Environmental Management System Public Statement 2022

Revision:	Date:	Author:	Reviewer:	Approver:
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Contents

1 INTRODUCTION

This statement is written in compliance with the requirements set out in the OSPAR recommendation 2003/5. The statement provides the NEO Energy (NEO) annual public environmental statement for 2022 and is focused on the environmental issues associated with operations which were directly under NEO Energy's control.

NEO is an independent full-cycle energy business in the UK Continental Shelf (UKCS), which combines value creation from the prospective North Sea basin with a commitment to being a responsible and efficient business. We operate a high-quality asset base with significant scope to grow production organically by extending asset life. Our ambition is to be a leading producer in the UKCS, with production at the end of 2023 forecast to be over 100,000 bopd growing to over 130,000 bopd by 2025.

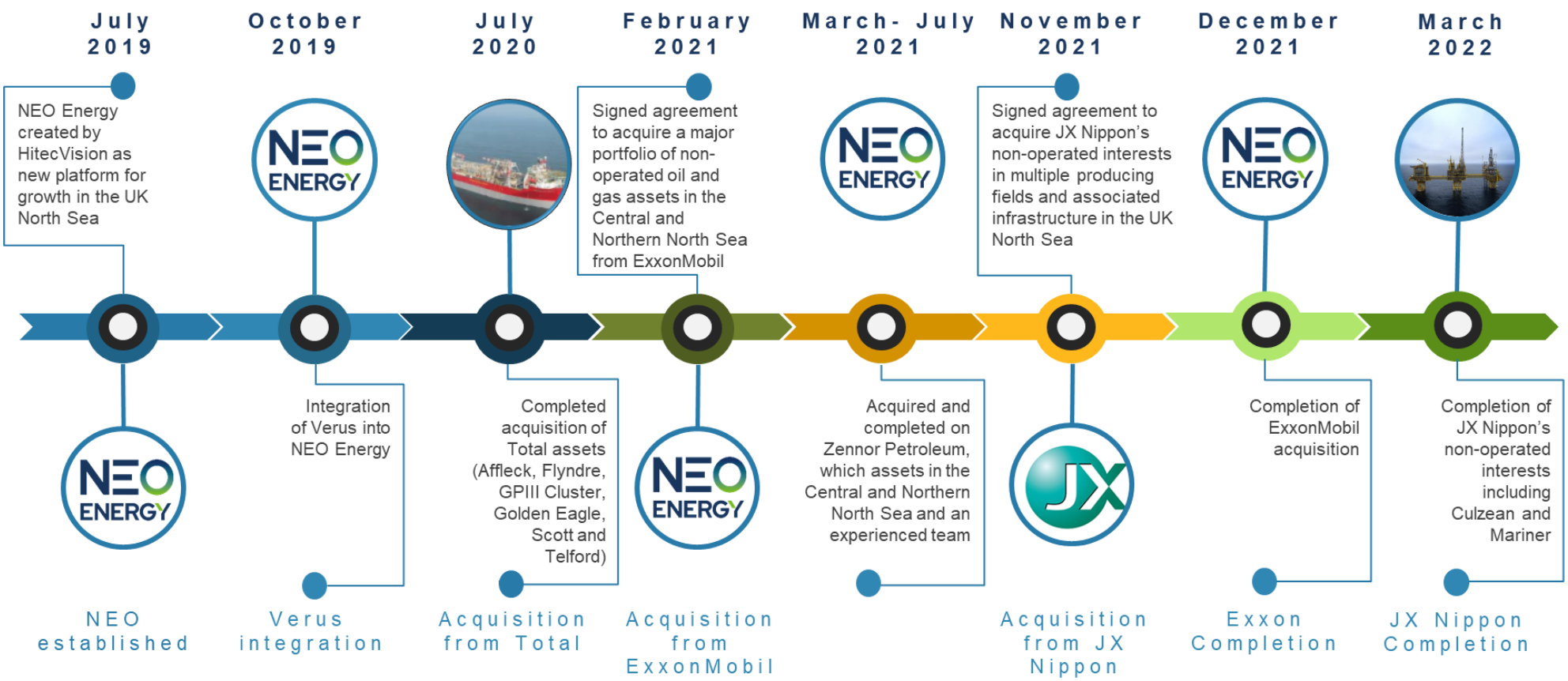
NEO was founded in July 2019 by HitecVision, a leading private equity investor focused on Europe's offshore energy industry. In October 2019, NEO integrated with Verus Petroleum and in 2021 and 2022 completed several major acquisitions. These included transactions with Total, ExxonMobil and JX Nippon to acquire UKCS assets and the acquisition of Zennor Petroleum. This progression is shown in Figure 1.

