

# OUR ENVIRONMENT

## GREENHOUSE GAS (GHG) EMISSIONS

### 2024 Highlights

- ☆ 17.8 tonnes of CO<sub>2</sub>e offset
- ☆ Developed 'carbon bank' to reduce future Dorado emissions via acquisition of ACCUs
- ☆ Assessment of carbon abatement investment opportunities

### Our approach in 2024

Carnarvon recognises the challenges associated with reducing and offsetting emissions from oil and gas operations, as well as the opportunities that the energy transition presents in terms of emerging technologies and new products like biofuels.

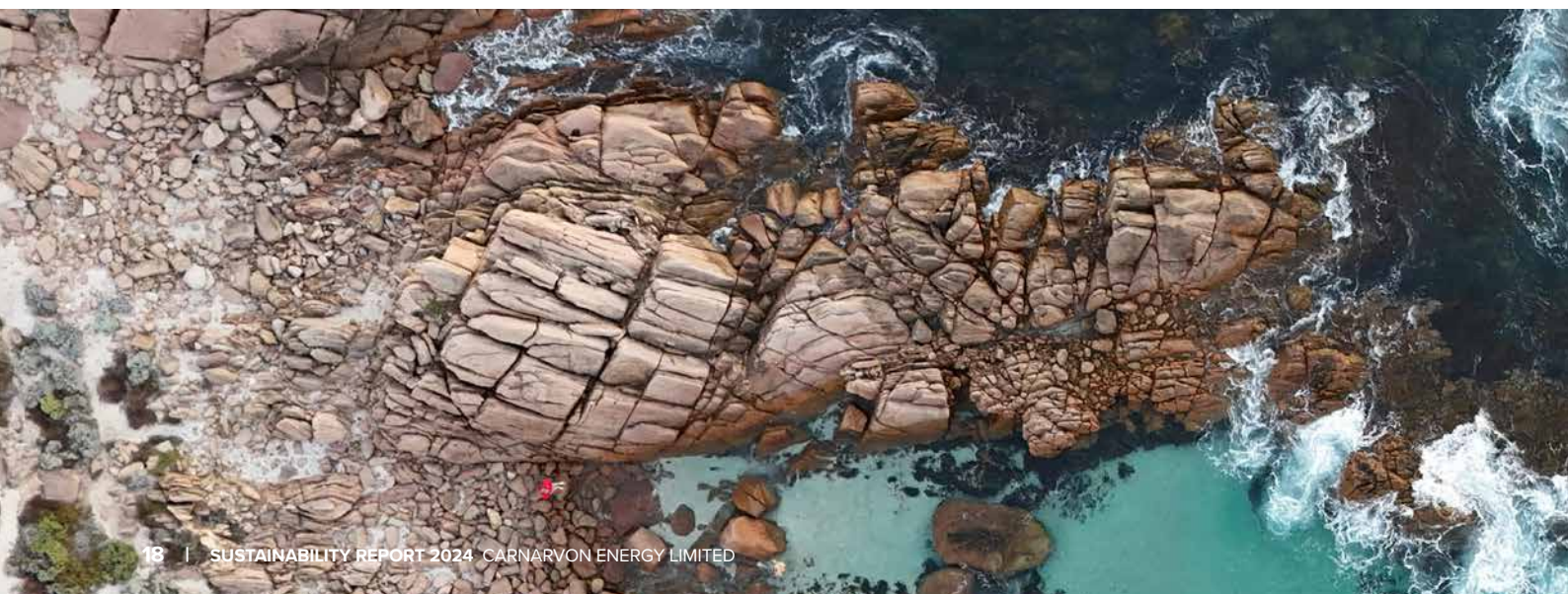
In-line with our approved Carbon Offset Strategy, Carnarvon developed its 'carbon bank' during the reporting period via the acquisition of ACCUs on-market. These ACCUs are intended to offset future emissions from the Dorado production facilities in accordance with the relevant regulatory requirements under the Safeguard Mechanism.

Carnarvon also assessed a number of carbon abatement investment opportunities. The focus of this assessment was to understand how Carnarvon could develop or assist in the development of agricultural carbon abatement projects which would also generate ACCUs.

In addition to emissions offsets, Carnarvon is also working with the operator to investigate emissions reduction measures as part of the design of the Dorado production facilities, as well as future operational practices that could achieve energy efficiencies. The opportunity to repurpose an existing FPSO for Dorado, rather than building a new FPSO, could also reduce emissions during the development phase.

