

# Welcome to your CDP Climate Change Questionnaire 2021

## 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 135 licenses, including non-operated licenses. 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 2020, the company had 1,748 employees. Aker BP's net production in 2020 was 210.7 thousand barrels of oil equivalents per day (mboepd). Total net production volume was 77.1 million barrels of oil equivalents (mmboe). Aker BP ASA generated total income of USD 2,979 million in 2020. Due to the temporary fiscal tax regime, the company received net tax refunds of USD 181 million. The company paid USD 41 million in CO<sub>2</sub> fees, USD 4.5 million to the NO<sub>x</sub> fund and purchased CO<sub>2</sub> quotas for USD 19.7 million. The company paid USD 425 million as dividend to its shareholders.

In 2020, the company's CO<sub>2</sub> intensity was 4.5 kg CO<sub>2</sub> per boe (equity share). This is about one third of the industry average, and puts us firmly among the most carbon efficient E&P companies globally. Our goal is to stay below 5 kg per boe and continue efforts to improve further. The upstream methane intensity was 0.03 percent.

Aker BP purchased goods and services for about USD 3 billion and engaged around 1,400 direct suppliers in 2020, 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 has been a focus area in 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. As downstream activity is not part of our business, Aker BP has not included full downstream scope 3 emissions.

Aker BP acknowledges the substantial challenge posed by global climate change and our responsibility to contribute to the solution. To meet the obligations in the Paris Agreement, the Norwegian government has committed to a minimum emission reduction of 50 percent by 2030. Aker BP is thus subject to this commitment. In addition to this obligation, our emission levels are controlled and limited by authority permits for each asset, strict environmental regulations and specific Norwegian Continental Shelf (NCS) standards. Aker BP is committed to undertaking necessary changes in the way we conduct our business, and we will continue to strategically position ourselves to reach a 50 percent emission reduction in the 2030s, and close to zero emissions in 2050. We use 2005 as our base year when calculating 50 percent emission reduction in the 2030s, aligned with the NCS industry collaboration KonKraft.

## 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, 2020	December 31, 2020	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 as base case in the projects concept development phase, which will result in close to zero emissions from this asset. The power from shore concept for the development is broadly communicated externally and will 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 2020.</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 monitors and reviews the company's business risks, including climate risks and opportunities.</p>
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## 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	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 Overseeing major capital expenditures, acquisitions and divestitures	<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 going forward, 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 and 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 concerning our holistic sustainability performance - including climate-related issues. 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</p>

	Monitoring and overseeing progress against goals and targets for addressing climate-related issues	budgets to set the correct strategic priorities for climate related issues.
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## 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
Chief Sustainability Officer (CSO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Other, 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 VP Strategy & Portfolio	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

## 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 supports the Paris Agreement's goal to keep the increase in global average temperature to well below 2 °C above pre-industrial levels. To meet the obligations in the Paris Agreement, the Norwegian government has committed to a minimum emission reduction of 50 percent by 2030. Aker BP is committed to undertaking necessary changes in the way we conduct our business, and we will continue to strategically position ourselves to reach a 50 percent emission reduction in the 2030s, and near-zero emissions in 2050. We use 2005 as our base year when calculating 50 percent emission reduction in the 2030s, aligned with the NCS industry collaboration KonKraft.

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 Board of Directors 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 Research & Development (R&D) strategy to invest in climate related research. We work with climate by setting the tone from the top leadership (Board and Executive management team) with expectations and policy setting. Our Energy forum (established in 2017) is used to support and challenge the organisation in their climate objectives and actions. Leaders and all employees take ownership and adhere to climate objectives. The entire company and all 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 monitoring and managing climate initiatives 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 management team (CEO, CFO, COO, CSO (SVP HSSEQ), C-Suite Officer Strategy & Business Development):**

- 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, CSO, 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 to deliver in accordance with 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, Environment/Sustainability manager and VP Strategy & Portfolio) :**

- 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
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Corporate executive team	Monetary reward	Efficiency target	Efficiency target (kg CO <sub>2</sub> /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. Several of our supply vessels are using dual fuel (LNG+MGO). By using dual fuel, we have saved more than 2500 ton CO <sub>2</sub> during 2020. Conversion of two of our long-term supply vessels, to hybrid configurations by installing batteries, can potentially reduce these CO <sub>2</sub> emissions by 10-12 %
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. Several of our supply vessels are using dual fuel (LNG+MGO). By using dual fuel, we have saved more than 2500 ton CO <sub>2</sub> during 2020. Conversion of two of our long term supply vessels, to hybrid configurations by installing batteries, can potentially reduce these CO <sub>2</sub> emissions by 10-12 %
Chief Procurement Officer (CPO)	Non-monetary reward	Environmental criteria included in purchases Supply chain engagement	Environmental criteria are included in purchases in Aker BP. Several of our supply vessels are using dual fuel (LNG+MGO). By using dual fuel, we have saved more than 2500 ton CO <sub>2</sub> during 2020. Conversion of two of our long term supply vessels, to hybrid configurations by installing batteries, can potentially reduce these CO <sub>2</sub> emissions by 10-12 %
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 50% by 2030s – a goal of significant importance and embedded in our low carbon low cost 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), electrification, 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	30	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. Our long term horizon reflects a close to zero GHG emissions by 2050. 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 business units 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 are 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. Important risks (including climate related risk) from across business units are communicated to company level. Risk management in Aker BP follows the international standard ISO 31000.

Risks and opportunities are analysed, evaluated and mapped to our common company risk matrix, including consequence categories for Personnel, Environment (including climate), Financial, Reputation, Project cost and schedule impact. 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 implemented a common governing model for climate and energy efficiency reflecting the core climate risk management principles. Energy efficiency and low emission operations is a core factor shaping our business strategy. Aker BP actively analyse the potential substantive financial impact for climate related risks and opportunities to guide course of action to meet the expectations of stakeholders and the market. Actions require significant change and long-term commitments and investments.

Case study of transition risk: Since initiating studies of potential regulatory changes to carbon quota prices based on risk initiation through the enterprise risk process. The strategy department already in 2019 proposed an additional investment screening criteria for costs associated with this risk. Over the course of 2020 this screening criteria has been enacted and now form an integral part of the investment governance. The measures and decisions taken based on the risk analysis resulted in emission cost criteria reflecting a carbon price of USD 80/ton CO<sub>2</sub> for all our investments in 2020. Early in 2021, the base case carbon prices used for investment decisions in Aker BP were increased to USD 110 in 2021, USD 150 in 2025 and USD 240 per ton CO<sub>2</sub> in 2030 (2021 real terms) The effects of the improved screening carbon cost criteria directly support Aker BP low carbon low cost strategy as a key vehicle to reduce emissions in the short to long-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 increase of 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 fixed 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/distance between sea surface and the asset infrastructure impact zone (lower deck). Adding increased wave crest height from extreme/heavy storms increase safety integrity exposure for the asset. The risk was formally already reported in 2018 and thereafter annually evaluated and reviewed by the Asset management team as part of setting direction for the asset development and risk management 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 measures 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 activities are concentrated 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 Environment Agency (NEA), Petroleum Safety Authority (PSA), EU, etc.).</p> <p>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 communicated to the Executive team and if relevant the Board through the Enterprise Risk Management process and annual strategy process updates.</p> <p>All identified 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>Regulatory framework issues play an important role for Aker BP's access to 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 case example is that power from shore must, as part of the</p>

		<p>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 Norwegian Oil and Gas Association (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 Environment Agency (NEA) and Petroleum Safety Authority (PSA)) 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. Intelligence to support evaluation of effects of both policy and technology is sought from multiple external sources, e.g. IEA and BP. 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>A case 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 given our relatively low portfolio carbon emission levels. A material increase in taxes and fees could however impact our operating cost and hence profitability. Changes in framework conditions, e.g. CO2 price, is included in business planning and investment criteria, and the Aker BP risk matrix.</p> <p>All our projects are tested against a range of carbon price assumptions, which include a base case and a climate-related scenario. These assumptions are updated on a quarterly basis. Our latest revision includes (1) a base case, showing a carbon price rising from around USD 80/tCO<sub>2</sub> in 2020, to around USD 240/t CO<sub>2</sub> by 2030 (in real 2021 terms), and (2) a climate-related scenario, which reflects a faster increase in price, with the total price reaching around USD 260/t CO<sub>2</sub> by 2030 (real 2021 terms). These assumptions exceed the carbon prices under the IEA scenarios.</p>

Technology	Relevant, always included	<p>Aker BP has identified several concrete strategic pathways for carbon emission reduction: electrification of the greenfield developments with power supplied from shore or wind, energy optimisation and focus on technologies and processes for improved energy efficiency, as well as other R&amp;D projects and technology development aimed at improved emission performance such as for example reduced rig time, remote operations enabling reduced fuel consumption, reduced use of materials with high CO2 footprint etc. Aker BP could face a risk of the costs associated with these technologies being higher than forecasted, making it more expensive for the Company to reach the stated emission reduction targets. As an example, a significant increase in the future power costs, may negatively affect the profitability of Aker BP's electrification projects.</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 includes oil price, gas price, and carbon price both in the short, medium and long-term horizon.</p> <p>Downward pressure on these oil and gas commodity prices compared to historical 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 being sanctioned. On a cost side, if the carbon emission costs increase above our corporate assumptions, it would increase our total costs and may negatively impact our profitability.</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. A case 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 framework. 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 an E&amp;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, regulator framework, investor expectations, and the public.</p> <p>Case example of reputation risks is that we do not achieve our climate</p>