Further information on NEO Energy can be found at https://www.neweuropeanoffshore.com/

The remainder of this report is structured as follows:

- Section 2 provides an overview of NEO Energy's portfolio and briefly describes our operated assets and offshore project activities undertaken in 2022.
- Section 3 provides an overview of NEO Energy's environmental management system, including our environmental, social and governance policy, and summarises the progress made against the environmental objectives set for 2022.
- Section 4 presents 2022 environmental performance data for NEO Energy's operated assets directly under our control, namely the Floating Production, Storage and Offloading (FPSO) vessel Global Producer III (GPIII), as well as relevant project activities; and
- Section 5 identifies the environmental objectives set for 2023.

Figure 1: NEO Energy's Progression



2 NEO ENERGY UK OPERATIONS

NEO Energy operates and holds interests in high-quality UK North Sea assets, offering organic growth opportunities, including infill drilling and development of discoveries close to existing infrastructure. We aim for a balanced portfolio of production, development, and low-risk exploration assets.

An overview of NEO Energy's portfolio, which comprises a mix of operated and non-operated production and exploration assets, is provided in Figure 2.

Figure 2: NEO Energy's Portfolio

2.1 Operated Assets

NEO Energy's operated assets in the UK North Sea are:

- Quad 15, Affleck, Finlaggan and Boa in the Central North Sea (CNS); and
- Babbage in the Southern North Sea (SNS).

A brief description of these assets is provided in Sections 2.1.1 to 2.1.5.

2.1.1 Quad 15

NEO Energy is the operator of the Quad 15 area, comprising the Dumbarton, Lochranza and Balloch oil fields, the hydrocarbons from which are processed through the GPIII FPSO. The 2022 environmental performance data for GPIII is presented in Section 4.

NEO Energy Equity	100%	
Operator	NEO Energy	
First Production	**Dumbarton**	2007
	Lochranza	2010
	Balloch	2013
Description	Part of the Quad 15 area, the Dumbarton, Lochranza and Balloch fields are tied back to the GPIII FPSO via subsea manifolds.	
Sector	Central North Sea	
Blocks	**Dumbarton**	15/20a 15/20b
	Lochranza	15/20a 15/20c
	Balloch	15/20a
Hydrocarbon	Oil	

2.1.2 Affleck

The Affleck field is currently not in production and, therefore, no environmental performance data has been reported for this asset. Work is ongoing to redevelop the field with a view to bringing it back into production by 2024.

NEO Energy Equity	100%
First Production	2009 (ceased production 2016)
Description	Affleck was discovered by Shell in 1975. The primary reservoir is Tor chalk formation with a small gas cap. The field was developed via two horizontal production wells tied back to the then Maersk-operated Janice field, 28 km to the West. Oil was routed via Janice into the Norpipe pipelines, and gas was routed via the Clyde platform and onwards to the Fulmar gas line to St Fergus. The Affleck field ceased production in May 2016 and the Affleck wells have remained closed in since then, after producing a total of 4.3 million barrels (mmbbl) of oil. Work is currently ongoing to redevelop the Affleck field. The redevelopment would make use of the existing infrastructure still in place at Affleck.
Sector	Central North Sea 6 km from the UK/Norway median line
Block	30/19a
Hydrocarbon	Oil and gas (ceased production)

2.1.3 Finlaggan

NEO Energy acquired Finlaggan in March 2021, completing hook-up and commissioning activities to achieve first gas in October 2021. The 2022 environmental performance data for this project work is presented in Section 4.

