

JERSEY OIL&GAS

Sustainability Report 2021



SUSTAINABILITY REPORT

Our Sustainability Approach

JOG began its sustainability journey in 2019 with the foundation of three core ESG aims:

- Establish appropriate criteria for all activities to ensure the business is environmentally conscientious and perceived as a progressive and market-leading entity
- Ensure respectful treatment of all JOG's stakeholders
- Build upon corporate ethics and values via open and transparent business practices

Since then, our Strategy has continued to evolve on a holistic basis, to ensure our asset base 'walks the talk' from an ESG perspective.

As the ideas and concepts surrounding ESG continue to gather momentum, JOG's sustainability activities are centred around:

1) Continuous learning and knowledge building (particularly surrounding technology and policy evolution);

2) Third-party data to assess for materiality and historical concerns such as reports, international standards, and partnerships /collaborations;

3) Developing our own internal assessment tool; and

4) Both inter-and intra-related company engagement.

Our Sustainability Progress

2021 saw the Group implement critical operational levers in the form of our inaugural Carbon Policy, a Sustainable Supply Chain Management (SSCM) System, and the extension of our ESG Risk Management System to align with the recommendations of the Taskforce for Climate-Related

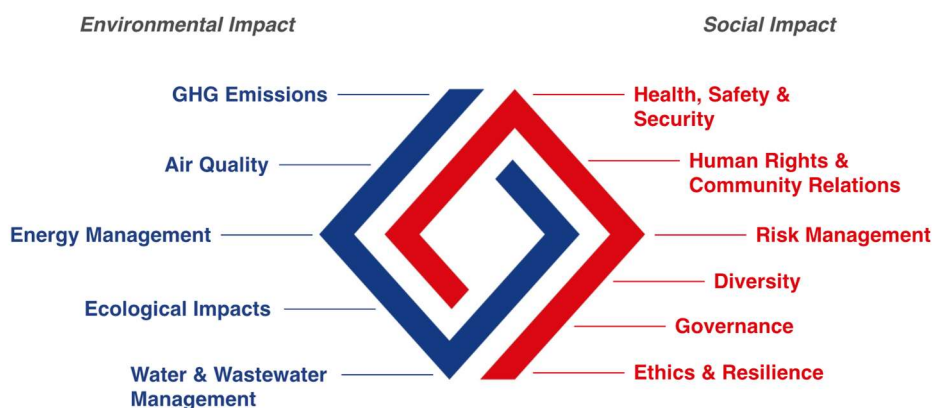
Financial Disclosures (TCFD). These processes and management systems have been designed with the future in mind to ensure their flexibility as JOG continues to investigate a broad range of current and future work scopes.

- To date we have had no lost time incidents and no breaches relating to safety, security or the environment
- Our female to male employee ratio has improved from 1:11 in 2019 to 1:4 in 2021
- No labour infringements or breaches were identified in any area of operation during 2021
- In 2021 JOG actively engaged with the QCA for the fourth consecutive year and received a clean audit
- The Group has not been involved in any legal cases, investigations or proceedings relating to bribery or corruption
- We continue to ensure strong emphasis on sustainability and net zero as we progress the range of GBA development options

Carbon Policy

We recognise that commitment to a sustainable and lower carbon energy future is central to delivering our vision. The management of carbon emissions and the commitment to low carbon targets and initiatives are integral to JOG's operational objectives, corporate structure, company values and culture.

The Carbon Policy confirms our commitment to risk managed growth, which will involve reducing our carbon footprint to the lowest possible level for the benefit of our shareholders and other stakeholders, as outlined by our materiality assessment.



Through this Carbon Policy, as well as the strategies and programmes that stem from it, JOG will seek to position itself as an oil and gas company leading in the energy transition on the UKCS.

Scope

The Carbon Policy applies to all of JOG's current assets and will potentially be applied through the addition of other assets, if and when acquired. Carbon emissions management is considered throughout the asset lifecycle, from concept selection, development, operations, and decommissioning.

JOG will continue to work towards identifying Scope 1, 2 and material Scope 3 emissions (internationally recognised definitions developed by the GHG Protocol) and minimising, measuring and report Scope 1 and 2 emissions associated with its operations on an absolute basis. Key to this will be the consideration and application of pioneering solutions to carbon management. These will be assessed through a rigorous management system and operational process to ensure sustainable value is realised from JOG's assets.

