

2021



Heritage Petroleum Company Limited Energy Transition Framework



Heritage
PETROLEUM
COMPANY LIMITED

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Purpose of the Heritage Energy Transition Framework

01

Heritage's commitment to supporting the global sustainable development goals of climate change is part of our Environment, Social and Governance (ESG) strategic agenda. Heritage will support the communities in which we operate to contribute towards the National commitment to the United Nations Framework Convention on Climate Change (UNFCCC) as a ratified signatory to the Paris Agreement



Recognising the role of energy transition finance in supporting the transition to a low-carbon and more resource efficient economy, Heritage is committed to the implementation of an Energy Transition Framework to link our funding with our energy transition objectives, leveraging defined timelines to achieve energy transition performance goals that are relevant, core, and material to our business.

Heritage's support of energy transition finance allows us to continue to partner with all our stakeholders along our long term environmental and social commitments. Heritage is committed to accurate disclosure of GHG emissions data and will focus on, measurement, reported disclosures, goals and objectives that inform our road map to achieving material GHG reductions. Heritage now intends to pursue its journey with energy transition-linked finance instruments in the debt capital and loan markets, which may include public bonds, private placements, promissory notes, loans, and any other energy transition-linked financing instruments.

This Framework is aligned with the five core components of the Sustainability Linked Bond Principles published by the International Capital Markets Association (ICMA) in June 2020 and also takes into account the Sustainability Linked Loan Principles, as published by the Loan Markets Association (LMA) in May 2020:

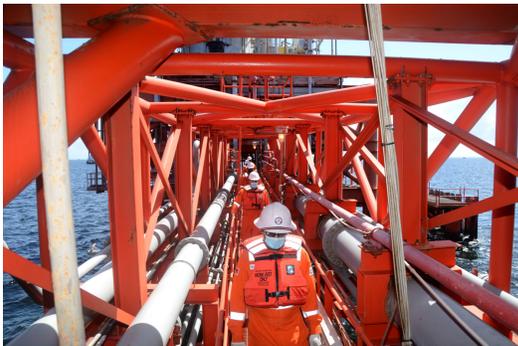
- 01** Selection of Key Performance Indicators
- 02** Calibration of Sustainability Performance Targets
- 03** Characteristics of the Sustainability-Linked Notes
- 04** Reporting
- 05** Verification

See: <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-linked-bond-principles-sלב/>
See: <https://www.lsta.org/content/sustainability-linked-loan-principles-sלב/>

Heritage in context

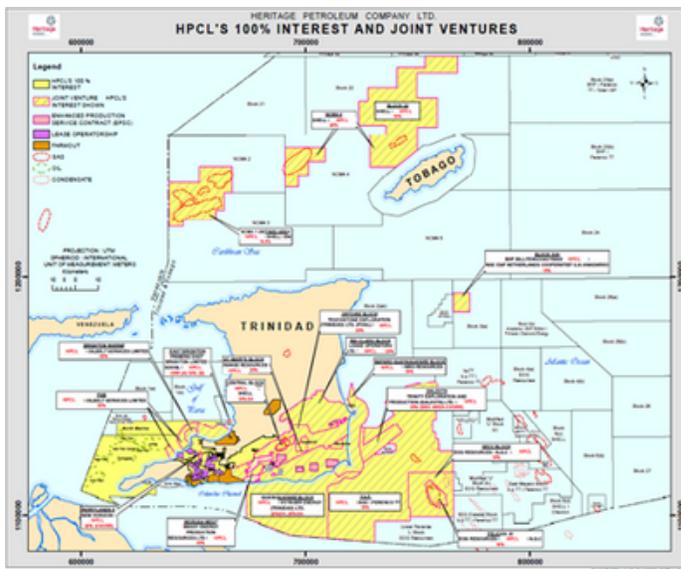
Our vision:

"A world class oil and gas company – a source of pride for the people of Trinidad and Tobago that delivers value with recognised performance driven talent in a safe, profitable manner and that is focused on technical and operational excellence"



Heritage Petroleum Company Limited is the State owned Exploration and Production Company of Trinidad and Tobago

Heritage focuses on exploration, development, production, and marketing of crude oil. Crude oil is produced in both Land and Offshore Operations. The operations are located within southern Trinidad.



Long life mixed asset base

- 831,961 Acres
- 35 Operated fields

Active operated wells

- Land - 2,369
- Offshore - 295

Production Infrastructure includes:

- 8 tank farms
- Approx. 1,400km pipelines

Assets in different phases of life cycle:

- Producing
- Development
- Exploration

Main Business Units:

- Land
- Offshore
- Business Development
- Midstream

Heritage in context

Heritage's commitment to supporting the sustainable development goals of climate change is part of the ESG strategic agenda

Heritage has identified a number of core characteristics of the ESG agenda that are contributing to the strategic success of the Heritage business



Heritage ESG initiatives



One of the visible Heritage ESG initiatives includes the active support of the Pointe-a-Pierre Wildfowl Trust. The Wild Fowl Trust acreage is situated on land owned by Heritage



The results of the ESG implementation are measurable

Primary result indicator that ESG is making an impact



State Enterprise Performance Manual Compliance assurance

Message from the Heritage Team

Heritage's commitment to supporting the sustainable development goals of climate change is part of our ESG strategic agenda



As a Party to the United Nations Framework Convention on Climate Change (UNFCCC) and a ratified signatory to the Paris Agreement, the Government of the Republic of Trinidad and Tobago has committed to the following in its Nationally Determined Contribution (NDC):

- An overall reduction in cumulative emissions from its three main emitting sectors (power generation, transport and industry) by 15% by 2030 from business as usual (BAU), equivalent to 103 MtCO₂e, conditional on international financing
- Unconditional reduction in public transportation emissions by 30% or 1.7 MtCO₂e compared to 2013 levels by December 31, 2030

The Heritage organisation and the Board of Directors is committed to contributing to the delivery of the National targets for reducing GHG emissions.

”

Heritage is focused on meeting our essential obligations as a State company: health, safety and the protection of the environment while providing the energy we need as a Nation to support our economic development

The Global Climate Change challenge in context

03

Oil and gas companies must choose where and how to compete as the world transitions to a low-carbon future

The COVID-19 crisis has resulted in a material near-term drop in global energy demand, at one point leading to a 30 percent reduction.¹ Yet this is not the biggest threat the oil and gas industry faces.