Production fluids from Finlaggan are processed on Harbour Energy's Britannia platform. As the host operator, Harbour Energy is responsible for reporting environmental performance at Britannia.

NEO Energy Equity	100%
Operator	NEO Energy
First Production	2021
Description	Finlaggan is a two well tie-back to the Britannia platform. Gas is exported to the Scottish Area Gas Evacuation (SAGE) terminal, St Fergus and liquids are exported to the Forties Pipeline System (FPS).
Sector	Central North Sea
Block	21/5c
Hydrocarbon	Gas condensate
Water Depth	138 m

2.1.4 Babbage

NEO Energy has an outsourced model for the Babbage asset, with ODE as the installation operator. The environmental performance of the Babbage asset is therefore reported in ODE's OSPAR annual public statement.

NEO Energy Equity	60%
Partner	Dana Petroleum E&P 40%
Operator	NEO Energy
First Production	2010
Description	The Babbage field produces high-quality gas from five horizontal multi-fracked wells. The Babbage platform is operated as a Not Permanently Attended Installation (NPAI) with temporary living quarters for up to 30 persons on board during well intervention operations, maintenance, or annual shutdowns. The platform is controlled remotely from Dimlington. There are spare well slots available for future expansion.
Sector	Southern North Sea
Block	48/2a
Hydrocarbon	Gas
Water Depth	42 m

2.1.5 Boa

The Boa field produces through four subsea development wells tied back to the Aker BP-operated Alvheim FPSO, located in Norwegian waters. The environmental performance of the Alvheim FPSO is therefore outside of the scope of this statement.

NEO Energy Equity	11.4%	
Partners	Aker BP 57.6%, ConocoPhilips 17.7%, Lundin 13.3% (in Norway Block)	
Operators	Aker BP (Norway), NEO Energy (UK)	
First Production	2008	
Description	The Boa field was developed as part of the wider Alvheim area development, with four subsea development wells tied back to the Alvheim FPSO.	
Sector	North Sea straddling Norway/UK median line	
Blocks	**UK**	9/15a 9/15b
	Norway	24/6
Hydrocarbon	Oil and gas	
Water Depth	122 m	

2.2 Decommissioning Projects

The Victoria asset was a gas producing subsea tie-back operated by NEO Energy in the SNS. Production ceased on 15 January 2016. The asset is shut in and the gas export route has been disconnected. A Decommissioning Plan was submitted to the Offshore Petroleum Regulator for the Environment and Decommissioning (OPRED) which was approved on 14th April 2022. No work was undertaken at the asset in 2022. NEO Energy plan to decommission the well and subsea infrastructure during 2023.

3 ENVIRONMENTAL MANAGEMENT SYSTEM

3.1 Overview

NEO Energy operates under an integrated Health, Safety, Environmental and Quality Management System (the NEO Management System (NMS)), which is designed to meet the requirements of international standards, including ISO 14001.

The NMS provides assurance that all NEO Energy activities are managed in a safe and environmentally responsible way and conducted in accordance with the company's Health, Safety, Security and Environment Policy Statement (see below).

NEO ENERGY

Health, Safety, Security and Environment Policy Statement

Our Vision

Our vision is to be a next generation UKCS energy platform by breathing new life into the North Sea. We will conduct our business activities with a full commitment to the health, safety and security of our people and to the protection of the environment.