		<p>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 necessary competence and capacity 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 is 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.</p> <p>Risk assessments are systematically performed by the Aker BP Working Environment team, including recommendations to improve.</p> <p>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 Norwegian 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 2020 resulted in that Aker BP paid 41 USD million in CO2 fees, 4.5 USD million to the NOx fund and purchased CO2 quotas for 19.7 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 is fully integrated 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

Medium-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)**

65,000,000

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

80,000,000

**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 our internal carbon price assumption, which exceeds carbon price assumed under The IEA's scenarios. This is due to Petroleum operations on the NCS being subject to the EUA for emissions traded under the EU ETS, in addition to the specific Norwegian carbon tax. Aker BP's latest revisions of carbon price assumptions include (1) a base case, showing a carbon price rising from around USD 80/tCO<sub>2</sub> in 2020, to around USD 240/t CO<sub>2</sub> by 2030 (in real 2021 terms), and (2) a climate-related scenario, which reflects a faster increase in price, with the total price reaching USD 260/t CO<sub>2</sub> by 2030 (real 2021 terms). In the 2030s we expect to have reduced the total emission to 550.000 ton compared to our current emission of approx. 844.000 ton.

Our CO<sub>2</sub> cost for 2020 was USD 80/ton CO<sub>2</sub> \* emissions 844.000 ton equates approx. to: 67 million USD (incl tax).

The forward outlook base case is then 240 USD/tCO<sub>2</sub> \* 550.000 equates to approx. 132 million USD, whilst high case considers 260 USD/tCO<sub>2</sub> \* 550.000 equates to approx. 143 mill USD. Relative to 2020 our delta cost impact is in the range of 65 mill USD to 80 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**

2,250,000

**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 case study of this type of energy efficiency improvements. Through a focused effort anchored in the asset strategy revitalisation starting already in 2019, 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 since inception now delivers a solid reduction of 3.9 MW worth of power annual. In 2020 Aker BP reduced CO2 emission by approx. 77,600 tonnes.

Aker BP is investigating how to develop data-driven energy optimization through our Eureka digital lab. We are currently piloting one of the products, an energy optimizer tool. A digital platform to calculate and identify energy loss related to individual components. Aker BP is also an active participant on relevant arenas where climate policies, regulations and market trends is discussed, for example Norwegian oil and gas association (NOROG), acting as the industry vehicle to engage regulator, authority, and policy development).

The three activities outlined above are largely related to management. Management of an activity is estimated using man-hours spent and measured by time-writing. Typical components of management are stakeholder management engagements, strategy and scenario development, prioritise initiatives, planning, coordinating, and follow-up. The estimated cost refers to the individuals primarily assigned to these activities and does not include individuals that may participate. Management cost for each of the three activities above is estimated to 1-2 full time equivalents (FTE). One FTE amount to approx. 1750Hrs/year with a base cost of approx. USD 235/Hrs. The total management cost with exclusions is estimated to 3-6 FTE, equating to 1,200,000 to 2,400,000 USD, to maintain and improve these or future activities of similar nature. The estimate does not include hardware or specific activities related to the above-mentioned initiatives.

## Comment

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### 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. Bigger structural failures 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 bigger structural failures, 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 such failures for Tambar is every  $5 \times 10^{-4}$  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 initiate collaboration with Conoco Philips through the SFOA alliance already from day one of Aker BP in 2016. We utilise both weather data and the safety and rescue 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 (MoC) process is used to ensure the risk is controlled. Cost of management of this risk is included in the annual budget and estimated to 200,000 USD based on 50% full time equivalent.

The elements making up the estimate for annual oversight and management is based on Aker BP's estimation standard where an approx. breakdown is 90% time-writing for operating personnel for monitoring activities and 10% for minor software engineering from vendors of monitoring system.

**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**

Climate-related market risks could impact Aker BP over the longer term through lower demand and prices for oil and gas. To reduce emissions, the world will have to consume fewer hydrocarbons. While oil and gas will continue to play a major role in the energy mix over the next few decades (IEA World Energy Outlook report, 2020), the transition away from hydrocarbons is under way. This creates uncertainty around the longer-term outlook for the demand and prices for our products. Such risks represent both a threat and an opportunity for Aker BP. We work with the scenarios published by the IEA (STEPS, SDS, Net Zero 2050), in addition to our internal scenarios, to assess implications of the lower oil and gas prices on our business. Aker BP's portfolio is robust even under the scenarios with low oil prices. We drive robustness through rigorous focus on lowering production cost per boe, continuous improvement of our industry-leading emission intensity performance, as well as our strict financial criteria for project sanctioning. To illustrate, we test our portfolio against an oil price that is lower than in the SDS. In this scenario, we assume the long-term oil price that gradually declines to USD 45/bbl in 2040 (in real 2020 terms). The 2040 price in this scenario is therefore ~USD 9/bbl lower than in the SDS (in real 2020 terms). We calculate changes in the net present value (NPV) of Aker BP's portfolio by substituting the Aker BP's planning assumptions for oil prices, first with those from the SDS and then with the prices from our internal scenario. The calculation shows that the NPV decreases by 9 and 12 percent in the SDS and our internal scenario, respectively. While this indicates a lower value generation under these scenarios compared to our base case, the analysis shows that, even under very ambitious scenario for energy transition, the impact on our portfolio value is limited to 12 percent.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

100,000,000

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

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

**Explanation of financial impact figure**

To illustrate a potential financial impact in absolute terms, we provide an illustrative calculation of the potential impact on AkerBP's revenue from the sale of oil in 2040 under several oil price scenarios. We assume Aker BP's 2040 oil production at 2020 level of 211 mboed. We consider two scenarios for oil price in 2040 – one is the IEA's SDS, another is IEA's STEPS. We calculate Aker BP's potential revenue using Brent price at USD 65/bbl (real 2020 terms), which is AkerBP's long-term oil price assumption used for the impairment testing in the Annual Report 2020. We then calculate the revenue using the oil price under the SDS (USD 54/bbl) and the STEPS (USD 87 USD/bbl) in real 2020 terms. The calculations show that, based on the assumptions above, all else equal, Aker BP's revenue from the sale of oil, would be about 843 MNOK lower (approx. 100 mill USD) under the IEA SDS scenario and around 1,7 BNOK higher under the STEPS.

**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 make 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 policymakers 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 means to interact and provide formalised input to authorities .The Norwegian Oil and Gas Association (NOROG) supports the United Nations Intergovernmental Panel on Climate Change (IPCC) and works actively with its members on how to reduce greenhouse gas emissions from the NCS.

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 5kg CO2/ barrel of oil equivalent equity based. 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 manhours), 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.**

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#### 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

Building on our already top quartile carbon intensity and our "low carbon low cost" 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. Optimisation through using contextualised industrial data is enabled through our strategic partnership with Cognite AS. Aker BP 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 using real-time data. 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**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-low

**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)**

5,000,000

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

10,000,000

**Explanation of financial impact figure**

Financial impact of energy efficiency opportunity is estimated to a range of 5 to 10 million USD (ca. 10-15% of environmental fees paid in 2020). 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 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 case study of opportunity realisation so far. Through a focused effort anchored in the asset strategy revitalisation the Skarv asset in 2019 identified an important opportunity to optimise turbine recompression utilisation. The Skarv Asset decided to utilise the new Ærfugl D4 well and was supported by Aker BP low carbon low cost strategy. By routing high-pressure gas stream from Ærfugl D4 well to off-set power consumption Skarv asset could attribute about 60,000 tonne CO<sub>2</sub> emission reduction in 2020. Additional reduction measures resulted in saving another 5,400 tonnes CO<sub>2</sub>.

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

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### 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 oil and gas will play a substantial role in the decades to come. Aker BP reports fugitive emissions of methane and CO<sub>2</sub> 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 nmVOC 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, an estimated range

**Potential financial impact figure (currency)**

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

5,000,000

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

14,000,000

**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 5 to 15 mill USD annual cost savings. The estimate assume that we can attribute approx. 20% of the forecasted total footprint reduction by 2030s to best available technology, resulting in approx. 60,000 ton reduction. Using our current carbon price as low-end estimate (USD 80t/CO<sub>2</sub>) and our forecasted base case carbon price as the high-end estimate (USD 240t/CO<sub>2</sub>, in real 2021 terms) provide the estimated total impact range.

**Cost to realize opportunity**

75,000

**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 5kg CO<sub>2</sub>/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 CO<sub>2</sub> friendly alternative. Our approach to exploring alternatives and opportunities was guided using our approach to BAT. In 2020, the Skarv steam turbine project was evaluated. The project aimed to increase efficiency of existing gas turbines by installation of a combined cycle power plant technology. The project currently struggles to meet both economic and technical hurdles, but is a good example of how Aker BP continuously works to evaluate low carbon solutions.

