

Russian Oil & Gas

What are the Alternatives?

Breaking the Link between Oil & Gas and War: Putting Human Rights into ESG

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Global primary energy by source

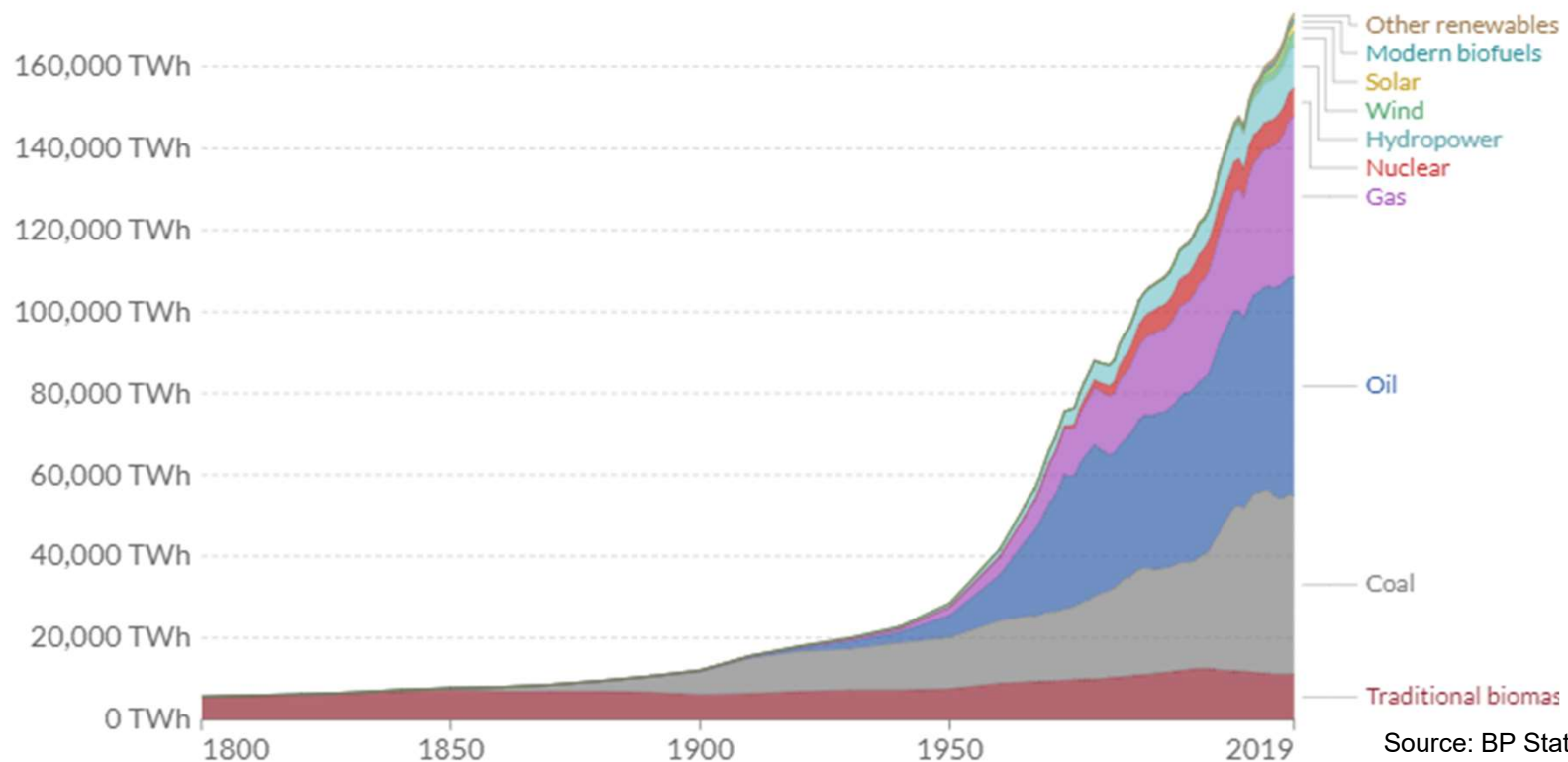
Oil, Gas and Coal deliver c.85% of World Energy Consumption by Source