The recent crisis has proved just how vulnerable the global economy remains to systemic risks, one of the most important of which is climate change. Long before COVID-19, pressure was building to shift the energy system away from one dominated by hydrocarbons toward one in which low-carbon sources play the lead role. The events of the past year, as a recent report by the International Renewable Energy Agency shows, have “sharpened investors’ interest in sustainable and resilient assets, including renewables.”¹ Investors are increasingly seeking out positions that reduce their exposure to climate change as well as the risk of stranded assets

Low carbon technologies play an important part in the transition to a low-carbon future

The UN Paris Agreement, signed by 196 countries in 2016, committed the world to limit warming to 1.5 to 2.0 degrees Celsius above pre-industrial levels. To achieve a 1.5-degree pathway, all sectors of the global economy will require dramatic emissions reductions over the next ten years. For this to happen, low-carbon technologies will need to grow quickly. The primary technologies—renewable power; electrification of infrastructure; bioenergy; hydrogen; carbon capture, utilization, and storage (CCUS); negative emissions technologies, such as nature-based solutions and direct air capture; and carbon trading—all represent potential growth markets. Voluntary carbon markets, for instance, could scale 15 times by 2030 relative to their current size, and become a \$15 billion to \$40 billion a year market. To deliver these dramatic rates of growth, enormous capital investment is needed

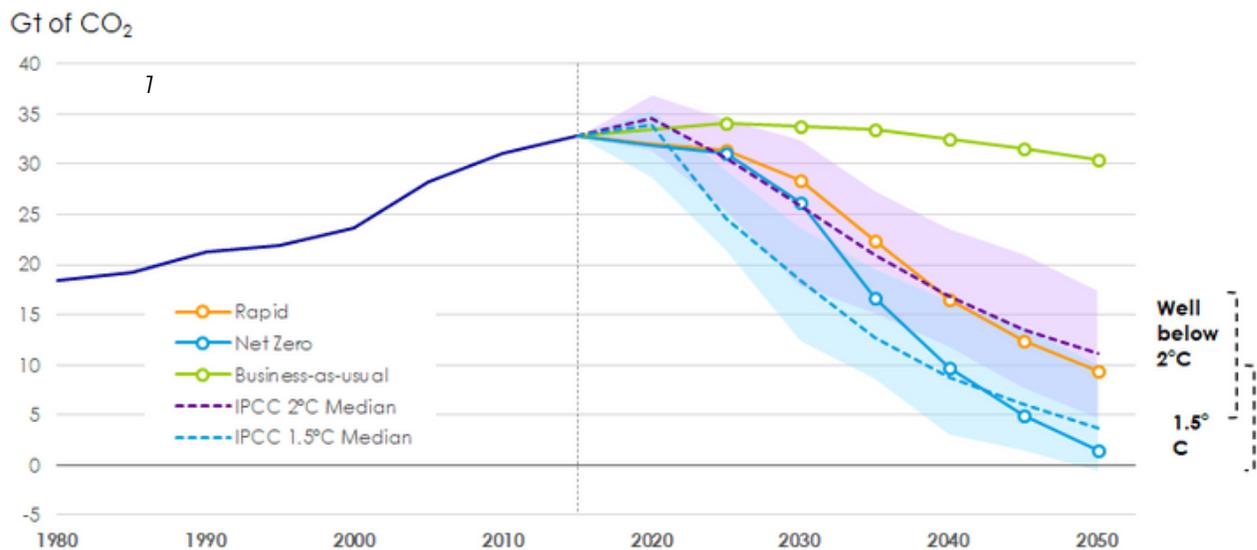
Capital markets are already driving dramatic growth in the value of companies that are strongly aligned with the energy transition megatrend

¹“The post-COVID recovery: An agenda for resilience, development and equality,” International Renewable Energy Agency, June 2020, [irena.org](https://www.irena.org/).

The Global Climate Change challenge in context

03

Oil and gas companies must choose where and how to compete as the world transitions to a low-carbon future



The scenarios help to illustrate the range of outcomes possible over the next thirty years, although the uncertainty is substantial and the scenarios do not provide a comprehensive description of all possible outcomes. The IPCC Median assumptions are sourced from the The Intergovernmental Panel on Climate Change (IPCC)

The **Rapid Transition Scenario (Rapid)** posts a series of policy measures, led by a significant increase in carbon prices and supported by more-targeted sector specific measures, which cause carbon emissions from energy use to fall by around 70% by 2050. This fall in emissions is in line with scenarios which are consistent with limiting the rise in global temperatures by 2050 to well below 2-degrees Celsius above preindustrial levels.

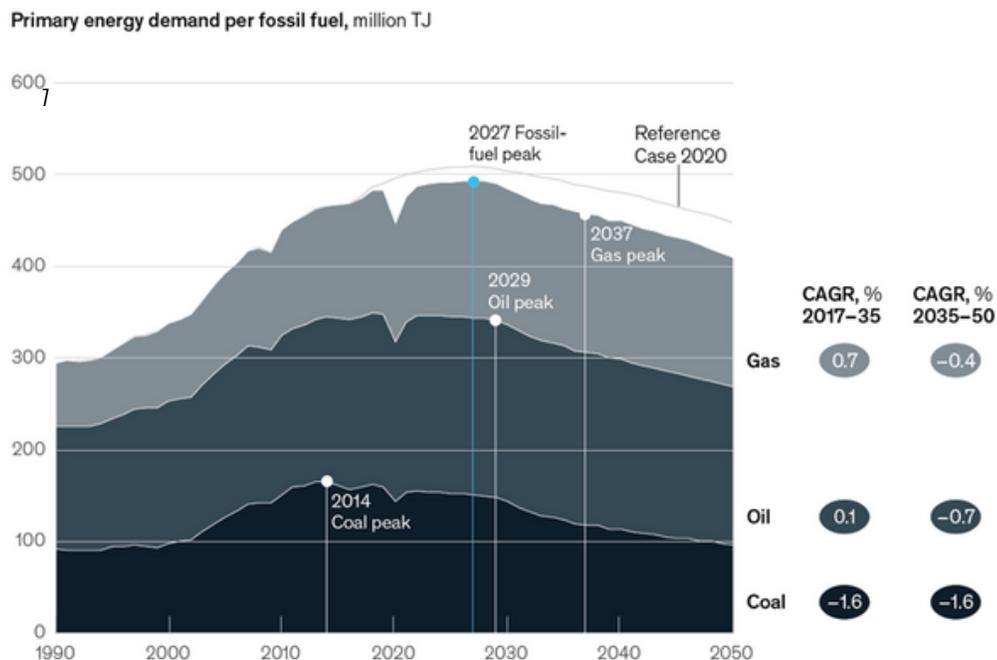
The **Net Zero Scenario (Net Zero)** assumes that the policy measures embodied in Rapid are both added to and reinforced by significant shifts in societal behaviour and preferences, which further accelerate the reduction in carbon emissions. Global carbon emissions from energy use fall by over 95% by 2050, broadly in line with a range of scenarios which are consistent with limiting temperature rises to 1.5-degrees Celsius.

