



Nautical Petroleum Ltd – Environmental Performance Report 2020 – Offshore Operations on the United Kingdom Continental Shelf

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1. Introduction

Nautical Petroleum Ltd. (NPL) did not undertake any operational activities in the UK/UKCS in 2020.

1.1 Entity

Nautical Petroleum Ltd. (NPL) is a wholly owned subsidiary of Cairn Energy PLC and fully adopt the Cairn Energy PLC management systems. This includes Operating Standards (COS) and Corporate Responsibility Management System (CRMS).

All references to NPL can be read to encompass both entities.

2. Description of the Environmental Management System

Cairn operates an integrated health, safety, environment and corporate responsibility management system. Collectively known as the Cairn Corporate Responsibility Management System (CRMS), this applies to all Group activities, including activities of subsidiaries such as NPL. NPL's activities are concentrated on oil and gas exploration, development, and production. The Cairn CRMS is referenced against the Cairn Business Principles which are applicable to all Group activities and all disciplines within the business. The Cairn CRMS has been verified against the OSPAR requirement 2003/5 since 2014 and was last reverified by RPS in 2020. Operations undertaken by NPL, are undertaken in full compliance with the Cairn CRMS.

3. Environmental Policy, Goals and Objectives



CORPORATE ENVIRONMENT POLICY (CEP)

Cairn is committed to protecting and sustaining the environment and we seek to minimise our potential impact on the environment. We aspire to high standards of practice through a process of continual improvement of our management systems and performance including the adoption of international codes and standards where practicable. To meet this commitment, we will implement management systems in our operations that accord with the requirements of our environmental standards and:

- Promote, enhance and sustain a strong culture of environmental management demonstrating visible leadership at all levels
- Comply with applicable environmental laws, regulations and standards
- Identify, evaluate and manage environmental and biodiversity hazards and risks applying a precautionary approach and manage such risks to as low as reasonably practicable (ALARP) using Best Available Techniques without compromising safety
- Conduct risk and impact assessments in the planning stage and put in place site specific Environmental Management Plans and, where necessary, Biodiversity Action Plans before commencing operations
- Prevent pollution and ensure that an appropriate response capability is in place and regularly tested, so that environmental incidents can be responded to in a timely and effective manner should they occur
- Set objectives and targets for improving environmental management and performance including monitoring and reporting openly on our assessment of risk and impacts and our performance
- Assess climate change risks and opportunities for all projects, ensure they are integrated into our business decisions and report transparently on risks and opportunities over the short, medium and long-term in-line with the Task Force on Climate-related Financial Disclosure (TCFD)
- Promote efficiency in our use of energy and water with the aim of conserving natural resources, reducing atmospheric emissions and helping to mitigate impacts
- Reduce and minimise greenhouse gas emissions and carbon intensity in all stages of the oil and gas lifecycle including project design, operation and decommissioning without compromising the safety of people and communities
- Develop and deliver investments and projects to comply with our commitment to the World Bank Zero Routine Flaring programme and to support initiatives to assist in meeting the Paris Agreement requirements and the UK government commitment to net zero greenhouse gas emissions
- Protect biodiversity, ecosystems, species, water sources and water quality engaging with local or affected communities to utilise their knowledge of the local environment to assist in protecting and conserving biodiversity and environmental resources
- Consult and engage with our stakeholders including local or affected communities, business partners, employees and their representatives with regard to our environmental and biodiversity management and performance
- Ensure that we have the resources and skills necessary to achieve and actively promote our environmental and biodiversity commitments including sharing of environmental knowledge
- Provide environmental training to our employees and actively promote awareness of environmental and biodiversity issues
- Ensure that contractors are aware of and comply with our environmental policies and standards and where necessary, work with our contractors to raise their standards to meet our requirements
- Monitor our own and contractor performance, competence and capabilities, and conduct regular audits to ensure our controls are effective reporting openly on the status of our environmental objectives and targets
- Use our leverage and influence with business partners to promote high standards of environmental management
- Ensure that environmental accidents, incidents, near misses and non-compliances with procedures are reported and investigated and the lessons learned are shared
- Ensure high quality environmental documented systems, processes and procedures
- Work with regulatory and industry bodies in the formulation or improvement of laws, policies, regulations and good practices aimed at protecting the environment and biodiversity, encouraging the development and sharing of knowledge and technologies

Responsibility for compliance with Cairn's Group Environment Policy and standards lies with the Chief Executive, Directors, Managers and their staff.