Oil Demand Increasing – Demand expected to grow beyond 100mb/d (beyond 2019 levels) through 2022 and grow for (at least) the next 10 years (based on IEA/OPEC/EIA forecasts)

Oil Supply Tightening – OPEC+ unwinding 2020 cut by August, underinvestment (50% below 2014 peak) and US Shale focused on shareholder returns (not growth); limited spare capacity exacerbated by Russia sanctions

Low Inventories – OECD oil inventories below 5-yr average, now at lowest level since 2014; DUC at lowest level since 2013

Gas - The Transition Fuel – UK gas price up 350% through 2021 into 2022; demand for gas increased due to underperformance of renewables in 2021. Increasing role as coal fired and nuclear facilities are closed in UK/EU and US; Russia supply disruption could cause gas rationing into the 22/23 winter



Issues of supply driving oil prices higher

Inventories low, Global Capex at Multi-Year Lows and US Shale capex more disciplined

Oil Price over 20 years

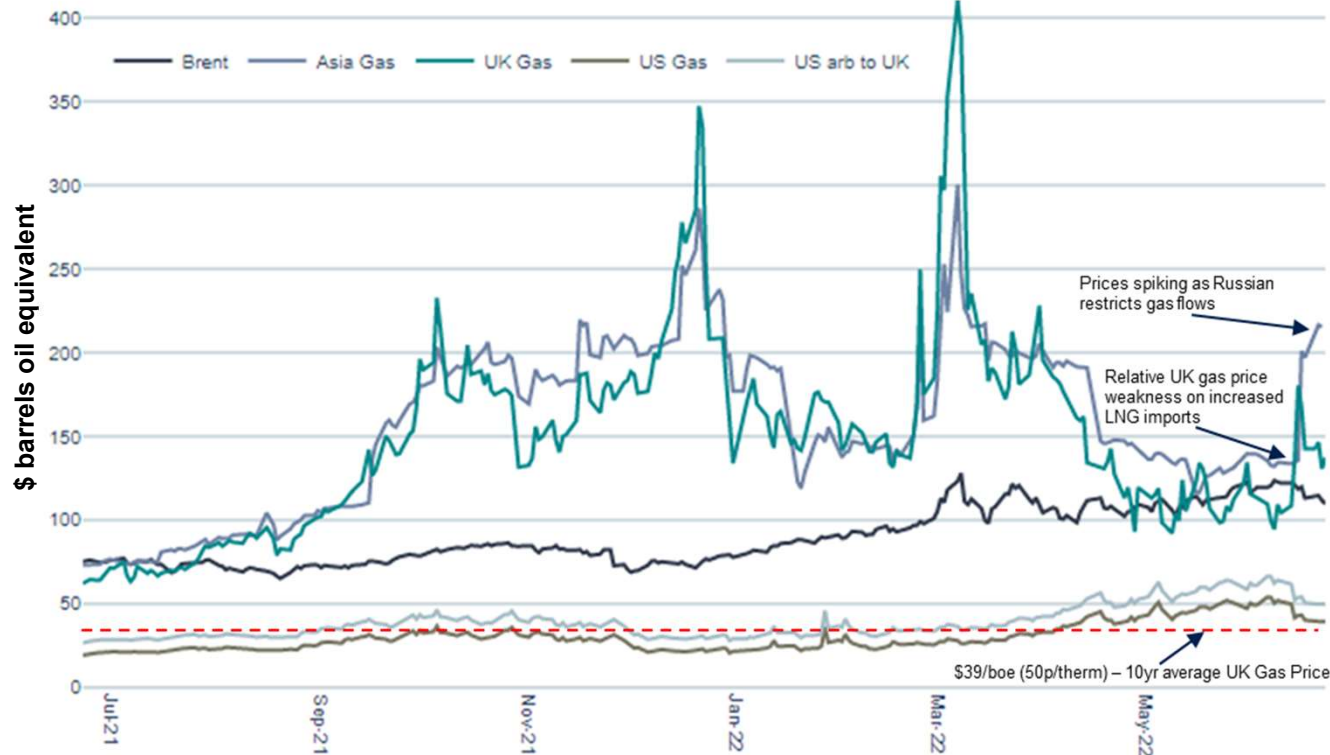


Source: Factset, Investec

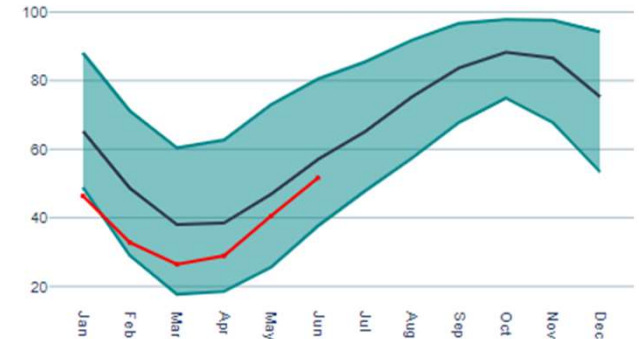
Prolonged Record UK/European Gas Prices

High prices drawing LNG volumes away from Developing Economies reverting back to coal

Gas price development through 2021 into 2022 vs Oil



European Storage (%)



Flows into Germany via NordStream1



Russian flows into Germany via Yamal



Flows into Slovakia via Ukraine

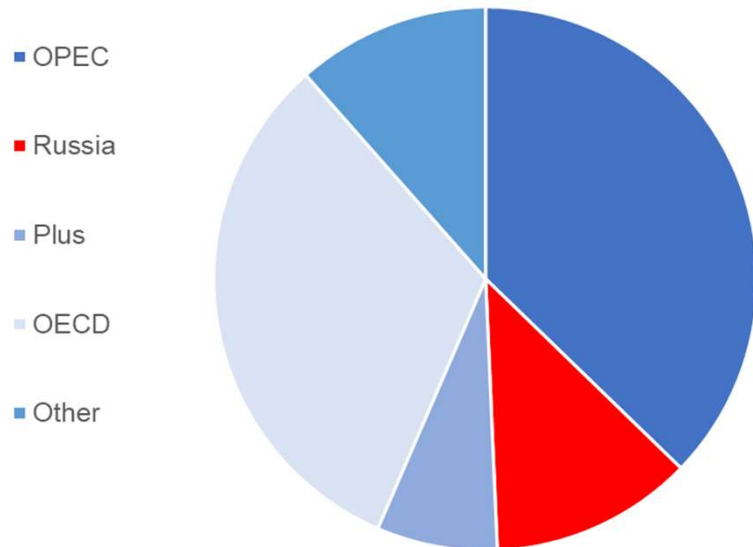


Source: Bloomberg, Investec

World Oil Reserves and Production

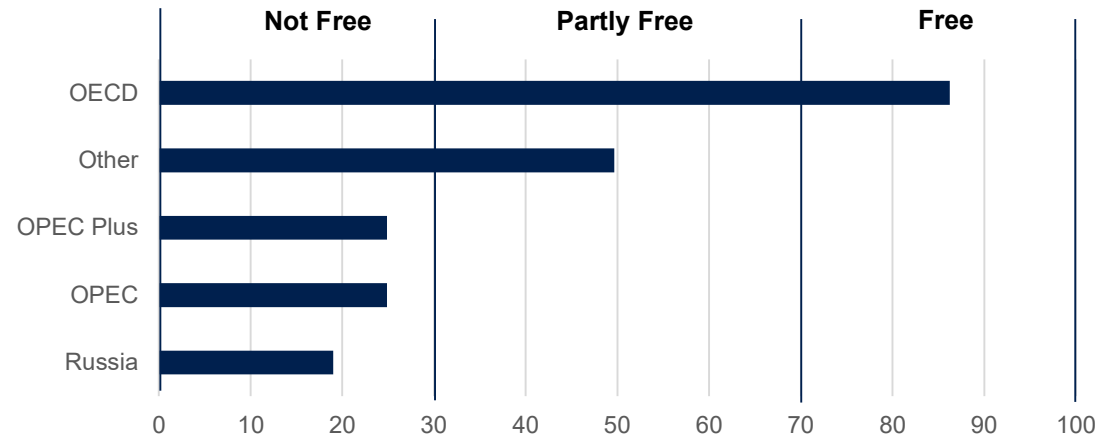
US / OPEC and Russia Major producers; Reserves held in OPEC