Management

Carbon emissions minimisation and climate change resilience are an executive, board-level responsibility and are included in corporate risk and opportunity identification and management processes.

JOG's understanding and application of low carbon emissions initiatives and innovation are founded in the extensive oil and gas expertise of its management team and from trusted external advisers.

JOG actively engages with investors on climate change resilience and carbon emissions related risks and opportunities, to positively differentiate itself from its peers.

Organisational Arrangements

Emissions reduction initiatives are integrated into operational and investment decisions at all levels of the organisation. JOG is creating a workplace culture of sustainability and we evaluate carbon emissions wherever possible and are incentivised to actively reduce these.

Climate Targets

To support the energy transition and facilitate wider decarbonisation, JOG will comply with the following requirements/set the following targets:

- Full compliance with all current and future emissions-related laws and regulations in the UK
- Emissions will be recorded and reported in line with all applicable UK emissions related legislation and in line with the recommendations of the TCFD on an annual basis
- Scope 1, 2 and material Scope 3 emissions will be identified through the scrutiny of JOG's operational activity both offshore and onshore. This

includes JOG's supply and customer chains as it evolves into an active UKCS operator

- All existing JOG operations to be carbon neutral by the point of first oil for Scope 1 and Scope 2 emissions
- Where the use of combustion equipment is unavoidable, fully disclose the justification for this choice and demonstrate full alignment with this policy
- Source the largest possible percentage of renewable electrical power in the energy mix for all JOG operated sites, both onshore and offshore, where this demonstrably presents the best lifecycle emissions profile and asset value
- Invest in accredited and, where possible, local carbon capture or offset to support the UK's Net Zero ambitions
- Complete pre-investment due diligence and climate resilience planning for all potential acquisitions, mergers, or joint ventures
- Ensure climate related risks and opportunities, including cost of emissions through trading and taxation, are incorporated into JOG's financial decision-making process
- Actively engage supply and customer chains to quantify carbon emission and influence their reduction

Monitoring and Reporting

Scope 1, 2 and material Scope 3 emissions will be identified through the scrutiny of JOG's operational

activity both offshore and onshore. This includes JOG's supply and customer chains as it evolves into an active UKCS operator.

Once identified, emission will be recorded and reported in line with all applicable UK emissions related legislation.

JOG considers regulatory compliance as an entry-level approach to emissions disclosure. JOG is transparent in its approach to incorporating carbon considerations throughout the investment cycle and will communicate updates on progress and outcomes with its partners and investors through both formal and informal mechanisms, including annual and interim reports.

JOG has undertaken analysis of the requirements of the TCFD and will report the required disclosures in line with the recommendations of the TCFD. This will include strategy, governance, risk management approach and metrics around climate change to investors and other stakeholders, on an annual basis.

Conclusion

JOG believes responsibly sourced and produced hydrocarbons will be fundamental to a successful global energy transition. JOG is committed to differentiating itself as a sustainable and responsible 21st century oil and gas company. This policy is central to the delivery of this ambition. It will be reviewed and updated as appropriate and signed by JOG's Chief Executive Officer.

Sustainable Supply Chain Management

While the topics of health, safety and environmental issues have been a constant aspect of procurement and supply chain management in the oil and gas industry, the emergence of new regulations and changing societal expectations exposes companies to new

challenges. As part of JOG's ongoing commitment to the UN Global Compact 10 Principles and the Group's own Climate Targets, JOG saw an opportunity to beneficially utilise ESG commitments and performance in the selection process and ongoing contractor incentivisation.

Major Contracts Sustainability Policy

As JOG moves to becoming a future North Sea Oil and Gas producer, this Major Contracts Sustainability Policy aims to extrapolate how the Group's ESG objectives can be implemented across our wider supply chain. It has been developed by considering several 'Decision Points' in collaboration with JOG ESG and HSE specialists to ensure the direction is representative of the wider aims and objectives of the GBA Project. The pre-award assessment process which accompanies the Policy focuses on a contractor's maturity in understanding ESG and their level of ESG commitment. The Policy requires contractors to commit to the United Nations Global Compact (UNGC) with the overall aim of aligning operations from an ESG perspective throughout the supply chain. The Group also accounts for other ESG commitments when UNGC alignment is not possible for a contractor. Once awarded, JOG will continue to drive the continuous improvement of ESG performance in its supply chain through ongoing engagement and contract-specific targets.

