



**Always
seeking new
ways to
achieve more**

Our net zero roadmap

PHAROS
ENERGY

Taking our first steps to net zero

Letter from our CEO

The oil and gas industry is in a period of transition as the drive to reduce emissions globally combines with each country's efforts to secure the energy needed for its socio-economic development.

Secure and reliable access to energy is essential for growing economies and contributing raw materials for products used in everyday life. In emerging economies, oil and gas can provide the energy needed to drive GDP growth as a foundation for long-term socio-economic prosperity.

At the same time, the use of oil and gas, particularly in economies transitioning from reliance on coal, can contribute to reducing global emissions in the context of governments' commitments under the Paris agreement.

Pharos is positioned to contribute to this period of transition because our purpose is to continue to create sustainable prosperity and value for all our stakeholders: investors, host countries, business and communities.

“We are proud that we produce energy that drives positive socio-economic impact.”

Environmental stewardship is at the heart of that purpose because we foresee that the global demand for energy from hydrocarbons will remain strong for some years. That is why Pharos is aiming to manage oil and gas assets in a responsible and transparent manner, and we announced our net zero ambition in 2022.

We cannot realise our ambition on our own. We not only need support from our partners, suppliers and host governments, but we also stand ready to help them achieve their socio-economic and environmental ambitions.

We recognise that the journey to net zero will be neither simple nor straightforward. Nevertheless, we remain committed to transparency in our reporting and to keeping stakeholders updated on our progress. This detailed roadmap is an example of that: it is a living document that we will provide an update on every year.

Jann Brown
Chief Executive Officer
December 2023



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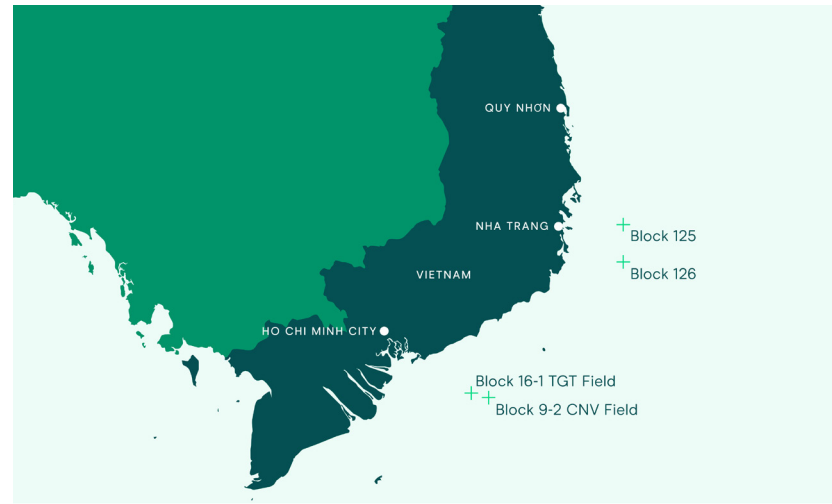
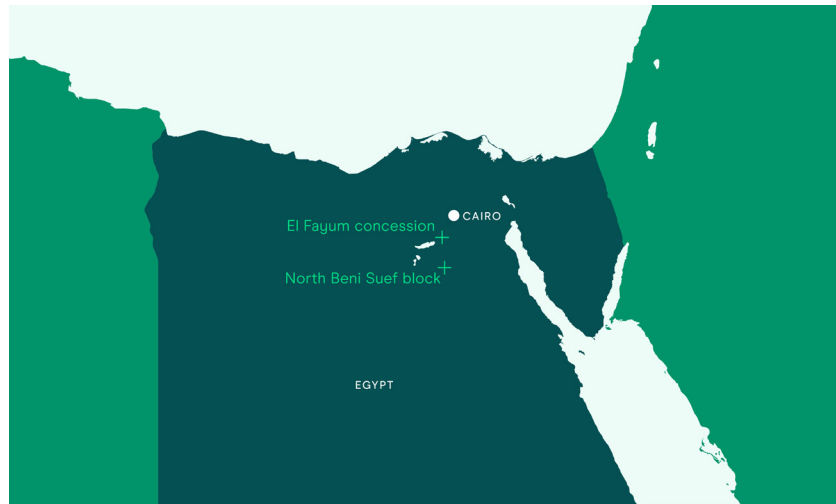
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About Pharos Energy

