Environmental Management System Public Statement 2023

Revision:	Date:	Author:	Reviewer:	Approver:
01	April 2024	Duncan McLaren Environment Advisor	Jeff Dawson Head of HSE & ESG	Paul Harris CEO

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 2023 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 2024 forecast to be over 100,000 bopd growing to over 140,000 bopd by the end of 2026.

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.

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

The remainder of this report is structured as follows:

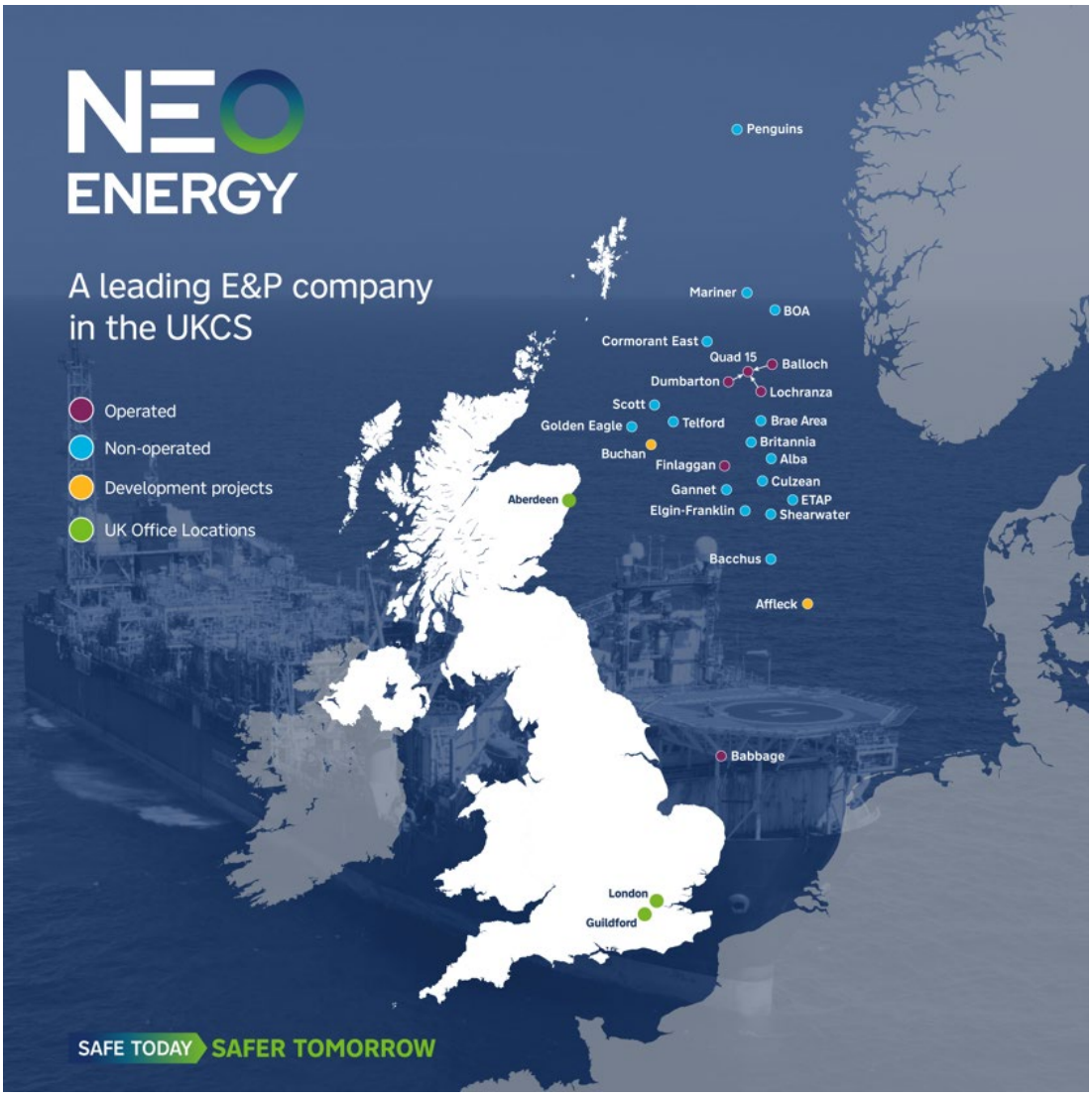
- Section 2 provides an overview of NEO Energy's portfolio and briefly describes our operated assets and offshore project activities undertaken in 2023.
- Section 3 provides an overview of NEO Energy's environmental management system, including our environmental, social and governance policy, and summarises the progress made against the environmental objectives set for 2023.
- Section 4 presents 2023 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 2024.