Our Commitments

To meet our commitments, NEO (New European Offshore) Energy shall ensure that:

- Effective leadership is in place and all employees and contractors promote a positive HSSE (Health, Safety, Security and Environment) culture.
- Robust systems and processes are implemented to ensure that all applicable health, safety, security and environmental legislation, standards and other requirements are met.
- All personnel hold responsibility for their own health, safety and security, observe company values and are trained and competent for their roles.
- All personnel are aware of their responsibility to choose safety over operational results.
- All personnel are aware of the expectation that they will use their "Stop Work Authority" if they see or suspect an unsafe condition or behaviour.
- Safe, secure, and healthy workplaces are provided to protect workers from injury and ill health with robust barriers in place aimed at preventing work-related incidents.
- All operated assets adopt the IOGP life-saving rules to build an incident and injury free culture.
- We minimise our environmental impact and prevent pollution.
- All risks are identified, assessed, and managed to levels that are as low as reasonably practicable.
- Integrity of our assets is maintained over their lifecycle from design and construction to decommissioning.
- All changes are identified and managed to ensure they are implemented correctly as per our company procedures.
- Effective engagement is maintained with all stakeholders.
- HSSE performance is prominent in the selection of our contractors and suppliers.
- Incidents and near misses are reported in a timely manner and are fully investigated.
- Appropriate plans for emergency situations and incidents are in place and regularly tested.
- HSSE management and performance is regularly assessed, reviewed, and audited to achieve continuous improvements.
- By integrating human and organisational factors into all our business activities, our personnel are equipped with the underlying Human Factors principles that enable them to ensure the interaction between people, the environment, equipment, and procedures are considered in all aspects of our activities.

22nd May 2023

Paul Harris
Chief Executive Officer

3.2 Scope & Structure

The scope of the NMS applies to NEO Energy's portfolio of assets and encompasses all NEO Energy functions, companies and subsidiaries. Where a third party is contracted to execute and manage

offshore oil and gas activities on behalf of NEO Energy, the responsibility for environmental management is delegated to those parties through contractual agreement.

The NMS provides a flexible management framework through which the company can systematically identify and manage its Health, Safety and Environment (HSE) risks and opportunities, accommodating individual operational complexities, changing statutory and business requirements, and the company's commitment to continuous improvement.

To demonstrate that environmental management is undertaken in accordance with the requirements of a recognised environmental management system standard, the NMS was certified to the ISO14001:2015 Standard in August 2022.

3.3 Environmental, Social & Governance

NEO Energy is committed to embedding a sustainable culture and ESG strategy throughout the company upholding the highest standards with respect to our Environmental, Social and Governance (ESG) policy, as highlighted below.

Our ESG Strategy seeks to ensure the business aligns with the selected UN SDGs and drives towards positive outcomes for society whilst delivering value for our stakeholders and investors.

UN SDG	Global Importance	NEO Energy Objective
UNSDG 13 Climate Action	Prioritising the climate.	Protection of the environment is part of our license to operate which is reflected in our LCTP. As part of this, we are determined to reduce GHG emissions across our portfolio and have set a 50% carbon intensity reduction target for scope 1 emissions by 2030 from a 2020 baseline and be net zero by 2050.
UNSDG 14 Life Below Water	Protecting biodiversity around our operations.	NEO seeks to minimise the impact on flora and fauna and conserve the biodiversity in ecosystems where we operate, carrying out environmental impact assessments and monitoring campaigns.
UNSDG 5 Gender Equality	Working against discrimination to create an inclusive culture, with equal pay and opportunities for all.	A strategic priority is to build a high performing organisation with world-class operating capabilities. An integral part of this is to ensure non-discrimination, equality and development. This will help unlock new ideas, greater productivity and employee wellbeing.
UNSDG 8 Decent work and Economic Growth	A focus on providing a safe place to work and creating local value.	We support local value throughout our supply chain and community investment.
UNSDG 3 Good Health and Well Being	Sustainable development cannot be achieved unless everyone's primary health needs are met.	NEO's employees are at the heart of its business so the health and safety of employees and contractors is the number one priority. We work to ensure that all our operations and activities are performed safely.
UNSDG 16 Peace, Justice and Strong Institutions	Responsible business practices contribute to social and economic stability.	NEO strives to ensure adherence to its Code of Conduct throughout the business, maintaining the highest standards in ethics, integrity, and transparency at all levels.

