

Welcome to your CDP Climate Change Questionnaire 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Aker BP is a fully-fledged exploration and production company with exploration, development and production activities on the Norwegian continental shelf. Measured in production, Aker BP is one of the largest independent oil companies in Europe. Aker BP is the operator of Alvheim, Ivar Aasen, Skarv, Valhall, Hod, Ula and Tambar, partner in the Johan Sverdrup field and has a total of 141 licenses, including non-operated licenses. Aker BP holds no oil or gas assets outside Norway. Aker BP is headquartered at Fornebu outside Oslo and has offices in Stavanger, Trondheim, Harstad and Sandnessjøen. Aker BP ASA is owned by Aker ASA (40 %), BP (30 %) and other shareholders (30 %). At the end of 2019, the company had 1,742 employees. 164 new employees were recruited in 2019. Aker BP's net production in 2019 was 155.9 thousand barrels of oil equivalents per day (mboepd). Total net production volume was 56.9 million barrels of oil equivalents (mmbøe). Aker BP ASA generated total income of USD 3,347 million in 2019. Aker BP paid income taxes of USD 619 million, USD 42 million in CO2 fees, USD 4.1 million to the NOx fund and purchased CO2 quotas for USD 29.3 million. Aker BP paid USD 750 million as dividend to its shareholders.

Aker BP purchased goods and services for about USD 3 billion and engaged around 1,600 direct suppliers in 2019, mainly within the oil and gas service sector. Most Aker BP suppliers are based in Norway. Some are based elsewhere in Europe, while a few are based outside Europe. Several suppliers have sub-suppliers outside Europe. Our suppliers are generally contracted for high-technology services such as engineering, equipment and drilling and well services, or rental of rigs and marine services. Aker BP is a member of The Norwegian Oil and Gas Association (NOROG) and The International Association of Oil and Gas Producers.

All our offshore operations are in Norway and have scope 1 and scope 2 emissions. Scope 3 emissions are partly accounted for and will be a focus area for 2020. We set our organizational boundary for scope 3 emissions to include upstream scope 3 emissions and downstream transportation of shuttle tankers from Alvheim and Skarv to destination port. All downstream scope 3 emissions are not included since we do not have any downstream activity as part of our business.

Power generation offshore accounts for 80 percent of Aker BP's CO2 emissions. We believe that great improvements can be achieved through further energy optimization efforts. Our Skarv asset is a very good example of this. Skarv has reduced the export pressure and cut energy use in its FPSO gas cleaning process. As a result, CO2 emissions have been cut by 22,000 metric tonnes annually.

To support the Paris climate agreement and the KonKraft initiative (reduction target for the Norwegian petroleum industry), Aker BP has committed to reduce CO2 emissions corresponding to our share of the KonKraft obligations (140 000 tonnes CO2/annum from 2020-2030). An energy forum was established in 2017 to actualize our part of the obligations. Our goal is to minimize emissions from activities on the Norwegian continental shelf through choosing energy-efficient solutions and operations. New projects must perform feasibility studies for power from shore or power transmission. In cases where new energy-intensive equipment is purchased, the equipment must be as energy-efficient as possible and utilise low-emission technology. In 2019, climate was further integrated and embedded in our strategy and decision making. Our climate strategic priorities ensure that we continuously improve by reducing our emissions and implementing energy efficiency in our operations. The Board chair together with the Board of Directors have ownership of climate-related objectives and expectations in Aker BP's climate strategy. They review and guide the major plans of action when it comes to investment decisions for climate initiatives.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1, 2019	December 31, 2019	Yes	3 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Norway

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-OG0.7

(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?

Row 1

Oil and gas value chain

Upstream

Other divisions

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	<p>Climate challenge is recognized by Aker BP and the Board chair, together with the Board of Directors have direct ownership of climate related objectives and expectations in the Aker BP's strategy. They have a leadership and supervisory role in all corporate social responsibility matters, including climate-related issues, and review and guide the major plans of action when it comes to investment decisions for climate initiatives. As an example, for the NOAKA development project, power from shore is included in the projects concept, which results in close to zero emissions from this asset. This is broadly communicated externally, and is expected to be part of the final investment decision to be made by the Board in 2022.</p> <p>All members of the Board are considered independent of the Executive management team.</p> <p>Production and CO2-emissions KPI's and project targets are included as part of the company's incentive structure.</p> <p>Climate strategy is incorporated in the business management system and anchored in the corporate HSSEQ policy and plans for 2019. In 2019, one initiative on the plan was to value the use of ultralight combined cycle turbine. This project is now moving forward with a planned early decision gate review in the end of 2020. Implementation of this will result in a 30% reduction of CO2 emissions from one field.</p>

Board-level committee	<p>Health, Safety, Security and Environment («HSSE») and Corporate Social Responsibility («CSR») are of paramount importance to the Board of Directors of Aker BP. The Board recognizes its responsibility for the safety of people and the environment and devotes appropriate time and resources to comply with all regulations and strives to adhere to the highest HSSE standards.</p> <p>Since the Board of Directors have direct ownership of climate related objectives and expectations in Aker BP's climate strategy, they have established an Audit and Risk Committee that oversees Aker BP's Financial business risks and opportunities.</p> <p>The Audit and Risk Committee, consisting of three members of the Board, Trond Brandsrud (Chair), Anne Marie Cannon and Kate Thomson. The Committee monitors and reviews the company's business risks, including climate risks and opportunities.</p>

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives 	<p>The company's annual strategy process has a separate work stream to quantify our climate-related performance and related risks and opportunities. We project our performance in the future, and define a target we want to achieve. Thereafter we agree initiatives to be worked on during the strategy period to achieve this target. The board has ownership to the climate related issues. They review and guide the major plans of action when it comes to investment decisions for climate initiatives.</p> <p>The strategy, objectives and levers we use are anchored in the Executive Management Team, and communicated throughout the company. It is supported by our annual Sustainability report, which provides transparency around our broader sustainability performance - including climate-related issues. The Board will review and provide guidance for the major plans of action related to climate</p>

	<p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>reductions. Risks and opportunities are reviewed and guidance given as to how climate related risk is part of the company performance objectives. The Board will also monitor and oversee progress against goals and targets set for short-term and long-term perspectives. Business plans are reviewed alongside budgets to set the correct strategic priorities for climate related issues.</p>
--	---	--

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Assessing climate-related risks and opportunities	More frequently than quarterly
Chief Financial Officer (CFO)	Assessing climate-related risks and opportunities	More frequently than quarterly
Chief Operating Officer (COO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other C-Suite Officer, please specify HSSEQ	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other committee, please specify Energy Forum	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Procurement Officer (CPO)	Assessing climate-related risks and opportunities	More frequently than quarterly
Sustainability committee	Assessing climate-related risks and opportunities	More frequently than quarterly
Environmental, Health, and Safety manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Environment/ Sustainability manager	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other C-Suite Officer, please specify	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

Strategy & Business Development		
---------------------------------	--	--

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Aker BP acknowledges the conclusions from the Intergovernmental Panel on Climate Change (IPCC) and supports the Paris Agreement's goal to keep the increase in global average temperature to well below 2 °C above pre-industrial levels; and to strive to bring the rise in temperature down towards 1.5 °C . Aker BP will reduce the emissions in line with the national and international expectations.

Aker BP's business strategy is to integrate climate and energy management in all our operations and to implement climate efficient solutions in the entire company. The Board Chair together with the Board of Directors have direct ownership of climate-related objectives and expectations in Aker BP's climate strategy. The ownership of climate-related objectives lies with the Board of Directors as they are responsible for the major investment decisions in Aker BP, hence also all major climate related investment decisions. Aker BP's KPI on CO2 emissions is included as part of the company's incentive structure.

Aker BP work by promoting and investing in innovative energy solutions and have established a long-term R&D strategy to invest in climate related research. We work with climate by setting the tone from the top (Executive leadership team and Board) with expectations and policy setting. Our Energy forum (established in 2017) is used to support and challenge the business. Leaders and all employees take ownership and adhere to climate objectives. The entire company and all our operations shall work to meet the strategic directions and objectives. We put in place efficient and well-established processes, key performance indicators (KPI) and routines for climate and energy efficiency.

The roles and responsibilities are clearly stated in our common governing model for Climate and Energy Efficient Solutions. The following positions are responsible for climate related issues:

Executive leadership team (CEO, CFO, COO, C-Suite Office Strategy & Business Development, C-suite Officer HSSEQ):

- Commitment and accountability to support the Paris Agreement
- Accountability to reduce our emissions in line with national and international climate expectations
- Sponsorship of the Energy Forum (COO, C-Suite Officer HSSEQ, C-Suite Officer Strategy & Business Development)

Energy Forum:

- Nominated persons in management to identify, discuss and plan climate management activities
- Challenge and support the business in order to deliver in accordance to climate related objectives and expectations
- Ensure availability of information and necessary resources
- Bring in external perspectives and ensure measures for continuous improvement
- Share experience and best practice across the organisation
- Ensure climate review with the business, including risk and opportunity inputs

Leaders (CPO, Sustainability committee, Environmental Health and Safety manager and Environment/Sustainability manager) :

- Ensure all employees, assets, and installations adhere to climate related objectives and expectations
- Identify, prioritise and follow-up opportunities for improving climate and energy management performance
- Act as role models

Employees:

- All employees in our company are expected to follow our climate related objectives and expectations
- Develop a climate management mind-set and challenge established truths
- Bring in ideas and suggestions for energy efficiency initiatives including continuous improvement

Climate is monitored and managed monthly by review of key performance indicators such as CO2 intensity per asset and aggregated for the company, following market trends, operational costs including CO2 costs (taxes, climate allowances etc.)

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	CO2 intensity goal is part of incentive structure in Aker BP through company specific KPIs.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Corporate executive team	Monetary reward	Efficiency target	Efficiency target (kg CO2/boe) is a company wide KPI and incentives are based on how well Aker BP delivers on the key performing indicators.

All employees	Monetary reward	Efficiency target	All employees who are salary based can receive a monetary reward based on Aker BP's performance. Efficiency target is a company wide KPI and incentives are based on how well Aker BP delivers on the key performing indicators.
Corporate executive team	Non-monetary reward	Emissions reduction target Environmental criteria included in purchases Supply chain engagement	Supply chain is engaged in the process to include environmental criteria in purchases. Emission reduction due to change in sailing routes for supply vessels, has reduced scope 3 emissions with 9500 tonnes in 2019.
Management group	Monetary reward	Efficiency target	Production KPI's and project targets are included in the incentive structure for relevant managers. Climate strategy and energy management are included in the Corporate HSSE plan for 2019.
Management group	Non-monetary reward	Emissions reduction target Energy reduction target Environmental criteria included in purchases Supply chain engagement	Environmental criteria are included in purchases in Aker BP. Emission reduction due to change in sailing routes for supply vessels, has reduced scope 3 emissions with 9500 tonnes in 2019.
Chief Procurement Officer (CPO)	Non-monetary reward	Environmental criteria included in purchases Supply chain engagement	Supply chain is engaged in the process to include environmental criteria in purchases. Emission reduction due to change in sailing routes for supply vessels, has reduced scope 3 emissions with 9500 tonnes in 2019.
Chief Financial Officer (CFO)	Non-monetary reward	Emissions reduction target Energy reduction target Supply chain engagement	Performance are measured based on how well Aker BP delivers on the key performing indicators such as emission reduction targets, energy reduction targets and supply chain engagement.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Our short-term horizon reflects one where our measures contribute to positioning ourselves to meet the low-carbon economy recognised in the Paris Agreement and obligations to annual reduction in CO2 emissions. Risks and opportunities are pre-dominantly of operational character.
Medium-term	3	10	Our medium-term horizon reflects a reduction of CO2 emissions with 140 000 tonnes CO2 per year – a goal of significant importance and embedded in our strategy. In a medium-term perspective we consider a broader set of elements and mechanisms to address the climate challenge, such as: market, regulatory, technical, reputation, physical and operational. Energy efficiency, flaring reduction, fuel switching (from diesel to gas), fugitive emissions (methane) and detailed emission reporting are mid-term strategies to Aker BP. Risk and opportunities are pre-dominantly of tactical nature.
Long-term	10	25	Our long-term horizon reflects one with highly energy efficient operations and low carbon footprint in a market still dependent on oil and gas. Supply of electrical power from shore to offshore installations is a long-term objective in our climate strategy. Risk and opportunities are pre-dominantly of strategic nature.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

We define substantive financial impact as 20 % decrease in revenue, and greater than 5% reduction in earnings (EBITDA).