Implementation of BAT into the management methods is a negligible, estimated to 75,000 USD. The cost estimate represents time-writing to embed BAT in the management system and represents approx. 20% of a full-time equivalent at internal hourly rates with FX 8,5 USD. The elements included in this estimate are: verification, business system updates, and support to the project developments to embed BAT. The investment cost associated with the example case study is not included in the cost to realise the opportunity.

## Comment

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

With the planned electrification using hydropower from shore on Ivar Aasen in 2022, Aker BP will have ownership in three assets that are fully electrified with close to zero emissions. These fields will perform production drilling from time to time, and Aker BP, together with its alliance partners strive to implement close to zero drilling as these fields can connect the electricity cable to rigs that are set up to run on electricity. We currently have one of these rigs in our portfolio, the Maersk Invincible.

We are further exploring opportunities to expand the rig portfolio with rigs that can run on electricity or generate their own electricity for example via floating wind turbines, to lower our overall drilling emissions.

### Time horizon

Short-term

### Likelihood

Very likely

### Magnitude of impact

Medium-low

### 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)

1,300,000

#### Potential financial impact figure – maximum (currency)

2,000,000

### Explanation of financial impact figure

Drilling activities have historically made up approximately 10% of Aker BP's total Scope 1 CO<sub>2</sub> emissions. If we can electrify between 10-20 % of all production drilling activities the next five years, it will give the following financial impact based on lowered CO<sub>2</sub> price.

The financial impact is estimated using our internal economic models together with business assumptions. Using Aker BP base case carbon price USD 80/t CO<sub>2</sub> in 2020 up to USD 240/t CO<sub>2</sub> by 2030s multiplied with the carbon emission reduction achieved with the electrification project we expect a positive annual impact in the range of 1.3-2.0 mill USD.

**Cost to realize opportunity**

33,000

**Strategy to realize opportunity and explanation of cost calculation**

Cost to realise such an opportunity results in a rough estimate of one full-time equivalent, for one month at internal hourly rates of 1750 NOK, with FX 8,5 USD. The components building up this estimate are mainly management and coordination.

Any upgrades to electrify the drilling rigs is subject to commercial sensitives discussions between Aker BP and its drilling rig contractors and are not included in the estimate to realise the opportunity.

**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) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, and we do not intend it to become a scheduled resolution item within the next two years	The transition towards reaching the goals of the Paris agreement is an integral part of Aker BP's strategy. Our strategy is to produce oil and gas at low cost and low emissions, with a goal of close to zero emissions by 2050. Aker BP's climate transition plan is featured in the Annual report, which is a separate item on the AGM, together with the approval of the annual accounts.

### C3.2

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

Yes, qualitative and quantitative

## C3.2a

### (C3.2a) 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>Other, please specify</p> <p>IEA’s Stated Policies Scenario (STEPS), IEA’s Net Zero Emissions by 2050 (NZE2050)</p>	<p>Aker BP recognises the recommendations made by the Financial Stability Board’s Task Force on Climate-related Financial Disclosure (TCFD). In line with the best practice recommended by the TCFD, Aker BP employs scenario analysis to assess potential impacts of the climate change and energy transition on our business, financial performance, and the long-term strategy. We evaluate selected scenarios to assess possible shifts in the macroeconomic outlook, technology developments, policy, and legal implications, and we analyse projected demand for our products (oil, gas and natural gas liquids). Each energy transition scenario yields a range of commodity prices (e.g. power, gas, oil) and environmental fees and taxes. We 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>Our scenario analysis includes IEA’s Stated Policies Scenario (STEPS), Sustainable Development Scenario (SDS) and the Net Zero Emissions by 2050 (NZE2050) published by the IEA as part of the World Energy Outlook (WEO) reports. The IEA’s Stated Policies Scenario (STEPS), previously known as the New Policies Scenario in the WEO 2019 report, considers specific policy initiatives that have already been announced, illustrating where the current frameworks and policy ambitions would take the energy sector towards 2040. These commitments are enough to make a significant difference; however, there is still a large gap between the projections in STEPS and a trajectory consistent with the Paris Agreement goals. The IEA’s SDS charts a path that is aligned with the Paris Agreement by limiting the rise in global temperatures to “well below 2°C”. In this scenario, a surge in clean energy policies and investments put global emissions on track for net-zero by 2070, while also meeting the development aspirations of a growing global population. While the SDS is recognised as one of the most ambitious scenarios in terms of the speed and scale of transformation of the global energy system, attention is turning to what it would mean for the global energy sector to reach net-zero emissions by 2050. This is examined in a new scenario called NZE2050, published for the first time in the IEA’s WEO 2020 report. The NZE2050 implies an even faster transition away from hydrocarbons and a significantly lower demand for oil and gas.</p>

	<p>Case study: In 2020, as a result of our work on scenario planning and analysis of the IEA scenarios for carbon prices, we introduced a new financial criterion – a breakeven CO2 cost hurdle - enabling a quicker screening of carbon reducing initiatives. This breakeven CO2 cost hurdle was set to USD 125/tCO2 and is based on our internal scenario for carbon price, which exceeds USD 125/tCO2 already by 2025, i.e is significantly higher than IEA's SDS and Net Zero scenarios (USD64/tCO2 and USD74/tCO2, respectively, in 2025 in real 2020 terms). When assessing feasibility of carbon reducing projects, we compare the costs of implementing an initiative vs savings from the avoided CO2 emissions as well as an added revenue from extra gas sales as a result of burning less gas for energy production. Therefore, using a higher carbon price assumption (i.e higher CO2 breakeven hurdle) makes the economics of our low carbon projects more favorable, allowing us to sanction more of these initiatives. In total, in 2020, our energy efficiency projects enabled us to cut 77,650 metric tonnes of CO2e, of which 17,650 metric tonnes are of lasting effect on an annual basis. In 2021, in line with our updated projections for faster increase in carbon prices, we raised CO2 breakeven cost hurdle to around USD 175/tCO2 (real 2021 terms).</p>
<p>Other, please specify Company scenarios</p>	<p>We also develop internal Aker BP 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, behavioral 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. 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.</p> <p>In regard to carbon prices, Aker BP's internal base case assumption exceeds prices assumed under the IEA's SDS scenario. Petroleum operations on the NCS are subject to the EUA for emissions traded under the EU ETS, in addition to the specific Norwegian carbon tax. In 2020, our base case scenario projected a total carbon price to increase from around USD 80/t CO2 in 2020 to around 135 USD/t CO2 by 2030, while in our climate-related scenario the price was increasing to USD 173/tCO2 by 2030 in real 2020 terms. These assumptions are reviewed on a quarterly basis, and in 2021 we updated the scenarios to reflect an even faster increase in carbon prices, showing total carbon cost rising to around USD 240/t CO2 by 2030 in the base case, and to around USD 260/t CO2 in the climate-related scenario (real 2021 terms). As part of Norway's climate action plan announced in January 2021, Norway has set a target to gradually increase the total cost per tonne of CO2 to USD 240 in 2030 (real 2021 terms). This means that the national carbon tax will be regulated in a manner that considers the EUA prices, ensuring that by 2030, the total cost of emissions amounts to USD 240/tCO2. This</p>



	<p>target is reflected in Aker BP’s base case assumptions, while our climate-related scenario shows even higher carbon prices by 2030. Our internal assumptions for the total carbon price are higher than the carbon prices assumed under the IEA scenarios.</p> <p>Case study: The scenario analysis impacts our business strategy through the concrete project investment decisions we make. The scenario analysis informs concrete targets and financial criteria for project sanctioning to ensure that our portfolio is financially resilient under multiple scenarios. Our target full-cycle breakeven oil price is at or below USD 30/bbl. Similar to the targeted breakeven oil price, we introduced a breakeven CO2 cost hurdle. Our breakeven CO2 cost hurdle is based on our internal carbon price assumptions, which project higher carbon prices in the future. This makes the economics of the new carbon reducing initiatives more favorable allowing us to prioritise and sanction investments that allow us to reduce emissions. As mentioned in the case study above, in 2020, our energy efficiency initiatives aimed at emission reduction (e.g reduced injection pressure on Ula, changing of fuel type in boilers on Alvheim, reduction of plant pressure losses of gas export on Skarv among other initiatives) enabled us to cut 77,650 metric tonnes of CO2 equivalents. This represents around 9% of AkerBP's total Scope 1 emissions in 2020. Time horizon: A total of 17,650 metric tonnes of these CO2 emission reductions are of lasting effect on an annual basis.</p>
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### C3.3

**(C3.3) 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 the most carbon-efficient companies will supply tomorrow’s oil and gas. While our strategy to be a pure play Exploration &amp; Production (E&amp;P) company remains, the urgency to minimise carbon footprint of our operations has intensified. We have made it our strategic priority to be among the most carbon-efficient producers of oil. In 2020, our CO2 emissions intensity was below 5 kg CO2 per boe, which is approximately one-third of the world average for our industry. We aim to remain below 5 kg CO2/boe. Further, we aim to reduce our CO2 emissions by 50 percent</p>

