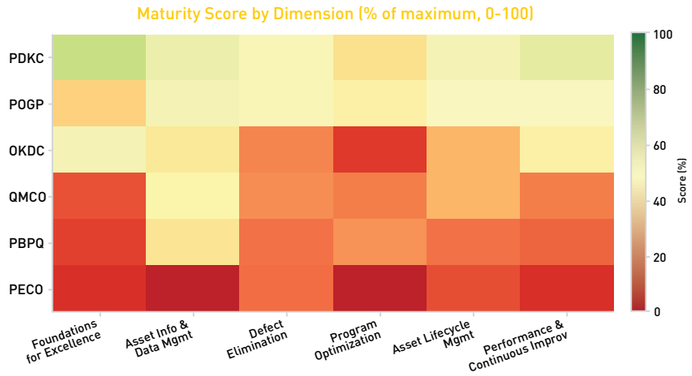
## Asset Integrity and Reliability

Developing a group-level integrated asset management program was one of PEDC's principal process safety initiatives in 2025. Under the leadership of the holding's Safety and Sustainability Department, gap assessment studies were conducted across six subsidiaries, namely PBPQ, QMCO, PDKC, OKDC, POGP, and PECO, as well as at the holding governance level. The assessments were carried out using the iREAM model, a structured assessment framework developed by the consulting firm and based on Professor Marquez's MMM model, aligned with the requirements of the Institute of Asset Management (IAM), ISO 55000, and the Iranian Ministry of Oil's strategic asset management document. An experienced external consultant guided the process, ensuring methodological consistency across all participating companies. The findings of these assessments form the basis for a structured improvement roadmap to be implemented across the group in the coming years.

In a parallel initiative, the asset management capabilities of Tafahom's IPCMMS software platform were reviewed by an external asset management consultant, who identified specific improvement opportunities to enhance the platform's functionality and alignment with asset management best practices.

At the subsidiary level, asset integrity programs reflected the different stages of operational maturity across the portfolio. At PBPQ, 651 key assets are under preventive maintenance programs with 39% under predictive maintenance. The company also engaged an external consultant to begin implementation of ISO 55001 asset management alongside ISO 17025 laboratory accreditation, establishing the governance framework for systematic asset lifecycle management. POGP deployed CMMS software and RBI per API-581 for its upstream field assets. SEPC built an asset register from the construction phase to support lifecycle tracking from commissioning onward, and applied fatigue, creep, and structural stability calculations to tall equipment including towers, vessels, and structures. OKDC deployed intelligent sensors for H2S, heat, fire and gas, BOP, and flammable gas detection across its drilling rigs, providing continuous monitoring of the most critical process safety parameters in drilling operations. International anti-pollution certificates are maintained for OKDC's offshore drilling vessels, confirming compliance with marine environmental and safety standards.



## Operational Discipline and Risk Management

Developing the procedural foundations for operational discipline across all group companies was one of the principal safety priorities of 2025. PTW procedures at SCID and JEPC were revised based on previous experience and lessons learned, with the goal of strengthening operational discipline at project sites where contractor workforces are large and work activities are complex and concurrent. Management of Change procedures were developed and formalized at all group companies and at the holding level, establishing a consistent framework for controlling modifications to process systems, equipment, and operating conditions across the portfolio. Operational instructions were developed and formalized at QMCO, PBPQ, and POGP, providing written procedural baselines for routine and non-routine operations at each facility.

At PEPD, engineering documentation for the Sepehr-Jufair field infrastructure was updated to reflect earthquake, high wind, and storm load requirements, ensuring physical infrastructure meets resilience standards required for safe operation under extreme conditions. HQIM completed installation of a foam package fire suppression system at Substation Post 3 of the Pasargad Qeshm Oil Jetty, providing fixed fire suppression capability for one of the highest electrical risk areas of the oil jetty infrastructure.

At OKDC, emergency response procedures covering well control, fire, medical emergencies, and environmental releases are maintained and tested at each rig location. PECO's smart pump monitoring system demonstrated its practical value during 2025 when a timely alert prevented a pipe stuck incident in a 24-inch hole section, illustrating how intelligent operational monitoring translates directly into avoided process safety events.

HSE committees at subsidiary level meet regularly to review incident data, corrective action status, and emergency preparedness metrics, with findings reported to holding management through the monthly HSE performance reporting cycle.

Emergency preparedness at the Qeshm Comprehensive Plan was significantly strengthened during 2025. The Joint Emergency Response Centre was fully equipped with firefighting vehicles, rescue and recovery equipment, chemical spill containment systems, communications equipment, and medical facilities. Building on this capability, the first joint emergency drill at the Qeshm Comprehensive Plan was conducted with the participation of HQIM, PBPQ, QMCO, and JEPC under the coordination of the holding's Safety and Sustainability Department. Post-drill analysis sessions identified corrective and improvement actions which were subsequently implemented.

In August 2025, PEDC established a specialist insurance advisory function with a mandate to evaluate, review, and improve insurance structures across the group and its subsidiaries. The initial assessment covered the current state of insurance management across subsidiaries, identified gaps in coverage alignment and process consistency, and evaluated insurance management maturity at the subsidiary level. A group-wide training session was conducted with representatives from all subsidiaries to build baseline insurance knowledge and culture.

A key output of the first operating period was the drafting of the PEDC Risk and Insurance Management Regulation, which establishes unified procedures, defines responsibilities across the group and subsidiary levels, standardizes insurance processes, and sets out governance requirements for an integrated group-wide insurance management system. The function also took targeted action to control insurance costs, optimize coverage, and improve the quality of insurance services, with the goal of aligning coverage levels to each project's actual risk profile, reducing unnecessary expenditure, and increasing the overall effectiveness of the group's insurance investments. This included leveraging the group's combined contract volume across multiple insurance lines to negotiate improved terms, an approach expected to benefit both operational coverage and employee insurance programs. Expert studies to design a comprehensive group-wide insurance database were also initiated in 2025. The database, still in the planning phase at year-end, is intended to consolidate insurance records, claims history, and contract monitoring into a single reference system supporting risk trend analysis and management decision-making, with development expected to begin in 2026.

Qeshm Island
Joint Emergency Drill





## Learning from Experience

Root cause analysis of group-level incidents was a formal priority in 2025, with the objective of drawing lessons from events and preventing recurrence across the portfolio. Incidents at OKDC drilling rigs, a personnel injury during construction of accommodation facilities at SCID, and a fatality during contractor personnel transportation at PBPQ were all formally investigated using systematic root cause analysis methods in accordance with holding requirements. The findings of these investigations were used to identify systemic contributing factors and drive corrective actions at both subsidiary and group level.

To support systematic incident management across the portfolio, development of the incident management module continued in 2025 as the first module of the group's comprehensive HSE management software, and was piloted operationally during the year. The module provides a structured digital workflow for recording, tracking, and closing out incidents and corrective actions across all subsidiaries.

The group's approach to learning from experience extends beyond incident investigation to the systematic tracking of both leading and lagging performance indicators. All subsidiaries register their monthly HSE performance indicators by active project through the performance indicators module of the HSE management software, enabling continuous monitoring of trends and early identification of deteriorating performance before incidents occur.

# Axis 3 – Safety Performance Indicators

Safety performance is reported by sub-holding. All rate indicators are calculated using the IOGP method on combined employee and contractor manhours.

## HSE Performance Evaluation (Aim 5 and Aim 6)[1]

The 2025 HSE performance evaluation cycle was completed later than planned due to regional conditions during the year. Scores reflect performance assessed against all ten OMS elements plus an eleventh dimension covering HSE Performance Outcomes.

| Sub-Holding | Evaluation Score 2024 | Evaluation Score 2025 | Trend |
|---|---|---|---|
| Zharf Energy Pasargad (Upstream) | 57% | 64% | ↑ |
| Kimia Energy Pasargad (Downstream) | 51% | 54% | ↑ |
| Mahtab Energy Pasargad (Power & Utility) | 40% | 47% | ↑ |
| Other | — | 44% | — |
| PEDC Group Average | 50% | 55% | ↑ |

*1.Evaluation conducted by the PEDC Safety and Sustainability Department using a five-tier assessment model. Other sub-holding 2024 score is not available as these companies were not included in prior assessment cycles.*

## GRI 403 – Safety Performance Rates by Sub-Holding (Aim 5)[2]

All rates calculated per IOGP method on combined employee and contractor manhours. FAR = fatalities × 100,000,000 ÷ manhours. LTIR = LTI × 1,000,000 ÷ manhours. SR = lost days × 1,000,000 ÷ manhours.

| Sub-Holding | Year | Manhours | FAR | LTIR | FR | FR Human | FR Process | FR Env. | FR Trans. | SR |
|---|---|---|---|---|---|---|---|---|---|---|
| Zharf Energy Pasargad (Upstream) | 2024 | 9,154,405 | 0.00 | 0.44 | 6.55 | 3.71 | 0.22 | 1.09 | 0.66 | 5.79 |
| | 2025 | 11,968,952 | 0.00 | 1.67 | 8.35 | 4.85 | 0.00 | 0.92 | 0.42 | 50.55 |
| Kimia Energy Pasargad (Downstream) | 2024 | 11,009,523 | 18.17 | 1.91 | 11.72 | 9.99 | 0.00 | 0.27 | 0.00 | 4.27 |
| | 2025 | 11,032,929 | 0.00 | 1.36 | 9.34 | 8.61 | 0.00 | 0.09 | 0.00 | 10.42 |
| Mahtab Energy Pasargad (Power & Utility) | 2024 | 2,800,445 | 0.00 | 1.79 | 7.50 | 6.07 | 0.00 | 0.00 | 0.00 | 3.57 |
| | 2025 | 2,130,535 | 0.00 | 2.82 | 11.26 | 7.98 | 0.94 | 0.47 | 0.00 | 23.00 |
| Other | 2024 | 701,191 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 2025 | 5,120,115 | 0.00 | 0.39 | 1.17 | 0.78 | 0.00 | 0.00 | 0.00 | 9.77 |
| PEDC Group | 2024 | 23,665,564 | 8.45 | 1.27 | 8.87 | 6.80 | 0.08 | 0.55 | 0.00 | 4.65 |
| | 2025 | 30,252,531 | 0.00 | 1.42 | 7.70 | 5.75 | 0.07 | 0.43 | 0.00 | 27.07 |





*2.FR category definitions per IOGP: Human = personal injury incidents; Process = loss of containment and process safety events; Environment = environmental releases; Transportation = vehicle and marine transport incidents. Manhours = combined employee and contractor manhours from monthly HSE KPI reports.*

The group recorded zero fatalities within its accountable operational scope in 2025, a marked improvement from two fatalities in 2024, both within Kimia Energy Pasargad. Group FR declined from 8.87 to 7.70, reflecting a reduction in the overall frequency of incidents relative to manhours worked. Group SR increased from 4.65 to 27.07, driven primarily by a small number of severe injuries at Zharf Energy Pasargad with extended recovery periods, rather than a broader deterioration in safety performance.