3.4 Progress Against 2022 Environmental Objectives

An integral part of NEO Energy's continuous improvement process are environmental objectives and targets, which are considered with the annual plan.

In 2022, NEO Energy successfully completed the following objectives:

- Implemented a bespoke software system to ensure transparent and more streamlined emissions reporting
- An energy survey was carried out on GPIII with a view to identifying emission reduction opportunities
- A Carbon Plan for GPIII was published which includes an outline Methane Action Plan
- Company-wide ISO14001:2015 certification was achieved
- Collated Emission Reduction Action Plans and mapped Scope 1 historical and forecasted emissions for all non-operated assets
- Monitoring and evaluation of Scope 2 and Scope 3 emissions and reviewed potential offsetting benefits for NEO's ESG strategy
- Increased Scope 3 internal reporting to include supply chain, sale of product and increased offshore asset support
- Mapped top tier Scope 3 emitters in NEO's supply chain and work is ongoing to engage supply chain to provide emission data and raise awareness around Scope 1 emissions for suppliers
- Process started to implement onboarding supplier questionnaire which includes a section on the supplier's net zero strategy

4 2022 ENVIRONMENTAL PERFORMANCE

4.1 GPIII Atmospheric Emissions

4.1.1 Carbon Dioxide (CO2) Emissions

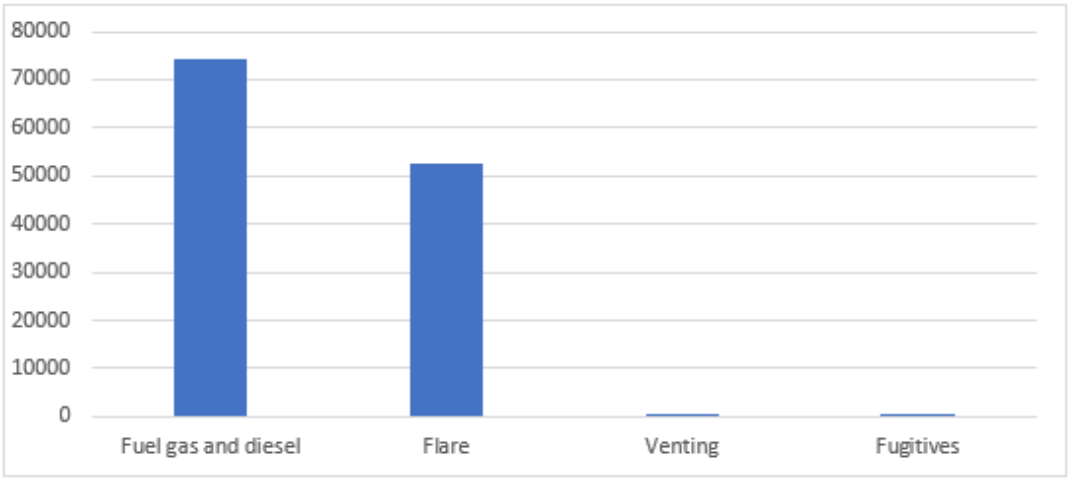
The majority of GPIII's CO_2 emissions (126,910 tonnes), result from the combustion of diesel, fuel gas and the safe disposal of excess gas (flaring). Fuel gas and diesel are used as fuel for:

- Power generation in engines and turbines.
- The steam boiler, which provides process heat and aids the manufacture of potable water for offshore domestic use; and
- The inert gas generator (used to blanket the cargo oil tanks).

The remaining CO_2 emissions totalling 19.01 tonnes can be attributed to venting and fugitive sources.

Figure 3 shows the CO_2 emissions by source produced from GPIII during 2022.

