

Net Zero Pathway Definitions

DEFINITIONS	
Goal	An ambition to seek an outcome for which there is no current pathway, but for which efforts will be pursued towards addressing that challenge, subject to certain assumptions or conditions.
Target	An intended outcome where we have identified one or more pathways for delivering that outcome, subject to certain assumptions or conditions.
Commitment	A task that we will undertake in service of our target, subject to Board approval.
Net Zero	Either (i) Lochard Energy having nil annual Scope 1 and 2 Emissions or (ii) achieving an overall balance between Lochard Energy's Scope 1 and 2 Emissions produced and, if applicable, the GHG emissions taken out of the atmosphere evidenced by the surrender of ACCUs or an equivalent robust method.
Scope 1 Emissions	Direct GHG emissions that occur from sources owned or controlled by a company (i.e. the combustion of natural gas with a compressor).
Scope 2 Emissions	Indirect GHG emissions from consumption of purchased electricity, heat or steam.
Scope 3 Emissions	Other indirect emissions (not included in Scope 2) that occur in the value chain of the reporting organisation, including both upstream and downstream emissions.

Net Zero Pathway Explanatory Notes

EXPLANATIONS	
Goal	Applies to Lochard Energy. Each asset will require targets and commitments aligned to the Goal, but at relevant pace. The Goal may be achieved earlier than 2045.
Targets 1 & 2	Apply only to IGSF Apply only to Scope 1 and Scope 2 emissions Refer to GHG emission intensity, not absolute emissions. Base year is FY22 Offsets and renewable electricity can be used to reduce GHG emission intensity
Commitment 1	Purchasing 100% renewable electricity means either entering into a 100% renewable retail electricity contract or equivalent, and/or offsetting any emissions from imported electricity using a reputable scheme or offset.
Commitment 2	LDAR programs have been undertaken at IGSF previously. This program would be increasing the coverage and frequency of detection and repair in order to change Iona's NGRS methodology for reporting fugitive GHG emissions from using default factors to lower "non-leaker" factors.
Commitment 3	The CAP program will bring to the Board any Capital Project that reduces GHG emissions at a price less than the board approved internal cost of carbon. In the first instance this is A\$100 per tonne of CO2-e per annum until 2040. This is a premium over the current cost of high quality ACCUs and is representative of our preference for in-plant abatement over offsets.
Commitment 4	Commencing a high quality offsets program means setting up an internal Project team to evaluate and recommend a potential strategy for investing in ACCUs (or equivalents) and/or ACCU generating projects (i.e. regeneration projects or tree plantations).
Commitment 5	A screening study would review, at a high-level, costs associated with purchasing and installing electrical compression, associated plant upgrades and the electrical network to Iona. It would also review operational cost, risks and opportunities associated with the project.