## Safety Leading Indicators (Aim 5 and Aim 6)

Leading indicators reflect the proactive safety management activities conducted across the portfolio. Higher near miss and Safety Observation counts indicate a stronger reporting culture, not worse safety performance.

| Indicator | 2024 | 2025 | Unit |
|---|---|---|---|
| Near misses reported | 359 | 352 | count |
| Safety Observations | 8,472 | 12,716 | count |
| HSE training hours – external instructor | 25,082 | 30,465 | hours |
| HSE training hours – internal instructor | 148,512 | 52,638 | hours |
| Senior management HSE meetings | 816 | 776 | count |
| Emergency drills conducted | 445 | 624 | count |
| Corrective actions completed | 9,644 | 10,022 | count |

## Asset Integrity Maturity Assessment – iREAM Gap Analysis (Aim 6)[3]

The following scores reflect the 2025 asset management maturity gap assessment conducted across six subsidiaries using the iREAM model, covering six assessment dimensions on a comparable scale.

| Company | Establishing Foundations for Excellence | Asset Information and Data Management | Defect Elimination and Failure Impact Reduction | Program Optimization and Resource Management | Asset Lifecycle Management Activities | Performance Management and Continuous Improvement | Overall Maturity |
|---|---|---|---|---|---|---|---|
| PDKC | 63 | 54 | 48 | 41 | 52 | 56 | 314 |
| OKDC | 52 | 43 | 24 | 12 | 32 | 45 | 208 |
| PECO | 10 | 5 | 20 | 5 | 15 | 10 | 65 |
| POGP | 37 | 52 | 48 | 45 | 50 | 50 | 282 |
| QMCO | 16 | 46 | 25 | 23 | 32 | 23 | 165 |
| PBPQ | 13 | 42 | 21 | 26 | 21 | 19 | 142 |

*3.iREAM model developed by external consultant, based on Professor Marquez's MMM model and aligned with IAM, ISO 55000, and the Iranian Ministry of Oil strategic asset management document. Scores reflect current-state maturity and form the basis for the group's multi-year asset management improvement roadmap.*

# Axis 4 – Economic and Social Development

06

Educational Workshop at Zainabi School a PEDC supported school, Qeshm Island

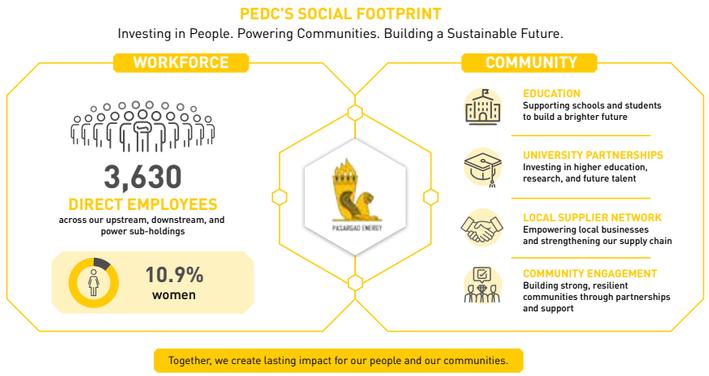
Energy companies operate at the intersection of economic and social systems. They employ large workforces, procure goods and services from local supply chains, generate tax revenues, and operate in communities whose livelihoods and well-being are shaped in part by what those companies do and how they do it. For PEDC, this intersection is particularly consequential: a group of 28 subsidiaries spanning upstream exploration and production, downstream refining and petrochemicals, and power generation and utilities, operating across multiple provinces and employing more than 6,300 people in every form of engagement.

The economic and social dimension of PEDC's sustainability program is organized around two aims. Aim 7, Employee Stewardship, addresses the group's obligations and commitments to the people who work within it: ensuring fair and competitive compensation, comprehensive health and welfare coverage, structured development and training, and open channels for raising concerns. Aim 8, Local Community Stewardship, addresses PEDC's obligations and commitments to the communities in and around which it operates: prioritizing local employment, supporting educational infrastructure, engaging universities as long-term partners, and sourcing goods and services from domestic suppliers wherever possible.

In 2025, PEDC's workforce totaled 6,300 people across all engagement types, of whom 3,630 held direct employment contracts. The group's educational and community





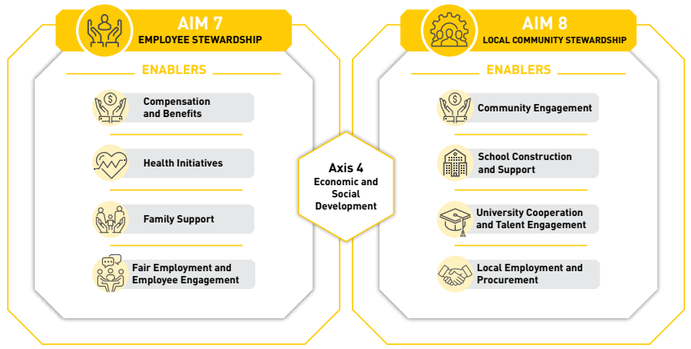



engagement programs reached thousands of students and local residents, and its procurement and employment practices continued to create economic linkages in regions where several subsidiaries operate. These are not incidental outcomes. They reflect deliberate policies that have been embedded in the group's operating model and applied consistently across subsidiaries.

## The Operating Context

Iran's labor market presents specific challenges that shape how PEDC approaches employee stewardship. Inflation has eroded real wages for much of the workforce. Access to supplemental healthcare and retirement planning is uneven across the private sector. Women remain underrepresented in the energy industry, particularly in technical and operational roles. These conditions place a premium on employers who can offer not only competitive compensation but also the stability, benefits, and development opportunities that retain skilled people over time.

At the community level, the regions in which PEDC operates range from urban industrial centers to remote field sites in ecologically sensitive and economically vulnerable areas. The Sepehr-Jufair field in Khuzestan, the refinery and oil jetty on Qeshm Island, the solar construction program across 25 sites, and the Parsian methanol project all sit within communities that have legitimate expectations of economic benefit from nearby industrial development. Managing those expectations, and delivering on them through meaningful employment and procurement, is a core dimension of operating with a social license.




## Our Integrated Approach

**Aim 7 – Employee Stewardship:** Fulfilling PEDC's commitment to the people who work across the group through competitive benefits and compensation, comprehensive health and family support programs, structured training and development pathways, and accessible channels for employees to raise concerns.

**Aim 8 – Local Community Stewardship:** Fulfilling PEDC's commitment to the communities in which it operates through priority local employment at project sites, investment in educational infrastructure, structured internship and university engagement programs, and deliberate sourcing of goods and services from domestic suppliers.

## Axis 4 – Economic and Social Development
### Alignment with Global Goals

### Direct Contributions

- SDG 1 – No Poverty
- SDG 2 – Zero Hunger
- SDG 3 – Good Health and Well-Being
- SDG 4 – Quality Education
- SDG 8 – Decent Work and Economic Growth
- SDG 16 – Peace, Justice and Strong Institutions
- SDG 17 – Partnerships for the Goals

### Indirect Contributions

- SDG 5 – Gender Equality
- SDG 6 – Clean Water and Sanitation
- SDG 10 – Reduced Inequalities
- SDG 11 – Sustainable Cities and Communities
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action

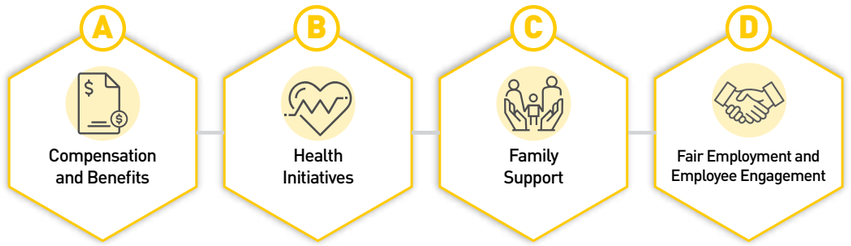




# Aim 7 – Employee Stewardship

## EMPLOYEE STEWARDSHIP

Our commitment to our people's well-being, growth, and engagement.




The people who work across PEDC's subsidiaries are the operational foundation of the group. Without them, no well gets drilled, no barrel gets refined, no megawatt gets generated. Employee stewardship is the set of commitments PEDC makes to these people: to compensate them fairly, to protect and support their health and that of their families, to develop their capabilities, and to create a workplace where every employee is treated with consistency and without bias regardless of gender, religion, ethnicity, or background.

This aim was previously reported across Aims 10 (Health and Welfare) and 13 (Quality Training) in earlier reporting cycles. In 2025 these have been consolidated under a single integrated aim, reflecting how these commitments work in practice: a competitive benefits package that includes health coverage, family support, and financial instruments operates alongside a structured development program that builds the skills and career trajectories of the same people. They are not separate programs; they are components of a single employer proposition.

