



Low Carbon Transition Plan 2023





Paul Harris
NEO Energy Chief Executive Officer

NEO recognizes that climate change is one of the world's greatest challenges and that it demands thoughtful and urgent action. We all have a part to play in leaving the planet a better place for future generations. Our overarching strategy as a company investing in resources and people, is to achieve that.

The world's demand for reliable, affordable and available energy continues to rise – with oil and gas making up the greatest share of the energy mix at present. Our corporate challenge is to continue to produce the oil and gas that society needs, and to create sustainable value for our shareholders, while finding ways to emit much less CO₂.

We are an agile and forward-thinking company with new ways of approaching the modern world. We accept the challenges presented by climate change and will find innovative ways to use technology and will consider off-setting projects that are beneficial to reducing global emission and impactful.

In 2020, we committed to a Low Carbon Transition Plan with clear ambitions that are two-fold:

- Reduce by 50% the scope 1 equity share carbon intensity per barrel of oil equivalent produced by NEO's portfolio by 2030 from a 2020 base year; and
- Be net zero by 2050.

At our core we are, and will remain, an oil and gas company – and through creative thinking, innovation, agility and adaptability we will be a positive agent for change in how the UK oil and gas industry contributes to the energy transition.



As part of our wider ESG strategy, NEO is committed to playing a role in society; employing and investing in people and the communities in which they live.

NEO Energy: a natural owner of assets on the UKCS

Ambition

To be the leading producer in the UKCS. We combine value creation from the prospective North Sea basin with our commitment to be a responsible and efficient business. We own a high-quality asset base with significant scope for production growth.

Our Low Carbon Transition Plan (LCTP) is integral to our ambition. Integrating climate into the business decisions for our current and future portfolio of assets as we work to achieve the targets set by our parent company and the UK Government.

Strategy

We pursue growth both organically, unlocking value in the existing portfolio, and inorganically through the acquisition of high-quality, long-life production and development assets on the UKCS.

Operational excellence is at the heart of our strategy, enabling us to drive profitability and sustainable cashflow through increasing production and reducing costs, while maintaining a core focus on safe and responsible operations.

Values

Teamwork

Work as an agile team sharing information, knowledge and experience freely.

Work collaboratively and celebrate success as a team.

Support as much as we challenge.



Respect

Create an environment where everyone is welcome.

Listen and are open to give and receive feedback.

Embrace diversity of every kind.



Courage

Dare to be different.

Display an entrepreneurial mindset and challenge the status quo.



NEO is backed by HitecVision, a leading private equity investor focused on Europe's offshore energy industry.

Our LCTP is a roadmap for the future and outlines how we will contribute to the energy transition. We will focus our approach on the dual ambition of maximising economic recovery and net zero.