		<p>during the 2030s, and by 2050 our emissions will be close to zero. 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.</p> <p>Time horizon: Climate strategy is an integral part of the annual strategy process. The company's performance on the CO2 emission intensity KPI and its deliverables on specific CO2-reducing projects are part of the semiannual company-wide performance evaluation.</p> <p>Case study: Task: Reduce carbon intensity of our product-mix; deliver best-in-class low carbon oil and gas production.</p> <p>Action: In September 2020, the Board of Directors endorsed Aker BP's revised climate strategy, outlining focus areas and prioritised projects required to achieve the targets. One of these focus areas is electrification of offshore fields using power from shore, which in Norway comes almost entirely from the renewable sources (in 2020 hydro and wind accounted for around 96% of Norway's total power production, NVE, Nordpool 2021). All our new field developments will be powered by renewable energy and thereby have close to zero emissions. Valhall already has power from shore while Ivar Aasen, which currently receives power from Edvard Grieg, will receive power from shore in 2022. Another concrete case is NOAKA, which is one of the largest remaining area developments on the Norwegian continental shelf. NOAKA will be powered from shore, which will bring emissions from production close to zero. The target is a final investment decision before the end of 2022. Production start is targeted to 2027.</p>
<p>Supply chain and/or value chain</p>	<p>Yes</p>	<p>Aker BP works closely with our alliance partners and suppliers on finding opportunities to reduce greenhouse gasses from the design stage of our projects. In cases where new energy-intensive equipment is purchased, the equipment must be as energy-efficient as possible and preference is given to technology with superior emission performance. In 2020, along with other operators on the NCS, Aker BP has developed a joint practice for suppliers to report scope 3 emissions within four areas: steel, cement, big bulk chemicals and transportation. These four areas are considered the main contributors to Aker BP's purchased goods and services and capital goods. (scope 3, category 1 and 2). In 2021, we plan to implement this practice across our strategic suppliers.</p> <p>Case study: Task: Minimise carbon emissions footprint related to our</p>

		<p>operations.</p> <p>Action: In 2020, our alliance partner, Maersk Drilling, in collaboration with Aker BP, upgraded the drilling rig Maersk Integrator into a hybrid, low-emission rig. The upgrades included the use of hybrid power, consisting of batteries as energy storage system for "peak shaving" (spikes in energy load). It also included Energy Emission Efficiency software providing data intelligence to further reduce fuel consumption and CO2 emissions. In addition, a Selective Catalytic Reduction system was installed to capture NOx exhausts and use ammonia injections to convert the gas into harmless water and nitrogen. Impact and timeline: These upgrades allowed to reduce fuel consumption on Maersk Integrator from 19,5 t/d to 14,1 t/d, reduce CO2 emissions by 25% and NOx emissions by 97%. During the period from October 2020 to May 2021, the implemented upgrades resulted in a reduction of CO2 emissions totalling 3367 tonne. The achieved improvements are lasting. In addition, the drilling rig Deepsea Nordkapp is undertaking a similar hybrid, low emission upgrade to reduce CO2 and NOx emissions, which is expected to be completed in 2022.</p>
<p>Investment in R&amp;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&amp;D roadmap. In 2020, we further strengthened the focus on climate in our Technology Strategy by introducing a target for minimum R&amp;D budget dedicated to low-carbon technologies. According to the new target, minimum 5-10% of our total R&amp;D budget should be allocated to climate- and low carbon-technologies (in addition to the investments in other technologies that enable indirect improvement in emission performance). This target shall be revised annually. Case study: Task: Power generation offshore accounts for more than 80 percent of Aker BP's scope 1 CO2 emissions. Therefore, energy tracking and optimisation is one of the strategic priority areas on our R&amp;D roadmap. Action: Prior to 2020, we investigated how to develop a data-driven energy optimisation tool by using EurekaX, our digitalisation program, in collaboration with Cognite. In 2020, we brought this effort to the Centre for the Fourth Industrial Revolution (C4IR) to continue developing a digital tool for energy optimisation. The Centre is a partner in the World Economic Forum Network for Global Technology Governance. The Centre was established by the Aker Group and the World</p>

		<p>Economic Forum (WEF) in September 2019; with Aker BP as one of the founding partners. The C4IR is dedicated to harvesting the advances of technology to preserve our oceans and reduce the environmental footprint of ocean industries. Aker BP takes part in two main projects. The first is a next generation discharge and emissions tracker for the oil and gas industry. The tracker's objective is to help optimise chemical consumption and discharge in the oil and gas industry. The second is an energy optimizer tool, 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 objectives on our Operations team's scorecard.                  Case study: Task: Reduce carbon intensity of our operations. Action:                  A need to drive improvements in our carbon footprint made us revise the injection strategy on one of our fields. In 2020, we reduced the injection pressure on Ula by optimising our injection approach. The reduction in injection pressure led to a reduction in fuel gas of 1.2 mill Sm<sup>3</sup>, corresponding to a reduction of 3,000 tonnes of CO<sub>2</sub>. In 2020, we also reduced flaring on Alvheim by increasing the set point for flare release. The procedure for starting up new wells was also improved, and both these measures resulted in a flaring reduction of 1.8 million m<sup>3</sup> of gas from 2019 to 2020. This amounts to a reduction of 6,400 tonnes of CO<sub>2</sub>. Alvheim also reduced diesel consumption and NO<sub>x</sub> emissions by changing the fuel type in their boiler from diesel to gas. The NO<sub>x</sub> emissions were reduced by 55 percent. On Skarv, our field in the Norwegian Sea, we reduced plant pressure losses in gas export by installing a larger bypass Joule-Thomson valve. This measure, combined with various other adjustments, resulted in a 5,400 metric tonne reduction in annual CO<sub>2</sub> emissions and lower power requirements. In total, in 2020, we decreased our energy consumption by 3.55 MW and cut 77,650 metric tonnes of CO<sub>2</sub> equivalents through energy efficiency initiatives. This represents around 9% of AkerBP's total Scope 1 emissions in 2020. Time horizon: A total of 17,650 metric tonnes of these reductions are of lasting effect on an annual basis.</p>

### C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	<p>Direct costs: The carbon emission costs contribute to a considerable share of our direct costs and represent a risk that may negatively impact our profitability. In 2020 we paid USD 41 million in CO2 fees, USD 4.5 million to the NOx fund and purchased CO2 quotas for USD 19.7 million (gross for our operated assets). As part of Norway’s climate action plan announced in January 2021, Norway has set a target to gradually increase the total cost per tonne of CO2 to USD 240 in 2030 (real 2021 terms). This means that the national carbon tax will be regulated in a manner that considers the EUA prices, ensuring that by 2030, the total cost of emissions amounts to USD 240/tCO2. While this provides some line of sight on the future development of CO2 prices, there is a risk that prices will increase beyond this level. To mitigate this risk we work with scenarios, we require the economics of all projects to be stress-tested against scenarios with higher CO2 prices, and we work continuously on reduction of emissions in our operations. We believe that Aker BP’s industry leading low carbon intensity will be one of the Company’s key strategic differentiation points in the increasingly more competitive oil and gas industry. Case study: Task: Mitigate the risks related to increasing cost of carbon emissions, further strengthen Aker BP’s position as a “low-cost, low-carbon” producer. Action: Our efforts to reduce emissions span across the entire company, from R&amp;D and technology development to concept selection for new greenfield developments, to energy optimisation in operations. The emission reduction efforts undertaken in 2020, not only resulted in improved environmental performance, but also enabled a tangible reduction in direct costs, some of which will be lasting for the years to come. In 2020, the energy efficiency initiatives alone have enabled a saving of 6 MUSD in the avoided emission costs from a reduction of 77,650 metric tonnes of CO2 equivalents. For reference, AkerBP’s total Scope 1 emissions amounted to 845,386 metric tonnes of CO2e in 2020. Out of the total reduction of 77,650 metric tonnes of CO2e, a total of 17,650 metric tonnes of CO2e emission reductions are of lasting effect on an annual basis, corresponding to around 1,4 MUSD in annual savings, measured at 2020 total carbon price (USD 80/tCO2, real 2020 terms). These numbers do not include additional revenue from sales of natural gas, which otherwise would have been used as a fuel gas for energy production offshore. The targets for CO2 reduction from energy optimisation are set for all our assets annually, and the work on identifying and maturing carbon reducing initiatives is ongoing on a</p>