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 1.

Figure 1: 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 2023 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 in 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 will 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. During 2023 NEO completed the drilling of development well F3H. Production from F3H was brought on stream 25th August.

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 thirty 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. During 2023 NEO Energy completed the well P&A in-line with the latest OEUK Guidelines for Decommissioning wells. In addition, the removal of subsea pipeline, umbilical and valve skid was completed alongside mattress, grout bags and debris recovery.

Remaining mattresses, grout bags, debris and the wellhead protection structure will be recovered in 2024, followed by a final site survey to confirm clearance requirements have been met.

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 recertified to the ISO14001:2015 Standard in November 2023.

3.3 Environmental, Social & Governance

NEO Energy's ESG strategy aims to increase awareness and engagement to deliver against the selected UN SDGs and is committed to embedding ESG through increased engagement and collaboration. The strategy remains focused on the critical ESG topics identified in the materiality assessment conducted in 2022.

3.4 Progress Against 2023 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 2023, NEO Energy successfully completed the following objectives:

- Improved the operation of a bespoke software system to ensure transparent and more streamlined emissions reporting.
- All emission reduction (inc. methane) opportunities detailed in the GPIII Energy Survey have been screened and a final project list has been defined for execution in 2024.
- Company-wide ISO14001:2015 recertification was achieved.
- Implementation of bespoke Permits, Licenses and Consents Registers for operations and projects.

- Initial implementation of a bespoke regulatory compliance tool to manage applicable environmental legislation.

4 2023 ENVIRONMENTAL PERFORMANCE

4.1 GPIII Atmospheric Emissions

4.1.1 Carbon Dioxide (CO2) Emissions

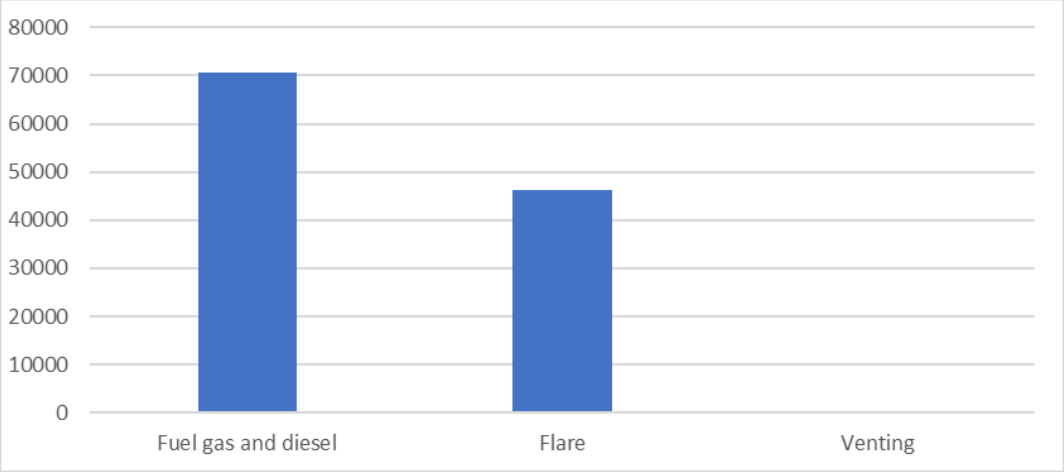
The majority of GPIII's CO_2 emissions in 2023 (116,656 tonnes), resulted from the combustion of diesel and the safe disposal of excess gas (flaring). Diesel is used as fuel for:

- 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 11.33 tonnes can be attributed to venting.