An independent energy company

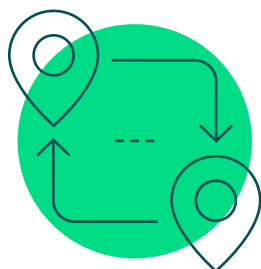
Pharos Energy is an independent energy company with a focus on delivering long-term sustainable value for all stakeholders. Listed on the London Stock Exchange,

we have a diversified mix of onshore and offshore producing, development and exploration assets in two countries: Egypt and Vietnam.



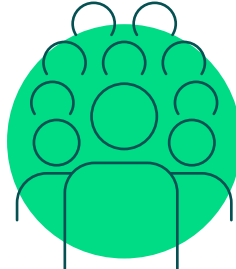
7,166

Average net production
(boepd)



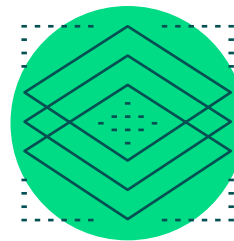
17,839

Acreage km²



36

Global employees



6

Blocks



12

Oil & gas fields

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PHAROS
ENERGY

Establishing our baseline

Our assets and emissions profile

We recognise that our business has impact on the climate and the environment. Greenhouse gas (GHG) emissions result primarily from the energy use, natural gas flaring and venting associated with our assets.

These GHG emissions take the form of carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). These three gases are produced through combustion and included in the emissions calculations as CO₂e.

With baseline year 2021, our emissions profile is reported on the basis of equity share. This is calculated as the pro-rata share of the emissions from assets operated through Joint Operating Companies (JOCs) according to our participating interest.

Our emissions profile consists of the following major sources:

Flaring

Gas flaring in Egypt and Vietnam is one of the largest contributors to Pharos' total emissions. The flaring is the result of burning natural gas associated with oil production.

Venting

Natural gas venting happens in our Egyptian asset only as a byproduct of oil production.

Energy use

To operate our assets, we burn several hydrocarbon-based fuels such as diesel and gas itself to power our operations.

Egypt

We have onshore development, production and exploration assets in Egypt. Oil is produced from 10 development leases in the El Fayum Concession. In 2023 the first development lease was awarded in the North Beni Suef Concession. Pharos has a 45% participating interest in each Concession, both of which are operated through JOCs.

Total GHG emissions and sources from Egypt assets in 2021 in tCO₂e (net entitlement)

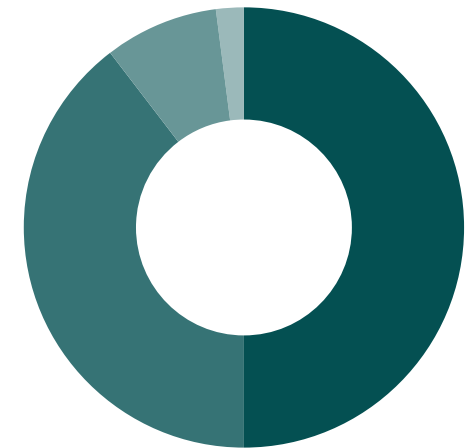


| | |
|-------------------------------|-------------------------------------|
| <div></div> Venting | <div></div> Diesel |
| 10,851 (46.9%) | 3,776 (16.3%) |
| <div></div> Gas fuel | <div></div> Petrol |
| 5,213 (22.5%) | 91 (0.4%) |
| <div></div> Gas flared | <div></div> Diesel (vehicle) |
| 3,118 (13.5%) | 53 (0.2%) |

Vietnam

After the first discovery in 2002, we have been producing oil and gas from two offshore fields in Vietnam since 2008. Production is from two fields (TGT in Block 16-1 and CNV in Block 9-2) in the Cuu Long basin. Our participating interests in the fields are 30.5% (TGT) and 25% (CNV), and each field is operated through a JOC.