	<p>continuous basis in line with the process governing energy use and energy optimisation. For 2021, we have a target to unlock additional 10,000 metric tonnes of CO2e reduction, which would enable additional 1,1 MUSD in emission cost saving, given the expected total CO2 cost of USD 113/tCO2 (real 2021 terms). We believe our focus on seeking carbon reducing opportunities sets us firmly on track for achieving emission targets. We aim to remain below 5 kg CO2/boe and reduce our CO2 emissions by 50 percent during the 2030s, and by 2050 our emissions will be close to zero.</p> <p>Revenue: Aker BP's revenue comes predominantly from selling crude oil and gas, and our top line is therefore highly impacted by oil and gas prices. We recognise a long-term risk associated with climate-related drivers to reduce oil demand, which could result in structurally lower oil prices. Consequently, in our financial planning we implement rigorous financial criteria to ensure our portfolio is financially resilient under multiple scenarios. Our target full-cycle breakeven oil price is at or below USD 30/bbl.</p> <p>Capital expenditures: 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.</p> <p>Acquisitions and divestments: We evaluate impact of climate related risks on all our acquisition or divestment plans. We have a global industry leading carbon intensity in our production and aim to not dilute that competitive position.</p> <p>Access to capital: The scrutiny from the investment community 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. We consider increased financing costs for the oil and gas industry as a risk. Our corporate finance team continuously engages with the market on the topic of proactive management of climate change risks.</p> <p>Assets: Aker BP's emissions and related costs are forecasted and factored into the quarterly business planning process. The emissions costs hence are factored into our asset valuation and the impairments we make on our balance sheet.</p> <p>Liabilities: The company's operations are subject to extensive regulatory</p>
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		requirements that may change and are likely to become more stringent over time. We could incur additional costs in the future due to compliance with the new requirements or because of violations of, or liabilities under, laws and regulations, such as fines, penalties, clean-up costs and third-party claims. Therefore, HSSE risks, should they materialise, may result in material negative effect to our financial condition. These considerations are factored in our financial planning.
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### C3.4a

**(C3.4a) 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.**

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**Target reference number**

Abs 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1

**Base year**

2005

**Covered emissions in base year (metric tons CO2e)**

1,100,000

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



98

**Target year**

2033

**Targeted reduction from base year (%)**

50

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

550,000

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

845,386

**% of target achieved [auto-calculated]**

46.2934545455

**Target status in reporting year**

New

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Aker BP has committed to reduce CO<sub>2</sub> emissions according to the Paris agreement. Target covers all our operated assets

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**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 CO<sub>2</sub>e)**

159,391



**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]**

7,969.55

**Covered emissions in reporting year (metric tons CO2e)**

157,046

**% of target achieved [auto-calculated]**

1.5486577364

**Target status in reporting year**

Underway

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Ivar Aasen started 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%).

Methodology for science based target initiative not available for Oil & Gas

**Target reference number**

Abs 3

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2005

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

1,259,391

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

99

**Target year**

2033

**Targeted reduction from base year (%)**

55

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

566,725.95

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

1,002,432

**% of target achieved [auto-calculated]**

37.0971510689

**Target status in reporting year**

Underway

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Aker BP has committed to reduce CO<sub>2</sub> emissions according to the Paris agreement. Target covers all our operated assets.

Ivar Aasen started 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%).

Methodology for science based target initiative not available for Oil & Gas

**Target reference number**

Abs 4

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Base year**

2005

**Covered emissions in base year (metric tons CO<sub>2</sub>e)**

1,100,000

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

98

**Target year**

2050

**Targeted reduction from base year (%)**

99

**Covered emissions in target year (metric tons CO<sub>2</sub>e) [auto-calculated]**

11,000

**Covered emissions in reporting year (metric tons CO<sub>2</sub>e)**

1,002,432

**% of target achieved [auto-calculated]**

8.9594123049

**Target status in reporting year**

Underway

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Aker BP has committed to reduce CO<sub>2</sub> emissions according to the Paris agreement, and has set a target to reach close to zero emission by 2050 for all our operated assets

## C4.1b

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

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**Target reference number**

Int 1

**Year target was set**

2019

**Target coverage**

Other, please specify

Operated and non-operated assets, equity share

**Scope(s) (or Scope 3 category)**

Scope 1

**Intensity metric**

Metric tons CO<sub>2</sub>e per barrel of oil equivalent (BOE)

**Base year**

2019

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

6.9

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

95

**Target year**

2025

**Targeted reduction from base year (%)**

28

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

4.968

**% change anticipated in absolute Scope 1+2 emissions**

9

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

4.5

**% of target achieved [auto-calculated]**

124.2236024845

**Target status in reporting year**

Underway

**Is this a science-based target?**

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

**Target ambition**

Well-below 2°C aligned

**Please explain (including target coverage)**

Aker BP has a CO<sub>2</sub> Intensity target of less than 5 kg CO<sub>2</sub> per barrel of oil equivalent (boe), that is based on equity share (includes our share of production and CO<sub>2</sub> emissions from operated and non-operated fields). This is a continuous goal to keep the emission intensity below 5 kg CO<sub>2</sub> per boe due to maturation of fields which will impact production and hence emission intensity. In 2019, Johan Sverdrup came on stream in Q4. Johan Sverdrup is electrified with power from shore, and has very low emissions. This has positively affected our equity based emission intensity. Methodology for science based target initiative not available for Oil & Gas.

**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 CO<sub>2</sub>e per unit of activity)**

0.0294

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

100

**Target year**

2025

**Targeted reduction from base year (%)**

7

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.027342

**% 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 CO<sub>2</sub>e per unit of activity)**

0.0277

**% of target achieved [auto-calculated]**

82.6044703596

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

**Please explain (including target coverage)**

Target includes methane emissions from oil platforms and FPSO's, in addition to drilling rigs.

## 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

Other climate-related target(s)

## C4.2a

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

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**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**

400,000

**Figure or percentage in reporting year**

418,799

**% of target achieved [auto-calculated]**

40.4227673195

**Target status in reporting year**

Underway

**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?**

Other, please specify

Energy efficiency initiative

**Please explain (including target coverage)**

This is mainly hydropower

## C4.2b

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

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**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

GJ

**Target denominator (intensity targets only)**

**Base year**

2019

**Figure or percentage in base year**

13,824,322

**Target year**

2025

**Figure or percentage in target year**

9

**Figure or percentage in reporting year**

13,665,790

**% of target achieved [auto-calculated]**

1.1467622297

**Target status in reporting year**

Underway



**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)**

Target covers company wide energy consumption from non-renewable sources.

**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	73	163,614
To be implemented*	16	48,684
Implementation commenced*	13	5,000
Implemented*	11	77,650
Not to be implemented	40	26,300

**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)**

6,400

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

512,000

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Flaring reduction on Alvheim

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**Initiative category & Initiative type**

Energy efficiency in production processes  
Process optimization

**Estimated annual CO2e savings (metric tonnes CO2e)**

3,000

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

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

240,000

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

11-15 years

**Comment**

Ula water injection pressure was optimized , which led to a reduction in fuel gas of 1.2 million Sm<sup>3</sup>

---

**Initiative category & Initiative type**

Energy efficiency in production processes

Process optimization

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

60,000

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

4,800,000

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

<1 year

**Comment**

Skarv was able to run the process on two turbines as opposed to three turbines when introducing a new high pressure gas stream from Ærflugl D4 well. There was a lower need for recompression of the gas.

**Initiative category & Initiative type**

Energy efficiency in production processes  
Process optimization

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

5,400

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

432,000

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Two other optimization measures were also implemented on Skarv, resulting in a reduction of 5400 tonnes CO2

**Initiative category & Initiative type**

Energy efficiency in production processes  
Process optimization

**Estimated annual CO2e savings (metric tonnes CO2e)**

2,850

**Scope(s)**

Scope 2 (location-based)

**Voluntary/Mandatory**

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

42,553

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Ivar Aasen reduced cold vent by 60 000 Sm3 per year, resulting in 2850 tonnes CO2e/yr and 400 000 NOK savings

**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 three energy reducing initiatives that are being followed up throughout each year. Quarterly external business presentations include CO2 status. CO2 intensity goal is a company KPI, and the climate performance is linked to bonus payment for employees.
--	--

## 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

9.4

### 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.**

The majority of Aker BPs methane emissions originate from non-combusted gas, and is released through cold vent, fugitive sources, and from loading and storage on our FPSOs. As an operating company on the NCS we are only permitted to conduct safety flaring. Flaring in general is very limited and four out of five assets have closed flares.

Aker BP's upstream operated methane intensity was 0.03 % CH<sub>4</sub> of saleable gas in 2020, which is significantly lower than the industry average of 0.23 % as measured by the Oil and Gas Climate Initiative (OGCI 2019 performance data).

Methane reduction initiatives are part of Aker BP's climate strategy and we have integrated methane reduction initiatives in our asset energy reduction plans. Aker BP continuously works to reduce safety flaring and quantify emissions of non-combusted hydrocarbon gases. We see a positive trend over the last three years where the safety hydrocarbon flaring has been reduced with 52 percent from 2018 to 2020, and with 39 percent from 2019 to 2020.

Case study: In 2020, one of our assets, Ivar Aasen, updated the procedure for cold venting during free flow mode, which resulted in a reduction of 60 000 Sm<sup>3</sup> methane per year, resulting in savings of 2850 tonnes CO<sub>2</sub>e/yr

## 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. As methane is sensitive to Infrared light (IR-light), the use of IR cameras has been implemented for detection of methane sweats and possible seeps in the process area on our assets. 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. Aker BP has implemented internal KPI's for following up seeps and sweats and this is a weekly topic in operational management meetings. An example of such a KPI, is the seepage rates of methane. If the seepage or sweat develops and exceeds the set KPI, action is taken 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.**

Aker BP does not continuously flare hydrocarbons in its operations. Only safety (non-routine) flaring is allowed in Norway, and hence in Aker BP. Aker BP continuously work to reduce safety flaring and quantify emissions of non-combusted hydrocarbon gases.

All new developments shall be designed with closed flares.