### Key Enablers

Four enablers define how PEDC pursues employee stewardship across its subsidiaries. Together they address the full employment relationship: from the financial and health foundations that make work sustainable, to the development investments that make it rewarding, to the governance mechanisms that make it fair.

a) **Compensation and Benefits:** Providing competitive compensation and a comprehensive benefits package that exceeds statutory minimums, including performance-based structures, merit increases, and supplemental financial security instruments for employees and their families.

b) **Health Initiatives:** Protecting and promoting the physical and mental health of employees and their families through comprehensive supplemental health insurance, periodic health screenings, access to medical consultation services, and a structured health management system that enables proactive rather than reactive health management.

c) **Family Support:** Recognizing that employee well-being extends to family life through programs that include recreational activities for employees and families, educational support for children, flexible work arrangements where operational conditions permit, and crisis support for employees facing bereavement or medical emergencies.

d) **Fair Employment and Employee Engagement:** Ensuring that all employment decisions are made on merit and qualification, with no consideration given to gender, religion, ethnicity, or background, equal access to benefits regardless of organizational level, and accessible channels through which employees can raise concerns, provide feedback, and engage directly with management.

## Aim 7 – Employee Stewardship
### Alignment with Global Goals

### Direct Contributions

- **SDG 3 – Good Health and Well-Being:** Comprehensive health coverage, periodic screenings, mental health support, and family health programs directly contribute to the physical and mental well-being of employees and their families.
- **SDG 4 – Quality Education:** Structured training programs, competency development frameworks, and support for employees' children's education directly advance access to quality education and skills development.
- **SDG 8 – Decent Work and Economic Growth:** Fair compensation, comprehensive benefits, safe working conditions, and structured development pathways directly support decent work standards and contribute to economic growth.

### Indirect Contributions

- **SDG 1 – No Poverty:** Competitive compensation, financial support programs, and supplementary insurance provide economic security that reduces employees' vulnerability to poverty.
- **SDG 2 – Zero Hunger:** Stable employment and competitive compensation provide the income security that supports the overall well-being and food security of employees and their families.
- **SDG 5 – Gender Equality:** Anti-discrimination and anti-bias employment practices, applied consistently across all subsidiaries regardless of gender, religion, or background, incidentally support equal opportunity and contribute to gender equality as an outcome of fair process.





# Aim 7 – Employee Stewardship Actions

PEDC's employee stewardship in 2025 reflected both the depth of the group's long-standing commitment to its workforce and the practical challenges of sustaining that commitment in a constrained economic environment. Iran's energy sector has operated under significant financial pressure in recent years, driven by sanctions, inflation, and tightening fiscal conditions affecting the entire private sector. Against this backdrop, PEDC's deliberate policy has been to protect employment, maintain core benefits, and invest in the capabilities of its people. The programs described in this section cover the full scope of that commitment: compensation structures and financial security instruments, a comprehensive health program, family welfare benefits, and the development, engagement, and fair employment practices that underpin a stable and motivated workforce.

## Compensation and Benefits

The Welfare, Health, and Family Department within PEDC's Human Capital function manages the group's supplemental benefits program, which extends well beyond statutory requirements to create a comprehensive support ecosystem for employees and their families. PEDC's benefits are organized across four domains: financial security, insurance, health, and family and recreational welfare.

Financial security benefits cover three areas:

- Loan program: corporate loans, essential and emergency interest-free loans, and bank referral letters enabling employees to access external financing, all available from the first day of employment
- Pasargad Human Capital Future Provision Fund: enrolled employees receive annual dividends equivalent to 144% of monthly salary, with PEDC covering 50% of the share value, creating a long-term savings vehicle beyond the national pension system
- Group credit scoring conducted through the Central Bank for all staff to facilitate access to banking facilities

The insurance package builds on coverage under Iran's national social security system with five additional policies:

- Supplemental group health insurance covering hospitalization, surgeries, outpatient care, medications, preventive care, mental health, and vision
- Term life insurance
- Group accident insurance
- Employer civil liability insurance toward employees
- Supplemental retirement life and future provision insurance, for which PEDC pays the maximum allowable premium as a deliberate retention and organizational commitment measure

Dedicated insurance offices operate at the Mirdamad and Hamila headquarters buildings, with online claim registration capability and full in-house management of medical document collection and submission to the insurer.

Compensation follows a performance-linked structure, with bonuses, performance-linked pay, and variable compensation determined by individual performance and organizational targets. Merit increases are tied to job advancement, expanded responsibilities, or changes in accountability level. Supplemental health insurance coverage reached 98% of direct employees in 2025, up from 95% in 2024.

Retirement planning support extends beyond the statutory national pension system. The supplemental retirement life and future provision insurance continues post-employment, financial planning advisory services are available to employees approaching retirement, and a structured alumni engagement program maintains relationships with retired staff through event invitations, knowledge transfer sessions, and project advisory roles. Housing facilitation is available to employees through a company-supported residential program, providing access to subsidized housing arrangements for eligible staff.

## Health Initiatives

Health management at the group level is anchored by a fully equipped medical clinic at the Hamila headquarters building and a doctors' office at the Pasargad building, staffed by a permanent nurse for first aid and injections, a medical secretary, and a rotating schedule of specialist visiting doctors. The clinic is equipped with an electrocardiograph, defibrillator, suction unit, cardiomed, and gynecology examination table. Visiting specialists available to employees and their families at headquarters include:

- Obstetrics and gynecology
- Cardiology with echocardiography
- Orthopedics and traumatology
- Internal medicine with endocrinology and metabolism subspecialty
- Physiotherapy
- Pediatrics
- Rheumatology
- Nutritionist

An online appointment booking system manages scheduling across all on-site specialists. In 2026, PEDC is planning to add dedicated psychological counseling sessions to the existing specialist presence.

The Nasim Salamat Electronic Health Center manages group-wide health programs:

- Periodic health examinations using a golden package for all staff including senior managers
- Pre-employment occupational medicine for new hires
- Annual family health examinations extended to include family members in 2025 (previously employees only)
- Digital and physical medical files for all PEDC group employees
- Hepatitis screening and vaccination
- Cholesterol and fatty liver monitoring with personalized dietary correction
- Musculoskeletal support through the on-site physiotherapist

All medications prescribed by on-site or treating physicians, including rare medications, are delivered free of charge to the office within 24 hours of prescription. The Retina System (RTS) health management module covers supplemental insurance, physician appointments, periodic medical examinations, and electronic health records. A smart AI health assistant was under development at 60% completion in 2025.

## Family Support

Family support programs are administered by the Welfare, Health, and Family Department and cover recreational, financial, and family life domains. Recreational benefits include access to PEDC-owned accommodation facilities: the Golpad Resort in Nashtarud (3 units), the Qeshm Island accommodation, and preferential rates of 30-70% at partner hotels in Mashhad, Yazd, and Shiraz, with priority reservations available as a wedding anniversary benefit. Annual online film platform subscriptions, exclusive cinema screenings of top Fajr Film Festival films for staff and families, and concert tickets are provided as cultural benefits. In accordance with Iranian Labor Law, PEDC provides paid maternity leave of six months and paid paternity leave of two weeks.

When employees face family emergencies, PEDC's policy ensures that leave is granted without delay, going beyond statutory minimums. Provisions include:

- Bereavement leave for the loss of an immediate family member
- Urgent leave during acute illness of the employee or a first-degree family member
- Support and leave during occupational health and safety incidents
- Financial assistance in force majeure situations
- Emergency loans to reduce financial stress in critical circumstances

Financial and welfare support programs include:

- Marriage allowance
- Monthly daycare subsidy for working mothers with children under six years old
- School stationery kit for employees' school-age children
- Nowruz New Year package as the primary annual gift
- Holiday gifts and allowances throughout the year for major religious and national occasions
- Clothing allowance every six months
- Travel allowance with dedicated leave days
- Quarterly credit allowance redeemable at contracted retail outlets

A nutrition consultant supervises the company meal program at group facilities.

## Employee Development

PEDC's approach to training and development is organized around a competency framework benchmarked against peer organizations including the National Iranian Oil Company and leading international models. Competency gap assessments have been conducted for operational and administrative staff to identify development priorities, and individual development plans are being designed and implemented based on these assessments.

PEDC's structured university engagement programs, the Sad dar Sadr internship bootcamp and the trainee program, are designed primarily to strengthen relationships with leading Iranian universities and to attract top graduates to careers in the energy sector. They are described in full under Aim 8, which covers university cooperation and community stewardship. Both programs also serve as a talent pipeline into the group, and detailed accounts of program content, participation numbers, and outcomes are provided there.

For existing staff, PEDC implemented a performance management system across management, specialist, and supervisory levels, evaluating employees against seven general competencies and organizational values, with feedback sessions and development agreements at each review cycle. The system is being extended to include specialist technical competencies through the Retina HR platform. Leadership development for senior managers was delivered through a series titled "Enduring Experiences in Energy," providing structured knowledge transfer and peer learning among group executives.

Across the group, training per capita at HQ ranged from 10 to 42 hours depending on role level in 2025. The percentage of training delivered through internal group instructors was 13.3% in 2024 and 15.4% in 2025, reflecting a deliberate shift toward building internal training capability. Virtual training represented 19.2% of delivery in 2024 and 11.9% in 2025. Sustainability-related training averaged 1.5 hours per person and ethics training averaged 2.1 hours per person across HQ in 2025.

PEDC conducts periodic employee attitude surveys to measure workforce engagement and satisfaction. The survey score was 76% in 2024 and 69% in 2025. The decline reflects broader economic pressures facing Iranian companies operating under sanctions and constrained fiscal conditions, which have compelled many employers to delay or reduce benefit disbursements. PEDC has prioritized retaining its workforce and avoiding layoffs despite these pressures, and the decline in satisfaction is being addressed through targeted improvement programs focused on work-life balance, management communication, and benefits continuity, with planned enhancements including expanded psychological counseling access and increased supplemental health coverage in 2026. Communication channels available to employees include direct management feedback sessions, the Retina HR platform for formal submissions, direct access to the PEDC Group CEO and Human Capital Director, and anonymized concern channels maintained across subsidiaries.

## Fair Employment and Employee Engagement

PEDC's employment practices are built on merit, transparency, and equal opportunity. Hiring decisions across all subsidiaries prioritize the most qualified candidate regardless of background, with fairness and transparency embedded in recruitment policy alongside a commitment to prioritizing local and indigenous workforce members at project sites and attracting future-oriented skills and young talent through structured internship and trainee programs.