Effects of important climate risk and opportunities identified through our common Enterprise risk management process are evaluated as an integral part of our business plan process. The business plan update consider quantified effects, and the totality is measured against financial

impact. Material changes to regulatory framework conditions such as emission cost or taxes meeting the financial thresholds may trigger change in strategic direction. Changes to strategic direction is managed as part of the Company governance and management processes.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Upstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

Aker BP uses an enterprise risk management process where risks and opportunities are identified and managed at all levels (activity, asset, business unit and company) to enable us to maximise opportunities, minimise threats and optimise achievements of performance objectives. We address and manage risks and opportunities across silos throughout the asset value chain and Aker BP. We use a common infrastructure that enables a holistic risk and opportunity management on all levels. The common governing model includes:

- Risk and opportunity governing principle, bodies and reporting structure
- Risk and opportunity process framework and infrastructure
- Risk reduction and barrier management

The governing structure is set up to manage risks and opportunities effectively and provide information where needed. The risk and opportunity management process is dynamic and the risks and opportunities must be updated and reported when significant changes occur. The Board of Directors review status monthly. A quarterly review is performed by the Audit and Risk committee as well as the Safety and Environment assurance (SEA) committee. Executive management team review risks and opportunities upfront of the Board of Directors review.

Risks and opportunities are identified both as a result from our internal activity set as well as from various sources like regulators, industry initiatives, NGOs, public perception, investors, and mapped in appropriate tools. Risk registers are maintained and updated on a regular basis for both activities and business processes. Risks from

each business unit are aggregated to company level. Risk management in Aker BP follows the international standard ISO 31000.

Risks and opportunities are evaluated using a matrix, including categories for Personnel, Environment (including climate), Cost and Project schedule impact, Production regularity and Reputation. The risks and opportunities are categorized based on probability and associated consequence and reported to the appropriate level in the organisation (highest category is elevated to the Boards of Directors). Climate risk is followed up as one of the integrated Company wide risks for Aker BP.

Aker BP has one of the core principles implemented in a common governing model for climate and energy efficiency. The business strategy will be impacted in such a way that Aker BP focuses on energy efficient and low emission operations. This way Aker BP has reviewed the substantive financial impact on climate related risks and opportunities by taking real actions to meet the expectations of the market. The actions require significant changes and long-time commitments and investments.

Case study of transition risk: The strategy department initiated a study of carbon quota price criteria for new investment projects based on identification of a risk pertaining to changes in regulatory framework conditions as part of our strategy review process in the fall of 2019. The risk was initiated through the Enterprise risk process and based on the assessment triggered management review and action. The result of the risk analysis put forward a proposal to screen additional investment using emission cost criteria 20% above current levels. The effects of such improved screening criteria supports the strategy of improved energy efficiency as a key vehicle to improve in the short to mid-term horizon.

Case study of physical risk: One of our five operated offshore assets in Norway reported a climate-related risk through the Enterprise risk process reflecting that of potential physical damage in the event of increases to extreme weather events. The type of extreme event particularly focused on is increased frequency and potential for wave crests reaching an impact zone on the asset infrastructure. The asset is already exposed to known natural changes in seabed conditions since many years, upon which the asset infrastructure rests, which decrease the height between sea surface and the asset infrastructure impact zone. Adding increasing wave crest height from extreme/heavy storms increase the asset exposure.

The risk was formally already reported in 2018 and thereafter evaluated and reviewed by the Asset management team throughout 2019 as part of setting direction for the asset strategy. The risk is now central to life-time extension decision process, specifically concerning design limits for asset improvement projects and growth initiatives. The effects of this risk set out boundary conditions for potential changes and additions to the physical asset infrastructure. Improvement to this risk covers short, mid, and long-term horizons.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Aker BP is present on the Norwegian Continental shelf and is as such pre-dominantly effected by regulatory issues in this region, but also including any other industry wide regulatory issues such as EU legislation. Regulation updates are received from the various standard reliable regulatory agencies providing direction for such (Norwegian Environmental Agency, Petroleum Safety Authority, EU, etc.). The regulatory regime and updates thereto are continuously evaluated as part of the business planning process and led by the Strategy and Business Development team on a Aker BP wide basis for investments and divestment.</p> <p>On Business Unit level current regulatory issues are made part of the standard internal risk assessment and reporting related to the Enterprise Risk Management process. Risks of complex nature are typically informed to the Executive team and if relevant the Board through the Enterprise Risk Management process and annual strategy process updates.</p> <p>All risks of regulatory character both on a Aker BP wide basis as well as Business Unit level are evaluated against a common Environment impact standard and a Reputation impact standard.</p> <p>An example where regulatory framework issues play an important role for Aker BP is geographical locations, opening/closing for exploration and restrictions/ requirements to technology proposed for production concepts.</p> <p>Regulatory requirements connected to our technology choices and how this links to climate: The technology chosen for a development project is closely linked to climate impacts as it often sets the boundary for the level of climate efficiency a production facility can deliver, and as such improve carbon foot-print from our production facilities. So, regulations to technology in many ways sets out the minimum threshold a production facility and the associated energy efficiency requirements it must meet.</p> <p>A detailed example is that power from shore must, as part of the regulatory offshore production license application process, be evaluated as a primary source to power the offshore installation over that of prior practises – gas turbine powered offshore installation. The evaluation is mandatory for any approval submissions (plan for development and operations) to the regulatory authorities.</p>

<p>Emerging regulation</p>	<p>Relevant, always included</p>	<p>The impact of emerging regulations with regards to climate impact and other topics is an important risk factor assessed for business implications, and investment decision-making in Aker BP. Emerging regulations notifications are typically received through the trade organisation NOROG which includes options for Aker BP to comment and influence the emerging changes. Emerging regulation notifications include both national, regional and EU/international regulations. NOROG as organisation submits comments on behalf of the Norwegian oil and gas industry. For national regulations (i.e. Norwegian Environmental Agency and Petroleum Safety Authority) Aker BP also provides an impact assessment and comments directly on notifications to the regulatory bodies. All significant anticipated effect of emerging regulations is evaluated through sensitivity modelling run by Strategy and Business Development team as input to annual strategy review process. Intelligence to support evaluation of effects of both policy and technology is sought from key forecasters such as IEA and BP.</p> <p>Risks related to emerging regulations are made an integral part of Aker BP's risk assessment process and assessed for economic impact (or Company robustness) based on scenario modelling against our break-even sanction target for new investments.</p> <p>One example of emerging regulation risk is the climate quota permits. In a scenario of increased emissions costs, Aker BP would become more competitive relative to other impacted producers. Still, almost 1/8 of our production cost in 2019 were environmental taxes and fees, so should these costs increase materially, it would impact our profitability. Changes in framework conditions emerging regulation, e.g. CO2 price, is included in the Aker BP risk matrix.</p>
<p>Technology</p>	<p>Relevant, always included</p>	<p>One of the focus areas in Aker BP's technology strategy is low carbon Technology. The main purpose is to lower Scope 1 emissions from existing assets and drilling rigs, in addition to "close to zero emission" strategy for new Field developments .</p> <p>We use the methodology "Best available technology" (BAT) as a criterion to all new field development designs and existing facilities. The methodology is embedded in the early phase development team and scope of work when assessing suitable technologies for development of asset development opportunities. The screening includes a focus on emission reduction solutions, meaning that a we must credit solutions driving down emissions.</p> <p>An example of technological advances in Aker BP with a positive impact on emission from our operations, is the development and use of dual drilling rigs, where time to drill a well is reduced up-to 50%</p>

		<p>compared to traditional drilling benchmarks</p> <p>Another example of technology based on the “BAT” principles advance is the use of onshore control room facilities to operate our offshore assets. This technology has been implemented on Ivar Aasen and is the preferred solution for new operated assets. One of the climate benefits is reduced personnel transport with helicopter, hence reducing CO2 emissions.</p>
Legal	Relevant, always included	<p>Aker BP is attentive to legal proceedings that could have an impact on climate related risks and our enterprise.</p> <p>An example of climate related legal risk is those that could arise in conjunction with decommissioning our assets. Meaning cessation of production and operations, offshore facility removal, onshore dismantling, and recycling. The primary exposure to climate is both during facility removal (catastrophic failure scenarios – such as dropping the facility to seabed), but perhaps more so during dismantling and recycling where the degree of influence and control potentially could be matured further. Consequences include long term leaks into sensitive environment or similar. The legal risk assessment / due diligence is typically applied during contractor selection to ensure appropriate historical climate performance.</p> <p>In addition we at AkerBP also ensure that legal aspects related to implementation of new technologies are assessed by the Legal department and form part of the recommendation to proceed with development or investment. The Legal department assess potential for breach to laws and potential for legal proceeding with counter parties. Unforeseen Legal issues pertaining to environmental/ climate are managed by the Legal department along standard operating procedures.</p> <p>Legal aspects related to changes in external factors such as regulatory changes and legislation are also assessed with support from Legal department. Such issues are input to business plan updates and strategy process updates and assessed alongside any other element bearing on the financial and economic conditions.</p> <p>Legal department are directly engaging with the executive team concerning sensitive legal risks. Legal risks directly associated with one or more offshore operated assets are managed jointly with the Asset management team.</p>
Market	Relevant, always included	<p>Aker BP continually risk assess market conditions as part of the strategy and portfolio team scope. Emerging market trends are assessed for economic impact and material issues stress tested within the strategic framework. In addition, we screen all hydrocarbon investment projects on several criteria to account for market outlook, including CO2. Typical market risk to Aker BP include global oil price and gas price both in the short, medium and long-term horizon.</p> <p>Downward pressure on these commodity prices compared to historical</p>

		<p>norm will make new hydrocarbon developments less attractive and the net present value for these developments will be significantly reduced. This may result in fewer developments are sanctioned.</p> <p>Additional example of commodity risk include electricity prices as future developments are likely to utilise electricity from land grid to power the offshore facilities.</p> <p>Second, we also consider market risk relative to climate effects. An example of an important market risk related to climate assessment and relevant for Aker BP would be a sudden and significant shift to gas consumption over oil consumption due to our significant weighting towards oil production. Such shifts could drain our current rather positive trend to optimise and make as carbon efficient as possible oil production.</p>
Reputation	Relevant, always included	<p>AkerBP consider two aspects of reputation, one of direct reputational risks as effect from climate related issues, all these risks can be risk assessed towards reputation impact within our risk and opportunity system. Investor Relations and Communication teams, with support from Legal department evaluate significant reputation risks towards our stakeholders on an on-going basis. Reputation risks materialise in the form of negative publicity, reduced attractiveness towards investors and stakeholders, and regulators view on Aker BP as prudent operator.</p> <p>The climate risk and how that impact Aker BP and more importantly how we respond as and E&P company is an example of a risk with significant reputation potential. Our approach to this particular risk is at the heart of our strategy and is assessed and managed by the executive management team and the Board.</p> <p>The second perspective of reputation risk are those having a bearing on climate targets. Our climate targets are set under and in the context of the Paris agreement, the Norwegian parliament, framework of the regulator, those of investor expectations, and the public.</p> <p>Example of reputation risks is that we do not achieve our climate targets, which could lead to reduced attractiveness towards investor and loan providers. Such consequences could very well again limit our ability to develop and pursue our climate ambitions.</p> <p>Another example of reputation risk is that we may not be ambitious enough in setting our climate targets. Consequences could be that we do not manage to acquire the human resources necessary to underpin our climate targets.</p>
Acute physical	Relevant, always included	<p>Sea level rise and extreme weather are acute physical risk elements we consider climate related. Our fixed offshore installations in the North Sea are subject to acute physical risk.</p>