ESG Risk-led Approach

Each individual contract for goods and/or services will bring a level of risk to JOG. As with health, safety and environmental risk, JOG looks to assess and reduce ESG risk to as low as reasonably practicable for the GBA project. While specific risks will be defined through JOG's strategy and risk assessment process, likely risks contractors could bring to JOG include:

- Environmental risk – high emissions activities with little scope for reduction
- Safety risk – high occupational health and safety exposure due to the nature of the work involved
- Reputational risk – previous high-profile ESG related incidents suffered by the contractor
- Governance risk – contractor works globally with differing regional approaches to ESG
- Social risk – contractor's activities have the potential to interact with or impact the general public.

ESG Risks and Opportunities

We have both a top-down and bottom-up approach to risk and opportunity oversight. This ensures we create a consistent, scalable, and auditable means for the identification and management of emerging risks and opportunities, both internal and external, to JOG's future operations, at project level and business level. JOG's Management Team convenes for dedicated ESG risk and opportunity reviews twice a year. The outputs are reported to the Board of Directors and to individual business units in the form of KPIs to manage risks, including climate risks and opportunities, on an ongoing basis.

The Board's Role in Risk Oversight

Risk oversight is an integral part of JOG's Board of Directors role, and the risks faced by JOG are deliberated throughout the year. Responsibility for risk management is distributed amongst the Board as a whole and supported by management. JOG's risk management framework provides an effective tool for executive oversight of risk mitigation.

Strategic, operational, financial and hazard risks, as well as management

of their likelihood and impact, the perceived trend for each risk, and the measures being taken to monitor and manage such risks.

Risk Matrix and Policy

JOG's Risk Management Policy mandates that every risk and opportunity has an owner assigned and accountable for its ongoing management, including the development and implementation of their mitigation, each with individual owners accountable for action implementation through to

successful conclusion, the Group's CCO is responsible for managing the overall process.

ESG Risk and Opportunity Overview

Risk & Opportunity	Description & Impact	Mitigation
Policy & Regulation	Implementation of carbon price/tax which may increase operational costs and reduce overall profit from the GBA	Develop and implement low-carbon exploration, development, and production practices. Apply internal carbon price and initiatives. Action Carbon Policy aims such as offsets and voluntary emission programmes.
Policy & Regulation	Implementation of methane tax which may increase operational costs and reduce overall profit from the GBA	Monitor technological improvements regarding associated gas and routine flaring. Aim to utilise any associated gas produced in power generation.
Policy & Regulation	Changes to policies, law, and regulations due to decarbonisation agenda with cost impact to the Group	Monitor development, conduct stress testing, set internal standards, voluntary alignment, and education. Consult industry bodies for educational material which can be used to put a balanced position on energy transition & can be used to educate internally. Opportunity: JOG actively fosters a sustainable corporate culture.
Policy & Regulation	Diminished attractiveness of hydrocarbon projects to prospective investors due to new investment criteria	JOG ensures it has open and transparent relationships with its stakeholders via multiple communication routes. Rigorous stress testing and audits. Opportunity: We have conducted life-cycle analyses, developed emission targets and aim for the GBA to be a low carbon development.
Technology / Market Disruptions	Technological advances reduce the cost of renewables and long-term energy storage resulting in reduced oil demand	JOG conducts Scenario analysis, R&D, climate-related energy targets/reports, and stress testing.
Technology / Market Disruptions	Electric vehicles (EVs) reach cost parity with internal combustion engines sooner than expected resulting in reduced oil demand	Opportunity: Electricity and power supply still required, JOG to support the shift to electrification during the energy transition via the provision of responsibly produced hydrocarbon products.
Technology / Market Disruptions	Rapid energy efficiency improvement scenario leading to reduced oil demand	Consider modular technology, which is easy to upgrade, as well as R&D. Monitor technology development.
Societal Shift / Demography	Reduced talent attraction	Proactive local engagement and sponsorship of STEM activities.



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