Safety flaring policies and procedures are implemented on all Aker BP assets to further reduce the safety flaring and hence limit emissions. Flaring volumes are operational KPIs on all Aker BPs assets. Flaring reduction initiatives are captured and pursued as part of our energy management process.

Annual targets are set and regulated by having quarterly safety flaring permits for each operation. For example on the Skarv asset the safety flaring target was set to maximum of 1.1 million Sm<sup>3</sup> for 2020 and performance reviewed on a monthly basis.

## 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, 2005

**Base year end**

December 31, 2005

**Base year emissions (metric tons CO<sub>2</sub>e)**

1,100,000

**Comment**

Includes emission for all our operated assets and exploration.

Base year set to 2005 to align with the parliaments expectations to the Norwegian oil and gas industry to reduce emission with 50% based on the 2005 emissions.

#### Scope 2 (location-based)

---

**Base year start**

January 1, 2018

**Base year end**

December 31, 2018

**Base year emissions (metric tons CO<sub>2</sub>e)**

159,391

**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.

Base year set to 2018 due to startup and steady state production from Ivar Aasen

### Scope 2 (market-based)

---

#### Base year start

January 1, 2019

#### Base year end

December 31, 2019

#### Base year emissions (metric tons CO<sub>2</sub>e)

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 CO<sub>2</sub>e?

##### Reporting year

---

#### Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)

845,386

#### Start date

January 1, 2020

#### End date

December 31, 2020

#### Comment



### Past year 1

---

**Gross global Scope 1 emissions (metric tons CO2e)**

932,279

**Start date**

January 1, 2019

**End date**

December 31, 2019

**Comment**

### Past year 2

---

**Gross global Scope 1 emissions (metric tons CO2e)**

909,598

**Start date**

January 1, 2018

**End date**

December 31, 2018

**Comment**

### Past year 3

---

**Gross global Scope 1 emissions (metric tons CO2e)**

913,317

**Start date**

January 1, 2017

**End date**

December 31, 2017

**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 have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report 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 wind power. Location based scope 2 emissions for Valhall are estimated to 0.

Electricity from the Norwegian national grid is dominated by hydro power and wind power. Aker BP calculates the scope 2 emissions based on a location based method.

## C6.3

### (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?

#### Reporting year

---

##### Scope 2, location-based

157,046

##### Start date

January 1, 2020

##### End date

December 31, 2020

##### Comment

#### Past year 1

---

##### Scope 2, location-based

143,152

##### Start date

January 1, 2019

##### End date

December 31, 2019

##### Comment

#### Past year 2

---

##### Scope 2, location-based

159,391

**Start date**

January 1, 2018

**End date**

December 31, 2018

**Comment**

**Past year 3**

---

**Scope 2, location-based**

126,180

**Start date**

January 1, 2017

**End date**

December 31, 2017

**Comment**

## 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**

Relevant, not yet calculated

**Please explain**

Aker BP have selected four focus areas of high emissions for this category. The focus areas are Steel, Cement, big bulk chemicals and heavy transport. The data collection is currently ongoing and dependent on our suppliers ability to provide this data.

**Capital goods**

---

**Evaluation status**

Relevant, not yet calculated

**Please explain**

Aker BP have selected four focus areas of high emissions for this category. The focus areas are Steel, Cement, big bulk chemicals and heavy transport. The data collection is currently ongoing and dependent on our suppliers ability to provide this data.

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

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

45,015

**Emissions calculation methodology**

Estimated based on fuel consumption on subsea vessels, anchor handling vessels, emergency response vessels, Integrity, maintenance and repair vessels. Standard conversion factor is 3.17 tonne CO<sub>2</sub> /tonne diesel fuel

**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**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

69,859

**Emissions calculation methodology**

Estimated based on fuel consumption on platform supply vessels, road transport is not included in the calculation as its contribution is minor.

Gas export and oil export through pipelines are included in the scope 1 and 2 emissions. Methane emissions are also included in scope 1 from the tankers during the loading operations.

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

98

**Please explain**

Road transport not calculated

**Waste generated in operations**

**Evaluation status**

Relevant, not yet calculated

**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. Combustible waste are combusted with energy recovery.

**Business travel**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

1,644

**Emissions calculation methodology**

Commercial Airline Flights

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

98

**Please explain**

Minor travel activities by car not included

**Employee commuting**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

11,433

**Emissions calculation methodology**

Helicopter transport to offshore installations, helicopter shuttle flights between installations and charter flights to heliport due to Covid-19 travel precautions

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

95

**Please explain**

Employee commuting for onshore personnel not included as the most of the workforce had home office from March to December due to Covid-19.

**Upstream leased assets**

---

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO2e**

0

**Emissions calculation methodology**

Electricity to the offices is provided from the national grid which is mainly from renewable energy and therefore the emissions is calculated to close to 0.

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

100

**Please explain**

Aker BP lease its office locations onshore. Electricity to the offices is provided from the national grid which is mainly from renewable energy and therefore the emissions is calculated to close to 0.

**Downstream transportation and distribution**

---

**Evaluation status**

Relevant, calculated

**Metric tonnes CO2e**

24,507

**Emissions calculation methodology**

Aker BP has two Floating Production, Storage and Offloading facilities. Oil from these facilities is transported with oil tankers to downstream facilities for processing. Emission data is based on fuel consumption for these oil tankers

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

100

**Please explain**

All emissions connected with downstream distribution when in Aker BPs ownership is calculated. Oil and gas transport from other assets is via pipelines.

**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 renewable energy 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 CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

**Intensity figure**

0.00034

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

1,002,432

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

2,979,263,000

**Scope 2 figure used**

Location-based

**% change from previous year**

3.8

**Direction of change**

Increased

**Reason for change**

Revenue reduced by 11 % in 2020 compared to 2019 due to the oil price decline in 2020.

## C-OG6.12

**(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO<sub>2</sub>e) per unit of hydrocarbon category.**

---

**Unit of hydrocarbon category (denominator)**

Other, please specify

1000 bbls of oil equivalents



**Metric tons CO<sub>2</sub>e from hydrocarbon category per unit specified**

7.13

**% change from previous year**

15

**Direction of change**

Decreased

**Reason for change**

Lower emission intensity due to slightly increased production and lowered scope 1 emissions.

**Comment**

Gross production and emissions from Aker BP operated assets (Scope 1 GHG including emissions from exploration drilling)

## 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**

0.028

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

0.008

**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	816,619	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	27,734	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1,033	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)

43,027

### Gross Scope 1 methane emissions (metric tons CH4)

3.5

### Total gross Scope 1 emissions (metric tons CO2e)

43,125

### Comment

metric tonnes CH4 multiplied by GWP = 3.5 tons x 28

### Emissions category

Combustion (excluding flaring)

### Value chain

Upstream

**Product**

Unable to disaggregate

**Gross Scope 1 CO2 emissions (metric tons CO2)**

773,592

**Gross Scope 1 methane emissions (metric tons CH4)**

258

**Total gross Scope 1 emissions (metric tons CO2e)**

780,830

**Comment**

metric tonnes CH4 multiplied by GWP = 258 tons x 28 = 7,224

---

**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)**

395

**Total gross Scope 1 emissions (metric tons CO2e)**

11,060

**Comment**

metric tonnes CH4 multiplied by GWP = 395 tons x 28

---

**Emissions category**

Venting

**Value chain**

Upstream

Downstream

**Product**

Unable to disaggregate

**Gross Scope 1 CO2 emissions (metric tons CO2)**

0

**Gross Scope 1 methane emissions (metric tons CH4)**

333

**Total gross Scope 1 emissions (metric tons CO2e)**

9,334

**Comment**

metric tonnes CH4 multiplied by GWP = 333 tons x 28

**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	845,386

**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 CO2e)
Operations Business Unit	826,025
Exploration Business Unit	19,361

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

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Alvheim	222,925	59.57	2
Skarv	328,247	65.7	7.59
Ivar Aasen	23,004	58.92	2.19
Ula	229,266	57.11	2.85
Valhall incl. Hod	22,583	56.28	3.4
Exploration	19,361	65.31	6.36

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

Activity	Scope 1 emissions (metric tons CO2e)
Operations	818,097
Exploration	19,361
Oil Loading	7,928

## 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 CO2e	Comment
Oil and gas production activities (upstream)	845,386	includes operation and exploration
Oil and gas production activities (midstream)	0	Aker BP does not have any midstream activity
Oil and gas production activities (downstream)	0	Aker BP does not have any 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 CO2e)	Scope 2, market-based (metric tons CO2e)	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	157,046	0	566,175	0

## 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 CO2e)	Scope 2, market-based (metric tons CO2e)
-------------------	--	--

Operations Business Unit	157,046	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 <sub>2</sub> e)	Scope 2, market-based (metric tons CO <sub>2</sub> e)
Alvheim	0	0
Skarv	0	0
Ivar Aasen	157,046	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 <sub>2</sub> e)	Scope 2, market-based (metric tons CO <sub>2</sub> e)
Operations	157,046	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 CO<sub>2</sub>e.**

	Scope 2, location-based, metric tons CO <sub>2</sub> e	Scope 2, market-based (if applicable), metric tons CO <sub>2</sub> e	Comment