		<p>Extreme waves/ weather, if becoming more frequent can lead to operational limitations and shut-in of production. Three out of five fields may be exposed to this risk - the Valhall field platforms, Tambar and Ula platforms by means of threatening safe design limits and structural integrity. The most significant factor being what is referred to as “wave-in-deck”. This factor is controlled by the air gap between sea level and deck of the installation.</p> <p>Risk to structural design limits are assessed as part of the quantitative risk analysis process covering one offshore asset installation each year and must demonstrate adherence to regulatory design limits.</p>
Chronic physical	Relevant, sometimes included	<p>Change in working environment on our offshore installations from either increase/ decrease in temperature or participation pattern are considered chronic physical risk elements related to climate change. All our offshore installations in the North Sea are subject to chronic physical risk.</p> <p>Change in precipitation patterns and extreme variability in weather pattern over time may affect working environment by reducing for example “time-in-field”, meaning the period an offshore worker may be exposed to a certain condition while performing their scope of work. Risk assessments are systematically performed by the Aker BP Working Environment team, including recommendations to improve. Working environment risks are assessed using industry standard approach and form input to infrastructure design for new facilities and typically working procedures for existing facilities. Working environment issues are governed by the regulator.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

Aker BP operate five offshore fields for hydrocarbon extraction and transportation for sales on the Norwegian Continental Shelf (NCS). All oil and gas exploration and production on the NCS are regulated by common law and regulatory framework. Current legislation promotes safe and prudent resource exploration and development through the tax system in combination with regulation. Production on the NCS also promote safe and prudent operating practises, and in addition drive contribution to society at large through the Norwegian tax system. All business operations and development in Aker BP is thus heavily influenced by tax system, legislation and regulation.

Future changes in Norwegian regulations related to climate topics or other, most notably taxes on carbon or NOx emissions, may impact Aker BP's business by increasing our production costs. Economic production impact from current regulation in 2019 resulted in that Aker BP paid 42 USD million in CO2 fees, 4.1 USD million to the NOx fund and purchased CO2 quotas for 29.3 USD million. Albeit future climate policy development is uncertain Aker BP test all our business development cases against our standard break-even sanction target through scenarios including those potential effects.

Mitigation on a Aker BP wide basis are weaved into the annual strategy process and capital allocation processes, whilst more direct mitigation such as energy efficiency initiatives and electrification (providing power from grid rather than running on gas powered turbines) are assessed on Asset level together with license partners.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,000,000

Potential financial impact figure – maximum (currency)

60,000,000

Explanation of financial impact figure

The range estimate on cost impact relates to adjusting our operations to more stringent regulation with regards to emissions and climate footprint. It also considers an important assumption about business as usual and no significant improvement activity.

All investment decisions are tested against a carbon price consistent with The International Energy Agency's (IEA) Sustainable Development Scenario. Aker BP's carbon price used for investment decisions is USD 90/ton CO₂ in 2020 increasing to USD 115/ton CO₂ in 2030. Our forecast is less than IEA's expected USD 180/ton CO₂. In 2030 we expect total emission to reach 780.000 ton per year compared to our current emission of 900.000 ton.

Our current CO₂ cost is USD 90/ton CO₂ * current emission 900.000 ton equates approx. to: 80 million USD (incl tax).

The forward outlook low case is then 115 * 780.000 equates to approx. 90 million USD, whilst high case considers 180 * 780.000 equates to approx.. 140 mill USD. Relative to 2019 our delta cost impact is in the range of 10 mill USD to 60 mill USD.

A scenario where regulator imposes power from grid on existing assets to replace gas turbines would imply significant abatement cost.

A representative electrification project at feasibility maturation (replace gas turbines with power supply from land-based grid) is estimated to 210 million USD for one offshore asset, This is not included in the Cost impact.

Cost of response to risk

325,000

Description of response and explanation of cost calculation

Aker BP assess future direction through our business planning process using scenario modelling and stress testing economics with regards to climate risk and opportunity, where we seek input to plausible scenarios including IEA and BP future scenarios reports.

In the short and medium-term Aker BP primarily focus on energy efficiency where we see significant potential from a realisation and cost-benefit perspective. Our Skarv asset is a very good example of this type of energy efficiency improvements. Through a focused effort anchored in the 2019 asset strategy revitalisation the Skarv asset identified two important energy consumers with a solid potential to improve. By optimising export pressure and energy use in the gas cleaning process as part of the overall Asset improvement project portfolio the Skarv asset during 2019 achieved a solid reduction of 3.9 MW worth of power every year, leading to an annual reduction in CO₂ emissions of 22,000 tonnes per year from 2020.

We are also pursuing energy optimisation in our logistic value chain – particularly marine vessels supply to our offshore assets. Through leading a joint operator initiative, we have demonstrated a total annual reduction of 9,500 tonnes CO₂ for our offshore assets in the southern North Sea, complemented with an additional cut of 3,300 tonnes CO₂ in the Skarv asset North Sea area. Important contribution to pro-actively prepare for the emerging policy risk.

Aker BP is also engaging in developing and to data driven energy optimisation. We are investigating how to develop data-driven energy optimization through our Eureka digital lab. We are currently piloting one of the products from our digital efforts, an energy optimizer tool. A digital platform to calculate and identify energy loss related to individual components. The ambition is to scale the project to become an international effort, across geographies and operators.

Aker BP is also an active participant on relevant arenas where climate policy is discussed, for example NOROG committee (Norwegian oil and gas associated acting as the industry vehicle to engage regulator, authority, and policy development).

Annual management cost related to this activity is estimated to 325 000 USD. The estimate is purely reflecting manhours spent and is equivalent to 1.5 full-time equivalent.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Rising sea levels

Primary potential financial impact

Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets

Company-specific description

The Valhall field platforms, Tambar and Ula platforms, located offshore in the North Sea, are subjected to forces from sea waves. Extreme waves coupled amplified with a rise in sea level is a risk for all our fixed offshore installations. One of our assets, the Valhall field centre, is also exposed to subsidence. Subsidence occurs as a result from reservoir compaction, a phenomenon where the landmass compress from extracting hydrocarbons and hence increase the distance between seabed and the topside structure of the offshore installation. Subsidence results in a reduction of the installations original air gap design allowance. Air gap allowance is the minimum distance between lower deck of the installation and the sea level. Under heavy-to-extreme conditions there is a potential for storm wave crests to reach and impact the lower-decks. This so-called wave induced loading onto the structures may result in forces onto the structure above the design tolerance level. Extreme wave impact can, in a worst-case scenario lead to structural collapse of load bearing elements. The asset may be impaired in a scenario where the air gap allowance become unacceptable.

Time horizon

Long-term

Likelihood

Unlikely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

10,000,000

Potential financial impact figure – maximum (currency)

100,000,000

Explanation of financial impact figure

Operations may be shut down at an earlier stage due to less clearance between lower deck and sea water level. A rise in sea water level may accelerate the need for modifications on the Valhall field to withstand extreme weather conditions. It is difficult to estimate the financial implications of this effect due to high uncertainty. However, modifications to risers to withstand higher loads caused by extreme weather is estimated to 10 million USD. The cost allocation for a modification is approximated to 10% engineering, 50% vessel cost, 40% material cost.

A structural collapse will result in an estimated financial impact of 100 mill USD. The cost allocation for such a scenario would be 20% engineering, 50% material, and 40% vessel. Both estimates are based on Aker BP standard estimation principles for modification projects (riser modification project) and capital projects (restitution of structural jacket elements) respectively. The total impact for the Aker BP will likely be in excess of both project estimates as a result of likely environmental damage and liabilities. Depending on the damage, a repair is estimated to range between 10-100 million USD.

Cost of response to risk

200,000

Description of response and explanation of cost calculation

The risks for structural collapse, equipment and environmental impact are followed up in the risk management system for the relevant assets, i.e. Valhall, Ula and Tambar. The probability of collapse for Tambar is every 5×10^{-4} years, and for Valhall it varies between 10^{-2} and 10^{-4} years. The weather forecasts are monitored and managed by un-manning procedures as part of overall emergency response. If the significant wave height exceeds a threshold, production will be shut in and the platform will be unmanned.

A risk of this consequential magnitude is monitored as part of the principle Major

Accident Hazards and is also reported to Executive Management Level and Board of Directors. Risk reviews are conducted at least monthly in the Asset organisation where any gradual changes to the principle Major Accident Hazards are discussed, reported and managed through both operational measures such as inspection, correction and minor modifications, as well as major modification projects.

A case study: We experienced a challenging situation concerning appropriate detection and accurate location specific data collection and analysis concerning the weather forecasting required for Valhall. Our innovative approach and stakeholder engagement to resolve this challenge was to collaborate with Conoco Philips to utilise resources throughout the greater Ekofisk field (non-operated asset in the vicinity of AkerBP operated asset Valhall). The effect of this collaborative approach has resulted in improved capability to support de-manning decisions and as such protecting asset safety and integrity.

Aker BP's structured Management of Change process is used to ensure the risk is controlled. Cost of management is included in the budget and estimated to 200,000 USD. The figure is derived based on Aker BP's estimation standard for modification projects of integrity character related to wave impact integrity on the Valhall field centre. The cost breakdown is 90% time-writing for operating personnel and 10% for minor software engineering.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market

Changing customer behavior

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

We view this risk from two perspectives. One where Aker BP as an Operator delivering oil and gas to the marketplace. But also, another aspect where Aker BP's low carbon oil production could disappear and be replaced by oil produced from Operators with high carbon intensity production.

The market price can be negatively impacted by a shift in consumer preferences, e.g. changing from consumption of oil and gas to other energy products for their needs.

Consumer preference may be driven by many different factors. Some examples include more competitive prices delivered from other energy sources, change in transport behaviours, or new technologies.

Reduced demand for oil as a result of a change from e.g. petrol cars to electrical driven cars, oil to gas switching in the heavy transport and petrochemical section as a result of climate considerations or taxes.

Scenario analyses of the oil and gas market globally show a demand for oil and liquids will peak around 2020-25, and then fall toward 70-80 million barrels per day (mmbpd) in 2040 - down from around 100 mmbpd at year-end 2019.

For Aker BP the main effect of a shift in consumer preferences will play out in the delivery marketplace, likely inducing lower price per unit sold. The other key impact of a shift in consumer preferences is that of the effect on policymakers and regulators, which in turn may increase pressure on the operating envelope with regards to emissions. CO₂ and GHG emissions may face further scrutiny through e.g. increased taxation mechanisms, rendering continued development of our operated marginal fields more and more challenging. Implementing new and more efficient subsea technology and lesser environment impact topside equipment as a response to this scrutiny and to maintain economic operations may not become viable.

Thus a shift in consumer preferences may imply that our operated marginal fields (high development or operational costs, or low relative production) may become uneconomical, and negatively impact revenue and finances of Aker BP and specifically our contribution to the tax system.

The other aspect of consequences if Aker BP is pushed out of the market is one where our low carbon intense produce is removed and likely replaced rather quickly by high carbon intensity produce. Meaning that removing low carbon produce from the market is likely to lead in totality to increased emission and worsening climate situation.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

400,000,000

Potential financial impact figure – maximum (currency)

1,000,000,000

Explanation of financial impact figure

The pressure on sustaining marginal operations as induced by declining market effects caused by a shift in consumer preferences and ever more challenging regulatory framework by for example taxation and declined access to new exploration acreage on the Norwegian Continental Shelf could lead to severe economic impairment to our operated assets. Negative economic effects may be further reinforced by stress to Aker BP's current target break-even price threshold, leading to development cost above long-term oil price forecasts provided by e.g. IEA and BP.

