Decarbonisation Plan

2023

Welcome

Hello and welcome,

I am pleased to provide an update on Aquaterra Energy's decarbonisation journey, reflecting on our progress throughout 2023 and outlining our goals for 2024. While our involvement in oil and gas projects remains substantial, 2023 saw a notable shift towards renewable energy initiatives, aligning with our broader commitment to sustainability. This focus will only continue to grow in the years ahead.

After publishing our inaugural Decarbonisation Plan last year, we anticipated an increase in Scope 3 emissions due to the global scope of our projects and the manufacturing of a new riser system for our rental fleet. Recognising the demands of our business growth, we have nonetheless made significant progress: powering all UK sites with REGO-certified energy, launching and embedding our carbon calculators, achieving our zero-landfill waste target, transitioning 50% of our forklifts to electric, and incorporating our Sustainable Logistics Policy into day-to-day operations. Additionally, we now include carbon calculations in all proposals and tenders, supporting our clients in their own decarbonisation efforts.

While 2023 brought increased energy consumption and Scope 3 emissions due to personnel growth and project demands, these were partially offset by a 68% reduction in outward-bound logistics emissions through our new sustainable logistics processes from 2022. This underscores our commitment to finding innovative solutions that minimise our environmental impact—an effort we will continue to pursue.

As we look ahead, we remain steadfast in our dedication to decarbonisation, building on the momentum we've created as we navigate the challenges and opportunities that lie ahead.

Simon Hatson
QHSE and Sustainability Director

Our steps towards decarbonisation so far

- We are continuing to align with REGO certification for all our UK sites
- Launch of Carbon Calculator within our platforms projects to help our clients understand the potential / actual carbon impacts within their project scope
- Inclusion of carbon calculations in all company tenders to support our clients in their own commitments to decarbonisation
- Amendment to our Business Travel Policy to include the consideration of Carbon intensity to our selection of travel
- Transitioned 50% of our fork lift trucks to electric
- Elimination of one-use plastic cups in our offices
- Published our Sustainable Logistics Policy and embedded it in our day-to-day operations
- Achieved zero to landfill for all wastes produced within our UK facilities

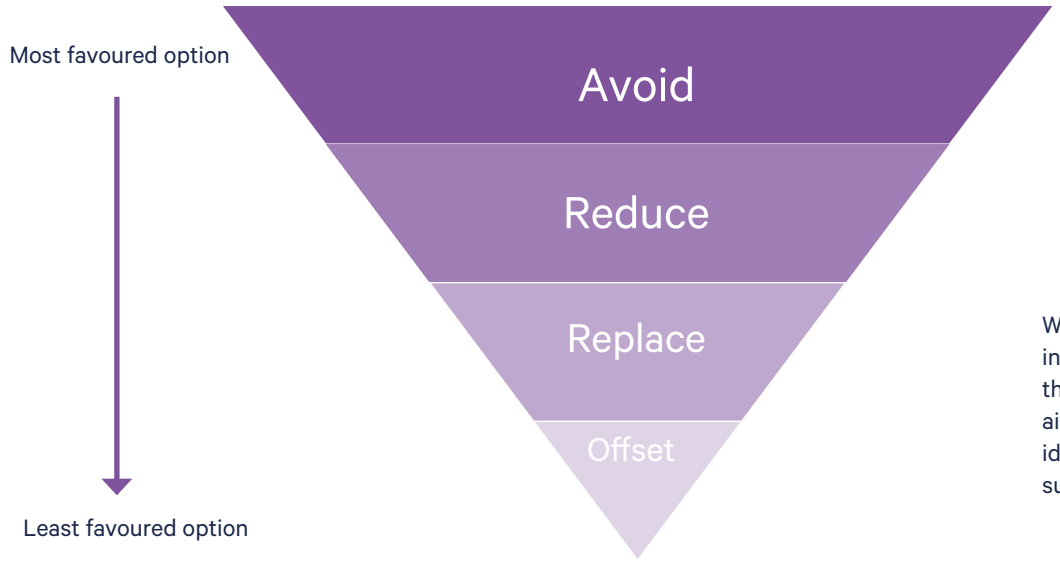
Upcoming - 2024/2025

- In 2024, we will develop an overarching Sustainability Policy that brings together all the initiatives Aquaterra Energy has implemented since 2020, addressing our environmental, social, and economic sustainability impacts
- Removal of one use plastic cups for drink dispensers from our communal areas and meeting rooms
- Transition the remaining 50% of our fork lift trucks to electric

Our Philosophy

At Aquaterra Energy, our responsibility is to ensure that we decarbonise our operations in the most effective manner possible.