Figure 3 shows the CO_2 emissions by source produced from GPIII during 2023.

Figure 1: CO_2 Emissions (tonnes) by Source



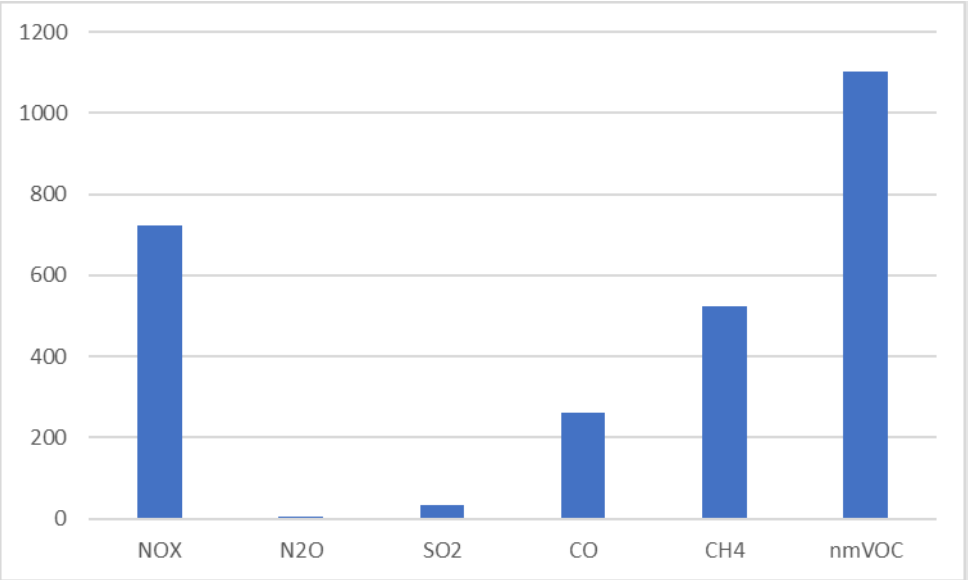
4.1.2 Other Atmospheric Emissions

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

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

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

Figure 2: Other Atmospheric Emissions (tonnes)



4.2 GPIII Oil in Produced Water (OIW)

The 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 either re-injection into the reservoir or overboard discharge.

The quantity of oil discharged to sea under permitted conditions for 2023 is shown in the table below. In total, 55.99 tonnes of oil was discharged to sea via the produced water treatment system compared with 72.74 tonnes in 2022, a decrease of 23.03%. The average oil in water concentration of the discharge stream reduced by 17.64% 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
2023	2,526,236	22.17	0

4.3 GPIII – Chemical Use and Discharge

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, 43% of the chemicals used by NEO Energy in 2023 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 3: GPIII Energy Chemical Use and Discharge 2023 by OCNS Classification