Figure 3: CO_2 Emissions (tonnes) by Source



4.1.2 Other Atmospheric Emissions

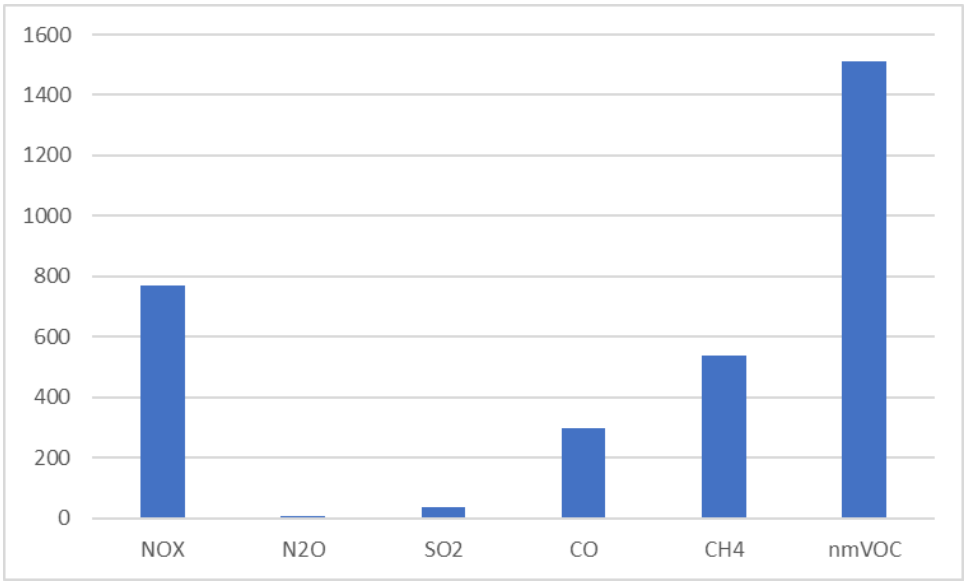
In addition to CO_2, other gases are released to the atmosphere from the following activities:

- Offshore combustion of diesel, fuel gas and flare gas; and
- Venting of cargo oil tanks, fugitive emissions and cold flaring.

Figure 4 shows the total tonnes of atmospheric pollutants emitted by GPIII.

Note: The high levels of non-methane Volatile Organic Compounds (VOCs) and Methane (CH4) are due to an increase in cold flaring on the asset in 2022.

Figure 4: Other Atmospheric Emissions (tonnes)



4.2 GPIII Oil in Produced Water (OIW)

GPIII is subject to regulatory controls under the Offshore Petroleum Activities (Oil Pollution Prevention and Control) Regulations 2005 (as Amended) (OPPC). Oil extraction results in the co-production of produced water containing hydrocarbons, some naturally occurring materials and residues of the chemicals used in the offshore production process.

The produced water treatment system on GPIII is designed to minimise the OIW concentration prior to re-injection into the reservoir (preferential option) or overboard discharge (should the Produced Water Re-injection (PWRI) system not be available).

The quantity of oil discharged to sea under permitted conditions for 2022 is shown in the table below. In total, 72.74 tonnes of oil was discharged to sea via the produced water treatment system compared with 49.03 tonnes in 2021. This was due to an increase in overall produced water volumes and reduced availability of the PWRI system. The average oil in water concentration of the discharge stream reduced by 4.54% from 2021 to 2022.

Year	Total Water Overboard (m^3)	Average Oil in Water Overboard (mg/l)	Total Water Re-injected (m^3)
2021	1,722,207	28.2	462.141
2022	2,702,107	26.92	0

4.3 Chemicals

Chemicals are an essential requirement on GPIII; primarily to control corrosion, inhibit bacterial growth and assist with the production process. The use and discharge of chemicals is subject to permit and control under the Offshore Chemicals Regulations (OCR) 2002 (as amended). NEO Energy selects chemicals for use based on both their technical specifications and environmental performance and, where possible, avoids the use of chemicals which carry a substitution (SUB) warning.

Under the Offshore Chemical Notification Scheme (OCNS) classification scheme, 46% of the chemicals used by NEO Energy in 2022 had a classification of Pose Little or No Risk to the environment (PLONOR) and 17% as containing a substance that is on the OSPAR list of chemicals classified for substitution action (shown in Figures 5 and 6).