By utilising the carbon hierarchy, we have actively sought to ensure that we follow the most favored options to reduce our emissions wherever possible rather than purely rely on offsetting as a solution. Our primary focus is to take the necessary steps to avoid carbon-intensive activities in the first instance, introduce both technical and operational efficencies into our designs and delivery processes, promoting a consistent culture of reuse and replacement throughout our operations.



- Avoid carbon intensive activities and actions
- Undertake activities with improved efficiency, reuse and reduction
- Replace high carbon activities or sources with low carbon solutions
- Offset or sequester emissions that cannot be eliminated by the above

Avoid

Where possible, we seek to avoid carbon intensive operations. Key to our progress is the elimination of unnecessary shipping and air freight within our projects through the identification and qualification of our in-country supply chain.

Replace

We actively seek out opportunities to replace elements of our infrastructure (i.e., heating and lighting) to provide improvements within our scope 1 & 2 emissions. We also challenge our scope 3 emissions wherever possible, for example, via the introduction of schemes to support our workforce in sourcing less CO2e intensive methods of commuting.

Reduce

Where possible, we seek to reduce our global emissions. For example, by reducing the amount of raw material that is used within our product designs, by reducing the need for overseas travel and by engaging with local, in-country resources. We have also introduced hybrid working which has helped to reduce employee commuting emissions.

Continue to Offset

We will consider offsetting as an option, however our focus in 2024 and onwards is to continue to identify, challenge, amend and drive down our emissions wherever practicable. Where we do offset, we will continue to support projects that help reduce global carbon emissions and promote climate action in regions that are key to our global energy transition strategy.

Our Emission Targets

In our decarbonisation efforts, we are committed to maintaining transparency regarding our carbon emissions and their associated sources. Wherever possible, we proactively identify and implement carbon savings opportunities within our project delivery framework. This includes strategically planning our fabrication activities to minimise the transportation of assets to their contracted end locations and engaging with suppliers who support these initiatives.

However, due to the varying nature of our projects, our annual carbon emissions may differ significantly. This variability is largely due to the scope of services required, the location of projects relative to our suppliers, and the scale of each individual project.

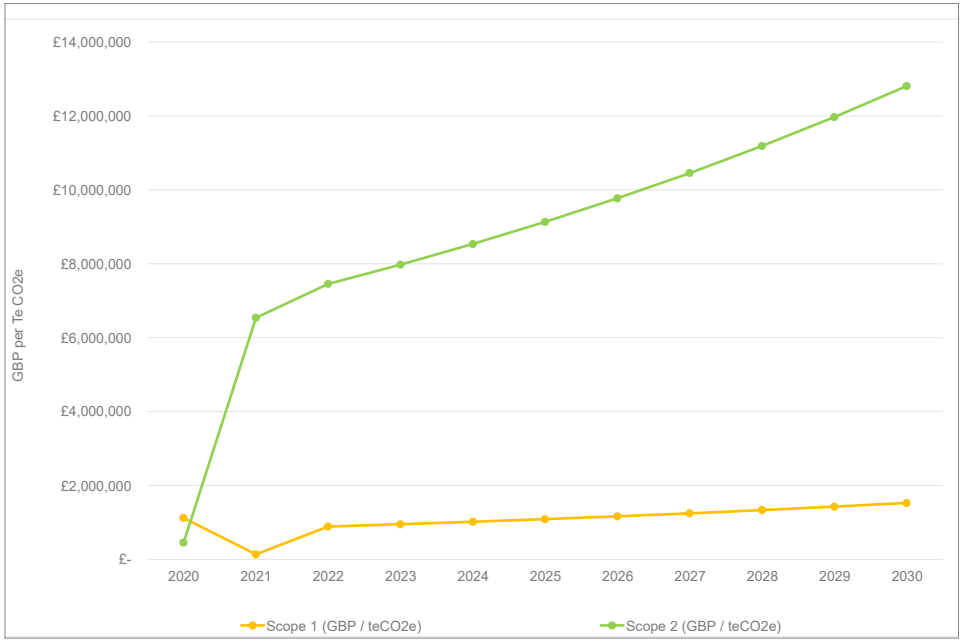
These variances may result in disproportionate savings or even increase our impact when presented as a simple number. Similarly, we acknowledge that the growth and expansion of our company or operating sites will naturally increase our Scope 1, 2, and 3 emissions.

Therefore, to ensure clarity and transparency, and to provide context for our data, we will compare our total CO2e figure with our annual revenue figure. This approach allows us to measure our performance more accurately as our business grows and our operations vary in scope and geography.