Based on our 2019 reporting, we estimate a range between 10% to 25% decrease (equivalent to one or two assets being impaired) in revenue, equating to USD 400mill to 1bn lost revenue. In addition (not included in financial impact), a lower oil price would likely make new developments unprofitable, meaning that the Net Present Value (NPV) of these projects would be lost.

Cost of response to risk

100,000

Description of response and explanation of cost calculation

Aker BP consider the change in consumer behaviour a risk largely beyond our direct control. Our management method is therefore to pro-actively improve energy efficiency, influence policymaker and diligently forecast prices of our products, so that we take balanced investment decisions.

Our key means to proactively address the effects caused by a more challenging regulatory framework are two-fold:

One where Aker BP has established a regular exchange with the official Industry committee (NOROG), as means to interact and provide formalised input to authorities and politicians on technical and economic consequences of new or changes to requirements or legislation.

Case study: Aker BP recognizes that the ability to influence and interact with stakeholders is far stronger acting jointly as an industry rather than one single player. We are a member of NOROG since 2016, as it is the most prominent organisation to interact with stakeholders. The membership has helped Aker BP become a strong voice in the industry generally and particularly in Norway. Specifically, the last two years where we have been able to clearly communicate and interact in the climate debate. Secondly Aker BP continue to intensify our efforts to manage climate impact by aiming to drive all existing fields and future developments against the CO2 intensity target below 8kg CO2/ barrel of oil equivalent (operated assets). Additionally, revitalizing energy management in our operations with concrete Asset level goals to improve by a relative number.

Communication with the authorities and attending NOROG committees' meetings associated costs are included in budget and estimated to 100.000 USD (estimated to 500 internal hours), following an estimate based on in-house benchmark time-writing. Cost estimate related to energy efficiency management and investment is not included.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

In line with the Aker BP strategy we seek opportunities to optimise efficiency in our production. Realisation of optimisation opportunities will result in lowered emission and cost savings. Implementation of energy optimisation solutions (e.g. software) is a key vehicle to identify and manage opportunities to improve efficiency. Such energy optimisation software utilises sensor data to enable data driven control of gas turbines on our gas-powered offshore installations in Norway. The software is a form of algorithm-based dashboards that guide operators on how to optimally run turbines on a day-to-day basis. The goal with this energy optimisation opportunity is to enable energy efficient operations and to deliver online energy monitoring, including quick interactions to reduce emissions.

We expect this opportunity to improve total utilisation rate of our turbines, and potentially lower the total number of turbines in use. At higher utilisation, the carbon intensity drops per energy unit produced, reducing our emissions and costs. The opportunity is relevant for all our operations in Norway, especially the installations (platforms or floating production and storage operated vessels) located in the North Sea and Norwegian Sea powered by natural gas.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Financial impact of energy efficiency opportunity is estimated to 10 million USD (ca. 25% of environmental fees paid in 2019). This estimate largely consist of 1) Reduced purchase gas /diesel to power offshore gas-turbines 2) Increased revenues from sales of gas 3) Reduced carbon and NOx tax. With the following savings approximated distribution: 40%, 10%, 50%.

Cost to realize opportunity

1,000,000

Strategy to realize opportunity and explanation of cost calculation

A key pillar in Aker BP strategy is to digitise the asset value chain. Through our strategic partnership with Cognite AS we are liberating sensor data from our operations into a designated data platform, and from there combine data sources to help identify optimisation opportunities related to our Asset operations. Resources in our strategic initiative Eureka X (digital lab) are in joint effort with the partner developing dashboards and algorithms aiming to recommend optimal turbine operations, among many other initiatives to realise our strategy.

Our Skarv asset (floating offshore production) is a good example of opportunity realisation so far.

Through a focused effort anchored in the 2019 asset strategy revitalisation the Skarv asset identified two important energy consumers with a solid potential to improve. By optimising export pressure and energy use in the gas cleaning process as part of the overall Asset improvement project portfolio the Skarv asset during 2019 achieved a solid reduction of 3.9 MW worth of power every year, leading to an annual reduction in CO2 emissions of 22,000 tonnes per year from 2020.

Cost to realise such an energy efficiency opportunity is a rough estimate of required

software development from Cognite together with our asset operations teams, as well as training and roll-out to all assets. The cost is 80% related to time-writing combined AkerBP and our partner, and 20% for CAPEX related software items.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

We believe there will still be a need for oil and gas resources in the future and the IPCC scenarios for 2015 have oil and gas as a substantial contributor to the world's energy demand. Aker BP reports fugitive emissions of methane and CO₂ transparently and we are committed to continuously improve our methods and reporting accuracy.

There is an opportunity to adapt (new) technologies enabling further reduction of greenhouse gas emissions and lower carbon footprint from oil and gas production. An important enabler to guide investment decision processes with respect to selecting such technologies for our operations is the recently developed "Best available technology" business management tool.

The tool provides an opportunity for decision maker to adapt best practise technology selection for new and existing assets based on e.g. reduced emissions and footprint. The tool also provides opportunity to apply improved methods for calculation of fugitive emissions such as unburned mmVOC and methane in support of our transparent reporting.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Implementation of technologies contributing to reduce emissions and carbon footprint as aided by the “best available technology” management tool could result in 10 mill USD annual cost savings (based on approx. 70 USD per tonne CO₂).

Cost to realize opportunity

1,000

Strategy to realize opportunity and explanation of cost calculation

Identifying and putting to use technologies to improve our business is at the core of Aker BP’s strategy. We believe technology is a primary means to responsibly contribute not only to development of Aker BP but also the society at large. Preparing technology require engagement from large value chains and as such is likely to create jobs, but also spread knowledge about the technologies such that it may be used by others in the industry as well by those outside of the industry.

Through applying our “best available technique” (BAT) approach we strive to identify technologies with the best contribution to commercialisation, safety, reduced emissions and carbon footprint compared to current standards. We are embedding BAT into the project development processes (management methods) to support screening activities and to ensure investment decisions are supporting our overall goals, including 8kg CO₂/boe. Aker BP has been working with the BAT approach since integrated as a management method in 2017. Albeit BAT is ideal for climate related technology selection, its initial purpose was to cover HSE (Health, Safety, Environment) and Commercial in more general terms.

Case study: Skarv is powered by gas turbines, these are the main source for emissions from the production installation. Changing out these reliable and cost-efficient sources for power in lieu for a commercially acceptable CO₂ friendly alternative. Our approach to exploring alternatives and opportunities was guided using our approach to BAT. This has so far resulted in the Skarv steam turbine project. The project aims to increase efficiency of existing gas turbines by installation of a combined cycle power plant technology. The project has the potential to reduce Skarv CO₂ emission by approx. 30 percent.

Implementation of BAT into the management methods is a negligible, estimated to 1000 USD. Cost estimate represents pure time-writing to embed BAT in the management

system. The investment cost associated with the example case study is not included in the cost to realise the opportunity.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Aker BP explore several possibilities in the alternative energy source space, but particularly that of offshore wind power to provide electrical power to our future offshore assets in combination with electrical power from shore (hydropower). To use offshore wind or electrical power from shore (hydropower), would reduce our Scope 1 emissions. NOAKA green field development is one such example, where Aker BP explore this opportunity.

The opportunity to provide electrification as main means of power source aims to replace gas fired turbines. Despite being a rather capital-intensive investment, such a realisation could significantly improve our environmental performance.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Even though we are not yet able to calculate a financial impact figure we do see the main elements related to financial performance; reduced costs of carbon quotas and CO₂ / NO_x taxes, increased gas volumes available for sale, reduced dependence on power prices (relevant for the wind turbines only), and potential sales of excess power from wind turbines to the power market. In total we expect this type of project to have a net financial impact around zero, based on current cost levels, and a potential investment decision therefore largely driven by positive climate effects.

Cost to realize opportunity

1,000,000

Strategy to realize opportunity and explanation of cost calculation

Our approach at this stage is focusing on studies and assessments of this opportunity. Aker BP are working together with Equinor on developing and maturing the greenfield NOAKA towards investment decision, as both Aker BP and Equinor have operatorship in the NOAKA area. Our goal is for NOAKA to become the next generation offshore oil and gas field, including a high degree of digitalisation, minimal carbon footprint supported with state-of-the-art technology.

One of the studies focus on utilisation of wind power to supplement electrical power from shore.

As for all of our assets, NOAKA particularly will integrate carbon intensity and opex targets in asset strategies to ensure initiatives support those targets are made a key part of the long term development plans for each asset.

The magnitude of study costs for offshore wind power is estimated to 1 000 000 USD.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
<p>IEA Sustainable development scenario</p>	<p>In line with the best practice recommended by TCFD, Aker BP employs scenario analysis to assess potential effects of climate change and energy transition on our business, financial performance and long-term strategy. Along with other external sources, we use the International Energy Agency's (IEA) Sustainable Development Scenario (SDS). We use SDS as it maps out a path to meet sustainable energy goals in full, requiring widespread changes across all parts of the energy system, and charts a path fully aligned with the Paris Agreement by holding the rise in global temperatures to “well below 2°C ... and pursuing efforts to limit [it] to 1.5°C”. We apply this scenario to analyse projected demand for our products (oil, gas and NGLs), assess market and technology shifts, policy and legal implications, as well as reputational and physical risks.</p> <p>We study possible demand and supply projections, and oil, natural gas and carbon prices under the Sustainable Development, Current Policies and Stated Policies scenarios outlined in WEO. We then run our valuation models under different set of assumptions to test resilience of our assets and intended forward investments. The analysis is relevant for all areas in Aker BP and evaluation of resilience is done for all our assets. As oil and gas assets can have a very long lifespan (e.g a 50-year lifespan estimated for Johan Sverdrup), a full period to 2070 is considered in our economic valuation models.</p> <p>Under the SDS, the actions needed to hold the temperature rise to “well below 2 °C”, result in oil demand peaking within the next few years, and falling by almost 30% by 2040, to 67 mb/d. However, even in this scenario, the world will need to invest in additional barrels to cover base decline in production. IEA highlights the risk of potential supply gap, and this is reflected in the oil price assumed under SDS, which stays just below 60 \$/bbl throughout forecast period. Recognising that price volatility is likely to intensify, we test our portfolio against even more conservative oil price assumptions. Consequently, Aker BP only invests in projects that are profitable at USD 35 per barrel or less. Some 90% of our contingent resources already meet this requirement.</p>