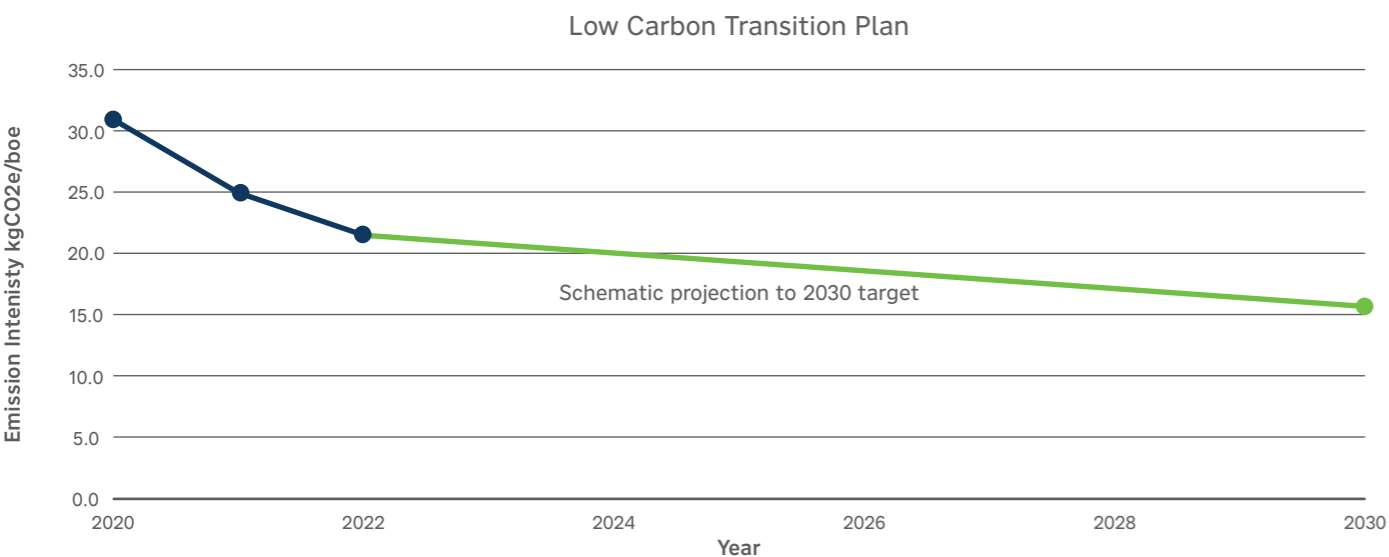
The net zero corporate target is underpinned by the UK’s net zero strategy, the North Sea Transition Deal targets and the Paris Agreement. In line with North Sea Transition Authority requirements, we detail annual Emission Reduction Action Plans for our operated assets and participate in the Stewardship Expectation 11.

To ensure success, it is important for the LCPT to be integrated into other corporate level processes and carbon intensity and emissions are considered across the asset life cycle.

The LCTP is continually evolving as our portfolio continues to grow and our approach to the energy transition matures. In parallel we ensure net zero is integral to our future growth strategy, without compromising value creation.

Our corporate KPIs includes an emission intensity target that is reviewed on a quarterly basis and aims for continual improvement. Certified carbon offsetting may be required to cover unavoidable emissions from production and other activities.

Our approach aims to benefit our stakeholders and wider society. We want the communities in which we invest and employ to feel proud of being part of the NEO family. The LCTP is supported by the Environmental, Social and Governance Policy Statement.



We will take a broad approach to achieving our ambitions



LCTP

The LCTP is built on an asset by asset basis to develop a qualitative picture of the overall carbon emission reduction initiatives on operated and non-operated assets.

As we grow we will continually revisit our base-year to focus our business development activities and ensure the carbon intensity and emissions of our portfolio are managed through any acquisitions.

Our development activities and our decisions concerning the future shape of our portfolio will consider the joint UK context of maximising economic recovery and net zero.

We will collaborate with partners and industry associations to explore alternative power solutions, including full or partial electrification, and technology development.

We will also support the development and engage with regional hubs and technology centres.

NEO supports research that contributes to a low carbon future; funding research by the Centre for Doctoral Training (CDT) and PhD students in Geoscience and the Low Carbon Energy Transition, the UK's leading training and research body for the energy industry with a focus on decarbonization.

Strategy

Our strategy is to build a leading producer in the UKCS through operational excellence and a combination of organic and inorganic growth, underpinned by a culture of continual improvement.

