

SPIRIT ENERGY

Climate Change Responsibility Statement

Vision

Spirit Energy believes that the provision of energy in the face of the climate emergency is one of the biggest challenges confronting the world. We recognise the world's demand for action to address climate change and we aim to play our part in helping to sustainably meet energy demand.

Our vision is to become a net-zero company for operational (scope 1 and 2) emissions by 2050.

We also intend to explore how our assets could be repurposed to generate net-zero carbon energy.

The Challenge

The exploration for and production and transportation of oil and gas accounts for ~ 9% of the world's GHG emissions¹. It means the oil and gas industry has a big part to play if the climate change goals set out in the Paris Agreement are to be achieved.

As an exploration and production company with no downstream assets we have no control over how the oil and gas we produce is consumed or transformed into other products.

Our assets are in Countries with ambitious CO₂ reduction targets – the United Kingdom, the Netherlands and Norway, where we are fully committed to the relevant National GHG emissions reduction targets and the goals set out in the Paris Agreement.

In pursuit of our 2050 target of net-zero operational GHG emissions, we will focus on energy efficiency and ways to reduce our emissions intensity

While we reduce emissions from our existing asset base, we will intensify our work exploring how our assets could be repurposed to generate Net Zero carbon energy or even negative emissions through projects like carbon capture, utilisation and storage (CCUS).

We don't have all the answers today and we have a lot more to do to reduce the GHG emissions from our activities.

What we are already doing

United Kingdom and Netherlands

The UK offshore oil and gas industry was one of the first major industrial sectors to respond with a definitive action plan to the report from the Committee on Climate Change and the legally binding government targets of Net Zero by 2050 at the latest.

As a member of Oil & Gas UK we support Roadmap 2035 – a blueprint for Net Zero, and as a member of the Netherlands Oil and Gas Exploration and Production Association we support the work of Nextstep, the National Platform for Reuse and Decommissioning strategy to promote technology development and the reuse of oil and gas infrastructure .

We have identified several potential projects across our portfolio in the UK and The Netherlands which are at differing stages of review. Opportunities that have been developed the furthest relate to the Morecambe Hub – previously one of the largest primary energy suppliers to the UK, and we are studying how it can play a role in our move towards being a lower carbon business but also how it can play a nationally significant role in the UK fulfilling its net zero plans.

- We are developing means to reduce fuel gas consumption at Morecambe Hub
- We are studying the potential of building a solar farm at the Barrow Terminals site and surrounding land – with the potential of generating renewable energy for our own use and for export to the grid.

¹ Rystad Energy

- The potential for future reuse of infrastructure is less mature, but we are evaluating potential future uses for Morecambe, such as CCUS projects and blue hydrogen.

Norway

The Norwegian Continental shelf (NCS) is leading in producing oil and gas with low GHG emissions. As a member of the Norwegian Oil and Gas Association, we support the industry's joint climate ambitions; to reach near-zero GHG emissions by 2050 with interim goals of reducing GHG emissions by 50% by 2030. These goals are aligned with Norway's national climate targets.

We work purposefully with our partners to identify and implement measures that will reduce our GHG emissions. We believe power from shore can play a vital part in achieving significant emission reductions.

- Statfjord – where we have a 34.2% interest - is the biggest GHG emitter in our Norwegian portfolio. Total emissions have been reduced by 50% since 2005, and we are aiming to reduce emissions by more than 50% from today to 2030. We will work with partners to evaluate the potential for further electrification of Statfjord as part of the wider electrification of the Tampen area.
- The Ivar Aasen platform in the North Sea, where we have a 12.3% interest, will be powered from shore from 2022 as part of the Utsira High Area electrification project.
- Nova, a field currently under development, will be tied back to Gjøa. Gjøa has been electrified since start up in 2010.
- With Ivar Aasen receiving power from shore and Nova coming on stream in 2022, Spirit Energy will have equity in three producing fields that receive hydroelectric power from shore – significantly curtailing GHG emissions from our operations.

We are committed to:

- Finalise our Energy Transition strategy and establishing realistic and ambitious medium term GHG emission reduction targets and KPIs. We will establish both absolute emission reductions and carbon intensity targets.
- Validate our baseline emissions during 2021
- Report our operated emissions by country in accordance with the relevant national greenhouse gas trading regulations in Norway, UK and Netherlands
- Making GHG emissions criteria a formal part of our investment decision-making and how we run our business.
- Stop all routine flaring by 2030 in alignment to the World Bank's initiative
- Minimising our primary production emissions through improved operational efficiency, reduced flaring and fugitive leak detection and repair programmes
- Implement best available technology into all new projects to minimise GHG emissions
- Advocate for low-carbon electricity to supply our operations
- Assess the viability of CCUS at selected assets

We have recently appointed an Energy Transition director to oversee our work towards Net-zero. We have also established formal roles to oversee our efforts in reducing our emissions, and work is ramping up across the organisation to support our ambition.