	<p>Based on the analysis of climate-related scenarios, we updated our carbon price projections to reflect a trend towards price increase, in line with Sustainable Development Scenario. As carbon costs constitute a significant part of our operating costs, AkerBP tests all investment decisions against carbon price assumption consistent with Sustainable Development Scenario. Carbon price assumptions are reviewed each quarter to ensure our projections reflect most recent market developments and trends. Aker BP's carbon price used for investment decisions is USD 90/ton CO2 in 2020-2023 increasing to above 100/ton CO2 in 2030. Using a carbon price assumption that reflects an expectation of a price increase is favorable for the economics of carbon reducing projects. When assessing feasibility of carbon reducing projects and initiatives in our portfolio, we apply assumed carbon price to calculate savings resulted from the reduced emissions, together with revenue from additional gas sales, which otherwise would have been burned. Our decision to focus on energy efficiency and flagship projects for emission reductions, such as hydro power from shore, is a concrete example showing how the results of our climate-related scenario analysis impact our business objectives and strategy. As such, scenario planning has a direct impact on our business strategy and our investment decisions. Similarly, environmental footprint and emission profile is one of the key aspects in evaluation of M&A and divestment candidates.</p> <p>Strategic implications of our scenario analysis are regularly elevated to the executive management team and the Board of Directors.</p>
<p>Other, please specify Company scenarios</p>	<p>We also develop internal scenarios related to potential future developments that can impact demand and supply of our products. Examples of what we consider are macro-economic impacts on oil demand, behavioural changes (less commute to work, less air travel), oil to gas switching in petrochemicals, gas driven trucks, electric vehicle penetration, vehicle fuel efficiency, carbon tax increases as well as factors affecting supply projections.</p> <p>Our three main internal scenarios capture a wide range of possible futures and boil down to High, Base and Low sets of assumptions on oil, gas, carbon prices, FX rates, taxes and interest rates. Scenarios are updated and reviewed quarterly or as prompted. The scenario planning work has proved to be especially important considering the recent black swan event, whereas industry faced a double hit from a global pandemic and an oil price crash. In this context, we developed a set of high and medium frequency indicators to monitor external environment and ensure that our scenario work is based on a timely and relevant market insight. Our Scenario Monitor is accessible via a visual dashboard and is made available for the entire organisation.</p> <p>These scenarios have impacted our business strategy through the concrete project investment decisions we make, because we test our financial capacity in the scenarios by varying the project mix.</p>

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Over the next ten years, global climate gas emissions must be halved if we are to succeed in halting global warming. Climate-related drivers are changing oil and gas markets, and only most carbon-efficient companies will supply tomorrow's oil and gas. While our strategy to be a pure play E&P company remains, the urgency and importance to strive for minimising carbon footprint of our operations has intensified over the past couple of years. Climate was formally integrated and embedded into Aker BP's strategy and decision making in 2018. The Board of Directors has ownership of climate related objectives and expectations in Aker BP's climate strategy, and review and guide the major plans of action when it comes to investment decisions for climate. The objective to continue lowering our carbon footprint is firmly integrated into our strategy. In 2019, Aker BP's CO2 intensity was below 7 kg CO2/boe , which is less than half the global industry average, and below the average for Norwegian continental shelf operators.</p> <p>We are also strategically evaluating both to bring more gas production into the mix and to expand use of renewable power sources, mainly hydro-power and wind-power, to support our operations. Our strategic decision to be a focused oil and gas company is based on a firm belief that emissions must be drastically reduced, while oil and gas will still play an important role in the energy mix. As an operator we are uniquely positioned to create value by producing some of the world's cleanest barrels, while also returning value back to the society. For every NOK 100 in increased profitability, NOK 78 is returned to the community in which we work. Time horizon: Part of the annual strategy review cycle.</p>
Supply chain and/or value chain	Yes	<p>We work closely with our alliance partners and suppliers on finding opportunities to reduce greenhouse gasses from the design stage for our projects. In cases where new energy-intensive equipment is purchased, the equipment must be</p>

		<p>as energy-efficient as possible and of low-emission technology.</p> <p>Selected examples:</p> <p>(i) Aker BP together with our rig contractors deploys technology to increase operating efficiency with less rig time as a result. To reduce emissions, particularly NOx, we have conducted a project to electrify a mobile drilling rig using power from shore (which in Norway is supplied by hydro power). By electrifying drilling from the Maersk Invincible, we save 186 000 kg NOx.</p> <p>(ii) At the end of 2019, AkerBP and our drilling rig partner, Odfjell Drilling, agreed to evaluate implementation of an upgrade of two drilling rigs, with an aim to improve energy efficiency. The upgrade would involve equipping Deepsea Nordkapp and Deepsea Stavanger with an innovative technology for kinetic energy recovery, enabling a step change in emission performance of our drilling and well operations, enabling an annual CO2 reduction of 13,000 tonnes.</p> <p>(iii) Advanced digital technology applied on the Skarv FPSO makes intricate data available to offshore and onshore personnel, allowing them to monitor and interpret details of the operation. As a result, Skarv personnel identified two opportunities to increase energy efficiency in 2019. The first was to reduce the export pressure when transporting gas through the Åsgard pipeline. The second was to reduce energy use in the FPSO gas cleaning process. Skarv now saves 3.9 MW worth of power every year, which in turn reduces fuel gas consumption by 26 MSm³/d. This leads to an annual reduction in CO2 emissions of 22,000 tonnes per year from 2020.</p> <p>(iv) All waste is either reused, recycled, recovered for energy use or landfilled following Norwegian regulations. Nearly 99 percent of the steel recovered for recycling as part of the removal of topside of the living quarter platform at the Valhall field.</p> <p>(v) In Logistics, we are continuously working on optimising our operations, working towards achieving the goal to reduce logistics CO2 emissions by 20% within 2030.</p>
<p>Investment in R&D</p>	<p>Yes</p>	<p>Our commitment to reduce emissions and minimise environmental impact of our operations is reflected in our Technology Strategy and R&D roadmap, and a share of our R&D budget is dedicated to projects that fall under “Energy Efficiency” and “Zero emissions and discharge” categories.</p>

		<p>Power generation offshore accounts for more than 80 percent of Aker BP's scope 1 CO2 emissions. Therefore, Energy Optimisation is one of the strategic priority areas on our R&D roadmap. We are investigating development of a data-driven energy optimization tool through our Eureka digital lab, in collaboration with Cognite, an industrial software company, which enables companies in capital-intensive sectors to improve their operations through efficient data collection and sharing.</p> <p>Also, Aker BP is one of the founding partners of the Centre for the Fourth Industrial Revolution Norway (C4IR), established by the Aker Group and the World Economic Forum (WEF) in September 2019. C4IR is a centre dedicated to harvesting the advances of technology to preserve our oceans and reduce the environmental footprint of ocean industries. A key part of C4IR is the Ocean Data Foundation, a platform for participants in the initiative to collect and share data. Aker BP takes part in two main projects. The first is the Energy optimizer, a digital platform which calculates and identifies energy loss related to individual components and corresponding energy intensity. The ambition is to scale the project to become an international effort, across geographies and operators. Optimized energy use would have a long-lasting impact throughout the lifetime of our assets.</p>
Operations	Yes	<p>CO2 emissions reduction is identified as one of the top 5 objectives on our Operations' team scorecard. Assets are required to identify and An example of an ongoing initiative:</p> <p>Investigating upgrading from a single-cycle to a combined-cycle turbine on Skarv, unlocking potential to reduce 100,000 t CO2 annually.</p>

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

Financial planning elements that have been influenced	Description of influence

<p>Row 1</p>	<p>Revenues Direct costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities</p>	<p>Revenue: Aker BP revenue comes predominantly from selling crude oil, and our top line is therefore highly impacted by oil price and price differentials on our blends. We recognise a long-term risk associated with climate-related drivers to reduce oil demand, which could result in structurally lower oil prices. We have therefore implemented rigorous internal estimation procedures and all our projects are tested against a 35 USD/bbl breakeven threshold. Hence our portfolio is robust even at low prices. All investment cases follow Aker BP maturation and sanctioning process together with partners for each specific asset. Internally we manage this through the capital allocation process anchored in the executive management team and with the board of directors.</p> <p>Operating costs: Aker BP’s current target of 7 USD/boe production cost is part of our vision to become the leading offshore independent exploration and production company. The carbon emission costs contribute to a considerable share of our OPEX and represent a risk that may negatively impact our costs. An impact of the increased carbon price on AkerBP’s operating costs was seen in 2019, as a total emission price rose by almost 20% compared to 2018 level. As we expect carbon price to continue to increase, managing these costs proactively reduces our cost per barrel of production and makes us economically and environmentally more competitive.</p> <p>Capital expenditures/allocation: The impact of emissions and related costs are forecasted and factored into the quarterly capital allocation process. In addition to the financial impact from taxes and fees, the emissions targets and projected performance against these are assessed for all investments considered. Aker BP’s current sanctioning hurdle of 35 USD/bbl applies for all capital investments in the portfolio. All our investment decisions are tested against a carbon price consistent with Sustainable Development Scenario. Aker BP’s carbon price used for investment decisions is USD 90/ton CO₂ in 2020 increasing to above 100/ton CO₂ in 2030. Using a carbon price assumption that reflects an expectation of a price increase is favourable for the economics of carbon reducing projects. When assessing feasibility of carbon reducing projects and initiatives in our portfolio, we apply assumed carbon price to calculate savings resulted from the reduced emissions, together with revenue from additional gas sales, which otherwise would have been burned. Our decision to focus on energy efficiency and flagship projects for emission reductions, such as hydro power from shore, is a concrete example showing how the results of our climate-related scenario analysis impact our business objectives and strategy. As such, scenario planning has a direct impact on our business strategy and our investment decisions.</p> <p>Acquisitions and divestments: We currently evaluate impact of climate related risks on all our acquisition or divestment strategy and plans, aiming to drive down our total portfolio emission footprint. We currently have a global industry leading carbon intensity in our production and aim</p>
------------------	--	--

		<p>to not dilute that competitive position. Acquisitions and divestments of magnitude are managed through our strategy and capital allocation processes on executive level and endorsed by the board of directors, and the carbon efficiency target is one of the parameters used for decision making.</p> <p>Access to capital: The interest and scrutiny from the investment community (both equity and debt markets) on the climate-related topics and our climate performance and risks has been increasing. AkerBP operates in Norway, one of the world’s leading countries in developing and producing low carbon intensity energy. This is seen as a competitive advantage in the context of the global oil and gas industry. Our corporate finance team continuously engages with the market to demonstrate proactive management of climate change considerations and to secure the best possible terms considering our performance.</p> <p>Assets: Aker BP’s emissions and related costs are forecasted and factored into the quarterly business planning process. In addition to the financial impact from taxes and fees, the emissions targets and projected performance against these are assessed for all investments considered. The emissions costs hence are factored into our asset valuation and the impairments we make on our balance sheet.</p> <p>Liabilities: Aker BP’s cost of borrowing money has not yet been impacted by climate, but we expect this could be the case within the next decades if the climate related issues globally continue developing along the current trajectory.</p>
--	--	---

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

No further comments

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1

Base year

2017

Covered emissions in base year (metric tons CO2e)

910,754

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

98

Target year

2030

Targeted reduction from base year (%)

15

Covered emissions in target year (metric tons CO2e) [auto-calculated]

774,140.9

Covered emissions in reporting year (metric tons CO2e)

936,157

% of target achieved [auto-calculated]

-18.5948492494

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)

Aker BP has committed to reduce CO2 emissions according to the Norwegian Oil and gas climate roadmap. Aker BP's share of the commitment is equivalent to 140 000 tons CO2/year from 2020-2030. The base year is 2017. The emissions in 2019 were lower than expected for permanent activities but higher than expected from drilling activities with mobile units. Aker BP support the revised Climate Road Map as a member of the Norwegian Oil And Gas Association.

Target reference number

Abs 2

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 2 (location-based)

Base year

2018

Covered emissions in base year (metric tons CO₂e)

191,956

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2023

Targeted reduction from base year (%)

95

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

9,597.8

Covered emissions in reporting year (metric tons CO₂e)

147,825

% of target achieved [auto-calculated]

24.200173066

Target status in reporting year

Achieved

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain (including target coverage)

Ivar Aasen startet up in 2016 and in 2017 the scope 2 emissions were 127170 tons. However, 2017 was a year with only partial water injection and gas compression., therefore 2018 is chosen as baseline. Flaring was higher than expected in 2018, so the baseline is slightly higher due to this. Aker BP will implement power from shore to Ivar Aasen in 2023, so reductions will be approximately 95% in 2023 due to upset flaring on Edvard Grieg (estimated to 5%).
Refer to scope 1. Aker BP consider our scope absolute target as science based, but this is not verified

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Metric tons CO₂e per barrel of oil equivalent (BOE)

Base year

2016

Intensity figure in base year (metric tons CO₂e per unit of activity)

8

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

98

Target year

2020

Targeted reduction from base year (%)

3

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

7.76

% change anticipated in absolute Scope 1+2 emissions

23

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

8

% of target achieved [auto-calculated]

0

Target status in reporting year

Achieved

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

Please explain (including target coverage)

Aker BP has a CO2 Intensity target of less than 8 kg CO2 per barrel of oil equivalent (boe). In 2019 our CO2 intensity was 8 kg CO2/boe. Our internal goal was met despite the increase in intensity. The increase in intensity is due to unexpected (at time of target setting) use of diesel on mobile drilling facilities.