Oil and gas production activities (upstream)	157,046	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?**

Decreased

### 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 <sub>2</sub> e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	Our renewable energy consumption is based on hydropower and therefore zero emissions
Other emissions reduction activities	77,650	Decreased	7.5	$77,650 \text{ CO}_2\text{e} / 1,040,630 \text{ CO}_2\text{e} \times 100 = 7.5 \%$
Divestment	0	No change	0	No divestments affecting emissions
Acquisitions	0	No change	0	No acquisitions affecting emissions
Mergers	0	No change	0	No mergers affecting emissions
Change in output	13,894	Increased	1.3	$157,046 - 143,152 = 13,894$ $13,894 / 1,040,630 \times 100 = 1,3\%$
Change in methodology	0	No change	0	No change in methodology
Change in boundary	0		0	No change in boundaries

Change in physical operating conditions	23,772	Increased	2.4	$23,772/1,040,630 \times 100 = 2.4\%$
Unidentified	0	No change	0	No unidentified changes
Other	0	No change	0	No other changes

### 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	3,969,660	3,969,660
Consumption of purchased or acquired electricity		418,799	147,376	566,175
Consumption of self-generated non-fuel renewable energy		0		0
Total energy consumption		418,799	4,117,036	4,535,835

## 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**

3,570,341

**MWh fuel consumed for self-generation of electricity**

3,386,951

**MWh fuel consumed for self-generation of heat**

24,178

**Emission factor**

0.0063

**Unit**

metric tons CO<sub>2</sub>e per boe

**Emissions factor source**

CO<sub>2</sub> emissions from Fuel Gas & Flare Gas (708,677 tonnes) divided by net boe (118,597,589)

**Comment**

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

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**Fuels (excluding feedstocks)**

Diesel

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

437,718

**MWh fuel consumed for self-generation of electricity**

430,235

**MWh fuel consumed for self-generation of heat**

7,318

**Emission factor**

3.16785

**Unit**

metric tons CO<sub>2</sub>e per metric ton

**Emissions factor source**

EU ETS standard factor

**Comment**

Minor fuel use for fire pumps, boilers and well testing unit (165 MWh)

## 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	3,400,794	3,400,794	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C9. Additional metrics

### C9.1

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

**Description**

Waste

**Metric value**

5,599

**Metric numerator**

ML produced water discharged to sea

**Metric denominator (intensity metric only)**

**% change from previous year**

26

**Direction of change**

Decreased

**Please explain**

The amount of produced water discharged to sea decreased by 26% from 2019 to 2020.

**Description**

Waste

**Metric value**

14,569,657

**Metric numerator**

Flared hydrocarbons SM3

**Metric denominator (intensity metric only)****% change from previous year**

39

**Direction of change**

Decreased

**Please explain**

The amount of flared hydrocarbons decreased with 39% from 2019 to 2020 due to increased focus on reducing safety flaring and changes in work scope where safety flaring is necessary.

**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	64.76	
Natural gas liquids, million barrels	0	
Oil sands, million barrels (includes bitumen and synthetic crude)	0	
Natural gas, billion cubic feet	69.25	

**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	Estimated net total resource base (million BOE)	Comment

	reserves (2P) (million BOE)	reserves (3P) (million BOE)		
Row 1	842	0	842	3P reserves not disclosed

## 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	3P reserves not disclosed
Natural gas	17	0	17	3P reserves not disclosed
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 (%)

10

### Net proved reserves (1P) (%)

12

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

12

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

0

### Net total resource base (%)

12

### Comment

3P reserves not disclosed

**Development type**

Shallow-water

**In-year net production (%)**

90

**Net proved reserves (1P) (%)**

88

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

88

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

0

**Net total resource base (%)**

88

**Comment**

3P reserves not disclosed

## 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
Other, please specify Seabird tracking	Applied research and development	≤20%		Mapping of migration routes for seabirds, breeding and colonies. Juvenile seabirds using light-logging Technology and GPS loggers

Other energy efficiency measures in the oil and gas value chain	Applied research and development	≤20%		Development of the next generation discharge and emissions tracker for the oil and gas industry. This tracker is being developed in a collaboration between Center for the Fourth Industrial Revolution (C4IR) Ocean, Aker BP, and Cognite. The tracker's objective is to help optimise chemical consumption and discharge in the oil and gas industry
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### 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.**

52

## 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\_Alvheim\_EUETS\_2020\_verification\_report\_Approved(TRW) (1).pdf
-  AkerBP\_Ula\_EUETS\_2020\_Verification\_Report\_Approved(TRW) (1).pdf
-  AkerBP\_Ivar\_Aasen\_EUETS\_2020\_verification\_report\_Approved(TRW) (1).pdf
-  AkerBP\_Valhall\_EUETS\_2020\_verification\_report\_Approved(TRW) (1).pdf
-  AkerBP\_Skarv\_EUETS\_2020\_Avr\_verification\_report\_Approved(TRW) (1).pdf

**Page/ section reference**

All pages

**Relevant standard**

European Union Emissions Trading System (EU ETS)

**Proportion of reported emissions verified (%)**

100

## 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**

-  V025-20 Edvard Grieg-Verifikasjonsrapport.pdf

**Page/ section reference**

All pages



**Relevant standard**

European Union Emissions Trading System (EU ETS)

**Proportion of reported emissions verified (%)**

100

## 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**

95

**% of Scope 2 emissions covered by the ETS**

100

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**Allowances allocated**

136,874

**Allowances purchased**

660,428

**Verified Scope 1 emissions in metric tons CO2e**

797,302

**Verified Scope 2 emissions in metric tons CO2e**

157,046

**Details of ownership**

Facilities we own and operate

**Comment**

Both owned and hired production facilities, drilling rigs and flotels 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, 2020

**Period end date**

December 31, 2020

**% of total Scope 1 emissions covered by tax**

98

**Total cost of tax paid**

41,170,021

**Comment**

Aker BP paid USD 41,170,021 in fees (taxes) in Norway.

CO2 quotas (EU ETS) not included in this number

## 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 purchase necessary allowances for emissions subject to EU ETS and Norway tax system
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 economically feasible emission reduction technology:

#### Case study:

Task: Minimise carbon emissions footprint related to our operations.

Action: In 2020, the Maersk Integrator underwent a series of upgrades to turn it into a hybrid, low-emission rig. The upgrades included the use of hybrid power, consisting of batteries as energy storage system for "peak shaving" (spikes in energy load). It also included Energy Emission Efficiency software providing data intelligence to further reduce fuel consumption and CO<sub>2</sub> emissions. In addition, a Selective Catalytic Reduction system was installed to capture NO<sub>x</sub> exhausts and use ammonia injections to convert the gas into harmless water and nitrogen.

Impact and timeline: These upgrades allowed to reduce fuel consumption on Maersk Integrator from 19,5 t/day to 14,1 t/day, reduce CO<sub>2</sub> emissions by 25% and NO<sub>x</sub> emissions by 97%. During the period from October 2020 to May 2021, the implemented upgrades resulted in a reduction of CO<sub>2</sub> emissions totalling 3367 tonne. The achieved improvements in emission performance are lasting. In addition, the drilling rig Deepsea Nordkapp is undertaking a similar hybrid, low emission upgrade to reduce CO<sub>2</sub> and NO<sub>x</sub> emissions, which is expected to be completed in 2022.

## 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

- Stakeholder expectations
- Change internal behavior
- Drive energy efficiency
- Drive low-carbon investment
- Stress test investments
- Identify and seize low-carbon opportunities
- Supplier engagement
- Other, please specify
  - Measure climate risk in our business

## GHG Scope

Scope 1

### Application

Aker BP has two carbon price scenarios; 1) an internal base case used for planning and 2) a climate-related scenario used for stress testing of our investment decisions and portfolio risks. Both scenarios reflect carbon price assumptions that exceed prices under the IEA scenarios. In 2020, when evaluating investments in carbon-reducing projects, we used an internal carbon price that reflects a linear increase leading to a total price exceeding IEA's SDS already in 2025. In 2020, based on our carbon price projection, we introduced a new financial metric for carbon reduction investment decisions – a target break even CO<sub>2</sub> cost. In 2021 this target was set to 175 USD/t CO<sub>2</sub>. When assessing feasibility of the carbon reducing projects, we compare the costs of an initiative vs savings from the avoided CO<sub>2</sub> costs, and we calculate a carbon price required for a project to break even. Projects that break even at or below the hurdle of 175 USD/t are prioritised. The hurdle price is shown below.