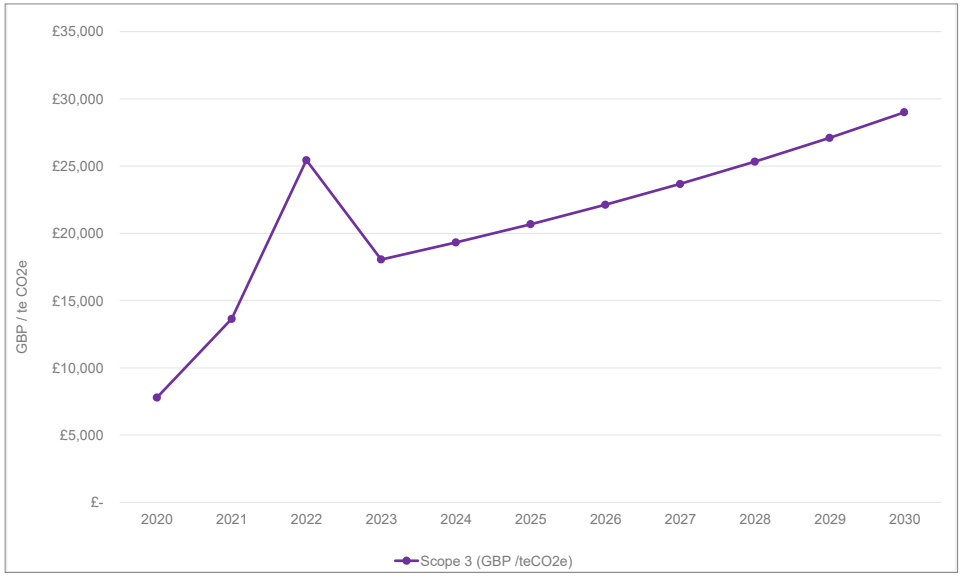
Revenue (£M) / CO2e (te)	2020	2021	2022	2023
Scope 1	£1.120M per te	£0.134M per te	£0.888M per te	£1.165M per te
Scope 2	£0.453M per te	£6.556M per te	£7.455M per te	£8.511M per te
Scope 3	£0.008M per te	£0.013M per te	£0.025M per te	£0.018M per te

We have compared our carbon emissions against overall business revenue. This metric shows projected business revenue (GBP) per ton of carbon dioxide equivalent measures the ratio of carbon emissions as a percentage of overall business revenue (GBP) generated by Aquaterra Energy.

Year on Year we target a 7% increase in efficiency, meaning the more £ per tonne of CO2e the more efficiently we are delivering our projects.



The revenue/carbon emissions (million GBP/tonnes CO2) metric for scope 1 and scope 2 emissions indicating a 7% efficiency increase each year up to 2030



The revenue / carbon emissions (thousand GBP/tonnes CO2) metric for Scope 3 emissions indicating a 7% efficiency increase each year up to 2030

Our Roadmap to Decarbonisation

Our Roadmap to Decarbonisation: Avoid, Replace, Reduce

Our scope 1, 2 and 3 emissions are broken down as follows:

Scope 1

- Air conditioning
- Heating (self-generated)
- Vehicle fleet

Scope 2

- Electricity

Scope 3

- Business travel
- Employee commuting
- Purchased goods and services
- Upstream transportation and distribution
- Waste generated in operations
- Downstream transportation & distribution
- End-of-life treatment of sold products

Scope 1 & 2 emissions

During 2023, energy consumption increased across our UK sites. This rise is directly linked to a growth in personnel, more team members opting to work on-site rather than from home, and a higher population at our Aberdeen offices, where most workspaces are now occupied by Aquaterra Energy or tenant personnel.

This trend is further reflected in the increase in emissions from employees working in the office which has led to an increase in energy consumption, waste generation & water usage. Additionally, updated emission factors contributed to this observed increase.

During 2021 we committed to sourcing REGO Certified supplies of electricity at all its UK sites to ensure it is generated through Renewable sources. This change significantly reduced the Scope 1 & 2 emissions of the organisation. This commitment remains in place within our site management strategies.

During 2023 we changed 50% of its Forklift Truck Fleet to electric. This move away from gas powered FLT's has had a further reduction on the Scope 1 emissions. While we continue to assess the viability of changing the remaining 50% of the FLT fleet to electric, this is currently constrained by the availability of truck of suitable specifications.

Our Roadmap to Decarbonisation: Avoid, Replace, Reduce

Scope 3 emissions

We recognise that reducing our scope 3 emissions are notably the most difficult, as they are based on a company's necessary activities, but these activities are not owned or controlled by the company.

In 2023, Scope 3 emissions saw an increase to actual emissions, these can be directly attributed to three key factors.

We saw a notable increase in emissions arising out of business travel in support of our projects during the year, with an increase of 152% in our total flight mileage for our project and offshore teams supporting our projects across the globe.

The second key factor was the increase in purchased steel. The business decision to manufacture an additional riser system for our rental fleet, to again meet our global project demands. This asset is now in use and will support our clients for the foreseeable future and prevent the need for our clients to manufacture their own assets for their short team project needs.