Global Production Breakdown – 100mb/d

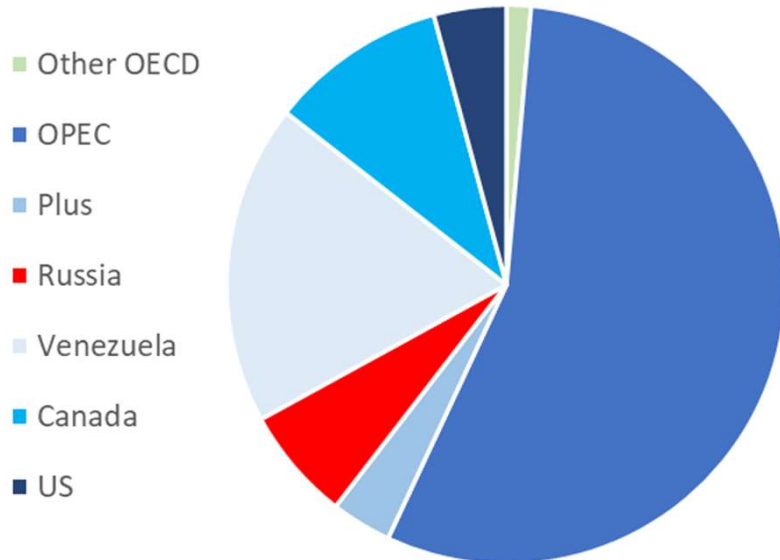


Global Freedom Score (GFS)

Freedom House rates access to political rights and civil liberties in 210 countries and territories



Global Reserves Breakdown



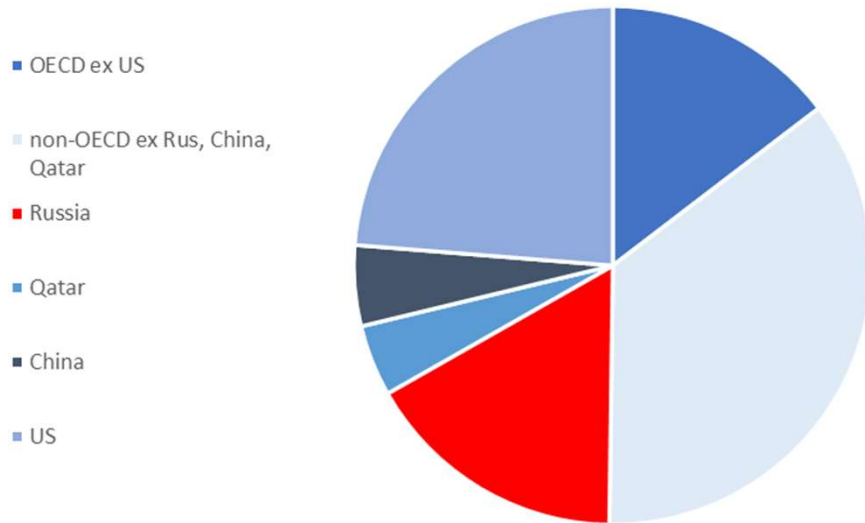
- **Low GFS Dominates:** OPEC+ (incl Russia) delivers over 55% of global oil production with over 80% global reserves with an average GFS of 23
- **Material DM Production:** OECD (dominated by US, Canada, Norway and UK) produces c.30% with GFS of over 80
- **European Importing:** Europe (mainly UK/Norway) produces c.4% but consumes c.15% of global oil production
- **Material DM Reserves:** US and Canada with high GFS hold material reserves that with investment the capacity to increase production under the right policy framework