The **Business-as-usual Scenario (BAU)** assumes that government policies, technologies and social preferences continue to evolve in a manner and speed seen over the recent past. A continuation of that progress, albeit relatively slow, means carbon emissions peak in the mid-2020s. Despite this peaking, little headway is made in terms of reducing carbon emissions from energy use, with emissions in 2050 less than 10% below 2018 levels.

The Global Climate Change challenge in context

03

Oil and gas will continue to be important fuels on the global energy landscape



Demand recovery to 2019 levels is in sight

- Liquid demand is likely to return to 2019 levels by late 2021 or early 2022. Slower demand recovery would be due to a slow vaccination rollout or if COVID-19 control remains a potential risk

Oil capital expenditures are unlikely to fully recover

- Investments in oil capital expenditures are expected to gradually recover but remain below the pre-COVID-19 outlook. A slow rebound in shale and offshore in North America is expected

Long-term oil demand is exposed to large variations across all scenarios

- After more than 30 years of stable growth of more than 1 percent per year, oil-demand growth slows in the late 2020s and peaks in 2029. Various energy-transition drivers could cause peak to occur earlier than the estimated 2027 timeframe

New oil drilling is needed to meet demand by 2040

- By 2040, exploration and production companies need to add 38 MMb/d of new crude production from unsanctioned projects to meet demand. Most new supply is expected to come from offshore and shale resources

Even in an accelerated energy-transition scenario, we see need for new oil drilling by 2040

- While most offshore-oil-producing regions will be under pressure in an accelerated energy-transition scenario, the sector will still require new production of nearly 23 MMb/d to meet demand by 2040. Demand in a 1.5°C-pathway will force shut-ins

1.Source: Global Energy Perspective February 2021

The National response to the Global Climate Change challenge

04

Trinidad and Tobago has committed to a Nationally Determined Contribution as a signatory to the Paris Agreement

As a Party to the United Nations Framework Convention on Climate Change (UNFCCC) and a ratified signatory to the Paris Agreement, the Government of the Republic of Trinidad and Tobago (GoRTT) has committed to the following in its Nationally Determined Contribution (NDC):

- An overall reduction in cumulative emissions from its three main emitting sectors (power generation, transport and industry) by 15% by 2030 from business as usual (BAU), equivalent to 103 MtCO₂e, conditional on international financing.
- Unconditional reduction in public transportation emissions by 30% or 1.7 MtCO₂e compared to 2013 levels by December 31, 2030

Trinidad and Tobago has implemented a policy framework to manage climate change based on:

- **National Development Strategy (VISION 2030):**
 - The main objectives are to place the environment at the Centre of Social and Economic Development and align the National Development Goals with the Sustainable Development Goals (SDGs). Goal 13 of the SDGs demands urgent actions to combat climate change and its impacts.
 - In VISION 2030, climate change and its impacts are described. Goal 2 (Theme V) defines that the country's carbon footprint will be reduced and Goal 3 (Theme V) defines that Climate Vulnerability will be assessed.
 - A National Performance Framework has been designed to track the implementation and progress of achievement of these goals.
- **National Environmental Policy (NEP), 2018:**
 - This reaffirms the Government of the Republic of Trinidad and Tobago's commitment to its international and national obligations. It calls for, amongst other things, regular GHG inventories to be conducted, cooperation with relevant local, regional and international agencies to implement technologies that will sequester, reduce, prevent or control man-made emissions of GHGs across all sectors and establishment of a national monitoring, reporting and verification (MRV) system for GHG emission inventorying, reduction, avoidance or sequestration.

- **National Climate Change Policy (NCCP), 2011:**
 - This provides policy guidance for the development of an appropriate administrative and legislative framework for the pursuance of a low carbon development path.
 - The main objectives of the NCCP include the reduction or avoidance of GHG emissions from all emitting sectors, enhancing carbon sinks, protecting the natural environment and human health, conserving and building resilience of human and natural systems to adapt to the adverse impacts of climate change, enhancing agricultural production and food security, educating the wider public on the potential impacts of climate change and the recommended adaptation strategies and conserving and guaranteeing a sustainable supply of potable water.
- **Carbon Reduction Strategy (CRS), 2015:**
 - The CRS proposes climate change mitigation measures for the power generation, transport and industry sectors based on a multidisciplinary strategic axe (Knowledge, action, awareness and policy). The CRS forms the basis of the Trinidad and Tobago's Nationally Determined Contribution. The CRS also defines Business as Usual (BAU).
- **Nationally Determined Contribution (NDC):**
 - The NDC defines a reduction objective in overall cumulative emissions from the three main emitting sectors by 15% by 2030 from Business as Usual (BAU) equivalent to 103 MtCO₂e
 - Most of these emissions reductions are expected to come from the country's largest contributor, the industrial sector and, in particular, the petrochemical sector. Trinidad and Tobago's oil, gas and petrochemical sector emits more than 50 MtCO₂e annually (around 73% of the total GHG emissions).

The National response to the Global Climate Change challenge

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This national context may present a paramount opportunity to integrate the carbon footprint of an organisation according to international standards to be aligned with the national and international strategies in climate change.

There are four main drivers of climate change mitigation initiatives in Trinidad and Tobago. These were developed in order to contribute towards achieving the targets set out in the country's NDC:

- **International commitments** guide the country's response to climate change and the various requirements under the UNFCCC are of critical importance: the Nationally Determined Contribution (NDC), National Communications (NCs) and Biennial Update Reports (BURs).
- **National Policies** such as the National Climate Change Policy (NCCP) and National Environmental Policy (NEP) establish the overall guiding principles for climate change action in the country, while legislation including the Environmental Management Act provides the broad legal framework for emissions activities and the facilitation of data collection. It should be noted that the NCCP is currently under review and is currently being updated.
- **National goals and strategies** steer climate change initiatives towards focused areas and include the mitigation options recommended in the Carbon Reduction Strategy (CRS).
- **Projects and programmes**, through multilateral and international collaboration, provide tangible outputs and deliverables that assist in implementing national policies and goals. As of 2020, the main projects that have a direct impact on mitigation activities in the country include the UNDP Low Emission Capacity Building (LECB) Programme, the UNDP NDC Support Programme, the Initiative for Climate Action Transparency (ICAT) Project, and the Third National Communication (TNC) and Biennial Update Report (BUR) Project.

Heritage, together with all the other major oil and gas producers, manufacturers and other industries have been working together with the Ministry of Planning and Development (MPD) and the Environmental Management Authority (EMA) on many of these initiatives. One of these is National Climate Mitigation Monitoring, Reporting and Verification (MRV) System. The National MRV System is intended to facilitate the collection, analysis and transparent reporting of accurate and reliable information and data on GHG emissions, efforts to mitigate them and resources devoted to enabling these efforts.