Total GHG emissions and sources from Vietnam assets in 2021 in tCO₂e (net entitlement)



| | |
|--|--|
| <div></div> Gas fuel | <div></div> Diesel |
| 44,360 (50.1%) | 1,664 (1.9%) |
| <div></div> Gas flared | <div></div> Aviation fuel |
| 34,286 (39.5%) | <0.1% |
| <div></div> Marine Gasoil (MGO) | <div></div> Electricity from grid |
| 8,554 (8.5%) | <0.1% |

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Reducing our climate impacts

Our decarbonisation strategy and target

In September 2022, we announced a commitment to achieve net zero on our Scope 1 (direct) and Scope 2 (indirect) GHG emissions from all our current and future assets by no later than 2050.

As we evaluate any potential development of our business, such as license extensions, acquisitions and further exploration, we will take this commitment into account in our decision-making and it will fall under our net zero target.

Linking climate to biodiversity

Our net zero commitment is part of our overall climate strategy. Tackling climate change is inextricably linked to biodiversity. Pharos does not operate in any UNESCO designated World Heritage Site and ensures that activities in buffer zones around these sites do not jeopardise the Outstanding Universal Value of these sites. Comprehensive Environmental and Social Impact Assessments are undertaken for

any new project prior to any operational activities using international standards and in consultation with local stakeholders. We are committed to developing site-specific biodiversity action plans in the event that operational sites are within sensitive areas, incorporating country-specific strategies and action plans and working in association with external advisers to ensure that best practice conservation priorities are achieved.

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Our net zero fundamentals



Scope 1 & 2

Our target covers our Scope 1 and 2 emissions



All assets

All our current assets are included in the target



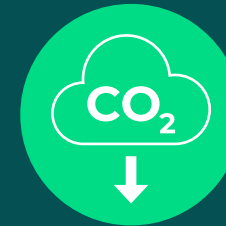
All GHGs

All greenhouse gases are included in the target



Future assets

All future assets are also covered by the target



Carbon removal

For 20-40% that is hard-to-abate we remove carbon

Reducing our climate impacts

Our decarbonisation strategy and target

Implementing our strategy

Pharos is not an operator on any of our producing assets, so we do not have direct control over our oil and gas production. This is in the hands of the JOCs, each of which is staffed by experienced oil and gas professionals with strong track records of delivering responsible production. Certain Pharos personnel are seconded to senior positions in the JOCs in Vietnam, providing a degree of influence in operational planning and execution.

We also recognise that the support of host governments, state oil companies and regulators is key to push our strategy forward.