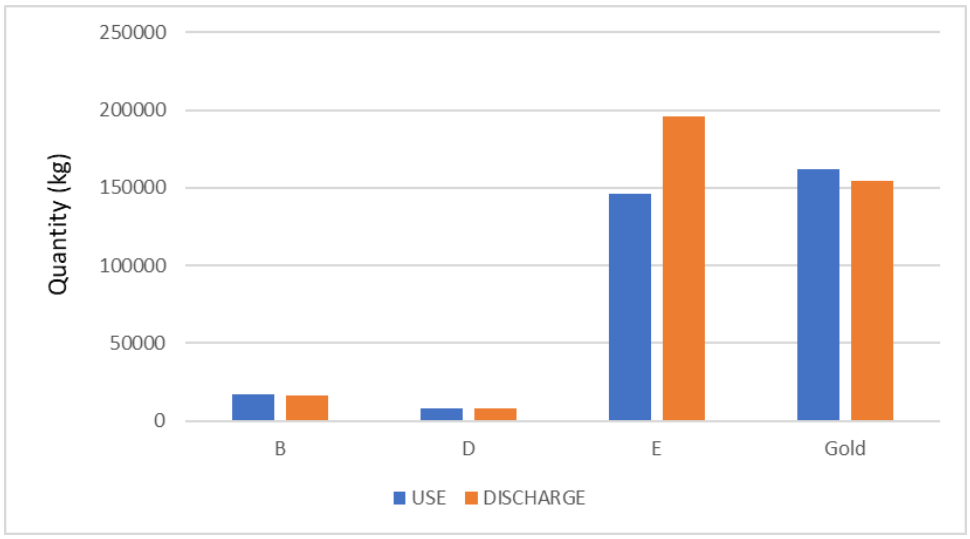
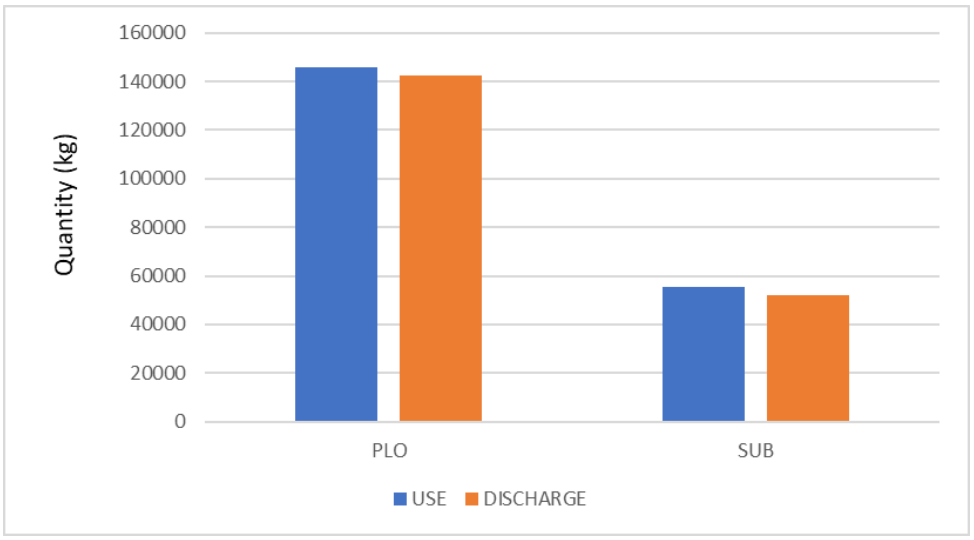


Figure 4: GPIII Energy Chemical Use and Discharge 2023 – PLONOR and Candidates for Substitution



4.4 GPIII 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 2023, three PON1s were submitted by NEO Energy, details of which are summarised below.

Month	Location	Substance Released	Quantity Released	Source of Release
[Jan 2023]*	GPIII	Hydraulic fluid	46.8t	Leak from valve to topsides turret collecting tank
Feb 2023	GPIII	Crude oil	0.3kg	Leak of produced water from sand removal hydrocyclone
Sep 2023	GPIII	Crude oil	0.5kg	Leak from crude oil offload hose coupling
Oct 2023	GPIII	Crude oil	1kg	Leak of produced water from 1st stage separator outlet line

*On the 28th of July 2022, NEO submitted an initial Offshore Chemical Regulations noncompliance notification to the Regulator in respect of an ongoing release of hydraulic fluid from the subsea

control system on GPIII. In an attempt to identify the source of the leak, topside and subsea fault-finding investigations were undertaken, but these were initially unsuccessful.

On the 16th of January 2023, during an installation shutdown, the source of the leak was identified. As a result of a faulty hydraulic piloted flow control valve, hydraulic fluid was leaking through the valve to a topsides turret collecting tank. The tank was discharging the hydraulic fluid to the installation moonpool (direct route to sea). Steps were immediately taken to stop the leak. A PON1 was then submitted, and the initial Offshore Chemical Regulations noncompliance notification was withdrawn.

During the period of the ongoing release a total mass of 46.8 tonnes of hydraulic fluid was lost to sea. This incident was fully investigated by the Regulator who, on the 23rd of November 2023, advised that no further action would be taken against NEO.