The National response to the Global Climate Change challenge

The Trinidad and Tobago Knowledge Management System (KMS) is the central repository for this information and data, and includes methodologies, procedures and institutional frameworks. Heritage is currently participating in Trinidad and Tobago’s Pilot Project for an initial small-scale implementation of the MRV system. Its aim is to facilitate the testing of the following:

- Organisational Structure of the National MRV System
- Operational procedures of data flow inputs/outputs to the KMS
- Ease of use of the recommended MRV System templates
- Ability to identify obstacles/opportunities for the improvement of the National MRV System before a full national roll-out

Emissions data includes all GHG emissions by sources and removals by sinks and are to be provided by relevant stakeholders. Mitigation efforts encompass strategies, policies and actions (NCCP, CRS, NDC, Nationally Appropriate Mitigation Actions (NAMA)) and their impact on GHG emissions and sustainable development (co-benefits). There have been several sessions held by the MPD and EMA that demonstrated the system and allowed the users to upload information.

Sectorial approach

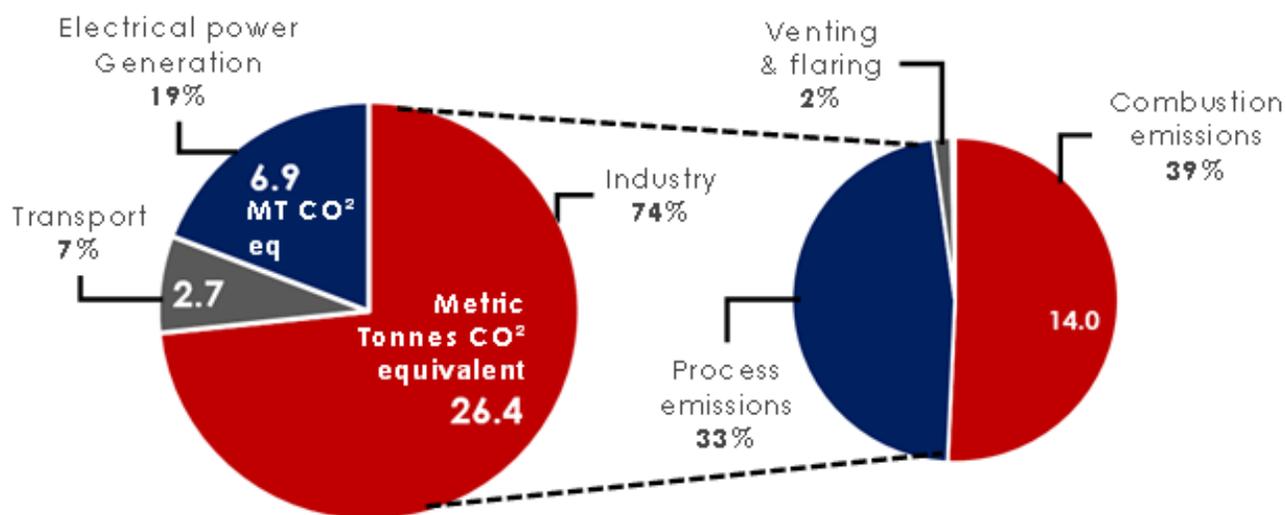
Trinidad and Tobago is one of the major producers of gas and oil in the Caribbean and is also one of the world’s biggest emitters in GHG per capita. The contributions of the energy sector to the country's gross national product (GDP) for 2013 - 2018 are shown in Table 1 below:

	2013	2014	2015	2016	2017	2018
Gross Domestic Product (constant 2021 prices)						
Energy Sector						
% change	2.1	-2.0	-1.3	-10.0	0.02	2.2
% contribution to GDP	38.2	37.8	36.6	35.3	35.9	36.1
Non-Energy Sector						
% change	4.8	0.1	2.3	-3.3	-2.9	0.1
% contribution to GDP	60.3	61.0	61.3	63.4	62.8	61.7

Source: Calculated by Ministry of Finance based on Central Statistical Office's GDP estimates under TTSNA industrial groupings

The National response to the Global Climate Change challenge

The NDC identified power generation, transport and industry as the three main sectors that contribute to GHG emissions for the country. The Trinidad and Tobago Carbon Strategy Industry sector refers to heavy industry which includes petroleum exploration and production, pipeline operations, natural gas processing, refining, iron and steel processing, LNG production, cement manufacture, and petrochemical production. Electricity Generation and Distribution is treated separately. Light manufacturing, which refers to economic activities related to food and beverages and printing and packaging, is not included. Of the three main sectors, the energy sector was the main contributor. The illustration graphic shows the contributions per sector and further sub-divides the specific contributors for the energy sector.



Trinidad and Tobago is one of the major producers of gas and oil in the Caribbean and is also one of the world's biggest emitters in GHG per capita*

Power generation, transport and industry are identified as the three main sectors that contribute to GHG emissions for Trinidad and Tobago. Of these, **the energy sector is the main contributor**

*Key GHG Data, United Nations Framework Convention on Climate Change

The National response to the Global Climate Change challenge

04

As a result, an NDC Implementation Plan was developed. This plan had three sections that dealt with each of these sectors. For the energy sector, the following actions were proposed:

- Implement energy conservation and energy efficiency measures including improvements in produced waste heat
- Design and implement NAMA for the Petrochemical and Heavy Industry sub-Sector (promote energy efficiency through the use of financial incentives)
- Implement more efficient technologies in the oil and gas subsector to reduce fuel consumption
- Design and implement NAMA for the Oil and Gas sub-Sector (reduce gas venting and flaring, through targets and reporting and monitoring processes)

These plans are expected to reduce GHG emissions by 72 MtCO₂e by 2030 at a cost of US \$320 million.

In this context, Heritage is one of the most important oil companies in Trinidad and Tobago and contributes to the national GDP but also to the emissions of GHG. Consequently, the organisation plays a significant role in the mitigation efforts and the transition to a low carbon economy.

In order to reduce their environmental impact and carbon footprint, the company decided to develop a GHG emissions inventory to improve their understanding of the contributing sources, identify areas of improvement and report the results.

Moreover, Heritage's carbon footprint can be understood as a benchmarking element and an advantage over their competitors. Heritage is also participating in several of the national initiatives including the MRV system.

Private Sector initiatives

Other companies in the oil and gas sector have also developed their GHG emissions inventory and have developed plans to reduce their GHG emissions and increase efficiency. A major step towards this commitment by the private sector occurred in May 2019 when the Energy Chamber of Trinidad and Tobago's (Energy Chamber) Energy Efficiency Declaration was launched. At present, more than 50 companies have signed the declaration.

The companies that have signed are a wide cross section of energy sector companies from the upstream, downstream and services companies, and range from very large operators to small contractors and service companies.

The overall benefit to the economy is an improved reserve to production ratio, jobs, lower emissions and increased levels of foreign exchange.