Based on the Dorado optimisation Concept Select activities undertaken during the period, the optimised development could also reduce production and gas injection rates which is expected to result in an overall reduction in the emissions profile. The existing Basis of Design for the Dorado FPSO already includes emissions reduction options (such as closed flare, Vapor Recovery Units). Further review of potential emissions reduction measures will form part of the FEED process.

GHG emissions from our assets which are owned and operated by us are reported on each year. Where we do not have operational control, we work proactively with the asset operator and key contractors to ensure best practice emissions reduction is implemented, where possible. During the reporting period, we did not report equity share GHG emissions, as there were no offshore operations. Consistent with previous Sustainability Reports, we have no mandatory reportable emissions under the NGERs Act.



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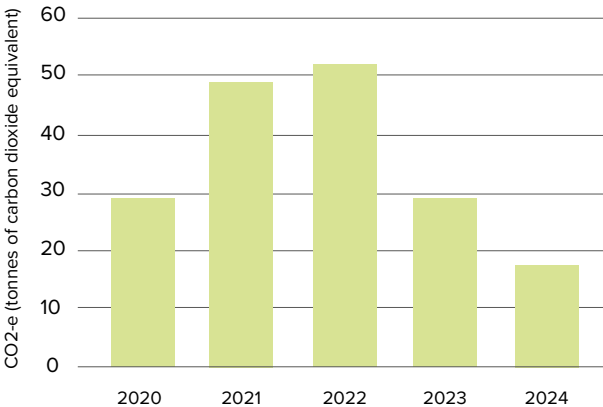
We report Scope 2 emissions from the consumption of electricity at our corporate headquarters in Perth on a voluntary basis. These emissions are calculated using the location-based methodology for energy consumption. During the reporting period, our electricity consumption from our corporate office was 121GJ and our Scope 2 emissions were calculated as 17.8CO<sub>2</sub>e tonnes. This was a reduction from the previous reporting period (see chart below) due to a reduction in the office size. These emissions were offset by the retirement of an equivalent number of ACCUs purchased by Carnarvon on-market.

## Looking ahead to 2025

As part of optimisation for the Dorado development, we will continue to work with the operator to investigate emissions reduction measures as part of the design of the Dorado production facilities.

We will also continue to manage our 'carbon bank' and assess carbon abatement opportunities so that we have a sufficient volume of low-cost offsets available once the Dorado production facilities commence operation.

### SCOPE 2 EMISSIONS



Our 2025 Goal

**Incorporation of emissions reduction measures as part of the design of the Dorado production facilities and assess opportunities to repurpose an FPSO.**





# OUR ENVIRONMENT

## CLIMATE ADAPTATION, RESILIENCE & TRANSITION

### 2024 Highlights



Full feasibility assessment of biofuels business completed

### Our approach in 2024

Carnarvon recognises that climate change is an important global challenge that requires action to transition to a low carbon economy. As an energy company, Carnarvon has an important role to play in this transition by providing reliable sources of energy.

During the reporting period, Carnarvon undertook a full feasibility assessment of our biorefining joint venture, FutureEnergy Australia Pty Ltd (“**FEA**”). Based on this assessment Carnarvon determined that its biorefining business was non-core, and exited FEA immediately prior to the end of the reporting period.

Climate and sustainability continues to be overseen by Carnarvon’s RGS Committee. The RGS Committee meets twice a year and reports to Carnarvon’s Board, which has ultimate oversight in ensuring climate considerations are integrated into Carnarvon’s business planning and processes. Carnarvon senior management conducts climate specific risk assessments and incorporates relevant risks and opportunities into the corporate risk register. Risks, opportunities, and progress against mitigations are assessed and updated by management on a regular basis, including during the formal annual review.

During the reporting period, Carnarvon did not participate and was not associated with any associations or committees in relation to public policy development and lobbying.

### Climate Change

During the reporting period, our Carbon Offset Strategy was embedded in the business, and we developed a ‘carbon bank’ to offset future emissions from the Dorado production facilities, in accordance with the relevant regulatory requirements under the Safeguard Mechanism, via the acquisition of ACCUs.