4.5 GPIII Waste

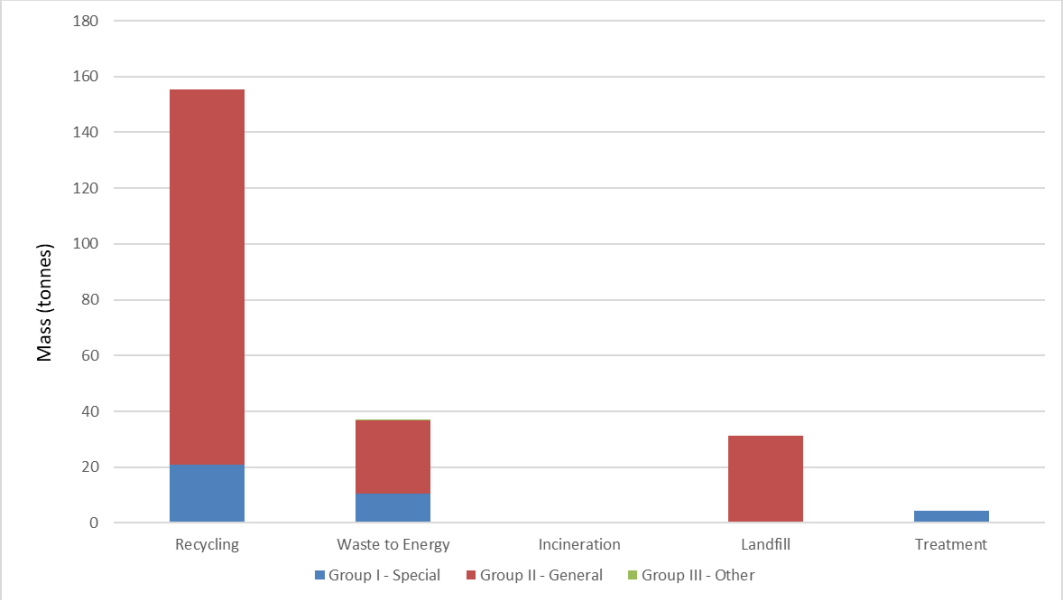
Offshore operations on GPIII produce a variety of waste streams. These waste streams are classified as either:

- 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 5: GPIII Waste Disposal 2032



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

Waste Category	Mass (tonnes)
Group I – Special	35.93
Group II – General	192.16
Group III – Other	0.32 (all clinical waste)

4.6 Project – Chemical Use and Discharge

During 2023, NEO executed a number of subsea projects, e.g., Affleck Manifold Testing. 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, 99% of the chemicals used by NEO Energy projects in 2023 had a classification of Pose Little or No Risk to the environment (PLONOR) and with less than 1% as containing a substance that is on the OSPAR list of chemicals classified for substitution action (shown in Figures 8 and 9).