The Energy Efficiency Declaration aims to encourage signatories to be inward-looking and to endeavor to increase the levels of energy efficiency and conservation in the following areas:

- **Facilities:** By examining the integration of energy-efficient technology, programmes and policies into existing operations
- **Natural gas utilisation, electricity generation and electricity consumption:** By exploring and deploying opportunities to optimise the use of natural resources, raising the awareness of employees, contractors and partners and where applicable, examining the use of renewable and sustainable sources of energy
- **Transportation:** Through further collaboration in aviation, Land and marine transportation logistics, and where applicable, the use of energy-efficient technology.

The National response to the Global Climate Change challenge

04

BP Trinidad is focusing on increasing efficiency in its operations as well as exploring ways to reduce emissions. The company has drafted a lower carbon implementation plan which will focus on reducing emissions in its operations in the areas of power generation, energy efficiency, facility design, operational activities and logistics. The plan gives special focus to supporting national emissions reduction efforts and influencing their partners to help Trinidad and Tobago achieve its emissions and renewable energy targets.

BP Trinidad infrastructure developments include minimal NUI - or normally unmanned installation. This concept is expected to reduce development costs which could make commercially marginal resource pools more competitive and the new design will also operate with lower emissions.

Shell Trinidad and Tobago Limited's main sources of GHG emissions are from fuel use, venting and flaring activities. The management of their GHG emissions is a key mitigation strategy with environmental, strategic and economic benefits that are embedded within their ISO14001 certified Environmental Management System (EMS). GHG abatement opportunities are defined and documented in their Energy and Emissions Management Plan which is updated annually. Core areas of focus at their operating sites include equipment efficiency and methane reduction. In 2019 the company is enhancing their Leak Detection and Repair program with a view to reducing their methane footprint.

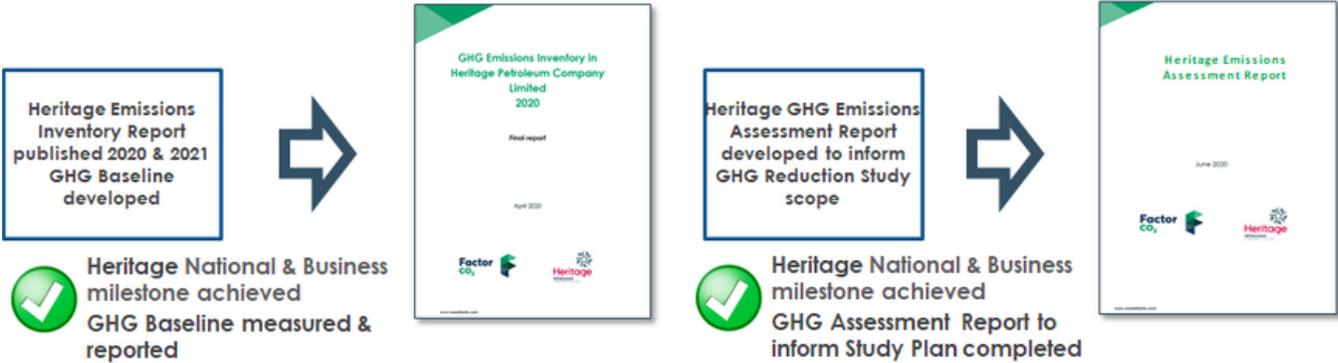
In April 2017, Atlantic LNG of Trinidad and Tobago (Atlantic) developed a GHG inventory and Energy Management Plan. The plan has been incorporated into their corporate strategy and operations in order to achieve emissions reductions and improve climate resilience. It defines and outlines opportunities and key initiatives to reduce GHG emissions, increase energy efficiency, and minimise flaring.

Three of the identified opportunities were implemented in 2018, aiming for a target of GHG savings of 24,000 tons of CO₂ equivalent (tCO₂ e). The Ship Load Flaring initiative helped to contain emissions when LNG tankers are being loaded, by recycling boil-off gas into the plant from the start of the cargo lifting process. Measures were also undertaken to recover ethylene seal gas used in liquefaction. Facility teams also worked to reduce fuel consumption and related emissions by taking turbine generators offline during periods of low demand for power. Overall, through the period to 2021, Atlantic aims to reduce GHG emissions against a 2014 baseline through targeted GHG reduction projects.

Heritage GHG Emissions Inventory and Emissions Reduction Reports 2020

Heritage is in action to reduce GHG emissions and as part of our ESG strategic agenda we support the communities in which we operate to contribute towards the National commitment to the United Nations Framework Convention on Climate Change (UNFCCC) and as a ratified signatory to the Paris Agreement

Heritage has made significant progress on measuring GHG emissions. The GHG emission measurements have been developed in collaboration with independent 3rd Party expert opinion. The Heritage GHG emission measurement Report was first published in 2020 and updated to include additional emissions data in 2021. Heritage has met the requirements of the National Climate Change Policy (NCCP) and is a member of the Ministry of Planning and Development inter-government and local industry panel. Heritage has further progressed the reduction of GHG emissions, in line with the ESG strategic agenda, to both identify immediate actions that can be delivered by the organisation without significant investment and to explore medium to long term emissions projects with clearly defined emission reduction targets. The first Heritage Emission Assessment Report was published in 2020.



Heritage GHG Emissions Inventory and Emissions Reduction Reports 2020

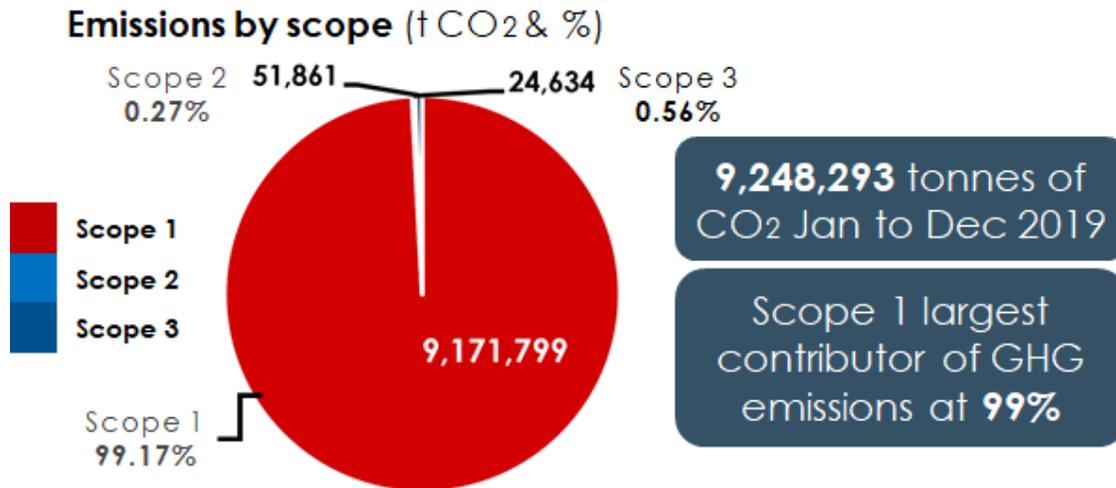
The key highlights of the results of Heritage's carbon footprint measurements identify combustion, fugitive and vented emissions as the main contributors to GHG emissions