Figure 5: GPIII Energy Chemical Use and Discharge 2022 by OCNS Classification

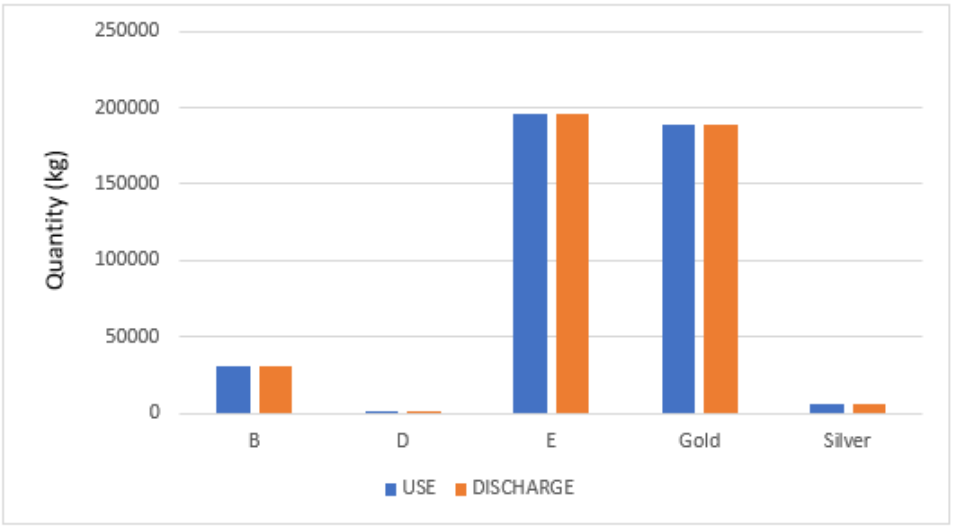
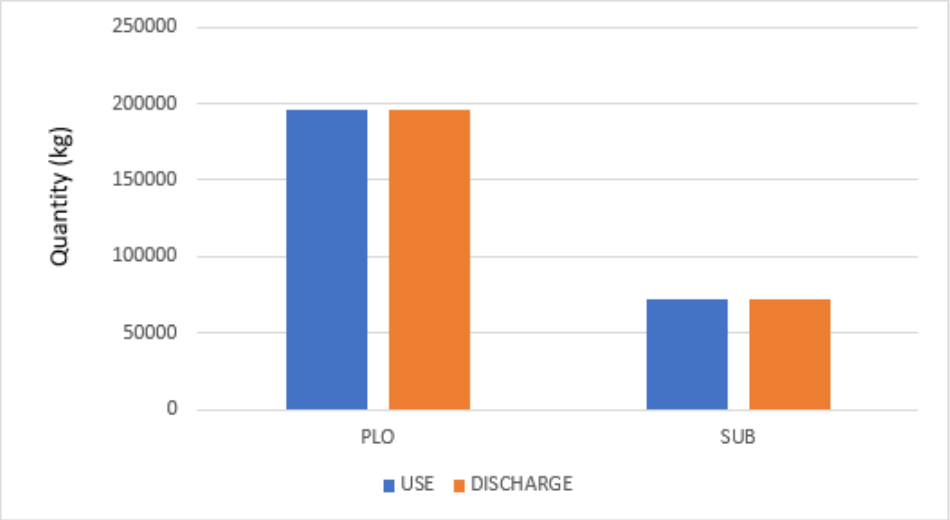


Figure 6: GPIII Energy Chemical Use and Discharge 2022 – PLONOR and Candidates for Substitution



4.4 Unplanned Oil and Chemical Releases to Sea

In accordance with regulatory requirements, all unplanned releases of hydrocarbons and chemicals to sea must be reported on a Petroleum Operations Notice Number 1 (PON1).

During 2022, three PON1s were submitted by NEO Energy, details of which are summarised below.