Source: BP Statistical Review, Freedom House

World Gas Production and Reserves

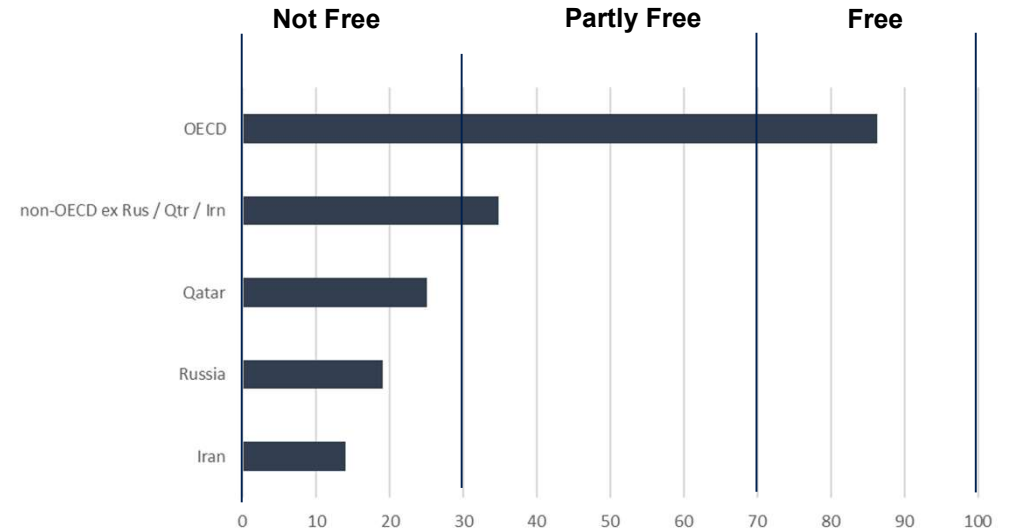
Major exporters US/Russia/Qatar and Australia; Reserves with Qatar, Russia/Iran

Global Production Breakdown – c.4000bcm/yr

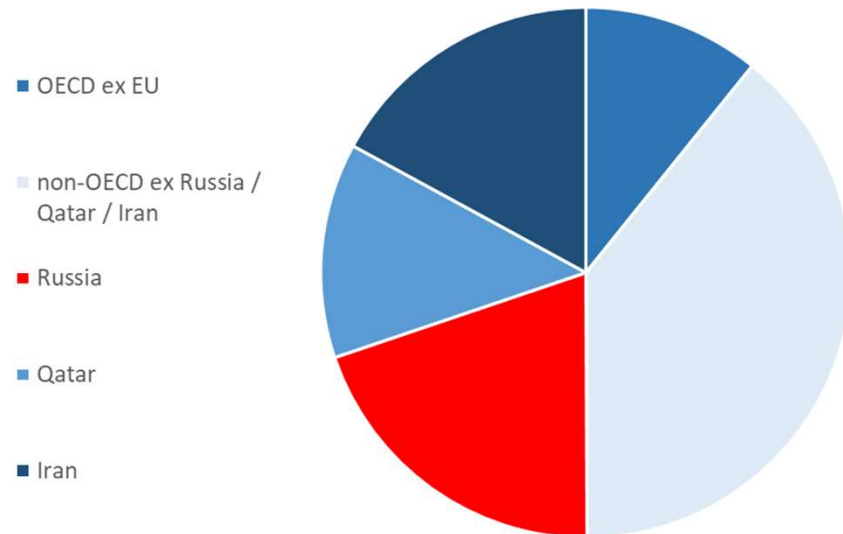


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Global Gas Reserves Breakdown