Compensation is determined by six parameters applied consistently across the group:

- Relevant work experience and seniority
- General and specialized job competencies
- Job profile, scope of responsibility, and occupational risk level
- Labor market conditions and competitiveness within the energy industry
- National economic conditions and annual compensation adjustment policies
- Approved budget and group-wide compensation strategy

Compensation policy rests on four principles:

- Organizational equity
- Full compliance with Iran's labor, social security, and legal requirements
- A job classification and evaluation system
- Linkage to individual, team, and organizational performance

All supplemental benefits are applied equally regardless of organizational level, ensuring that entitlements do not vary by seniority or grade.

Employee engagement and concern channels operate through multiple formal and informal mechanisms designed to ensure that every employee has a genuine and accessible route to raise issues, provide feedback, or escalate concerns. Regular team meetings and cross-departmental sessions provide structured communication at the working level. For concerns that require escalation beyond the immediate management chain, employees can schedule direct meetings with the Group Human Capital Director and the PEDC Group CEO, with phone and email contact available as additional channels. Periodic attitude surveys measure workforce satisfaction and engagement at the group level, with results informing structured improvement programs. The Retina HR platform provides a formal digital channel for submissions and records. Anonymous concern channels are maintained across subsidiaries in accordance with PEDC's governance standards, allowing employees to raise issues without fear of identification or retaliation.

PEDC applies anti-discrimination and anti-bias practices across all employment decisions, with no consideration given to gender, religion, ethnicity, or background. All hiring, promotion, and compensation decisions are made solely on merit and qualification. As an indicator of hiring outcomes, women account for 10.9% of the direct workforce in 2025, up from 9.8% in 2024, with the highest concentration at PEDC headquarters where they represent 34% of direct staff, reflecting the nature of roles at group level. PEDC's employees are afforded the right to freedom of association under Iranian Labor Law.

# Aim 8 – Local Community Stewardship

PEDC's subsidiaries operate in communities, not merely in locations. The Sepehr-Jufair field sits in Khuzestan, where local communities have experienced decades of proximity to industrial activity without always receiving proportionate economic benefit. The Qeshm Island facilities neighbor villages whose livelihoods depend on a healthy marine environment. Solar construction sites span 25 locations across 12 provinces. The methanol plant under construction in Bandar Parsian sits adjacent to Chabahar's developing industrial zone. Each of these contexts carries specific community expectations and obligations.

Local Community Stewardship is the framework through which PEDC acknowledges and acts on those obligations. It encompasses the deliberate prioritization of local employment at project sites, the investment in educational infrastructure in communities near operations, the structured engagement with universities that builds long-term institutional relationships, the sourcing of goods and services from domestic suppliers, and the community engagement programs that address needs identified through direct dialogue. These are not philanthropy. They are the operational expression of a conviction that long-term business success and community well-being are interdependent.

This aim consolidates what were previously reported as Aims 11 (Local Community Stewardship), 12 (Creating Value Locally), and elements of Aim 13 (Quality Training) that involved community-facing education programs. The consolidation reflects the practical integration of these activities: local employment and domestic procurement are two sides of the same economic development commitment, and university engagement and school support are two levels of the same educational investment.

Four enablers define how PEDC pursues local community stewardship. Together they create economic value in the communities around operations, invest in human capital at multiple levels of the educational system, and build the long-term institutional relationships that sustain community trust.

a) **Community Engagement:** Maintaining active dialogue with communities near operational sites, responding to identified needs, and delivering targeted programs that address community health, cultural, and economic priorities. Community engagement is embedded in the Environmental Impact Assessment process and extends into operations through site-specific social management programs.

b) **School Construction and Support:** Investing in educational infrastructure in underserved communities near operational sites, providing ongoing material support to existing schools, and supporting innovation in education through programs that equip young people with technology and problem-solving skills.

c) **University Cooperation and Talent Engagement:** Maintaining formal partnership agreements with leading Iranian universities, hosting expert seminars and workshops, co-developing research programs, and running structured internship and trainee programs that connect top graduates with PEDC's operations and create a pipeline of future talent for Iran's energy sector.

d) **Local Employment and Procurement:** Prioritizing local and indigenous workforce recruitment at all project sites and sourcing 100% of general consumable materials and standard services from local and domestic suppliers, creating sustained economic benefit in the communities where PEDC operates and reducing import dependency across the supply chain.

## Direct Contributions

- **SDG 1 – No Poverty:** Priority local employment at project sites and sustained procurement from local suppliers create economic security for communities near PEDC's operations, directly reducing poverty and economic vulnerability.
- **SDG 2 – Zero Hunger:** Economic stability through local employment and procurement supports food security in communities near operational sites.
- **SDG 4 – Quality Education:** School construction, student support, university cooperation, and technology education programs directly advance equitable access to quality education at multiple levels.
- **SDG 8 – Decent Work and Economic Growth:** Local employment policies, domestic procurement, and supplier development create decent work opportunities and strengthen the local economic base.
- **SDG 16 – Peace, Justice and Strong Institutions:** Community engagement programs and transparent stakeholder dialogue build trust and reduce social tensions associated with industrial development.
- **SDG 17 – Partnerships for the Goals:** University cooperation agreements, engagement with Pasargad Bank's educational program, and collaboration with the Vice Presidency for Science and Technology strengthen institutional partnerships for sustainable development.

## Indirect Contributions

- **SDG 6 – Clean Water and Sanitation:** QMCO's provision of desalinated water to Dargahan area communities and HQIM's anti-pollution measures at the Qeshm oil jetty protect water quality and access for neighboring communities.
- **SDG 10 – Reduced Inequalities:** Local employment priority, domestic procurement, educational investment in underserved communities, and practices such as renting local accommodation at project sites rather than building separate camps reduce economic and geographic inequality in the communities where PEDC operates.
- **SDG 11 – Sustainable Cities and Communities:** Investment in educational infrastructure, community health programs, and local economic development contribute to the sustainability of communities near PEDC's operational sites.
- **SDG 12 – Responsible Consumption and Production:** Domestic procurement policies reduce transport-related emissions and support responsible consumption patterns in the supply chain.
- **SDG 13 – Climate Action:** Reducing procurement transport distances lowers associated emissions, and local supplier development reduces supply chain vulnerability to global disruptions.

# Aim 8 – Local Community Stewardship Actions

Traditional shipyard in one of the coastal communities near PEDC's operations

Local community stewardship actions in 2025 spanned employment, education, university engagement, local procurement, and targeted community programs. The common thread across all of them is a conviction that PEDC's presence in a community should be economically and socially generative, not merely extractive.

## Local Employment and Procurement

PEDC applies a group-wide policy of prioritizing local and indigenous workforce recruitment at all development and operational project sites. The policy establishes that local workers should be sourced first for all roles that do not require specialist expertise unavailable locally, and that the search for external labor should begin only after local recruitment options have been exhausted. This approach is applied across upstream field development in Khuzestan, refinery and oil jetty operations on Qeshm Island, solar plant construction across multiple provinces, and the petrochemical construction project in Bandar Parsian. The direct employment effect is 3,630 people holding direct contracts with PEDC subsidiaries, supported by approximately 5,000 contractor employees working directly on PEDC projects, and an estimated 30,000 indirect jobs created through supply chain and economic multiplier effects in Tehran and cities across Iran.

On Qeshm Island, where PBPQ's heavy oil refinery, HQIM's oil jetty, and QMCO's desalination plant together represent one of the group's largest operational concentrations, the local employment policy is applied consistently across all three facilities.

By directing procurement to domestic suppliers and local enterprises, PEDC creates sustained economic linkages in the regions where it operates. General consumable materials and standard services are sourced locally as a first principle. Where technically equivalent domestic alternatives exist for specialized equipment, subsidiaries source from Iranian manufacturers, including knowledge-based companies. PEPD's procurement of motor-operated valves, wellhead control panels, fire and gas systems, and UPS systems from domestic manufacturers in 2025 is one example of this policy in practice. Advance procurement advertising is issued to attract local providers, and direct supplier engagement builds the capability of smaller local enterprises to meet PEDC's operational specifications.

These employment and procurement practices work together to maximize the economic benefit that communities derive from PEDC's presence, creating income flows that extend well beyond any single project.

## School Construction and Educational Support

PEDC's school construction and support program operates as an implementing arm of Pasargad Bank's broader educational development mandate. By the end of 2024, PEDC had constructed more than 17,940 m² of educational facilities across four schools, on a total land area of 26,000 m². In 2025, construction commenced on the Pasargad Energy School in Weshnam, Chabahar, in one of Iran's most economically disadvantaged provinces, extending the program to the Sistan and Baluchestan region where SCID's methanol construction project is also located. Beyond school construction in underserved communities, PEDC's annual general assembly has approved the allocation of 1% of the group's consolidated operational revenue to support the construction of Khatam University, reflecting a commitment to educational infrastructure development at higher education level.

Ongoing support to existing schools continued through material provision, equipment donation, and library development. At the Pasargad School in Zeinabi village on Qeshm Island, PEDC provided school supplies and stationery for the new academic year, donated computer equipment and stationery to students, and contributed books to the school library. At the Pasargad School in Malihe Haj Badr village in Hoveyzeh, Khuzestan, the school library was equipped with books, extending educational resource access in a community adjacent to the Sepehr-Jufair field development. Donations of stationery, administrative supplies, school facilities and equipment, and educational equipment to a number of schools in the provinces of Sistan and Baluchestan, Hormozgan, and Khuzestan have been among the other initiatives undertaken to support schools in underserved areas.

Beyond physical infrastructure, PEDC supports innovation and technology education for children through its partnership with the Lancer Innovation Center at Sharif University of Technology's innovation station. The center provides students in middle school and high school with structured training in programming, robotics, artificial intelligence, and entrepreneurship. PEDC also supported children of its own employees to participate in Lancer's programs: from 135 applicants, 102 children enrolled with a 75.5% participation rate, attending courses in block programming, algorithmic thinking, introductory and advanced robotics, Java, hardware coding, and AI for students. Of these, 75 students (73.5%) continued into second and third terms.