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

175

### Variance of price(s) used

Aker BP's internal base case assumption exceeds prices assumed under the IEA's SDS scenario. Petroleum operations on the NCS are subject to the EUA for emissions traded under the EU ETS, in addition to the specific Norwegian carbon tax. In 2020, our base case scenario projected total carbon price to increase from around USD 80/t CO<sub>2</sub> in 2020 to around 135 USD/t CO<sub>2</sub> by 2030, while in our climate-related scenario we showed an increase to USD 173/tCO<sub>2</sub> by 2030 in real 2020 terms. These assumptions are reviewed on a quarterly basis, and in 2021 we updated the scenarios to reflect an even faster increase in carbon prices, showing the total carbon cost rising to around USD 240/t CO<sub>2</sub> by 2030 in the base case and to around USD 260/t CO<sub>2</sub> in the climate-related scenario (real 2021 terms). As part of Norway's climate action plan announced in January 2021, Norway has set a target to gradually increase the total cost per tonne of CO<sub>2</sub> to USD 240 in 2030 (real 2021 terms). This means that the national carbon tax will be regulated in a manner that considers the EUA prices, ensuring that by 2030, the total cost of emissions amounts to USD 240/tCO<sub>2</sub>. This target is reflected in Aker BP's base case assumptions, while our climate-related scenario shows even higher carbon prices by 2030.

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

Other, please specify

Our internal carbon price is not one figure but a price per each year from 2020 to 2030, increasing from 80 to 240 USD t/CO<sub>2</sub> in 2030 (real 2021 terms). The breakeven CO<sub>2</sub> cost hurdle (USD 175/tCO<sub>2</sub>) reflects the average price during this period.

## Impact & implication

Our internal carbon price is used for forecasting of costs in operations and projects as well as for evaluation of the project investment decisions. Case study: In 2020 we used our internal base case carbon price assumptions to assess commercial feasibility of the selected carbon reducing initiatives, such as power from shore and energy efficiency projects. When assessing feasibility of the carbon reducing projects, we compare the costs of implementing an initiative vs savings from the avoided CO<sub>2</sub> costs based on the base case internal carbon price. Using a higher internal carbon price is therefore favourable for the economics of such projects. In 2020, all our assets used a uniform set of the internal carbon price assumptions, which reflect a year on year increase towards 2030 and exceed the CO<sub>2</sub> costs under the IEA scenarios. These assumptions were used to test commercial feasibility of the projects aimed at improved energy efficiency, which is one of the most important sources for carbon reduction in our operations. All assets are required to work on a pipeline of energy efficiency projects and evaluate economics of these projects based on the company's latest set of the internal carbon price assumptions. Following this approach, several of the energy efficiency improvements were identified as feasible and were implemented in 2020. These projects included a revision of the injection pressure on our offshore asset Ula, a change of fuel type in boilers on Alvheim, reduction of plant pressure losses of gas export on Skarv. Together, these initiatives enabled us to cut 77,650 metric tonnes of CO<sub>2</sub> equivalents in 2020 (equivalent to about 9% of AkerBP's total Scope 1 emissions 2020). Time horizon: A total of 17,650 metric tonnes of these CO<sub>2</sub> emission reductions are of lasting effect on an annual basis. Company expects all assets to have a short list of minimum 3 energy reducing initiatives that are being followed up throughout each year. To further standardise and simplify commercial evaluation of such initiatives, we rolled out a new financial metric – the breakeven CO<sub>2</sub> cost hurdle – based on the company's latest review of carbon price assumptions. In 2021 we raised the CO<sub>2</sub> breakeven cost hurdle from USD 125/tCO<sub>2</sub> to around USD 175/tCO<sub>2</sub> (real 2021 terms). This should further incentivise the work on sanctioning value creating carbon reduction projects.

## 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

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

0.9

### % total procurement spend (direct and indirect)

2.8

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

53

### Rationale for the coverage of your engagement

Aker BP have had increased focus on emissions from supply/shipping vessels and aviation in 2020. These suppliers make up approximately 0.9 % of Aker BPs direct suppliers (greater than USD 100 000 procurement spend) and represents approximately 2.8 % of all direct supplier procurement spend. Aker BP has focused on these activities due to the improvement potential by reducing CO2 emissions through smarter logistics and sailing patterns and low carbon technology.

### Impact of engagement, including measures of success

Aker BP have made concrete achievements in supporting our strategy for lowering our Scope 3 emissions:

- 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. By using dual fuel, we have saved more than 2500 ton CO2 during 2020.
- During 2019, we converted two of our long term supply vessels, NS Orla and NS Frayja, to hybrid configurations by installing batteries. This can potentially reduce these vessel's CO2 emissions by 10-12% which is aligned with Aker BPs emission reduction expectations from this upgrade.
- All of our supply vessels normally operating out of our supply base in Stavanger are using ASCO's shore based electricity power supply at Risavika in Norway. The electricity power supply at Risavika is generated with a 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.
- 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 2020:

- Pilot project with Maress, a fuel monitoring system providing detailed information about fuel consumption and emissions from our supply vessels
- Evaluation of installing hybrid configurations on further three platform supply vessels (PSVs)

### Comment

---

**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**

4.5

**% total procurement spend (direct and indirect)**

56

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

13.6

**Rationale for the coverage of your engagement**

Aker BP purchased goods and services for about 3 billion USD and engaged around 1400 direct suppliers in 2020, 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 4.5 % of Aker BPs direct suppliers (greater than USD 100 000 procurement spend) and represents approximately 56 % of direct supplier procurement spend.

Aker BPs strategic alliance partners make up the majority of our procurement spend relative to the number of suppliers. We encourage and work closely with our suppliers to innovate and choose solutions that contributes to our work in reducing our carbon footprint. An example of such a cooperation is the Drilling & wells innovation board where climate issues is being discussed bi-monthly. 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 an «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 suppliers based on information uploaded in EPIM JQS, register, which is a qualification system used by purchasers in the Norwegian oil and gas sector.

**Impact of engagement, including measures of success**

Aker BP is working to reduce the carbon footprint significantly, and to continue to produce oil and gas with a CO<sub>2</sub> intensity of below 5 kg CO<sub>2</sub> per boe equity share.

Aker BPs engagement with alliance partners has lead to some concrete achievements in supporting our strategy and reduction goals.

#### Case Study:

In 2020, the drilling rig Maersk Integrator underwent a series of upgrades to turn it into a hybrid, low-emission rig. The upgrades included the use of hybrid power, consisting of batteries as energy storage system for "peak shaving" (Spikes in energy load). It also included Energy Emission Efficiency software providing data intelligence to further reduce fuel consumption and CO<sub>2</sub> emissions. In addition, a Selective Catalytic Reduction system was installed to capture NO<sub>x</sub> exhausts and use ammonia injections to convert the gas into harmless water and nitrogen. These upgrades allowed to reduce fuel consumption on Maersk Integrator from 19,5 t/day to 14,1 t/day, reduce CO<sub>2</sub> emissions by 25% and NO<sub>x</sub> emissions by 97%. During the period from October 2020 to May 2021, the implemented upgrades resulted in a reduction of CO<sub>2</sub> emissions by 3,367 tonnes.

The achieved improvements in emission performance are lasting. In addition, the drilling rig Deepsea Nordkapp is undertaking a similar hybrid, low emission upgrade to reduce CO<sub>2</sub> and NO<sub>x</sub> emissions, which is expected to be completed in 2022.

These upgrades will enable energy savings and reduction in Aker BPs absolute emissions and emission intensity on our assets.

#### Comment

## C12.1d

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

Aker BP have made it a strategic priority to be among the best producers of low-carbon oil and gas, and our goal is to minimise emissions from activities on the NCS by choosing energy-efficient solutions and operations. To achieve this, we work closely together with several partners and players in our supply chain and we use cross-company energy forums and sustainability forums to combine and drive our efforts towards reaching our emission reduction obligations.

#### Case studies:

- Aker BP hosts an annual contractors and safety day for direct suppliers. In 2020, ESG, with a focus on collaboration in the supply chain and how to reach common emission reduction goals, were one of the main topics. This interaction has led to increased focus on collaboration with regards to climate related topics this year, and several engagement meetings and engagement forums have been established after this day.
- Innovation boards and 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), modification suppliers (Aker Solutions) and intervention suppliers (Stimwell services) where relevant ESG topics are being discussed on either a monthly, bi-monthly or quarterly basis.
- A Joint Operator initiative between Aker BP and four of the other operators on the Norwegian Continental Shelf was established in 2020. The goal of this initiative is to work together with challenges related to climate in the Oil & Gas supply chain, and secure more transparency with



regards to climate in our supply chains. Some of the main deliverables from this initiative is to establish common climate reporting requirements from our suppliers and to gather emission intensity information from the main suppliers of materials, used by Norwegian oil and gas operators, such as infrastructure steel, cement and big bulks of chemicals.

## 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.	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 Investor Relations and 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 CO<sub>2</sub> emission. The company has also implemented a company target of less than 5,0 kg CO<sub>2</sub>/boe equity based - this is measured monthly. The Key Performance Indicator is visualized in dashboards and available on the Intranet.

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 mainstream reports

### Status

Complete

### Attach the document

 akerbp-annual-report-2020.pdf

### Page/Section reference

Letter from CEO , Key Figures, Highlights 2020, 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**

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**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

 akerbp-sustainability-report-2020.pdf

**Page/Section reference**

All pages

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**

---

**Publication**

Other, please specify  
HSSEQ policy

**Status**

Complete

**Attach the document**

 hsseq-policy-en.pdf

**Page/Section reference**

All pages

**Content elements**

Governance

Strategy

**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.**

### 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	SVP HSSEQ	Chief Sustainability Officer (CSO)

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

**Please confirm below**

I have read and accept the applicable Terms