Simon Thomson
Chief Executive



Effective: October 2020 - October 2021

Cairn set group KPIs and functional objectives annually which apply to all subsidiary organisations, including NPL. The Corporate Responsibility Objectives cover the areas of Business Relationships, Society and Community, People, Environment and Lagging Indicators. Since there were limited operations planned for 2020, the lagging indicators contribution to Group scores was reduced. An increased weighting was assigned to Energy Transition and Climate Change. The following targets were set through the Corporate Responsibility objectives for 2020:

KPI	CRITERIA	Weighting
A. HSSE Lagging and Leading Indicators		
A. i) Leading Indicators	<ul style="list-style-type: none"> Governance OSPAR audit completion with no major findings People – Major Accident Safety Minimum of 4 senior management CMAPP assurance visits to operations Society Agree, establish and track social investment programme across the Group (operated and non-operated) 	1% 1% 1%
A. ii) Lagging Indicators (Metrics derived from IOGP 2018 statistics, published June 2019)	<ul style="list-style-type: none"> Lost Time Incident Frequency Stretch 0<LTIF<0.26 (overall) - 100% Target 0.27<LTIF<0.37 (offshore) - 50% Threshold 0.38<LTIF<0.47 (drilling) – 25% Total Recordable Incident Rate Stretch 0<TRIR<0.99 (overall) - 100% Target 1.00 <TRIR<1.27 (offshore) - 50% Threshold 1.28 <TRIR<1.70 (drilling) – 25% Oil Spills to the Environment Stretch 0<spill <1bbl total - 100% Target 1 bbl<spill<10 bbl - 50% Threshold Spill >10 bbl – 0% 	1% 1% 1%
B. Energy Transition and Climate Change (Environment)		
Commitment to World Bank Global Gas Flare Reduction Partnership (GGFR)	<p>Uphold BRINDEX principles and target Zero routine flaring of associated gas by 2030. Cairn to endorse GGFR in 2020.</p> <p>Carbon intensity reduction programme:</p> <ul style="list-style-type: none"> Establish a consistent methodology for estimating carbon intensity of existing and proposed new assets/prospects for use in strategic decision making Influence JV partners in UKCS to reduce C intensity in non-op assets and target zero flaring during shutdowns in line with World Bank GGFR <p>Determine energy efficiency benchmarks for use in equipment selection and improvement from “business as usual”, apply in new operated drilling and seismic projects</p>	1.5% 1.5% 2.0%
C. Developing our People & Communicating our Strategy		
Talent Management	Key roles in Cairn assessed and development plans completed during H2 2020.	1.5%
Organisational Competency	Assign competency learning modules to technical (geoscience/petroleum & well engineering/Ops HSE) roles during H2 2020.	1.5%
Employee Engagement	By end H1 2020, communicate our strategy that positively improves our employee engagement score for Strategy and Communication within the business.	1%
TOTAL (Sum of objectives contained within a, b & c)		15%

Table 1-1: HSE Objectives 2020

In addition, to these leading indicators, Cairn and NPL align and report lagging performance data to the International Association of Oil and Gas Producers (IOGP) in accordance with IOGP requirements.

Objectives for leading and lagging indicators are set over and above regional (including UKCS) commitments for reporting set by regulation and permit conditions.

4. Summary of Environmental Performance

This section details the NPL environmental performance for the UKCS in 2020. As no operated activities were undertaken it is effectively a null report.

4.1 Oil and Chemical Spills

Null

4.2 Permitted Discharges of Oil to Sea

Null

4.3 Chemical Use and Discharge

Null

4.4 Waste

Null

4.5 Atmospheric Emissions

Null

5. Conclusion

This report summarises NPL environmental performance for the UKCS in 2020. Submission of this report ensures ongoing compliance with the Environmental Management System Requirements in relation to OSPAR Recommendation 2003/5 to Promote the Use and Implementation of Environmental Management Systems by the Offshore Industry.

NPL is a wholly owned subsidiary of Cairn Energy PLC (Cairn). Cairn has explored, discovered, developed and produced oil and gas in a variety of locations throughout the world with more than 20 years' experience as operator and partner in all stages of the oil and gas lifecycle. Cairn's integrated management system is verified as being aligned with the principles of ISO 14001 as per the OSPAR recommendation 2003/5.