## University Cooperation and Talent Engagement

PEDC's university engagement program in 2025 combined formal research laboratory partnerships (reported in Axis 1) with a broad program of student outreach, specialist seminars, and field visits designed to build the next generation of Iranian energy engineers. University cooperation MoUs were signed with both Sharif University of Technology and Tehran University during the year, formalizing collaboration in training, internship, and research activities.

Three major university seminars were organized in 2025, collectively reaching over 1,290 students:

- Directional Drilling Services seminar at Sharif University of Technology, presented by PDKC specialists: 370+ students from Sharif (33%), AUT (39%), Tehran University (20%), and other institutions. Overall satisfaction: 88%
- Drilling Technical Services seminar at Tehran University, presented by PDKC: 400+ students from Tehran University (59%), AUT (11%), Sharif (6%), and other institutions. Overall satisfaction: 89%
- EPD Project Experiences in Oil and Gas seminar at Amirkabir University of Technology, presented by PECO: 520+ students from AUT (62%), Tehran University (16%), Sharif (10%), and other institutions. Overall satisfaction: 87%

Three specialist workshops were also organized:

- Perforation Services workshop at Sharif University, presented by PDKC: overall satisfaction 92%
- HPHT Well Drilling and Testing workshop at AUT, presented by PECO: overall satisfaction 90%
- Applied Digitalization in Oil and Gas Industry workshop at Sharif University with PEDC's energy and water research institute

These seminars and workshops reflect PEDC's conviction that university engagement should be practical rather than ceremonial: industry experts sharing real operational experience with students who may one day work in the sector. This same conviction is expressed through two structured programs that give students direct exposure to PEDC's operations.

The Sad dar Sadr internship bootcamp selected 100 students from 450 applicants at leading Iranian universities in 2025 for a structured summer program combining upstream and downstream technical training, organizational behavior, engineering economics, PUM Center familiarization, soft skills development, CEO mentoring sessions, and site visits to active field projects. Total training delivered reached 4,780 person-hours. Effectiveness scores: foundational courses 94%, specialist courses 89%, general and soft skills 93%. Overall satisfaction: 94%. Senior managers and subsidiary CEOs participated directly in mentoring sessions with interns. The program also serves as a talent pipeline: participants who demonstrate strong performance are considered for employment within the group, with a small number of direct hires to date. The 2024 program selected 70 interns and delivered 4,564 person-hours of training with 95% overall satisfaction.

The trainee program, running from April to October 2025, delivered 8 courses covering 116 hours and 1,000 person-hours of instruction:

- Effective Communication and Conflict Management
- Teamwork
- Power BI
- Applied Excel
- Professional Ethics and Organizational Behavior
- Engineering Economics and Financial Modeling
- Artificial Intelligence
- Iranian Oil Industry History

Average course satisfaction ranged from 89% to 95%. Like the bootcamp, the trainee program is primarily a university and community engagement initiative, with employment within the group as a secondary outcome for outstanding participants.

University of Tehran PEDC Laboratory

Internship bootcamp

Handicrafts produced at the Leiva Arts Center, Zeinabi village, Qeshm Island

## Community Engagement Programs

Community engagement in 2025 combined targeted programs in the communities nearest to PEDC's major operational sites with broader support for the surrounding communities and institutions connected to its operations.

In Zeinabi village on Qeshm Island, the Leiva Arts Center represents PEDC's most direct community investment in 2025. The center provides workspace, equipment, and organizational support for local women to develop traditional crafts and access commercial markets. PEDC's initial procurement of handicrafts for organizational use creates a guaranteed revenue stream while the center develops broader market connections. The program is designed to become commercially self-sustaining over time rather than dependent on continued subsidy. Extending this focus on long-term capacity building, the group's educational support programs in adjacent communities contribute to broader human development outcomes.

Alongside these direct community programs, PEDC's operational infrastructure in some locations generates social benefits as a natural outcome of how facilities are designed and operated.

QMCO's desalination plant on Qeshm Island supplies clean water both for plant operations and for approximately 35,000 residents in Dargahan, Laft, and the villages of Qeshm Island, providing an essential service in a water-scarce environment.HQIM's oil jetty facilities

incorporate equipment designed to prevent hydrocarbon pollution in the surrounding marine environment, directly supporting the livelihoods of Qeshm Island communities. These operational contributions are complemented by a formal governance process that embeds community obligations into project planning from the outset.

Underpinning all of these programs is PEDC's impact assessment process, applied at all project sites before commencement. The assessments generate specific mitigation commitments, including dust and contamination controls at Sepehr-Jufair, marine pollution prevention at HQIM's oil jetty, and the habitat restoration programs described in Axis 2. By embedding community and environmental obligations into project planning, PEDC ensures that community stewardship is a condition of project execution rather than an afterthought.

PEDC's social responsibility activities also extend beyond its immediate operational communities to address broader social and humanitarian needs across Iran. In support of educational access, the group donated stationery to 3,000 students in Khuzestan Province through the Imam Khomeini Relief Committee and provided computer equipment to underprivileged children in Tehran, Karaj, and Mazandaran. These initiatives reflect a wider commitment to educational support beyond communities directly connected to project sites.

In the healthcare sector, PEDC contributed to the construction and equipping of the bone marrow transplant and cell therapy center at Imam Reza Hospital in Mashhad. As the only center of its kind in northeastern Iran and the first in the eastern part of the country, the facility serves patients across a radius of approximately 1,000 kilometers who would otherwise lack access to bone marrow transplantation and specialized oncology treatment.

As part of its social responsibility initiatives, the Group replaced the traditional practice of sending funeral wreaths with donations of wheelchairs to charitable organizations in memory of the deceased. Wheelchairs were donated to Bacheha-ye Aseman and Raad charitable organizations in Tehran and Dot Charity in Sistan and Baluchestan Province. The Group also supported Bacheha-ye Aseman through the installation of a diesel generator, electrical panel, and fuel supply system. The generator resolved a persistent operational vulnerability caused by recurring power outages at the facility, significantly improving the reliability of care conditions for the children in residence.

Imam Reza Hospital, Mashhad

# Axis 4 – Economic and Social Development: Performance Indicators

Performance data covers the period to the end of Iranian fiscal year 1404 (29 March 2026) unless otherwise noted. Workforce figures are from the PEDC Human Capital Population Composition file dated 1404/12/29.

## GRI 401 – Workforce Composition (Aim 7)

All figures represent headcount at the end of the reporting period. Direct employees hold employment contracts directly with PEDC subsidiaries.

| Category | 2024 Women | 2024 Men | 2024 Total | 2025 Women | 2025 Men | 2025 Total | Notes |
|---|---|---|---|---|---|---|---|
| Direct employees | 348 | 3,185 | 3,533[1] | 396 | 3,234 | 3,630 | 9.8% (2024) / 10.9% (2025) women |
| Management (supervisors and above) | 3 | 53 | 56 | 4 | 52 | 56 | |

*1. 2024 scope differs from 2025: 2024 file excludes PEDC HQ, MEPH, and NGSC. On a like-for-like basis direct headcount grew by +97 (+2.7%) year-on-year.*

## Workforce by Subsidiary – Top 10 Direct Employers

| Subsidiary | Sub-Holding | Women (direct) | Men (direct) | Total Direct |
|---|---|---|---|---|
| OKDC | Zharf | 21 | 555 | 576 |
| TEID | Mahtab | 16 | 507 | 523 |
| PBPQ | Kimia | 24 | 440 | 464 |
| PDKC | Zharf | 28 | 313 | 341 |
| PECO | Zharf | 45 | 252 | 297 |
| PEPD | Zharf | 43 | 201 | 244 |
| PEMC | Centrally Managed | 24 | 190 | 214 |
| PEDC HQ | Group | 64 | 125 | 189 |
| POGP | Zharf | 14 | 149 | 163 |
| QMCO | Mahtab | 9 | 132 | 141 |





## GRI 401-2 – Employee Benefits (Aim 7)

| Benefit / Program | 2024 | 2025 | Notes |
|---|---|---|---|
| Social security (national) | 100% | 100% | All direct employees. Full compliance, no premium interruptions. |
| Supplemental health insurance – full-time | 95% | 98% | Includes eligible family members. Post-retirement continuation available. |
| Supplemental health insurance – part-time | 60% | 65% | |
| Supplemental health insurance – contractors | 40% | 50% | |
| Periodic health examinations – full-time | 100% | 100% | Golden package for all staff. Family members included from 2025. |
| Periodic health examinations – part-time | 70% | 75% | |
| Periodic health examinations – contractors | 60% | 65% | |
| Psychological counseling services – full-time | 70% | 85% | Through Nasim Salamat. On-site sessions planned for 2026. |
| Psychological counseling services – part-time | 40% | 55% | |
| Psychological counseling services – contractors | 30% | 45% | |
| Vaccination program – full-time | 90% | 92% | Hepatitis and other preventive vaccines. |
| Vaccination program – part-time | 60% | 65% | |
| Vaccination program – contractors | 50% | 60% | |
| Sports programs – full-time | 75% | 60% | Decrease reflects budgetary constraints in 2025. |
| Sports programs – part-time | 45% | 50% | |
| Sports programs – contractors | 30% | 25% | |
| Employee attitude survey score | 76% | 69% | Decline reflects broader economic pressures; improvement programs planned for 2026. |
| Welfare loan program – full-time | 100% | 80% | Satisfaction: 90% (2024), 80% (2025). Decrease in coverage reflects fiscal constraints. |
| Family week program – full-time | 100% | 100% | Satisfaction: 85% (2024), 100% (2025). |
| Flexible working hours – full-time | 100% | 100% | Satisfaction: 80% (2024), 100% (2025). |
| Educational support allowance – full-time | 50% | 50% | Satisfaction: 60% (2024), 50% (2025). |
| Seasonal gift packages – full-time | 100% | 100% | Satisfaction: 95% (2024), 100% (2025). |
| AI health assistant (Retina RTS) | — | 60% complete | Under development. Medical query response and document analysis. |

## GRI 404 – Training and Education (Aim 7)

Training per capita data is reported for PEDC Group Headquarters. Sub-holding level training data is not available in the current reporting cycle and will be added in the next cycle. All figures from HR Department records.