### Carbon pricing

Carnarvon has set a ‘low end’ price for ACCUs of A\$35/tCO<sub>2</sub>-e, and a ‘high-end’ price of A\$75/tCO<sub>2</sub>-e, escalated at CPI plus 2% per year in accordance with the ‘cost containment’ measure for ACCUs in the Safeguard Mechanism. Whilst this pricing methodology has relative certainty until 2030, beyond this date the price of ACCUs can’t be accurately forecast and Carnarvon has assumed continued escalation at CPI plus 2% until the end of production from the Dorado field. Carnarvon’s current intent is to ensure it has ‘banked’ a sufficient volume of offsets prior to 2030 through the acquisition of low cost ACCUs to meet the entirety of its projected obligation under the Safeguard Mechanism for the Dorado development, with a contingency for possible future backfill (e.g. Pavo field). Carnarvon is also assessing Carbon abatement opportunities which could generate additional ACCUs.

Carnarvon has modelled the impact of the Safeguard Mechanism on the Dorado development using low, mid and high end ACCU pricing consistent with the parameters noted. This has confirmed that the project remains economically robust under all conditions, with the impact of the Safeguard Mechanism reforms more pronounced in the later years of production, assuming there is no backfill and a lower rate of production applies.

# OUR ENVIRONMENT

## Risks and Opportunities:

Climate change and the management of carbon emissions may affect Carnarvon's operations, markets for oil and gas and the funding and insuring of projects. Potential risks arising from physical changes caused by climate change include increased severe weather events and rising sea levels which may impact Carnarvon's operations. There are also risks arising from policy changes by government which may result in increased regulation and costs which could have a material adverse impact on Carnarvon's operations. Transitional opportunities such as diversification and low-carbon technologies are the focus of Carnarvon's longer-term planning.

To manage these risks for future developments, like Dorado, Carnarvon is committed to working with its Joint Venture partners to reduce emissions from the project facilities. Carnarvon has also developed its 'carbon bank' during the reporting period via the acquisition of ACCUs on-market. These ACCUs are intended to offset future emissions from the Dorado production facilities in accordance with the relevant regulatory requirements under the Safeguard Mechanism.

Carnarvon continues to assess and manage its risks on a regular basis.

## Biorefining Venture

Carnarvon undertook a full feasibility assessment of its biorefining joint venture, FEA, and FEA's proposed first biorefining project in Narrogin, during the reporting period.

As a result of this assessment, it was determined that the biorefining business was non-core, and Carnarvon divested its interest in FEA, immediately prior to the end of the reporting period. Carnarvon also ceased consideration of a number of other early stage biorefining opportunities.

Carnarvon's exit from its biorefinery business aligns with the company's refined strategic objectives, and focus on maximising the value of the Dorado development and Bedout Sub-basin assets.

## Looking ahead to 2025

We will monitor regulatory developments in respect of the introduction of the new climate disclosure regime, and ensure Carnarvon is positioned for compliance with the new requirements once these become applicable.

Our 2025 Goal

**Ensure the business is positioned for the introduction of mandatory disclosure of climate related financial risks and opportunities.**

# OUR ENVIRONMENT

## ENVIRONMENTAL REGULATORY MANAGEMENT

### 2024 Highlights



EP process for Dorado development and Bedout exploration activities commenced

### Our approach in 2024

Responsible environmental stewardship requires that we have a comprehensive understanding of, and respect for, the environment and our impact on it. Carnarvon recognises that activities and actions carried out during exploration, and in respect of future production operations, all have the potential to impact the environment. We strive to reduce this impact, and are committed to preventing significant environmental incidents from our activities, and complying with all applicable environmental laws and regulations.

During the reporting period, the operator commenced the Environment Plan (“EP”) process for the Dorado development, and to facilitate exploration activities in the company’s Bedout Exploration Permits. It is expected approval of these EPs by the regulator, NOPSEMA, will be achieved in the next reporting period.

As Carnarvon was not operational during the reporting period, environmental compliance requirements were minimal; however there were zero instances of non-compliances with environmental laws and regulations. Our RGS Committee, along with our existing Health, Safety, and Environment (HSE) Policy, provides the relevant framework and oversight in our business to ensure the protection of the environment. Carnarvon’s internal environmental policies can be found on our [website](#), and relevant regulatory approvals can be found on the NOPSEMA and NOPTA websites, as applicable.

### Looking ahead to 2025

Carnarvon will continue to work with the operator of the Dorado development, and its Bedout Exploration Permits, to achieve approval of the EPs for project development and exploration activities.

Our 2025 Goal

**Approval of the EPs for the Dorado development and Bedout exploration activities.**