Heritage GHG emission data was calculated for 3 primary source scopes

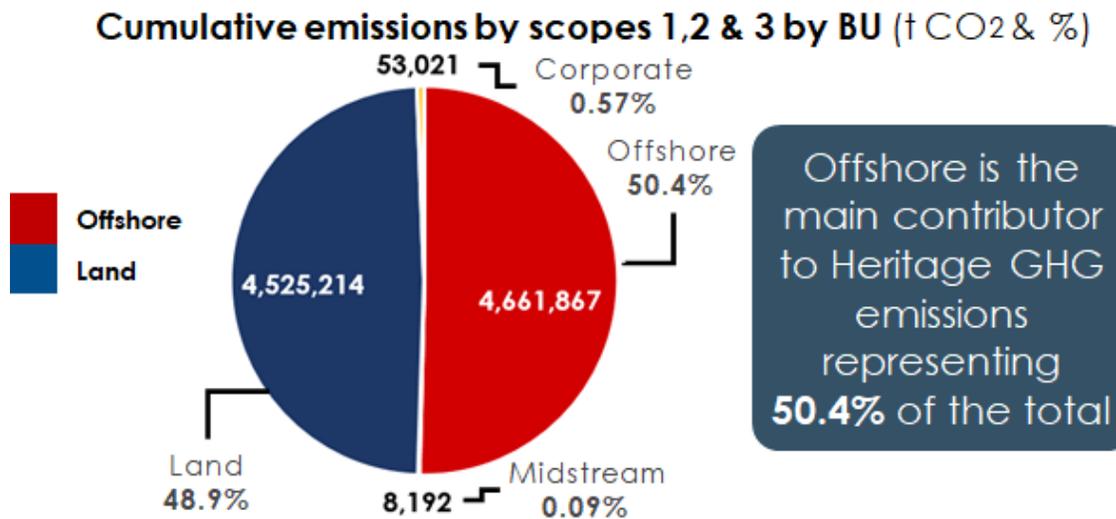
Scope	Emission category	Emission source	Emission component
Scope 1	Combustion	Stationary	Natural gas compressors
			Natural gas generators
			Natural gas pumps
			Natural gas steam generator
			Diesel compressor
			Diesel generators
			Diesel pumps
		Mobile	Vehicles fleet (diesel and gasoline)
			Security (diesel)
			Vessel (Offshore)
	Trucks (Land Operations)		
	Fluorinated gases		
	Fugitive emissions		
	Vented emissions		
Scope 2	Purchased electricity	Power consumption	
Scope 3	Wastewater treatment		
	Oil deliveries		
	Employee commute (diesel, gasoline, compressed natural gas -CNG-, hybrid vehicles)		
	Purchase of goods and services		

Heritage GHG Emissions Inventory and Emissions Reduction Reports 2020

Heritage GHG emission data capture results by source scope

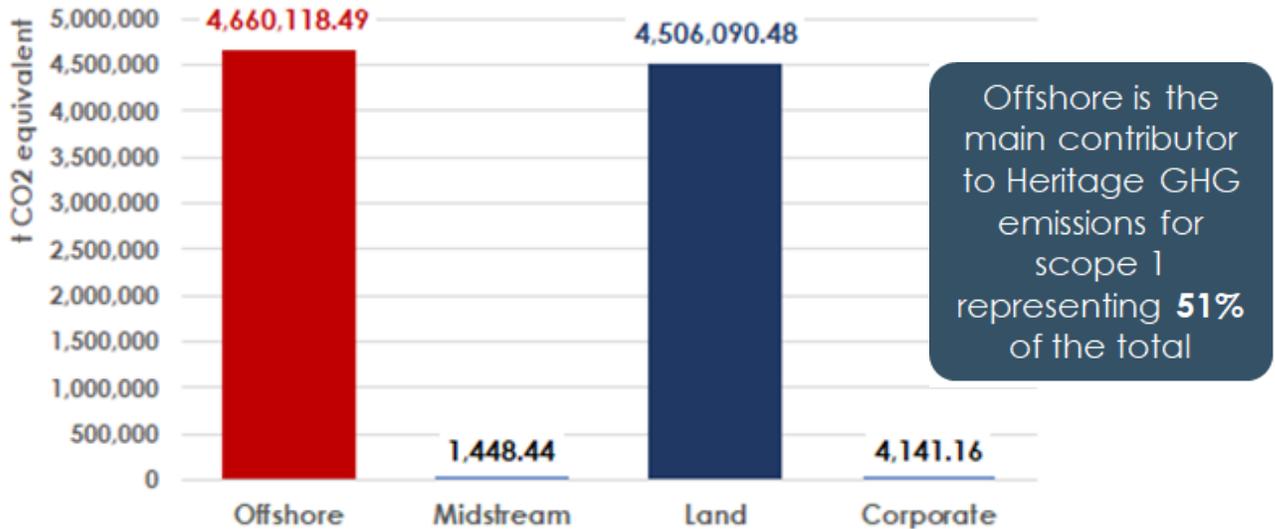


Heritage GHG emission data capture results by Business Unit

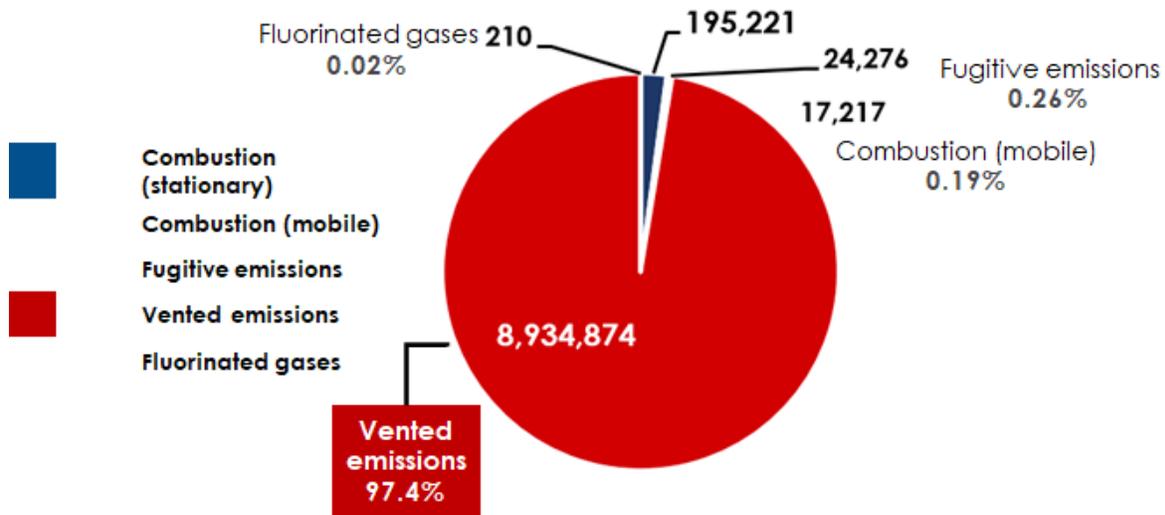


Heritage GHG Emissions Inventory and Emissions Reduction Reports 2020

Heritage GHG emissions by Business Unit – Scope 1
Combustion, fugitive & vented emissions