Setting interim targets

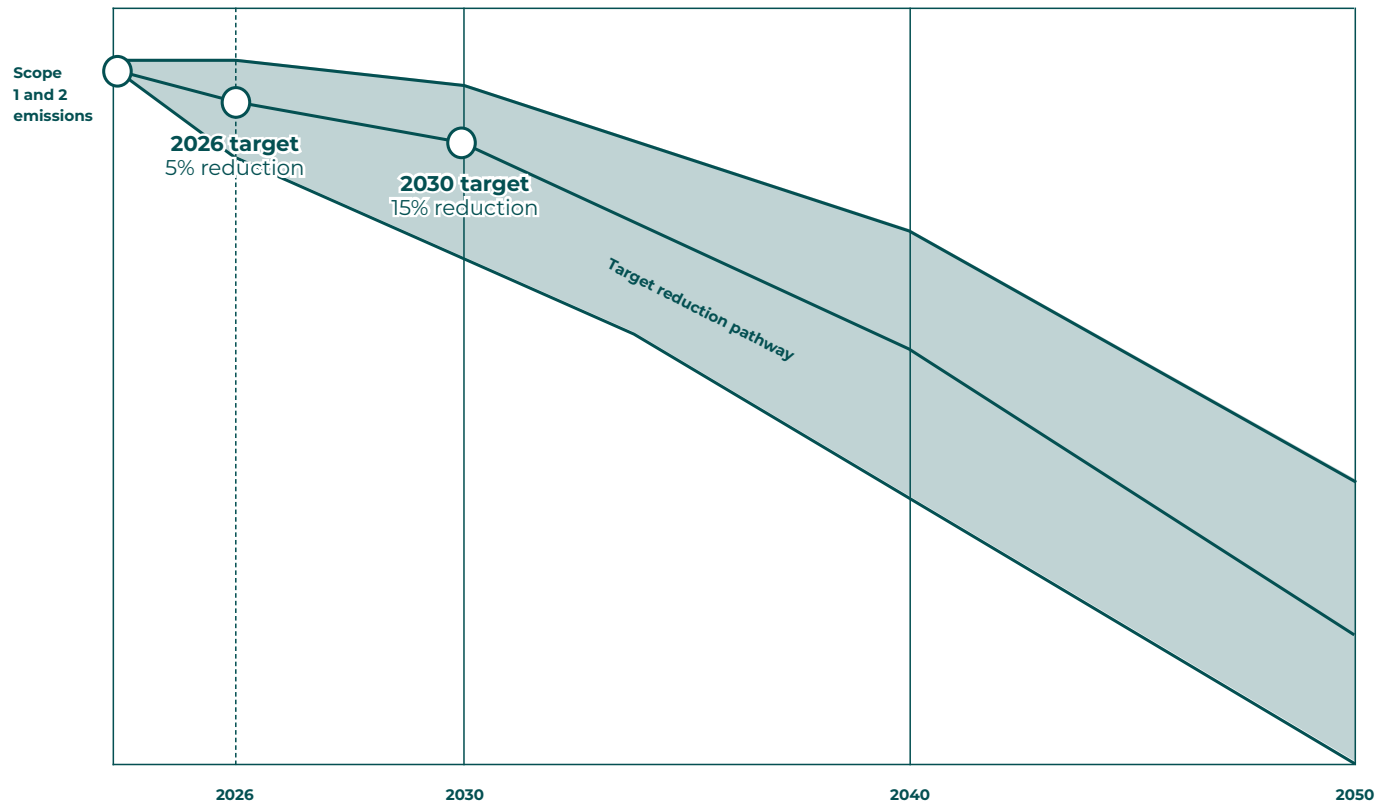
We worked with a specialist consultancy to model our emissions reduction options in order to identify interim targets. We set the following short- and medium- term goals on the way to net zero:

- 2026: 5% reduction
- 2030: 15% reduction

Alongside our absolute carbon emissions reduction target, we also target carbon intensity reductions from our baseline of 48 kg CO₂e (2021 net entitlement). As we develop our emissions reduction plans, we will look to accelerate this 2050 target whenever we can. We will embed low carbon technology and thinking from the beginning on new assets that are in development.

Pharos does not currently foresee exploring the use of carbon credits and/or offsets to help reduce its climate impacts.

Our emissions reduction pathway with short- and medium-term interim targets until 2050



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Reaching our target

Our roadmap to net zero

We have undertaken detailed work into our reduction strategy together with our JOCs and partners. This work has been completed at an asset-level; each asset has a different starting point and will require a different level of investment to achieve net zero. We looked at a variety of technologies and considered for each option the carbon abatement impact, costing and technology readiness.

This has allowed us to map out the detail around our carbon reduction plan. With current end-of-life by 2040, net zero is achievable for our existing assets. For new assets, where exploration and discovery play an important role, we will aim to implement a low carbon operational approach where possible to maintain our targets on the road to 2050.

Pulling decarbonisation levers

Starting with our biggest impact, our first lever is to eliminate routine venting in Egypt and try to reduce routine flaring across both our assets. After that, we aim to invest in replacing the power consumption of our facilities with less impactful energy sources. At times, they can work hand in hand : in Egypt we have started using gas to power some of our operations. The final lever is procuring nature based solutions for hard to abate, residual emissions.

Using capex to unlock change

As non-operators, we have no direct control over the production facilities associated with our assets. That is why we established an Emissions Management Fund at the end of 2022. For every barrel net to Pharos sold at an oil price above \$75, we will set aside \$0.25 into this Fund and at the time of writing it has reached a value of c.\$400,000.

The intended purpose of the fund is to provide support for emissions management projects for Pharos and our operational partners that are not economically feasible for individual parties.