| Indicator – PEDC HQ | 2024 | 2025 |
|---|---|---|
| Training per capita – office managers (hours/person) | 37 | 10 |
| Training per capita – specialists and staff (hours/person) | 51 | 20 |
| Training per capita – supervisors and middle managers (hours/person) | 76 | 42 |
| Training per capita – senior managers (hours/person) | 4 | 25 |
| Training delivered by internal group instructors (%) | 13.3% | 15.4% |
| Training delivered via virtual platforms (%) | 19.2% | 11.9% |
| Training satisfaction rate | 89% | 90.5% |
| Training per capita – sustainability topics (hours/person, HQ average) | 1.0 | 1.5 |
| Training per capita – ethics and code of conduct (hours/person, HQ average) | 8.0 | 2.1 |
| Training per capita – anti-corruption incl. anti-money laundering (hours/person, HQ average) | 1.0 | 1.0 |
| University engagement bootcamp – interns selected | 70 | 100 |
| University engagement bootcamp – total training delivered (person-hours) | 4,564 | 4,780 |
| University engagement bootcamp – participant satisfaction rate | 95% | 94% |
| Trainee program – modules in curriculum | — | 8 |
| Trainee program – total person-hours | — | 1,000 |

## Community Stewardship Indicators (Aim 8)

| Indicator | 2024 | 2025 |
|---|---|---|
| Total direct employment (direct contracts) | 3,533 | 3,630 |
| Contractor employees on PEDC projects (est.) | — | ~5,000[2] |
| Indirect jobs created (est.) | — | ~30,000 |
| Educational space constructed (cumulative m²) | 17,940[3] | 17,940 + Weshnam |





| Indicator | 2024 | 2025 |
|---|---|---|
| Schools supported with materials/equipment | 2 | 2 |
| University cooperation agreements (formal MoU) | — | 2 (Sharif, Tehran Univ) |
| University seminars and workshops organized | — | 6 |
| Students reached through seminars and workshops | — | >1,700 |
| Children of employees in Lancer Innovation Center | — | 102 enrolled (from 135 applicants) |
| Revenue allocation for cultural/educational activities | 1% | 1% |
| Leiva Arts Center (Zeinabi village, Qeshm) | — | Established 2025 |

*2. Contractor employees (~5,000) work directly on PEDC projects via third-party contracts.*

*3. Educational space figure of 17,940 m² (facility area across 4 schools, on 26,000 m² of land) from 2024 Axis 4 snapshot.*

*Indirect employment estimate (~30,000) from PEDC social responsibility document 2025. Covers supply chain and economic multiplier effects across Tehran and cities of operation.*

## GRI 203 – Indirect Economic Impacts / Community Investment (Aim 8)

Community investment figures are reported by activity type and sub-holding. Figures converted to USD.[4]

| Sub-Holding | Activity Type | Description | Amount | Location | Impact Category | Stakeholder Group | Estimated Impact |
|---|---|---|---|---|---|---|---|
| Zharf | Support services | Donation to Mahak Charity and Kahrizak Elderly Care Home | $625,372 | Tehran | Local community | Special-needs patients and elderly | Improved community health, social responsibility |
| Zharf | Local economic impact | Job creation | $7,493,368 | Ahvaz-Susangerd | Economic | Local workforce | Reduced unemployment |
| Kimia | Local infrastructure investment | Cooling unit supplied for Ferdowsi Dashti elementary school, Parsian | Delivered under EPC contractual obligation | Hormozgan / Parsian | — | Ferdowsi school, Kooshkenar education office | — |
| Kimia | Local economic impact | Job creation | $2,974,008 | Eshtehard | Local economic impact | Local workforce | Reduced unemployment |
| Mahtab | Local infrastructure investment | 4MW solar power plant | $91,570 | Damghan | Increased power supply | Local workforce | Reduced unemployment, improved livelihood |
| Mahtab | Support services | Room construction, Bone Marrow and Stem Cell Transplant Center | $64,277 | Imam Reza Hospital, Mashhad | — | Cancer patients | Improved efficiency and quality of care |
| Other | Support services | Shiraz University software | $9,822 | Shiraz | Social responsibility | University | Contribution to scientific development |

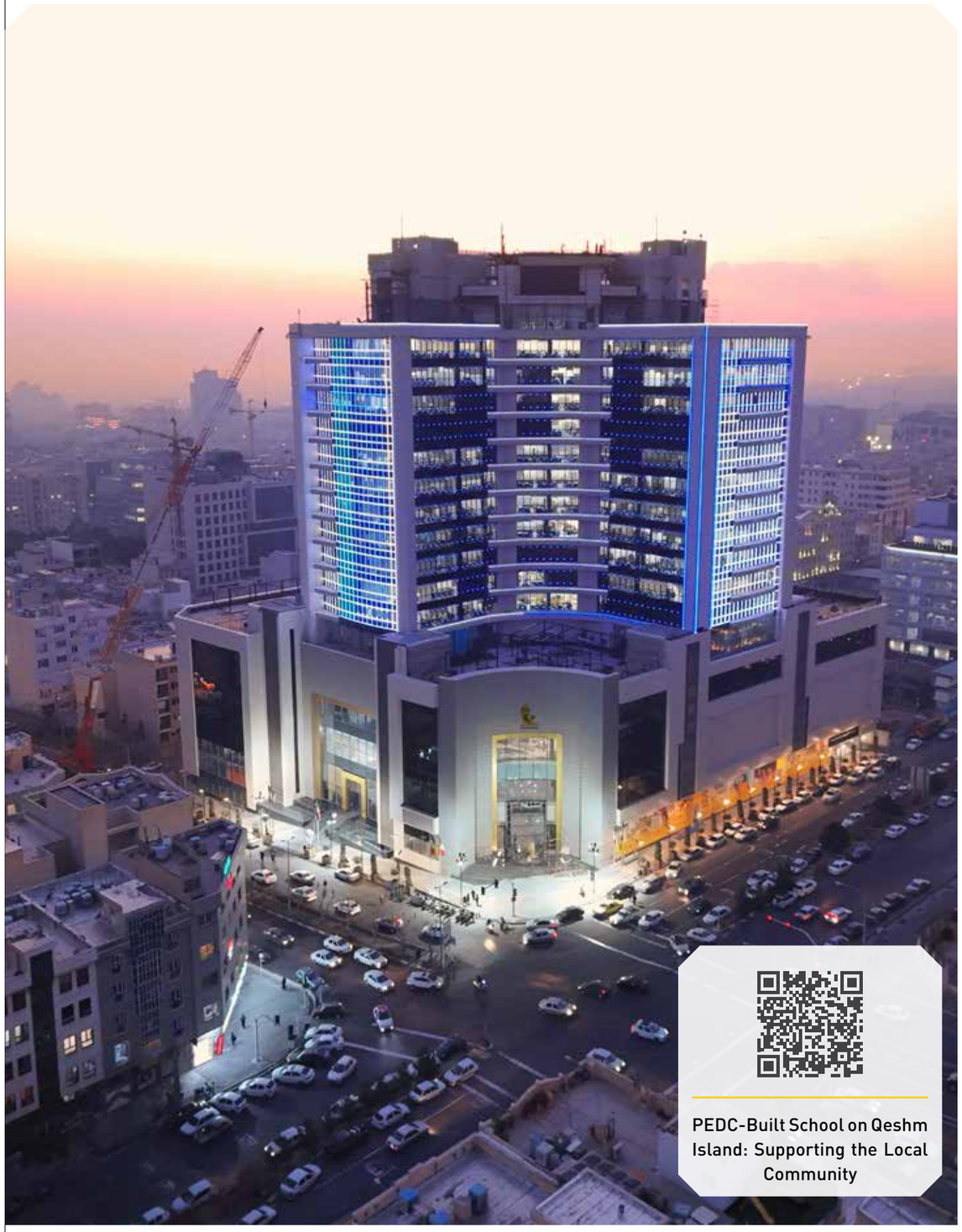
*4. Converted at 832,336 IRR/USD (FY1404 rate).Delivered under EPC contractual obligation (Kimia local infrastructure investment); cost not separately quantified in PEDC's books, pending confirmation with Accounting. Not reported for FY1404: Zharf local infrastructure investment; Kimia support services; Mahtab local economic impact; Other local infrastructure investment; Other local economic impact.*

## GRI 204 – Supplier Base and Procurement Spend (Aim 8)

Procurement figures reflect PEDC's full supplier base across all categories. Figures converted to USD.[5]

| Category | Zharf | Kimia | Mahtab | Other | PEDC Group Total |
|---|---|---|---|---|---|
| Total suppliers (count) | 5,252 | 597 | 1,243 | 60 | 7,152 |
| Total purchase value | $407,412,630 | $168,266,012 | $45,477,883 | $1,385,440 | $622,541,964 |
| Domestic/local suppliers (count) | 3,311 | 275 | 466 | 37 | 4,089 |
| Domestic/local purchase value (share of total) | $54,908,874 (13.48%) | $4,210,858 (2.50%) | $4,440,791 (9.76%) | $381,125 (27.51%) | $63,941,648 |
| Domestic/non-local suppliers (count) | 1,634 | 317 | 775 | 21 | 2,747 |
| Domestic/non-local purchase value (share of total) | $145,345,457 (35.68%) | $83,568,234 (49.66%) | $38,723,427 (85.15%) | $871,834 (62.93%) | $268,508,952 |
| Foreign suppliers (count) | 307 | 5 | 2 | 2 | 316 |
| Foreign purchase value (share of total) | $207,158,298 (50.85%) | $80,486,919 (47.83%) | $2,313,665 (5.09%) | $132,481 (9.56%) | $290,091,364 |

*5. Converted at 832,336 IRR/USD (FY1404 rate). Figures reflect total procurement value across all supplier categories, including specialized equipment and capital procurement, not limited to the general consumable materials and standard services referenced in the Local Employment and Procurement enabler above, which are sourced at 100% domestic/local supply.*



PEDC-Built School on Qeshm Island: Supporting the Local Community

# Abbreviations and Acronyms

The following abbreviations and acronyms are used throughout this report. Full company names are given at first mention in each chapter; this table serves as a consolidated, alphabetical reference.