Heritage GHG emission data scope 1 tCO2 equivalent



Scope 1 emissions are very high mainly because **gas is directly vented to the atmosphere** (instead of flared), and 89.5% of its composition is methane, which has a higher Global Warming Potential compared to CO2. **Vented emissions represent 97.4% of Scope 1 emissions**

Heritage GHG Emissions Inventory and Emissions Reduction Reports 2020

The Heritage GHG Emissions Assessment Report was published in 2020

April 2020



Heritage GHG Emissions Reduction Plan Workshop
GHG Emissions Assessment Report published

Alignment of ideas with Business Units and Corporate Functions

- Prioritisation of ideas based on emissions reduction impact:
 - High potential
 - Medium potential
 - Low potential
 - No emissions reductions
- Prioritisation of ideas based on revenue achieved by the implementation

Heritage GHG Emissions Reduction opportunities focus on reducing direct vented emissions of natural gas

1. Collect & sell vented Natural Gas
2. Collect & flare vented Natural Gas
3. Collect & use Natural Gas

Impacts **96.7%** total Heritage CO₂ emissions

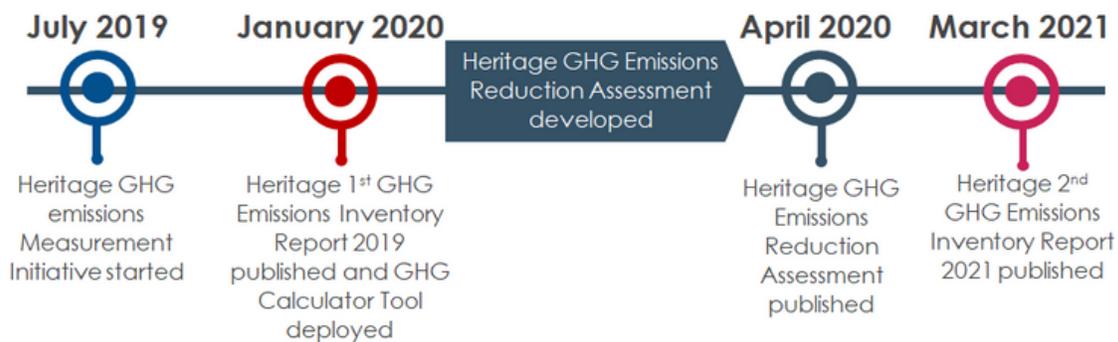
80 reduction opportunities developed to reduce the Heritage carbon footprint

Heritage response to meeting the challenge of Global Climate Change

Heritage is in action to reduce GHG emissions

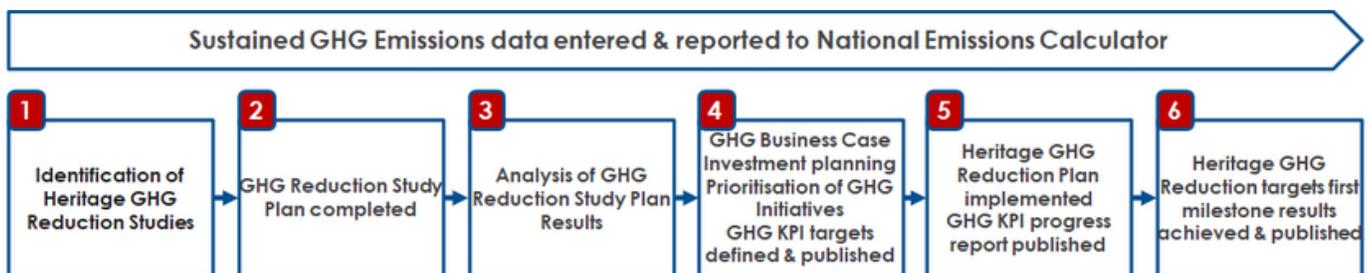
Heritage is in action to reduce GHG emissions, in line with the ESG strategic agenda, to both identify immediate actions that can be delivered by the organisation without significant investment and to explore medium to long term emissions projects with clearly defined emission reduction targets. The first Heritage Emission Assessment Report was published in 2020.

Heritage response to the National request to calculate emissions data



The Trinidad and Tobago Ministry of Planning and Development’s August 2015 Strategy for Reduction of Carbon Emissions to 2040 identified the development of a Carbon Capture and Storage map with possible locations for CCS sites, as a proposed measure in its Action Plan for the mitigation of Greenhouse Gas (GHG). A Large-scale Carbon Capture and CO₂ Enhanced Oil Recovery Project will be of immense importance to the energy sector. Along with other oil and gas companies in Trinidad Heritage has been included as a key member of the Cabinet Appointed Carbon Capture and CO₂ EOR Steering Committee. Heritage will identify suitable reservoirs in the Heritage producing fields to deploy Carbon Capture, Utilisation and Storage (CCUS) technologies to directly contribute to Heritage’s GHG reduction plans.

Heritage GHG Emissions Reduction Plan approach to defining reportable KPI targets



Heritage response to meeting the challenge of Global Climate Change

06

Identification of the Heritage GHG Emissions Reduction studies will underpin the development of a comprehensive organisation wide GHG Emissions Reduction plan