Tackling hard-to-abate emissions

We anticipate that there will be between 20-40% of our emissions inventory that is hard-to-abate and for which technological innovation may not arrive swiftly enough. For these GHG emissions we consider nature-based solutions that will remove carbon from the atmosphere in an effort to move closer towards net zero.

Our decarbonisation levers as part of our net zero pathway

| | Egypt | | | Vietnam | | |
|---------------------------|--------------------------|----------------------|---------------------------------------|------------------------------------|----------------------|---------------------------------------|
| Gas venting | Reducing gas venting | | Eliminate gas venting | | | |
| Reducing gas flaring | Install flare stacks | Process optimisation | Gas utilisation (VRUs, microturbines) | Improve flare efficiency | Process optimisation | Gas utilisation (VRUs, microturbines) |
| Reducing fuel consumption | Install renewable energy | | | Switch to alternative marine fuels | | |
| Hard-to-abate emissions | | | Carbon capture and removal | | | Carbon capture and removal |

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Aligning our operating model

Our governance and communication on progress

In order to turn promises into progress, we have put in place a multi-layered governance structure that aligns our operating model with our net zero ambition.

Making investment decisions

We implemented an internal carbon price to embed the cost of GHG emissions into our investment decisions. We also incorporate sustainability considerations in our operational decisions as well as our review of near-field exploration and the sale/acquisition of assets.

Linking remuneration to progress

The Remuneration Committee of the Board integrated sustainability considerations into executive remuneration to better align incentives with the delivery of the net zero commitment.

Driving stakeholder engagement

We take our role in society very seriously. We are committed to open, transparent communication, and taking a rigorous, conscientious approach to the environment, our role in society, our business practices and ethics, and how we relate to people. That includes all our stakeholders: the people who work with us directly and indirectly, those who live where we operate, and the host governments and authorities that regulate our activities.

The Board takes overall responsibility for our net zero ambition, sustainability strategy and climate-related risk and opportunities.

The ESG Committee of the Board oversees management and compliance climate-related reporting & disclosure requirements.

Our Chief Executive Officer and Chief Financial Officer manage our climate progress and are responsible for the delivery of our net zero strategy.

We integrated management responsibilities into business and functional areas. They oversee and direct the climate-related activities.

We set up a Net Zero Working Group, which has met monthly since May 2022, with functional and operational representatives, that drives progress on our strategy.

Disclosing policy engagement

We respect the science and base our decisions on guidance from widely-used frameworks such as the Taskforce for Climate-related Financial Disclosures (TCFD).

We will not engage in any memberships that run counter to our net zero commitments. We will be transparent about our memberships in the sector and beyond.

Ensuring a just transition

We recognise that the net zero transition provides challenges as well as opportunities for people, especially those working in the extractive industries at the moment.

We want to make sure that no-one is left behind on the way to a net zero world. That is why we are working to facilitate as orderly a transition as possible.

Meeting our requirements

We are committed to disclosing our impacts transparently and do so regularly in our Annual Report and voluntary disclosures such as the Carbon Disclosure Project (CDP). We will continue to engage with regulatory and voluntary standards such as TCFD to enable market participants to assess our performance and benchmark us.

Next steps: Scope 3

This roadmap is a living document that will be reviewed yearly. Following the initial publication of this roadmap, our next step will be evaluating our Scope 3 emissions impact in more detail.

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New ways to achieve more

Note from our Chair

The rapid changes and extremes in our global climate are mainly driven by humanity's cumulative GHG emissions. We are already experiencing some of the impacts of a warming world today.

This provides challenges and opportunities for Pharos. In the light of continuing demand for energy from hydrocarbons, we must adapt and keep our people safe and assets operational in the face of more frequent and intense weather.

We must endeavour to produce hydrocarbons in a more environmentally friendly manner. We owe that to ourselves, our colleagues and families, and the generations to come. The opportunity for Pharos is to contribute to this transition.

We can only achieve this if we seek out new ways to achieve more, together. We are committed to bringing everyone in our industry – and beyond – along to collaborate in reducing global emissions.

John Martin

Non-Executive Chair
December 2023



“We want the industry to work closer together and share more to achieve net zero”



John Martin
Non-Executive Chair

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