Excel

- Data driven to prioritize our highest carbon emitting assets
- Transparency with digital dashboards
- Explore energy transition technology
- Work collaboratively
- Engage with industry body and regulator



Optimize

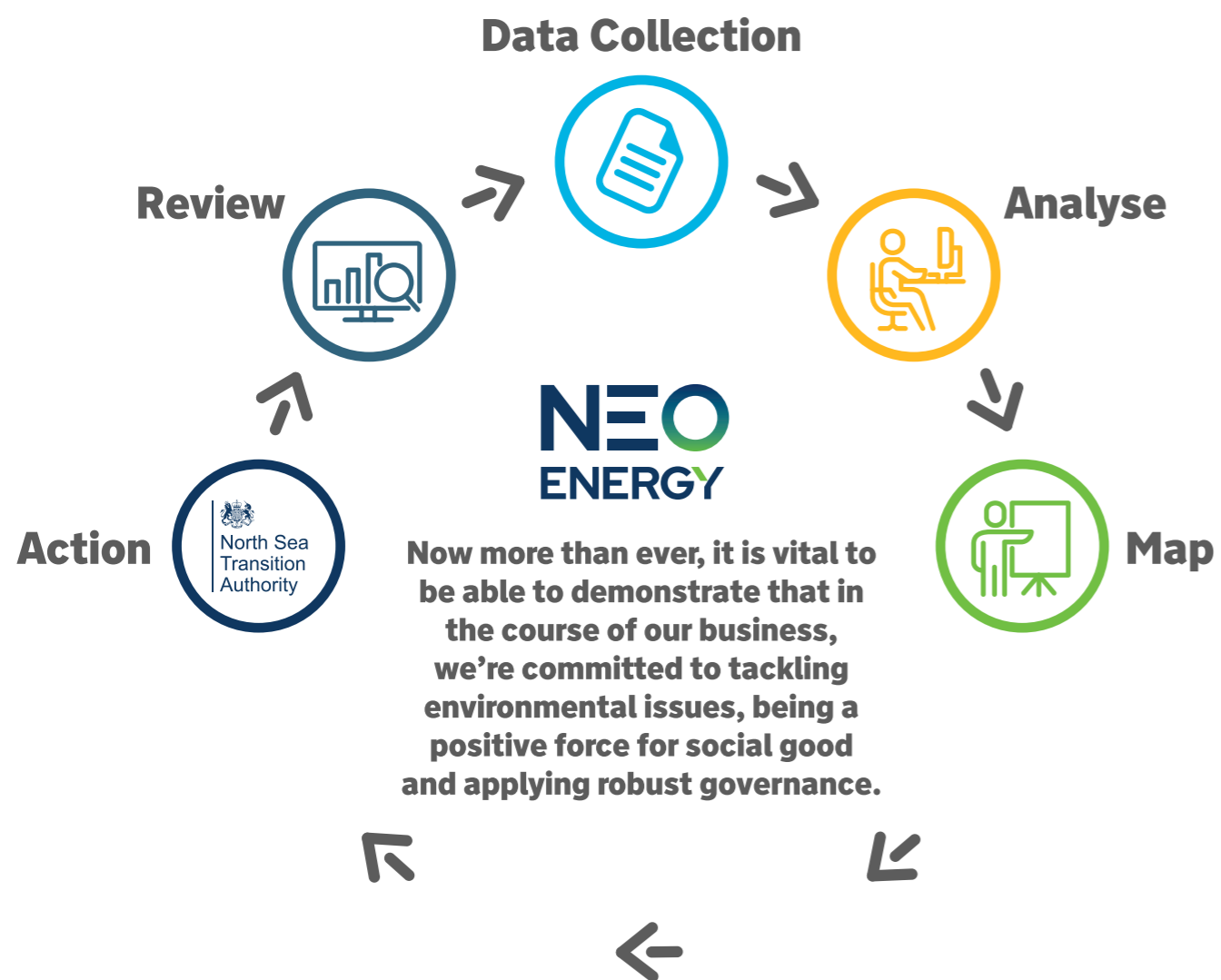
- Operational efficiency
- Minimize flare and vent
- Focus on methane reduction
- Smart decommissioning



Grow

- Portfolio emissions forecast
- Energy transition technologies
- Deliver carbon reduction opportunities





Under ever-increasing scrutiny, transparency in these matters helps to reassure societal stakeholders that we are acting in line with their expectations



Low Carbon Transition Plan

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