Year	2019	2020	2021	2022	2023	Status/Study	Type
Heritage GHG Reduction & Energy Efficiency Study Plan							
Organisation wide							
A. Sustained fugitive emissions measurement & data entry to National Calculator	Sustained GHG data entry to National Calculator					Study	GHG
B. CCUS Reservoir Study						Study	CO2 Reduction
Offshore Business Unit							
1.0 Compressor Cooler Bundle repair/replacement programme						Study	GHG
2.0 Recommission Flare system at GP1- Soldado East Field (The estimated volume of gas vented is 3 MMSCFD)						Study	GHG
3.0 Field Rationalization: Equipment replacement of electric driven pumps/ compressors & turbine generators						Study	GHG
4.0 Leak Management System. Deployment of EAM technology to improve maintenance. Application of Leak detection systems						Study	GHG
5.0 Energy efficiency checks within Tank Farms on rotating equipment within the Tank Farms.						Study	Efficiency
Land Business Unit							
6.0 Measurement of gas volumes and composition analysis at selected Tank Batteries						Study	GHG
7.0 Fuel Gas Quality Measurement Plan - Improving Emission Data Accuracy for Stationary Combustion Sources (Steam Generator)						Study	GHG
8.0 Study provision of Hybrid/Electric vehicles to replace current fleet						Study	GHG
9.0 Study on solar energy solution for employee electric vehicles						Study	GHG
10.0 Study rotating equipment to identify inefficiencies						Study	GHG
Midstream Business Unit							
11.0 Study on Pressure vacuum vents on tanks						Study	GHG
12.0 Inspection of trunk pipelines						Study	GHG
13.0 Assessment of use of Vapor Recovery Unit at Point Ligoure Tank Farm						Study	GHG
Functions							
14.0 HR. Digitisation of HR processes to reduce paper usage						Project	Efficiency
15.0 FPM. Reduction in energy consumption & improved efficiencies: Change to LED lighting & solar lighting study						20% complete	Efficiency
16.0 HR. Employee engagement. Competency build. GHG project delivery						Project	Capability
17.0 HR. Hybrid Working Solution to reduce vehicle travel						Project	GHG
18.0 CC. Implementation of HOME Programme Clean & Re-cycle community project						Project	Community
19.0 CC. Implementation of Here we Grow Programme National food security initiative						Project	Community
20.0 CC. Implementation of community based energy conservation programme						Project	Community
21.0 SC. Supply Chain environmentally sustainability practices in to support ESG & carbon reduction plan						Project	GHG

Calibration of Energy Transition Performance Targets (ETPT)

Heritage conducted a GHG emissions inventory assessment and analysis in 2020 aligned to international standards and methodologies. The results of the GHG emissions inventory assessment formed the 2020 baseline

- 01
 Heritage Energy Transition Performance Target 1 (ETPT-1)
 Organisation. Absolute/total emissions (tonnesCO₂e)
- 02
 Heritage Energy Transition Performance Target 2 (ETPT-2)
 Organisation. greenhouse gas intensity (tonnesCO₂e/bbl)

The main international standards selected by Heritage to identify the GHG reduction measures the GHG Protocol Accounting and Reporting Standard, ISO 14064-1 and the American Petroleum (API) Compendium.

Organisation	International Standards	GHG Protocol Corporate Standard	ISO 14067	API
	Calculations		Intergovernmental Panel on Climate Change (IPCC)	Petroleum Industry Guidelines for Reporting GHG Emissions

Heritage ETPT baseline	2020 has been defined as the Heritage baseline for GHG Reduction Reporting purposes based on the independently validated results published in the 2020 GHG Emissions Inventory Report
Target observations date for ETPT	31 December 2030 Note: ETPT will not be adjusted based on the definition of the ETPT target on completion of the analysis, verification and selection of the GHG emission reduction plan
Historic values	Performance data on ETPT 1. Absolute/total emissions (tonnes/CO ₂ e) and ETPT 2. Greenhouse gas intensity (tonnesCO ₂ e/bbl) published in the Heritage reporting year
External validation of ETPT	<ol style="list-style-type: none"> 1. An assurance statement by an external auditor on the KPI information included in the annual Heritage Report and Energy Transition performance report 2. Independent assessment of ETPT performance conducted the Trinidad and Tobago Ministry of Planning and Development (MPD) and the Environmental Management Authority (EMA)

The Heritage selection of Climate Key Performance Indicators

Based on the results of the Heritage GHG emissions inventory assessment and analysis in 2019, Heritage's carbon footprint measurements identify combustion, fugitive and vented emissions as the main contributors to GHG emissions



Heritage Energy Transition Performance Target 1 (ETPT-1)
Organisation. Absolute/total emissions (tonnesCO₂e)



Heritage Energy Transition Performance Target 2 (ETPT-2)
Organisation. Greenhouse gas intensity (tonnesCO₂e/bbl)

Heritage ETPT targets 1	<ol style="list-style-type: none"> 1. The initial Heritage ETPT targets will be set in 2022 on completion of the Heritage GHG Studies, analysis, business case, investment decisions and agreement on the scope of the GHG Reduction initiatives 2. 30% of the Heritage GHG Studies are scheduled for completion after 2022 and will further inform the Heritage GHG ETPT targets
Heritage ETPT targets 2	<p>The second ETPT target setting timeline to define Heritage ETPT targets will be set in 2023 on completion of the remaining Heritage GHG Studies, analysis, business case, investment decisions and agreement on the scope of the GHG Reduction initiatives</p>

The Heritage GHG Emissions data is outlined in Section 5 and provides the assurance that the selected ETPT KPIs will make a material contribution to the achievement of the Trinidad and Tobago National commitment to the United Nations Framework Convention on Climate Change (UNFCCC) as a ratified signatory to the Paris Agreement

Heritage Sustainability and GHG Reduction Reporting and Verification

09

Heritage will communicate annually on the relevant KPIs and ETPTs, making up-to-date information and reporting available on its website:

01

Heritage integrated annual report and sustainability performance report

Will include the performance of the selected KPIs, including baselines where relevant, covered by an assurance statement of the statutory auditor. The first Heritage Sustainability Report will be published in 2021

02

Heritage verification assurance certificate

Following a target observation date, a verification assurance certificate confirming whether the performance on the KPI meets the relevant ETPT will be published on Heritage's website

03

Heritage investor updates

Any information enabling investors to monitor the level of ambition of the ETPT (e.g., any update in the Heritage's sustainability strategy or on the related KPI/ ESG governance, and more generally any information relevant to the analysis of the KPIs and ETPT) will also be published on Heritage's website

04

Public disclosures

Heritage will publicly disclose its environmental and climate-related data through the CDP Climate Disclosure questionnaire on a yearly basis

Heritage will verify this Framework and the associated annual reporting using three layers of external verification

01

Second- party opinion by a recognized ESG agency

To assure the alignment of the Framework and the associated documentation with the Sustainability- Linked Bond Principles, including an assessment of the relevance, robustness and reliability of selected KPIs, the rationale and level of ambition of the proposed ETPT, the relevance and reliability of selected benchmarks and baselines, and the credibility of the strategy outlined to achieve them, based on scenario analyses, where relevant

02

Assurance statement by an external auditor

An assurance statement by an external auditor on the KPI information included in the annual Heritage report and sustainability performance report. The first Heritage Sustainability Report will be published in 2021

03

Verification assurance certificate

A verification assurance certificate confirming whether the performance of the KPI meets the relevant ETPT, published on Heritage's website following a target observation date

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