Target reference number

Int 2

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Intensity metric

Other, please specify

Methane Intensity (methane per salable gas %)

Base year

2019

Intensity figure in base year (metric tons CO2e per unit of activity)

0.0286

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2020

Targeted reduction from base year (%)

5

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.02717

% change anticipated in absolute Scope 1+2 emissions

0.15

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.0286

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

The Int 1 target will be initiated to be classified as science based within 2 years

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Target(s) to reduce methane emissions

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Site/facility

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

MWh

Target denominator (intensity targets only)

Base year

2019

Figure or percentage in base year

431,554

Target year

2025

Figure or percentage in target year

509,554

Figure or percentage in reporting year

431,554

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

Yes, new power demand on Valhall will be covered by renewable power from shore and not gas turbines. This support our intensity target Int 1.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

This is hydropower

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number

Oth 1

Year target was set

2019

Target coverage

Site/facility

Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency

Other, please specify

Sm³ (standard cubic meter)

Target denominator (intensity targets only)

Base year

2019

Figure or percentage in base year

3,628,420

Target year

2020

Figure or percentage in target year

3,000,000

Figure or percentage in reporting year

3,628,420

% of target achieved [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

Yes, the target will support the Aker BP intensity target Int 1

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

The target cover Skarv. Reduction of upset flaring. The target will cover CO₂ and methane reductions.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	74	195,000
To be implemented*	2	40,000
Implementation commenced*	1	5,000
Implemented*	4	23,427
Not to be implemented	17	10,000

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

307

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

23,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

6-10 years

Comment

Ula

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

7,000

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

525,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

3-5 years

Comment

Skarv - HP and 1. stage sep.

Initiative category & Initiative type

Energy efficiency in production processes
Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

15,000

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,125,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

3-5 years

Comment

Skarv - pressure export gas

Initiative category & Initiative type

Other, please specify

Other, please specify

Reduced upset flaring

Estimated annual CO2e savings (metric tonnes CO2e)

1,120

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

84,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

11-15 years

Comment

Improved logics to reduce popping of closed flare - Alvheim

Initiative category & Initiative type

Transportation

Other, please specify

Supply vessel to Skarv

Estimated annual CO2e savings (metric tonnes CO2e)

3,300

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

267,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

3-5 years

Comment

Change in sailing pattern - optimized transport between assets.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Energy management system according to int. standards is a regulatory requirement which results in asset specific energy reduction plans and actions.
Dedicated budget for energy efficiency	Asset budget in place to support energy improvement initiatives.
Internal incentives/recognition programs	Company expects all assets to have a short list of minimum 3 energy reducing initiatives that are being followed up throughout each year. Quarterly external business presentations include CO2 status

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

Natural Gas Sales: Natural Gas replaced coal when sold to UK or continental Europe.
 Natural Gas from Aker BP fields has a carbon intensity that is 35-40 % lower than coal.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

Calculation is based on average carbon number of Aker BP gas sales compared with coal

% revenue from low carbon product(s) in the reporting year

9.8

Comment

% revenue from gas is from the annual report

C-OG4.6

(C-OG4.6) Describe your organization's efforts to reduce methane emissions from your activities.

Methane reduction initiatives are part of Aker BPs list of emissions reduction measures, since end of 2016 when Aker BP was established. We have integrated methane reduction initiatives in our asset energy reduction plans. Flaring is one of the main contributors to Aker BP's methane emissions, and is considered as wasted energy. Aker BP have actual flaring reduction targets on each of the assets each year. Reduced flaring reduce both CO2 and methane emissions. For example Skarv has a target in 2020 of maximum 3 mill Sm3 flared volume. The actual flaring in 2019 was 3,6 mill. Sm3. This basis is an industry leading flaring rate of only 2 % share of the fuel gas combustion.

C-OG4.7

(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?

Yes

C-OG4.7a

(C-OG4.7a) Describe the protocol through which methane leak detection and repair or other leak detection methods, are conducted for oil and gas production activities, including predominant frequency of inspections, estimates of assets covered, and methodologies employed.

Aker BP has a procedure for planning, performance and follow-up of possible leaks and sweats in the production facilities offshore in Norway. The process includes searching by Infra red (IR)-camera for sweats and possible seeps in the process area to detect methane. This is performed every 12 months as a minimum and for all assets and includes capturing data in a data base including a risk assessment of each of the sweats and seeps, individual follow-up, trending and continuous improvement. AkerBP has implemented internal KPI's for following up seeps and sweats and this is a weekly topic in operational management meetings. An example of a KPI is seepage rate where the risk of developing a larger seep is reviewed and action is taken if needed. If a sweat develops into a leak action to mitigate and repair.

C-OG4.8

(C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.

Flaring, by means of production flaring is not relevant for Aker BP. Only safety flaring is allowed in Norway, hence at Aker BP.

As a policy a closed flare is base case for our new field developments and implemented on 4 of 5 fields in operation. At Ula safety pilot flares are in operation due to older flare design. The other (newer) fields initiate safety flaring for upsets by igniting the flare by pyrotechnical pellets at the flare tip.

Safety flaring policies and procedures are implemented on all fields to further reduce the safety flaring and hence limit emissions.

Flaring volumes are operational KPIs. Annual targets are set and regulated by having quarterly flaring permits for each operation, for example on Skarv is the flaring target set to 3 million for 2019.

Flaring reduction initiatives are captured and pursued as part of our energy management process.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

936,157

Comment

Includes emission for all our operated assets and exploration.

Scope 2 (location-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

147,825

Comment

This includes scope 2 emissions from power purchased from Edvard Grieg to Ivar Aasen and energy consumed in processing and exporting production from Ivar Aasen through Edvard Grieg. Scope 2 emissions from Valhall are included with 0 under market based emissions.

Scope 2 (market-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

0

Comment

Scope 2 emissions from Valhall are included with 0 emissions. Valhall receives power from shore from the national grid in Norway which is hydro power. Import of electricity to Norway is negligible compared to the export.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

European Union Emission Trading System (EU ETS): The Monitoring and Reporting Regulation (MMR) – General guidance for installations

IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

936,157

Start date

January 1, 2019

End date

December 31, 2019

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO₂e)

900,081

Start date

January 1, 2018

End date

December 31, 2018

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO₂e)

910,754

Start date

January 1, 2017

End date

December 31, 2017

Comment

Past year 3

Gross global Scope 1 emissions (metric tons CO₂e)

834,799

Start date

January 1, 2016

End date

December 31, 2016

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Location-based calculation: Ivar Aasen purchase power and processing/export capacity from the Lundin operated Edvard Grieg field. Aker BP use our share of the fuel and flare numbers from Edvard Grieg combined with the emissions factors for Edvard Grieg to calculate our scope 2 emissions from Ivar Aasen. On Valhall Aker BP get the electricity from the national grid. The national grid is dominated by hydro power and other renewables.

Market-based calculation: On Valhall Aker BP get the electricity from the national grid. The national grid is dominated by hydro power and other renewables. Norway is a net exporter of electric power. The import/export statistics are attached as evidence. Market based scope 2 emissions for Valhall are estimated to 0.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

147,825

Scope 2, market-based (if applicable)

0

Start date

January 1, 2019

End date

December 31, 2019

Comment

Past year 1

Scope 2, location-based

191,956

Scope 2, market-based (if applicable)

0

Start date

January 1, 2018

End date

December 31, 2018

Comment

Past year 2

Scope 2, location-based

127,170

Scope 2, market-based (if applicable)

0

Start date

January 1, 2017

End date

December 31, 2017

Comment

Past year 3

Scope 2, location-based

1,581

Scope 2, market-based (if applicable)

0

Start date

January 1, 2016

End date

December 31, 2016

Comment

Ivar Aasen started production 24.12.2016.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not evaluated

Please explain

Purchased goods and services has not been evaluated as we, until 2019, have had limited Focus on this Scope 3 emissions category.

Capital goods

Evaluation status

Not evaluated

Please explain

Capital goods have not been evaluated as we, until 2019, have had limited Focus on this Scope 3 emissions category.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

132,624

Emissions calculation methodology

Estimated based on fuel consumption on support vessels. Standard conversion factor from tonn dieselfuel to CO2 is 3.17 tonn/tonn

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Aker BP is an upstream oil and gas company with solely Norwegian Operations. All fuel and energy related activities related to our upstream activities are included as within Norwegian regulations.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Gas export and oil export through pipelines are included in the scope 1 and 2 emissions. Oil export on tankers are included to the tanker (oil export pumps) in scope 1. Methane emissions are also included in scope 1 from the tankers during the loading operations.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Please explain

All waste generated from Aker BP operations are handled by a waste contractor. Aker BP segregate waste, and waste that can be re-used or recycled like metal, wood, paper etc. are re-distributed by the waste contractor. Combustable waste are combusted with energy recovery.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

22,283

Emissions calculation methodology

Commercial Airline Flights + Helicopter transport to offshore facilities

Percentage of emissions calculated using data obtained from suppliers or value chain partners

95

Please explain

Some minor travel activities by car to sites and meetings.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

345

Emissions calculation methodology

Based on 500 cars and 230 working days and 10 km distance each way.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

70

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP has no leased assets

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP has no downstream activities

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP is an upstream only company and has no processing activities, hence no control of sold products

Use of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP is an upstream only company and has no direct sales to consumers

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP is an upstream only company and has no direct sales to consumers, hence no end of life treatment

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP is an upstream only company

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP is an upstream only company, we have no franchises

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP is an upstream only company and we have no investments in renewables or offsetting activities

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP has no additional activities that are not accounted for

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Aker BP has only upstream activities

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.324

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

1,083,983

Metric denominator

unit total revenue

Metric denominator: Unit total

3,347,000

Scope 2 figure used

Location-based

% change from previous year

12

Direction of change

Increased

Reason for change

Revenue reduced by 11 %

C-OG6.12

(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO₂e) per unit of hydrocarbon category.

Unit of hydrocarbon category (denominator)

Other, please specify

1000 bbls of oil equivalents to market

Metric tons CO₂e from hydrocarbon category per unit specified

8.48

% change from previous year

13

Direction of change

Increased

Reason for change

Lower volume of sales, combined with increased emissions. The later mainly due to increased drilling activities with mobile facilities.

Comment

C-OG6.13

(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.

Oil and gas business division

Upstream

Estimated total methane emitted expressed as % of natural gas production or throughput at given division

0.029

Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division

0.013

Comment

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	910,911	IPCC Fifth Assessment Report (AR5 – 100 year)

CH4	25,247	IPCC Fifth Assessment Report (AR5 – 100 year)
-----	--------	---

C-OG7.1b

(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.