The third element of the increase was emissions arising out of transport which increased by 95% from 2022, this can be attributed to an increase in mileage of 39% because of increased headcount and a culture shift in our teams wishing to increase their time in office, alongside the update to our emission factors from 2022 to include Well-to-Tank (WTT) emissions.

This increase was counteracted somewhat by the significant reduction in emissions arising out of logistics which decreased by 68% from 2022, despite the total kilometers (TKM) increased by 143%, the carbon intensity of our logistics actually reduced by 87% due to the use of sea freight as per the new company Sustainable Logistics Policy.

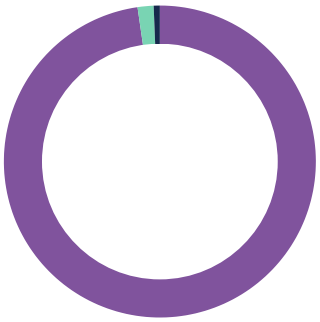
Business travel
46% of footprint

Employee commute
21% of footprint

Purchased goods
15% of footprint

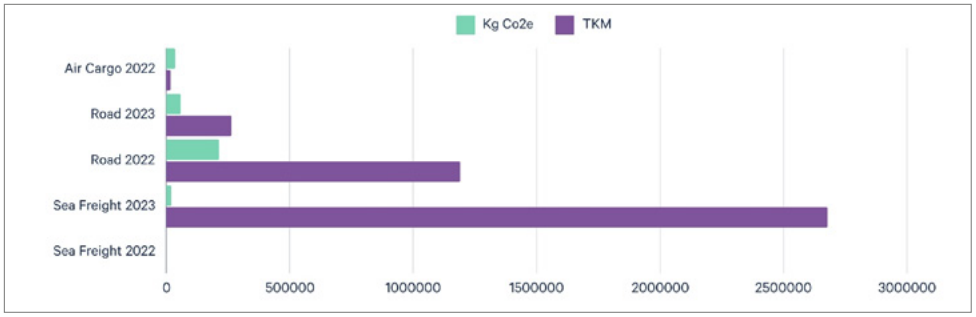
Logistics
15% of footprint

Business travel emissions breakdown

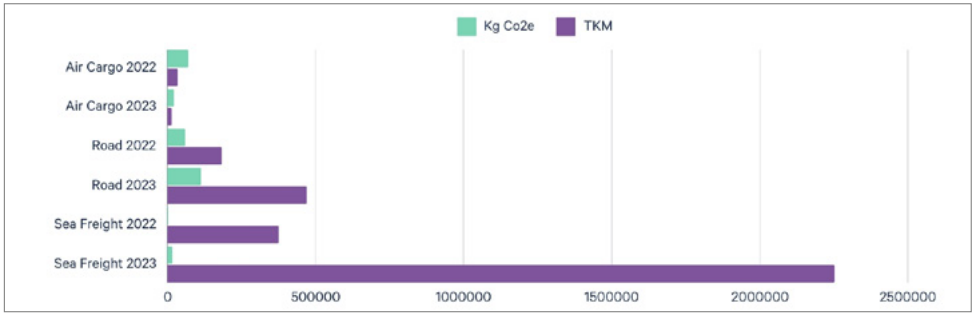


Flights	97.7%
Hotel nights	1.7%
Rental and private vehicles	0.6%

Kms travelled in 2022	Kms travelled in 2023	Increase
1,416,836	3,569,102	152%



Inbound logistics decreased by 68% from 2022 even though the total tkm increased by 143% due to more sea freight being used.



Outbound logistics increased by 13% from 2022 even though the total tkm increased by 360% due to more sea freight being used.

Journey to Net Zero

We remain committed in our journey towards Net Zero. We continue to measure our progress against the requirements of the Green House Gas protocol via a third-party organisation who also continue to provide us with insights and potential advancements in our systems and infrastructure.

Aquaterra Energy understand that throughout this journey, we will need to adapt our plan as and when required. These commitments are our belief that Net Zero can be reached in the desired time frame and we continue to seek new opportunities that will ensure that we reach this target.

2024 Key Goals

- Continue to embed our carbon calculators into all operations, supporting our clients in achieving their own decarbonisation goals
- Seek additional opportunities to integrate sustainability considerations into our project delivery models
- Complete the transition of our Forklift Truck fleet to fully electric vehicles
- Further develop our global supply chain to ensure the flexibility and contingencies needed to deliver optimal project solutions for our clients
- Review our Site Management Strategy to identify further opportunities for reducing the company's baseline environmental impacts
- Maintain our Zero to landfill status

If you'd like to contact us for more information on our Decarbonisation plan, please get in touch with our team directly or visit our website:

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www.aquaterraenergy.com/esg