| Abbreviation | Full Term |
|---|---|
| AI | Artificial Intelligence |
| AITD | Artificial Intelligence Technology Development Company (formerly ESTD; trade name: Tafahom) |
| APET | Arman Pasargad Energy Technologies |
| API | American Petroleum Institute |
| AUT | Amirkabir University of Technology |
| bbl | Barrel (of oil) |
| BOP | Blowout Preventer |
| CAPEX | Capital Expenditure |
| CBAM | Carbon Border Adjustment Mechanism |
| CCPP | Combined Cycle Power Plant |
| CCPS | Center for Chemical Process Safety |
| CEO | Chief Executive Officer |
| CGEP | Ctesiphon Green Energy Production Company |
| CMMS | Computerized Maintenance Management System |
| CTEP | South Azadegan Combined-cycle Thermal Energy Plant (MAPNA-operated) |
| DWT | Deadweight Tonnage |
| EAGE | European Association of Geoscientists and Engineers |
| EFQM | European Foundation for Quality Management |
| EIA | Environmental Impact Assessment |
| EOR | Enhanced Oil Recovery |
| EPC | Engineering, Procurement and Construction |
| EV | Electric Vehicle |
| $F^6$ | Frame $^6$ (gas turbine frame designation) |
| FAR | Fatal Accident Rate |
| FR | Frequency Rate |
| GHG | Greenhouse Gas |
| GJ | Gigajoule |
| GPCA | Gulf Petrochemicals and Chemicals Association |
| GRI | Global Reporting Initiative |
| GW | Gigawatt |
| $H^2S$ | Hydrogen Sulfide |
| HAZID | Hazard Identification Study |
| HAZOP | Hazard and Operability Study |
| HDPE | High-Density Polyethylene |
| HPHT | High Pressure, High Temperature |
| HQ | Headquarters |
| HQIM | Tajhiz and Towseh Sanaye Hangam Qeshm Company (Hangam Qeshm Industries Equipment and Development) |
| HR | Human Resources |
| HRSG | Heat Recovery Steam Generator |
| HSE | Health, Safety and Environment |
| HSEQ | Health, Safety, Environment and Quality |
| HVOF | High Velocity Oxygen Fuel (thermal spray coating process) |
| IAM | Institute of Asset Management |
| IEA | International Energy Agency |
| IFMA | Iranian Financial Management Association |
| IGAT | Iran Gas Trunkline |
| IMA | Iranian Management Association |
| IOGP | International Association of Oil & Gas Producers |
| IPCC | Intergovernmental Panel on Climate Change |
| IPCM/IPCMMS | Integrated Plant and Combined-cycle Monitoring Center (Management System) — TEBS/Shariati CCPP turbine performance dashboard; also deployed at QMCO and Tafahom/AITD |
| IPIECA | International Petroleum Industry Environmental Conservation Association |
| ISIRI | Institute of Standards and Industrial Research of Iran |
| ISO | International Organization for Standardization |
| IT | Information Technology |
| JEPC | Javid Energy Partow Company |
| KPI | Key Performance Indicator |
| LHC | Light Hydrocarbon |
| LLM | Large Language Model |

| Abbreviation | Full Term |
|---|---|
| LNG | Liquefied Natural Gas |
| LTI | Lost Time Injury |
| LTIR | Lost Time Injury Rate |
| MEPH | Mahtab Energy Pasargad (power generation sub-holding) |
| ML | Machine Learning |
| MMM | Maintenance Management Model (Professor Márquez asset management framework) |
| MoE | Ministry of Energy |
| MOS | Mobile Oil Separation |
| MOT | Mobile Oil Treatment |
| MOU | Memorandum of Understanding |
| MRV | Measurement, Reporting and Verification |
| MTO | Methanol-to-Olefins |
| MW | Megawatt |
| MWh | Megawatt-hour |
| NFC | Near Field Communication |
| NGSC | Niroogostar Sirjan Company |
| NIGC | National Iranian Gas Company |
| NIOC | National Iranian Oil Company |
| NPT | Non-Productive Time |
| OECD | Organisation for Economic Co-operation and Development |
| OKDC | Ostovan Kish Drilling Company |
| OMS | Operating Management System |
| OPEC | Organization of the Petroleum Exporting Countries |
| PBPQ | Pars Behin Palayesh Qeshm Company |
| PDKC | PetroDanial Kish Company |
| PE | Polyethylene |
| PECO | Pezhvak Energy Company |
| PEDC | Pasargad Energy Development Company |
| PEGA | Polyethylene Gostaran Alborz Company |
| PEKA | PetroKala Pasargad Kish Company |
| PEKC | Kimia Energy Pasargad (downstream/petrochemical sub-holding) |

| Abbreviation | Full Term |
|---|---|
| PEMC | Mehr Pasargad Energy Management Projects Company (Qeshm) |
| PEPD | Pasargad Exploration, Production and Development Company |
| POGP | Sepehr Pasargad Oil and Gas Production Company |
| PP | Polypropylene |
| PTW | Permit to Work |
| PUM | Pasargad Upstream Management platform, an AI, Business Intelligence (BI), and Digital Oilfield (DOF) based solution for integrated management of wells, reservoirs, and surface facilities |
| QMCO | Qeshm Movalled Company |
| QR | Quick Response (code) |
| RBI | Risk-Based Inspection |
| RBPS | Risk-Based Process Safety |
| RIPI | Research Institute of Petroleum Industry |
| RTS | Retina System (AI-based health management module) |
| SCID | Sina Chemical Industry Development Company |
| SDG | Sustainable Development Goal (United Nations) |
| SEPC | Soroush Energy Paydar Company |
| SPE | Society of Petroleum Engineers |
| SR | Severity Rate |
| STP | Sewage Treatment Plant |
| STTC | Seavan Tadbir Tejarat Company |
| $tCO^2eq$ | Tonnes of Carbon Dioxide Equivalent |
| TEBS | Towseh Sanaye Bargh Shams Pasargad Company (Tabesh) |
| TEID | Taban Energy Pasargad Industries Development Company |
| TPCO | Tejarat Pasargad Company |
| TW | Terawatt |
| UPS | Uninterruptible Power Supply |
| USD | United States Dollar |
| WKPU | West Karoun Production Unit (regional grid network operated in the Sepehr-Jufair area) |
| WW | Wastewater |
| ZHEC | Zharf Energy Pasargad (upstream sub-holding) |

# GRI Content Index

**Statement of use**

PEDC has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.

GRI 1: Foundation 2021

| GRI Standard | Disclosure | Location |
|---|---|---|
| **GRI 2: General Disclosures 2021** | | |
| **GRI 2** | 2-1 Organizational details | p. 4 |
| **GRI 2** | 2-2 Entities included in the organization's sustainability reporting | p. 19 |
| **GRI 2** | 2-3 Reporting period, frequency and contact point | p. 4 |
| **GRI 2** | 2-4 Restatements of information | p. 114 |
| **GRI 2** | 2-5 External assurance (AUT Office of sustainability) | 148 |
| **GRI 2** | 2-6 Activities, value chain and other business relationships | pp. 15,22,137,138 |
| **GRI 2** | 2-7 Employees | pp. 9, 134 |
| **GRI 2** | 2-8 Workers who are not employees | p. 136 |
| **GRI 2** | 2-9 Governance structure and composition | pp. 24–25 |
| **GRI 2** | 2-10 Nomination and selection of the highest governance body | pp. 24–25 |
| **GRI 2** | 2-11 Chair of the highest governance body | p. 24 |
| **GRI 2** | 2-12 Role of the highest governance body in overseeing the management of impacts | pp. 24, 27 |
| **GRI 2** | 2-13 Delegation of responsibility for managing impacts | p. 27 |
| **GRI 2** | 2-14 Role of the highest governance body in sustainability reporting | p. 27 |
| **GRI 2** | 2-15 Conflicts of interest | p. 29 |
| **GRI 2** | 2-16 Communication of critical concerns | p. 26 |
| **GRI 2** | 2-17 Collective knowledge of the highest governance body | pp. 24–25 |
| **GRI 2** | 2-18 Evaluation of the performance of the highest governance body | pp. 24–25 |
| **GRI 2** | 2-22 Statement on sustainable development strategy | pp. 7, 49–51 |
| **GRI 2** | 2-23 Policy commitments | pp. 29–31 |
| **GRI 2** | 2-24 Embedding policy commitments | pp. 25, 27–29 |
| **GRI 2** | 2-25 Processes to remediate negative impacts | p. 92 |
| **GRI 2** | 2-26 Mechanisms for seeking advice and raising concerns | p. 124 |
| **GRI 2** | 2-27 Compliance with laws and regulations | p. 13 |
| **GRI 2** | 2-28 Membership associations | pp. 32–34 |
| **GRI 2** | 2-29 Approach to stakeholder engagement | pp. 43-46 |
| **GRI 3: Material Topics 2021** | | |
| **GRI 3** | 3-1 Process to determine material topics | p. 47 |
| **GRI 3** | 3-2 List of material topics | pp. 47, 49 |
| **GRI 3** | 3-3 Management of material topics | throughout (Axis/Aim Actions sections) |
| **GRI Standard** | **Disclosure** | **Location** |
| **GRI 201: Economic Performance 2016** | | |
| **GRI 201** | 201-1 Direct economic value generated and distributed | p. 12 |
| **GRI 201** | 201-2 Financial implications and other risks and opportunities due to climate change | p. 12 |
| **GRI 201** | 201-3 Defined benefit plan obligations and other retirement plans | p. 12 |
| **GRI 201** | 201-4 Financial assistance received from government | p. 13 |
| **GRI 203: Indirect Economic Impacts 2016** | | |
| **GRI 203** | 203-1 Infrastructure investments and services supported | pp. 137–138 |
| **GRI 203** | 203-2 Significant indirect economic impacts | pp. 137–138 |
| **GRI 204: Procurement Practices 2016** | | |
| **GRI 204** | 204-1 Proportion of spending on local suppliers | pp. 137–138 |
| **GRI 205: Anti-corruption 2016** | | |
| **GRI 205** | 205-2 Communication and training about anti-corruption policies and procedures | p. 13 |
| **GRI 205** | 205-3 Confirmed incidents of corruption and actions taken | p. 13 |
| **GRI 206: Anti-Competitive Behavior 2016** | | |
| **GRI 206** | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | p. 13 |
| **GRI 207: Tax 2019** | | |
| **GRI 207** | 207-1 to 207-4 Tax approach, governance, stakeholder engagement, and country-by-country reporting | pp. 12–13 |
| **GRI 302: Energy 2016W** | | |
| **GRI 302** | 302-1 Energy consumption within the organization | p. 74 |
| **GRI 302** | 302-4 Reduction of energy consumption | pp. 58–59 |
| **GRI 303: Water and Effluents 2018** | | |
| **GRI 303** | 303-1 Interactions with water as a shared resource | p. 89 |