Month	Location	Substance Released	Quantity Released	Source of Release
Feb 2022	GPIII	Crude oil	0.01kg	Leak from a fluid swivel in offload area
March 2022	GPIII	Crude oil	0.073 kg	Leak from crude oil offload hose coupling
August 2022	GPIII	Chemical (biocide)	21kg	Leak from small bore tubing as a result of a missing end cap

4.5 Waste

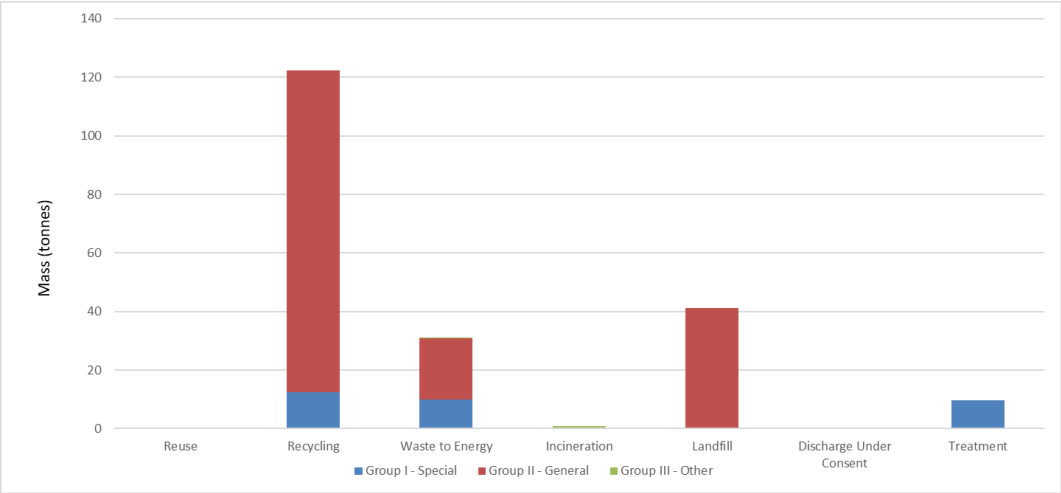
Offshore operations on GPIII produce a variety of waste streams. These waste streams are classified as either:

- Group I – Special Waste, e.g., paints, oils, and waste chemicals
- Group II – General Waste, e.g., wood, plastics, and scrap metal
- Group III – Other, e.g., clinical waste

NEO Energy work to reduce the amount of waste that we produce, to re-use or recycle what remains and avoid waste to landfill, where possible.

The amount of waste generated on GPIII during 2022 is shown in Figure 7 against the disposal route.

Figure 7: GPIII Waste Disposal 2022



A breakdown of the mass generated per waste category is summarised in below.

Waste Category	Mass (tonnes)
Group I – Special	32.15
Group II – General	171.97
Group III – Other	0.99 (all clinical waste)

5 2023 ENVIRONMENTAL OBJECTIVES

NEO Energy's environmental objectives and targets for 2023 are summarised below:

Issue	Objective	Target
Greenhouse Gas (GHG) emissions strategy for GPIII	• Further assess energy savings opportunities detailed in the 2022 Energy Survey in terms of technical and economic viability.	• Publish a GPIII Emissions Reduction Action Plan
	• Develop Methane Action Plan	• Understand Methane baseline in order to set reduction targets
	• Increase Scope 3 reporting and awareness	• Expand Scope 3 reporting and supply chain onboarding and engagement
	• Reduce atmospheric emissions by reducing spinning reserve	• Introduce new Power Management Strategy on GPIII
Management System Improvement	• Ensure full visibility and tracking of all compliance obligations and activities • Ensure all compliance procedures adequately cover all Legal obligations as defined in the Legal Register • Ensure effective Incident Management (including investigation, reporting and learnings)	• Implementation of a bespoke Permits, Licenses and Consents Register (PLANC) • Review existing management system against Legal Register and define areas for subsequent improvement • Issue new Incident Management Procedure and deliver training to senior investigators
Emergency Response	• Ensure fit for purpose Emergency Response processes are in place	• Review current Emergency Response procedures to simplify where possible and reduce number of external Consultancies providing ER support