Emissions category

Flaring

Value chain

Upstream

Product

Unable to disaggregate

Gross Scope 1 CO2 emissions (metric tons CO2)

74,780

Gross Scope 1 methane emissions (metric tons CH4)

150

Total gross Scope 1 emissions (metric tons CO2e)

74,930

Comment

All of Aker BPs fields produce both oil and gas

Emissions category

Combustion (excluding flaring)

Value chain

Upstream

Product

Unable to disaggregate

Gross Scope 1 CO2 emissions (metric tons CO2)

836,131

Gross Scope 1 methane emissions (metric tons CH4)

5,845

Total gross Scope 1 emissions (metric tons CO2e)

841,976

Comment

Emissions category

Venting

Value chain

Upstream

Product

Oil

Gross Scope 1 CO2 emissions (metric tons CO2)

0

Gross Scope 1 methane emissions (metric tons CH4)

8,600

Total gross Scope 1 emissions (metric tons CO2e)

8,600

Comment

Venting from tanker loading operations

Emissions category

Fugitives

Value chain

Upstream

Product

Unable to disaggregate

Gross Scope 1 CO2 emissions (metric tons CO2)

0

Gross Scope 1 methane emissions (metric tons CH4)

10,652

Total gross Scope 1 emissions (metric tons CO2e)

10,652

Comment

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
----------------	--------------------------------------

Norway	936,157
--------	---------

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

- By business division
- By facility
- By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO ₂ e)
Operations Business Unit	916,910
Exploration Business Unit	15,120
Project Business Unit	4,128

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO ₂ e)	Latitude	Longitude
Alvheim	238,082	59.57	2
Skarv	382,514	65.7	7.59
Ivar Aasen	26,368	58.92	2.19
Ula	213,005	57.11	2.85
Valhall incl. Hod	56,941	56.28	3.4
Exploration	15,120	59	2
Projects	4,128	59	2

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO ₂ e)
Operations	908,310
Exploration	15,120
Oil Loading	8,600
Decommissioning	4,128

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO₂e.

	Gross Scope 1 emissions, metric tons CO ₂ e	Comment
Oil and gas production activities (upstream)	936,157	
Oil and gas production activities (midstream)	0	Aker BP does not have midstream activity.
Oil and gas production activities (downstream)	0	Aker BP does not have downstream activity.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Norway	147,825	0	564,334	431,554

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Operations Business Unit	147,825	0
Exploration Business Unit	0	0
Project Business Unit	0	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Alvheim	0	0
Skarv	0	0
Ivar Aasen	147,825	0
Ula	0	0
Valhall incl. Hod	0	0
Exploration	0	0
Projects	0	0

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Operations	147,825	0
Exploration	0	0
Oil Loading	0	0
Decommissioning	0	0

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO₂e.

	Scope 2, location-based, metric tons CO ₂ e	Scope 2, market-based (if applicable), metric tons CO ₂ e	Comment
Oil and gas production activities (upstream)	147,825	0	
Oil and gas production activities (midstream)	0	0	
Oil and gas production activities (downstream)	0	0	

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO ₂ e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	
Other emissions reduction activities	23,427	Decreased	2	
Divestment	0	No change	0	
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	0	No change	0	
Change in methodology	0	No change	0	
Change in boundary	0	No change	0	
Change in physical operating conditions	6,578	Increased	0.6	Net increase mainly due to higher water cut
Unidentified	0		0	
Other	52,925	Increased	5	Increased drilling activities

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	4,149,232	4,149,232
Consumption of purchased or acquired electricity		431,554	132,780	564,334
Consumption of self-generated non-fuel renewable energy		0		0

Total energy consumption		431,554	4,282,012	4,713,565
--------------------------	--	---------	-----------	-----------

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Fuel Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

3,593,452

MWh fuel consumed for self-generation of electricity

2,963,663

MWh fuel consumed for self-generation of heat

0

Emission factor

0.007

Unit

metric tons CO2e per boe

Emissions factor source

CO2 emissions from Fuel Gas & Flare Gas (750 771 tonnes) divided by net boe (110419235)

Comment

Remaining gas is used for water & gas injection on Ula (direct driven) and upset flaring (all fields).

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

555,780

MWh fuel consumed for self-generation of electricity

474,016

MWh fuel consumed for self-generation of heat

26,186

Emission factor

3.16785

Unit

metric tons CO2e per metric ton

Emissions factor source

EU ETS standard factor

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	3,437,680	3,437,680	0	0
Heat	26,186	26,186	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Power purchase agreement (PPA) with on-site/off-site generator owned by a third party with no grid transfers (direct line)

Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Norway

MWh consumed accounted for at a zero emission factor

431,554

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

20

Metric numerator

Oil ppm in produced water

Metric denominator (intensity metric only)

Produced water

% change from previous year

12

Direction of change

Decreased

Please explain

Better performance on oil in water cleaning on Alvheim and Ula

Description

Waste

Metric value

0

Metric numerator

Number acute discharges to sea (> 0.1 m3)

Metric denominator (intensity metric only)

% change from previous year

100

Direction of change

Decreased

Please explain

Number of significant spill down from 1 to 0

Description

Waste

Metric value

6,553,731

Metric numerator

Produced water re-injection m3

Metric denominator (intensity metric only)

% change from previous year

12

Direction of change

Decreased

Please explain

Unexpected downtime on produced water reinjection on Alvheim for part of the year.

Description

Waste

Metric value

25,026,585

Metric numerator

Gas flaring (million SM3)

Metric denominator (intensity metric only)

% change from previous year

19

Direction of change

Decreased

Please explain

Reduced upset flaring on Ivar Aasen and Alvheim

C-OG9.2a

(C-OG9.2a) Disclose your net liquid and gas hydrocarbon production (total of subsidiaries and equity-accounted entities).

	In-year net production	Comment
Crude oil and condensate, million barrels	46.9	
Natural gas liquids, million barrels	0	
Oil sands, million barrels (includes bitumen and synthetic crude)	0	
Natural gas, billion cubic feet	53.9	

C-OG9.2b

(C-OG9.2b) Explain which listing requirements or other methodologies you use to report reserves data. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this.

Aker BP ASA's reserves and contingent resources volumes have been classified in accordance with the Society of Petroleum Engineer's (SPE) "Petroleum Resources Management System". This classification system is consistent with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources

C-OG9.2c

(C-OG9.2c) Disclose your estimated total net reserves and resource base (million boe), including the total associated with subsidiaries and equity-accounted entities.

Estimated total net proved + probable	Estimated total net proved + probable + possible reserves (3P) (million BOE)	Estimated net total resource base (million BOE)	Comment

	reserves (2P) (million BOE)			
Row 1	906	0	906	

C-OG9.2d

(C-OG9.2d) Provide an indicative percentage split for 2P, 3P reserves, and total resource base by hydrocarbon categories.

	Net proved + probable reserves (2P) (%)	Net proved + probable + possible reserves (3P) (%)	Net total resource base (%)	Comment
Crude oil/ condensate/ natural gas liquids	83	0	83	
Natural gas	17	0	17	
Oil sands (includes bitumen and synthetic crude)	0	0	0	

C-OG9.2e

(C-OG9.2e) Provide an indicative percentage split for production, 1P, 2P, 3P reserves, and total resource base by development types.

Development type

Deepwater

In-year net production (%)

14

Net proved reserves (1P) (%)

10

Net proved + probable reserves (2P) (%)

10

Net proved + probable + possible reserves (3P) (%)

0

Net total resource base (%)

10

Comment

Development type

Shallow-water

In-year net production (%)

86

Net proved reserves (1P) (%)

90

Net proved + probable reserves (2P) (%)

90

Net proved + probable + possible reserves (3P) (%)

0

Net total resource base (%)

90

Comment

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CO9.6a/C-EU9.6a/C-OG9.6a

(C-CO9.6a/C-EU9.6a/C-OG9.6a) Provide details of your organization's investments in low-carbon R&D for your sector activities over the last three years.

Technology area	Stage of development in the reporting year	Average % of total R&D investment over the last 3 years	R&D investment figure in the reporting year (optional)	Comment
Steam turbine and/or other component upgrades	Basic academic/theoretical research	≤20%		Being evaluated for Skarv
Other, please specify	Applied research and development	≤20%		Mapping of migration routes for seabirds, breeding and

Seabird tracking				colonies. Juvenile seabirds using light-logging Technology and GPS loggers
Other energy efficiency measures in the oil and gas value chain	Basic academic/theoretical research	≤20%		The Aker group and the World Economic Forum announced the establishment of the Centre for the Fourth Industrial Revolution Norway (C4IR Norway). C4IR is dedicated to harnessing the advances of technology to preserve the ocean and improve the environmental footprint of ocean industries. Aker BP will evaluate an energy optimizer tool as part of this centre.
Energy efficiency in transport	Large scale commercial deployment	≤20%		Implemented on NS Orla and NS Fraya

C-OG9.7

(C-OG9.7) Disclose the breakeven price (US\$/BOE) required for cash neutrality during the reporting year, i.e. where cash flow from operations covers CAPEX and dividends paid/ share buybacks.

89

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

High assurance

Attach the statement

-  AkerBP_Skarv_EUETS_2019_verification_report_Approved.pdf
-  AkerBP_Alvheim_EUETS_2019_verification_report_Approved_Rev.pdf
-  AkerBP_Ivar_Aasen_EUETS_2019_verification_report_Approved.pdf
-  AkerBP_Valhall_EUETS_2019_verification_report_Approved.pdf
-  AkerBP_Ula_EUETS_2019_Verification_Report_Approved.pdf

Page/ section reference

All pages

Relevant standard

European Union Emissions Trading System (EU ETS)

Proportion of reported emissions verified (%)

98

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

High assurance

Attach the statement

 V025-19 Edvard Grieg-Verifikasjonsrapport.pdf

Page/ section reference

All pages

Relevant standard

European Union Emissions Trading System (EU ETS)

Proportion of reported emissions verified (%)

98

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process


Status in the current reporting year

No verification or assurance of current reporting year

Type of verification or assurance

Not applicable

Attach the statement

 Elektrisistet tom 2018.xlsx

Page/ section reference

All - Statistics of electrical power generation and export. Renewable generation exceeds export.

Relevant standard

Other, please specify
Statistics Norway

Proportion of reported emissions verified (%)

0

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, we do not verify any other climate-related information reported in our CDP disclosure

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

EU ETS

Norway carbon tax

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

EU ETS

% of Scope 1 emissions covered by the ETS

98

% of Scope 2 emissions covered by the ETS

98

Period start date

January 1, 2019

Period end date

December 31, 2019

Allowances allocated

136,874

Allowances purchased

884,068

Verified Scope 1 emissions in metric tons CO₂e

884,068

Verified Scope 2 emissions in metric tons CO₂e

147,825

Details of ownership

Other, please specify

Facilities we operate, owned or hired as part of the climate quota permit

Comment

Both owned and hired production facilities, drilling rigs and flotel are included in the climate quota permits for each of the Aker BP fields. Exploration drilling is not included.

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Norway carbon tax

Period start date

January 1, 2019

Period end date

December 31, 2019

% of total Scope 1 emissions covered by tax

98

Total cost of tax paid

71,300,000

Comment

Aker BP paid USD 42 million in CO2 fees (taxes), USD 4.1 million to the NOx fund and purchased CO2 quotas for USD 29.3 million.
CO2 taxes and quotas were added here in total cost of tax paid.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

The management strategy in Aker BP is:

1. To offset emissions by purchasing the necessary allowances
2. To implement energy efficiency in all operations and operational models
3. To comply with the field specific monitoring plans related to EU ETS
4. To invest in emission reduction technology where the abatement cost is acceptable.
Recent examples:
 - A drilling rig Maersk Invincible on Valhall receiving clean hydro-power from shore: Aker BP together with our rig contractors deploys technology to increase operating efficiency with less rig time as a result. To reduce emissions, particularly NOx, we have conducted a project to electrify a mobile drilling rig using power from shore (which in Norway is supplied by hydro power). By electrifying drilling from the Maersk Invincible, we save 186 000 kg NOx.
 - A hybrid-power technology soon to be implemented on Deepsea Nordkapp and Deepsea Stavanger rigs: In the end 2019, AkerBP and our drilling rig partner, Odfjell Drilling, agreed to evaluate implementation of an upgrade of two drilling rigs, with an aim to improve energy efficiency. The upgrade would involve

equipping Deepsea Nordkapp and Deepsea Stavanger with an innovative technology for kinetic energy recovery, enabling a step change in emission performance of our drilling and well operations, enabling an annual CO2 reduction of 13,000 tonnes.