| GRI Standard | Disclosure | Location |
|---|---|---|
| **GRI 303: Water and Effluents 2018** | | |
| **GRI 303** | 303-5 Water consumption | p. 89 |
| **GRI 304: Biodiversity 2016** | | |
| **GRI 304** | 304-2 Significant impacts of activities, products and services on biodiversity | pp. 86, 91–93 |
| **GRI 304** | 304-3 Habitats protected or restored | pp. 86, 91–93 |
| **GRI 305: Emissions 2016** | | |
| **GRI 305** | 305-1 Direct (Scope 1) GHG emissions | p. 96 |
| **GRI 305** | 305-2 Energy indirect (Scope 2) GHG emissions | p. 96 |
| **GRI 305** | 305-5 Reduction of GHG emissions | pp. 96–97 |
| **GRI 306: Waste 2020** | | |
| **GRI 306** | 306-1 Waste generation and significant waste-related impacts | p. 93 |
| **GRI 306** | 306-2 Management of significant waste-related impacts | p. 93 |
| **GRI 306** | 306-3 Waste generated | pp. 93–94 |
| **GRI 306** | 306-4 Waste diverted from disposal | pp. 80, 84 |
| **GRI 401: Employment 2016** | | |
| **GRI 401** | 401-2 Benefits provided to full-time employees | pp. 121–123, 136 |
| **GRI 401** | 401-3 Parental leave | p. 123 |
| **GRI 403: Occupational Health and Safety 2018** | | |
| **GRI 403** | 403-1, 403-2, 403-3, 403-5, 403-9 OHS management system, hazard identification, health services, worker training, work-related injuries | p. 114 |
| **GRI 404: Training and Education 2016** | | |
| **GRI 404** | 404-1 Average hours of training per year per employee | p. 136 |
| **GRI 404** | 404-2 Programs for upgrading employee skills and transition assistance programs | p. 136 |
| **GRI 404** | 404-3 Percentage of employees receiving regular performance and career development reviews | p. 124 |
| **GRI 413: Local Communities 2016** | | |
| **GRI 413** | 413-1 Operations with local community engagement, impact assessments, and development programs | pp. 117, 126–129 |
| **GRI 11: Oil and Gas Sector 2021 — material topics not covered elsewhere** | | |
| **GRI 11** | 407 (11.13) Freedom of association and collective bargaining | Aim 7 p. 125 |



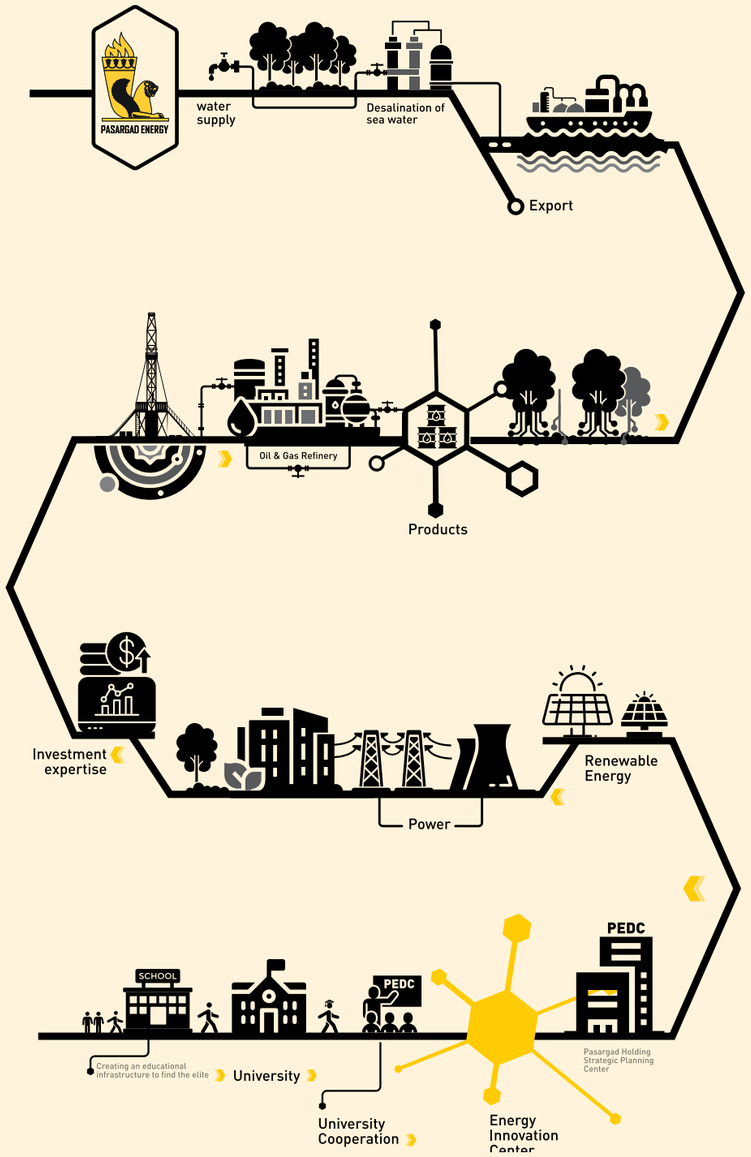


**Reporting standards and guidance**

Our sustainability reporting has been informed by the following standards, frameworks and industry guidance. The use of these frameworks does not imply endorsement or certification of this report by the respective organizations.

GRI Standards — reporting with reference to the GRI Standards.

IPIECA-API-IOGP Sustainability Reporting Guidance for the Oil and Gas Industry — selected disclosures and reporting topics have been informed by this guidance.



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**Subject:** Independent Limited Assurance Statement

| | |
|---|---|
| Ref. No.: WESD/405/101 | Date: 09 / 21 /2026 |
| To: Pasargad Energy Development Company | Attachment: _____ |

**Introduction**

The Water, Environment and Sustainable Development Institute at Amirkabir University of Technology ("AUT") was engaged by Pasargad Energy Development Company ("PEDC") to perform an independent limited assurance engagement over selected sustainability performance information disclosed in the PEDC Sustainability Report 2025 (the "Report"), for the reporting period 1 January – 31 December 2025.

Our responsibility in performing this engagement is to the management of PEDC. We accept no responsibility for any other purpose or to any other party.

**Scope of Assurance**

The scope of our assurance engagement covers the following disclosures and their supporting documentation:

| Topic | Metric / Disclosure |
|---|---|
| Emissions | GHG emissions, Scope 1 and Scope 2 |
| Energy | Total energy consumption within the organization |
| Safety | Occupational safety and health performance indicators |
| Social | Selected social performance metrics and associated project documentation (e.g., records supporting reported community and infrastructure initiatives) |
| Reporting integrity and Narrative | Correspondence of the GRI content index references to the relevant disclosures and narrative within the Report |

**Reporting Boundary**

The reporting boundary for each indicator within scope is as defined by PEDC in the Report, including instances where specific subsidiaries are excluded from a given indicator due to differing levels of reporting maturity or incomplete data availability for the reporting period. AUT's review did not identify inconsistencies in the disclosure of these boundary definitions and exclusions, which are presented consistently and transparently alongside each relevant indicator. This engagement does not extend to independently assessing the appropriateness of excluding any given subsidiary from a given indicator; that determination remains PEDC's responsibility.





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**Scope Exclusions**

This engagement does not cover:

- Data and information other than those specified under Scope of Assurance above
- Forward-looking statements, targets, and expressions of future intention
- Financial and economic performance data and information, which is prepared and reported in accordance with Iranian financial audit law and is based on PEDC's audited financial statements; AUT has relied on those audited figures without independent re-verification

**Responsibilities**

PEDC's management is responsible for the preparation of the Report, the underlying data, the definition of reporting boundaries and exclusions, and the design and operation of internal systems and controls that generate that data. AUT's responsibility is limited to forming an independent conclusion on the information within scope, based on the evidence obtained through the procedures described below.

**Level of Assurance and Criteria**

This engagement was planned and performed to obtain limited assurance, in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, a reasonable assurance engagement; accordingly, the level of assurance obtained is substantially lower than that of a reasonable assurance engagement.

**Procedures Performed**

Our procedures included:

- Interviews with personnel responsible for collecting and reporting emissions, energy, safety, and social data
- Examination of supporting documentation for reported indicators and claims, including records substantiating social and infrastructure initiatives disclosed in the Report
- Reconciliation of the GRI content index against corresponding disclosures and evidentiary records
- Assessment of the consistency of narrative disclosures with the underlying quantitative data, including consistency of stated subsidiary exclusions across indicators

**Independence**

AUT was not involved in the preparation of the Report or the underlying data, other than through the performance of this assurance engagement.

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**Conclusion**

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information described under Scope of Assurance above is not prepared, in all material respects, in accordance with the reporting criteria applied by PEDC. Any data or transcription discrepancies identified during our review were communicated to PEDC and have been subsequently corrected.

**Inherent Limitations**

Non-financial data of the nature disclosed in the Report is subject to inherent measurement and methodological limitations distinct from those affecting financial information, owing to the nature of the methods used in determining, calculating, and estimating such data.

**Restriction on Use and Distribution**

This statement is issued solely for PEDC's use in connection with the PEDC Sustainability Report 2025 and should not be relied upon by any third party for any other purpose. AUT accepts no liability to any party other than PEDC in connection with this statement.

**Mohammad Rahmani**
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