Figure 8: GPIII Energy Chemical Use and Discharge 2023 by OCNS Classification

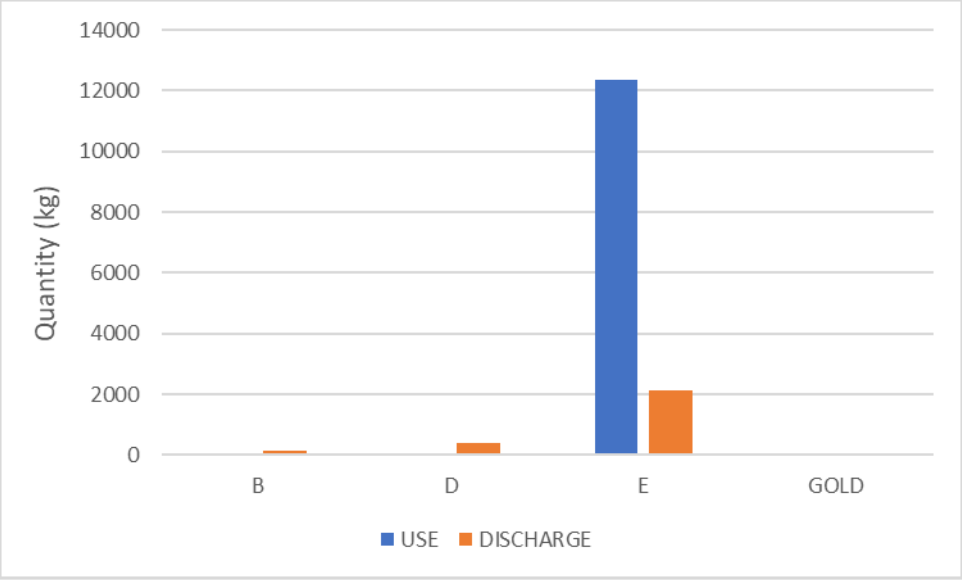
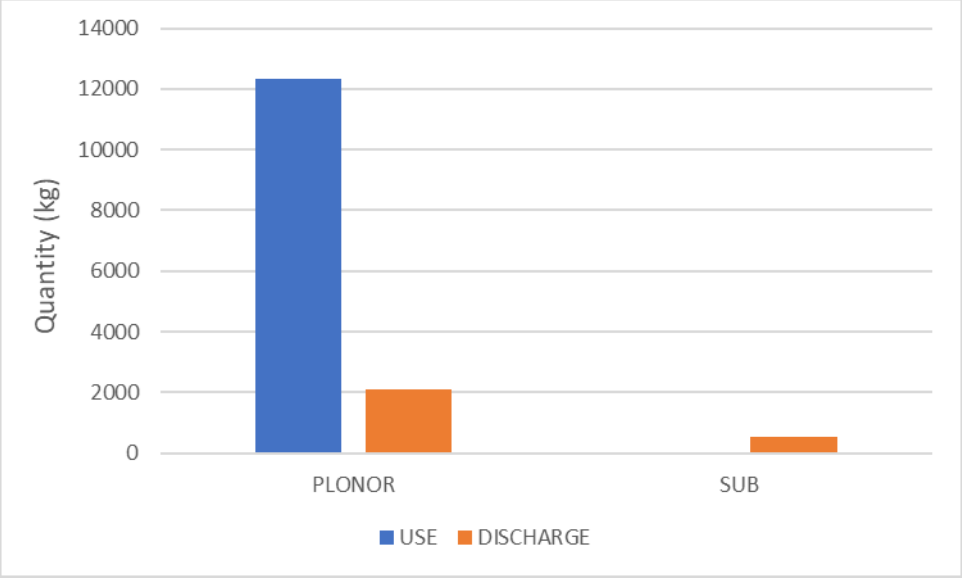


Figure 9: GPIII Energy Chemical Use and Discharge 20223 – PLONOR and Candidates for Substitution



4.7 Project - Oil Discharges

During manifold testing at Affleck, 0.06 tonnes of oil was discharged subsea. The discharge was authorised by an approved Oil Pollution Prevention and Control permit.

5 2024 ENVIRONMENTAL OBJECTIVES

NEO Energy's environmental objectives and targets for 2024 are summarised below:

Issue	Objective	Target
Greenhouse Gas (GHG) emissions strategy for GPIII	• Execute the energy savings opportunities detailed in the GPIII ERAP	• Reduce CO2e emissions by circa 15k tonnes in 2024
	• Increase Scope 3 reporting and awareness	• Expand Scope 3 reporting and supply chain onboarding and engagement
Management System Improvement	• Ensure full visibility and compliance with all applicable environmental regulation. • Ensure effective Incident Management (including investigation, reporting and learnings) • Ensure all regulatory requirements are understood and delivered for future projects • Ensure all GPIII Management System documentation meets business and regulatory requirements	• Populate and manage Environmental Legislation area of bespoke regulatory compliance management tool • Issue new Incident Management Procedure and deliver training to senior investigators • Develop a PLANC procedure for future projects • All prioritised documents to be reviewed and updated against current regulatory requirements and internal feedback addressed
Emergency Response	• Ensure fit for purpose Emergency Response processes are in place	• Deliver a suite of Oil Spill Response training to applicable staff.