Aker BP has updated the corporate business management system to account for existing climate regulations, such as EU ETS, and how to comply with the specific monitoring plans. Our assumptions for carbon pricing are reviewed on a quarterly basis.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

- Change internal behavior
- Drive energy efficiency
- Stress test investments
- Identify and seize low-carbon opportunities
- Other, please specify
 - To transfer allowances internally

GHG Scope

Scope 1

Application

Aker BP use a carbon price when forecasting costs in operations and projects

Actual price(s) used (Currency /metric ton)

90

Variance of price(s) used

Our internal carbon price assumption is based on evolutionary approach to pricing, i.e it reflects our beliefs on carbon price developments over time. The total carbon price we pay per ton CO2 is comprised of EU ETS quota price and Norwegian CO2 tax. We believe the total average price for years 2020-2023 will be around 90 USD/ton and will increase to around 115 USD/ton by 2030; where EU ETS is expected to gradually increase from roughly 26 USD/ton CO2 in 2020 to 40 USD/ton CO2 by 2030; and

Norwegian CO2 tax increases from 50 USD/ton to 76 USD/ton.

Our approach to pricing is uniform, as the same set of carbon price assumptions is applied throughout the company independent of a business unit or type of decision.

Type of internal carbon price

Shadow price

Impact & implication

Used in forecasting of costs in operations and projects . One example is the NOAKA project where power from shore has been selected as base case for current design.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

1

% total procurement spend (direct and indirect)

40

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

Aker BP purchased goods and services for about 3 billion USD and engaged around 1600 direct suppliers in 2019, mainly within the oil and gas service sector. Our suppliers are generally contracted for high-technology services such as engineering, well and drilling services, or rental of rigs and marine services. A vital core in Aker BP's strategy and the environmental part of it is extensively facilitated by engagement through strategic partnerships and alliances with key suppliers – where we achieve joint

environmental value creation based on a long-term sustainability approach. The alliance partners make up approximately 1% of Aker BPs direct suppliers (greater than USD 100 000 procurement spend) and represents 40 % of direct supplier procurement spend. Aker BP has decided to focus on our strategic alliance partners since they make up the majority of our procurement spend relative to the number of suppliers. We encourage our suppliers to innovate and choose solutions that contributes to our work in reducing our carbon footprint. Aker BP has a responsibility to ensure that suppliers and sub-suppliers behave ethically and responsibly. This is done by addressing supplier's policies and performance with regards to Environment, Social and Governance (ESG) indicators. Aker BP requires all new suppliers to sign a «Supplier Declaration» to confirm their commitment to key principles for anti-corruption, environmental protection, health and safety, labour rights and human rights, and that they also follow up on these principles in their own supply chain. As other operators on the Norwegian continental shelf, Aker BP selects most of its suppliers based on information uploaded in EPIM JQS, An online tool where information on finance, technical competence, HSE, labour practices, social impact and governance policies are included. Aker BP have now implemented, decided in 2018, to purchase tools and database access, to better monitor our supply chain with regards to ESG performance. At the end of 2019, Aker BP started a project to assess our suppliers more systematically regarding their systems, to assess and monitor risks related to ESG. This is done through collaboration with other operators in Norway to improve transparency on ESG indicators in the industry.

Impact of engagement, including measures of success

Aker BP is working to reduce the carbon foot print significantly, and to get below 8 kg CO2 per boe.

Aker BPs engagement with alliance partners has lead to some concrete achievements in supporting our strategy and reduction goal. Some examples are:

- Powered Valhall Flank West from shore, through Valhall Field Center (VCC) which gives a close to zero CO2 emissions due to hydropower as main electricity source.
- Successful installation of the world's first offshore free-fall lifeboat with electric propulsion powered by BMW i3 batteries. This removes the requirement for diesel fuel on board or to change out fuel during standby position.

We are also collaborating with our suppliers on evaluating several initiatives, for example electrification of rigs and energy efficiency packages on rigs to reduce NOx and CO2 emissions from our drilling operations.

Comment

Scope 3 emissions for these initiatives has not yet been calculated but will be evaluated in 2020

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change
Climate change performance is featured in supplier awards scheme

% of suppliers by number

0.4

% total procurement spend (direct and indirect)

2.5

% of supplier-related Scope 3 emissions as reported in C6.5

99

Rationale for the coverage of your engagement

Aker BP have had increased focus on emissions from supply/shipping vessels and aviation in 2019. These suppliers make up approximately 0.4 % of Aker BPs direct suppliers (greater than USD 100 000 procurement spend) and represents 2.5 % of all direct supplier procurement spend. Aker BP has focused on these activities due to the improvement potential and hence potential to reduce CO2 emissions with regards to smarter logistics and sailing patterns.

Impact of engagement, including measures of success

Aker BP have made concrete achievements in supporting our strategy and reduction goals:

- Several of our supply vessels are using dual fuel (LNG+MGO), which has 15-20 % less CO2 and 85 % less NOx emission, compared to vessels that only use MGO. During 2019 we used 8005 m3 LNG, which led to a reduction of approximately 1601 ton CO2.
- Two of our supply vessels, NS Orla and NS Fraya, have also installed battery packs and are using ASCO's shore based electricity power supply at Risavika in Norway. The electricity power supply at Risavika is generated with a to close to zero CO2 emission as hydropower is the main source of electricity. Powering the supply vessels from shore reduces the need for fuel and corresponding emissions.
- Usage of LNG as fuel for the supply vessels that are compatible with this fuel type
- Logistics and optimization of supply vessel routes
- Remote condition monitoring of equipment from field center control room reduces number of helicopter flights .

Aker BP also started the following initiatives in 2019:

- Evaluation of increased use of LNG as fuel in supply vessels
- Evaluation options to install harbour electricity at our supply bases on the coast of Norway

Comment

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

We engage with our stakeholders and listen to their differing needs and priorities in our daily work. An open and proactive dialogue with stakeholders facilitates our ability to access the resources we require through the whole life cycle of our assets. The input and feedback we receive serve as a basis for the decisions we make.

As a good portion of Aker BP's activities are conducted by our alliance partners and contractors, their skills and performance are essential in helping us carry out our work in a safe and responsible manner. From constructing our facilities and providing well services to supplying equipment, how they manage their environmental and social impact is important to us and can affect our performance. Our contracts include health, safety, environmental, human rights and security requirements.

Aker BP involve its suppliers and contractors in the following engagements:

- Aker BP hosts an annual contractors day for our direct suppliers where ESG is in focus.
- One-to one meetings with the alliance partners within drilling and wells suppliers (Maersk, Odfjell and Halliburton) subsea suppliers (Subsea 7 and Aker Solutions), platform construction suppliers (Kværner, Aker Solutions, ABB and Siemens) and modification suppliers (Aker Solutions) where relevant ESG topics are being discussed
- Sharing knowledge and lessons learned is important in our day to day collaboration. This is important for Aker BP in order to succeed in reaching our climate targets and to understand how we can work together to further reduce emissions in our total value chain (Scope 1, 2 and 3 emissions)

On example is the engagement with one of our shipping companies, Eidesvik, Where two of our supply vessels, NS Orla and NS Fraya, have installed battery packs and are using ASCO's shore based electricity power supply at Risavika in Norway. The electricity power supply at Risavika is generated with a to close to zero CO2 emission due to hydropower as the main source of electricity. Powering the supply vessels from shore reduces the need for fuel and corresponding emissions.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	Aker BP has engaged with NOROG to establish guidelines for how to account for emissions when we receive power from another platform (Edvard Grieg) to Ivar Aasen.	Need to establish calculation rules that are the same for all companies when reporting on emission reduction measures.

Regulation of methane emissions	Support	New mapping of emissions from cold venting and fugitive emissions of methane. Establishment of new methods for quantification of emissions in joint engagement/task force group	Aker BP supports the implementation of new and better quantification methods for methane and nmVOC emissions.
Other, please specify trade organisations	Support	Aker BP attends Industry committee meetings (NOROG) who are providing input and feedback to changes in regulations related to climate change risks and opportunities.	Aker BP commits and supports the initiatives and common decisions by the Industry.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Aker BP is a member of Norwegian Oil and Gas (NOROG) Association. Several senior leaders participate in various collaborative initiatives. NOROG is a professional body and employer’s association for oil and supplier companies.

The joint general meeting is the Norwegian Oil and Gas Association’s highest authority. Each member company can appoint one representative to the relevant branch board. The branch boards choose their own chair.

The Norwegian Oil and Gas Association’s board consists of nine members chosen by the joint general meeting. Five are chosen from the oil companies and four from the supplier companies. The chair of the board is elected by the general meeting. The board has a quorum when at least six members are present.

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association’s position

The Norwegian Oil and Gas (NOROG) Association support the UN intergovernmental panel on climate change, and want an ambitious international climate treaty. All reputable forecasts nevertheless show that oil and gas will be key energy sources for

the foreseeable future and that reflects growing energy demand and the fact that renewable sources alone cannot meet these requirements. NOROG believes that ensuring the lowest possible emissions from the fossil energy, which the world needs, should be a high-priority climate measure.

NOROG have launched a joint industry project to enhance energy efficiency to enable reduction of greenhouse gas and emissions. Aker BP and the other oil and gas companies are collaborating with each other here to exchange experience, transfer knowledge and find good ways to implement energy efficiency measures. Encouraging more demonstration and pilot projects for emission-reducing technology is also an aim. NOROG are working actively with the environmental authorities to secure even better data on methane emissions and to identify possible reductions. Methane is a powerful greenhouse gas, and reducing its emissions could provide first aid for the climate.

NOROG see the Industry's future from a climate perspective, as an important step to put CO2 prices in place – preferably globally, but at least nationally and regionally – which make the most polluting fossil energy sources less profitable. Consumption can thereby be transferred to forms of energy which release less greenhouse gases.

Exploring for, finding and delivering natural gas from Norway to the markets is important for ensuring stable energy supplies in addition to the share met by renewables.

Emissions from oil and gas production on the Norwegian continental shelf (NCS) are 50 per cent below the world average.

How have you influenced, or are you attempting to influence their position?

Aker BP supports NOROGs goals and participates actively in achieving the emissions reduction targets that are set for Norway. We influence the position by attending the various group meetings and providing input/influence and feedback to NOROG from Aker BP's perspective.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Aker BP's public policy issues are coordinated by VP Communication, involving CEO and relevant Executive Management officers. Aker BP has incorporated a climate strategy and stated a climate objective as follows: Aker BP is a leading offshore E&P company and wants to be recognized as a major contributor to reduce CO2 emission. The company has also implemented a company target of less than 8,0 kg CO2/boe - this is measured on a monthly basis. The Key Performance Indicator is visualized in dashboards and available on the Intranett.

All external communication is handled or signed off by external affairs to ensure that our communication is consistent and aligned with Aker BPs company and climate strategy. To ensure that all areas of the Aker BP organisation is working towards the same climate strategy, the strategy is cascaded down the lines by embedding climate actions and reduction initiatives in the respective departments.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Complete

Attach the document

 Aker-BP-Sustainability-Report-2019.pdf

Page/Section reference

All pages

Content elements

Governance
 Strategy
 Risks & opportunities
 Emissions figures
 Emission targets
 Other metrics

Comment

Publication

In mainstream reports

Status

Complete

Attach the document

 Aker-BP-Annual-Report-2019.pdf

Page/Section reference

Letter from CEO , Key Figures , A focused Portfolio, Board of Directors Report , Reporting of Payments to Governments, The board of Directors Report on Corporate Governance

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

No further comments

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Senior vice president HSSEQ (Marit Blaasmo)	Other C-Suite Officer

Submit your response

In which language are you submitting your response?

Please confirm below