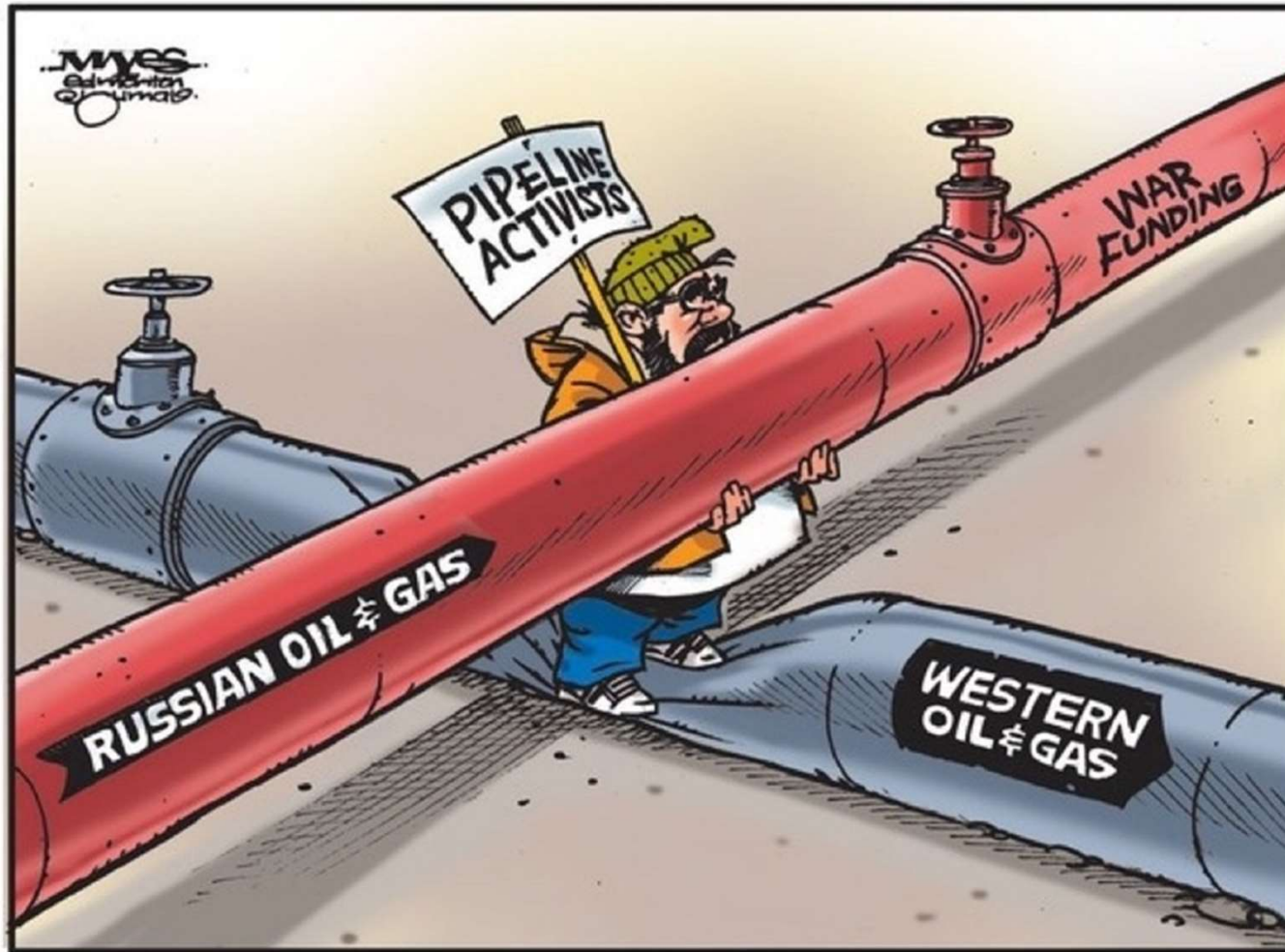


- **Gas Key Energy Transition Fuel:** LNG demand hitting record highs since 2015 expected to grow over 20% by 2025 (by IEA) before Russian invasion
- **Largest Global Gas Producers:** US and Russia; Largest LNG Exporters – US, Australia and Qatar
- **Reserves Split:** Russia, Qatar and Iran (low GFS) hold >50% reserves, US and Canada also hold material reserves
- **Europe Relies(ed) on Russia:** Until invasion of Ukraine Russia delivered 40% of Europe’s gas demand. Europe produces < 5% but consumes 14%

Source: BP Statistical Review, Freedom House

Counterproductive Campaigning

Dependence on low Global Freedom Score Countries set to continue with oil and gas demand increasing



DM Policy Framework not helping

UK introduces surprise Windfall Tax

US threatening Windfall Tax, pipelines cancelled

Denmark, France, Ireland, New Zealand, Sweden and Spain end/ending new exploration

Listed Companies Remain Disciplined

Capex at 50% of 2014 peak

Campaigns for divestment of public companies and assets being sold to private companies

Focus on low GFS countries for more Oil & Gas

Attempts to thaw relationships with Venezuela and Iran.

European leaders travelling to Qatar to boost LNG supplies

Thank you



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