



# CLIMATE TRANSITION PLAN



# AKER BP'S CLIMATE TRANSITION PLAN

## AKER BP RECOGNISES A SIGNIFICANT CHALLENGE THE WORLD IS FACING TODAY

Aker BP acknowledges the conclusions from the Intergovernmental Panel on Climate Change (IPCC) and supports the goals of the Paris Agreement, which calls for a global effort to limit the global temperature increase to 1.5°C above pre-industrial level. As part of our broader strategy to be the E&P company of the future, Aker BP has developed a climate transition plan to align our business with the objectives set by the Paris Agreement. The plan is anchored in our climate strategy, which sets climate ambitions and targets. It provides details on the roadmap and specific actions needed to achieve the targets, as well as details on the governance and management of climate-related risks and opportunities.

A profound transformation of the energy system is underway and needs to accelerate, while the need for affordable, reliable, and clean energy is increasing. Demand for oil and gas

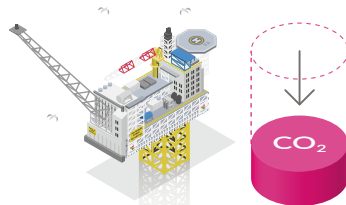
should and will decrease, however this change will not happen overnight, and oil and gas will remain a significant energy source and feedstock in a low-carbon future for decades to come. However, the oil and gas industry must reduce their operating emissions as much as possible. Alongside the efforts to ensure reliable production, the industry's focus on reducing emissions and supporting the growth of low carbon industries must increase. Recognising this global challenge, Aker BP, as a pure-play oil and gas company, will have an important role to play in the energy transition, as illustrated in the figure below. We are therefore accelerating speed and momentum in our drive to achieve the lowest carbon intensity, the lowest operating cost and the highest value creation in our industry, while supporting new low-carbon industries by sharing technology and knowledge.

*Aker BP's role in energy transition*



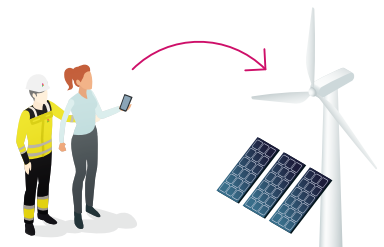
### MAXIMISE VALUE CREATION

The energy transition will require massive financial resources. Aker BP will maximise value creation from assets and activities, and by doing so also maximise available profits for the society and our owners, who then can invest in green industries.



### MINIMISE EMISSIONS

Aker BP is committed to minimising emissions from operations. This is important from an environmental perspective, but also financially as the rising cost of CO<sub>2</sub> emissions is directly impacting the financial performance of our business.



### SHARE TECHNOLOGY AND KNOWLEDGE

The energy transition is also about how we generate new industries and business opportunities. Aker BP is committed to share knowledge and provide capital that our owners can reinvest in renewable energy and new industries.

## AKER BP'S CLIMATE AMBITION AND TARGETS

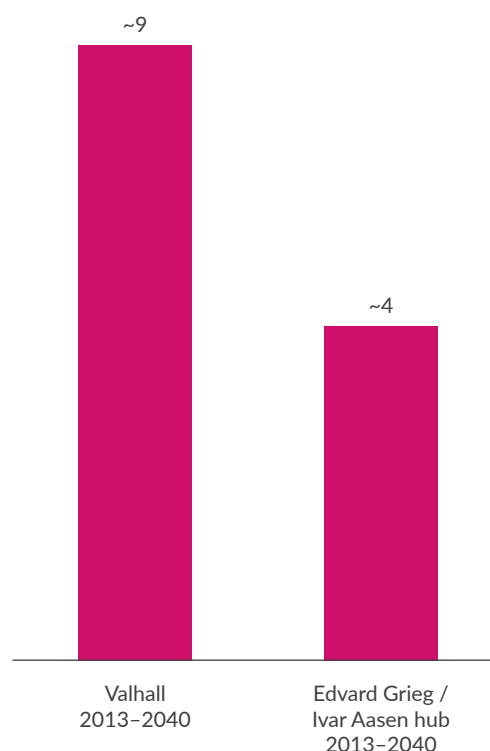
AkerBP's climate strategy sets a clear direction, priority areas and targets, underpinned by milestones and actions in our climate roadmap. Aker BP's climate ambitions can be summarised as follows:

1. By 2030, we will achieve a 50-percent absolute reduction in gross Scope 1 and Scope 2 GHG emissions<sup>1</sup>. By 2050, our gross Scope 1 and Scope 2 GHG emissions will be close to zero. This will be achieved through our investments in electrification and energy efficiency, as well as portfolio management.
2. By 2030, we will achieve net zero emissions across operations<sup>2</sup> by neutralising any residual emissions with high-quality carbon removal projects. This target is possible and economical due to AkerBP's low emission intensity and our continued efforts to reduce absolute emissions.
3. We will reduce our carbon intensity<sup>3</sup> to <4 kg CO<sub>2</sub>e/boe by 2023, which is around one fifth of the global average in 2020<sup>4</sup>.
4. We will ensure that our methane intensity doesn't exceed 0.1 %. In 2021, our upstream operated methane intensity was 0.02 percent CH<sub>4</sub> emissions as share of saleable gas, which is significantly lower than the industry average of 0.20 percent<sup>5</sup>.
5. We will intensify the work on cutting indirect emissions in our value chain, and specific targets for upstream Scope 3 emissions will be set later in 2022.

## DECARBONISING OUR OPERATIONS

Aker BP's decarbonisation plan will prioritise efforts aimed at reduction of absolute emissions, such as electrification, portfolio management, energy efficiency, minimised flaring, cold venting and fugitive emissions and selection of technology and services with the lowest environmental footprint. Investments in electrification is one of the most important parts of our decarbonization journey. Year 2013 marked our first investment in electrification of our giant field Valhall, enabling the field to operate with electricity from shore, which in Norway comes predominantly from renewable sources. Electrification of Edvard Grieg/ Ivar Aasen in 2022, will mark another step-change improvement in our emission performance, enabling improved safety and reliability, reduced environmental taxes and higher gas sales. Electrification of Valhall and Edvard Grieg/Ivar Aasen is estimated to generate more than 9 million tonnes in CO<sub>2</sub> emission savings accumulated over a period from the year of electrification to 2040<sup>6</sup>. We have also committed to ensuring that all our new field developments are powered by power from shore or from offshore wind. As a result, almost 85% of Aker BP's production in 2030 will be electrified, enabling industry leading low emissions intensity of our portfolio. Not all our brownfield assets can be economically electrified, which means that Aker BP will still have some residual emissions in 2030, and these emissions will be neutralised. However, as these assets are gradually retired and replaced by new electrified fields, the amount of our residual emissions that needs to be neutralized will decline towards 2040, approaching zero by 2050.

*Accumulated avoided CO<sub>2</sub> emissions as a result of Valhall and Edvard Grieg/ Ivar Aasen electrification, million tonnes CO<sub>2</sub> (gross)*



1. Relative to the baseline level with no decarbonisation. The baseline level reflects a theoretical level of emissions that would occur if no decarbonisation efforts have taken place. In 2030, the main examples of such measures are electrification of Valhall and Edvard Grieg/Ivar Aasen, as well as lasting emissions savings from targeted annual improvements in energy efficiency.
2. Across Scope 1 and Scope 2, equity basis, operated and partner-operated assets.
3. CO<sub>2</sub> intensity is calculated as the equity share of CO<sub>2</sub> emissions (net) from our operated and partner-operated assets (before any carbon offsets) divided by the net Aker BP production. It does not include direct emissions from exploration drilling.
4. The global average CO<sub>2</sub> intensity was 22 kg CO<sub>2</sub>/boe in 2020 according to Rystad Energy's report "Carbon footprints of crude grades – Are they all alike?", May 2022.
5. As measured by the Oil and Gas Climate Initiative (OGCI 2020 performance data).
6. Amount of emissions saved is based on the difference between actual emissions and emissions in a modelled scenario where Valhall and Edvard Grieg/Ivar Aasen are gas-powered.

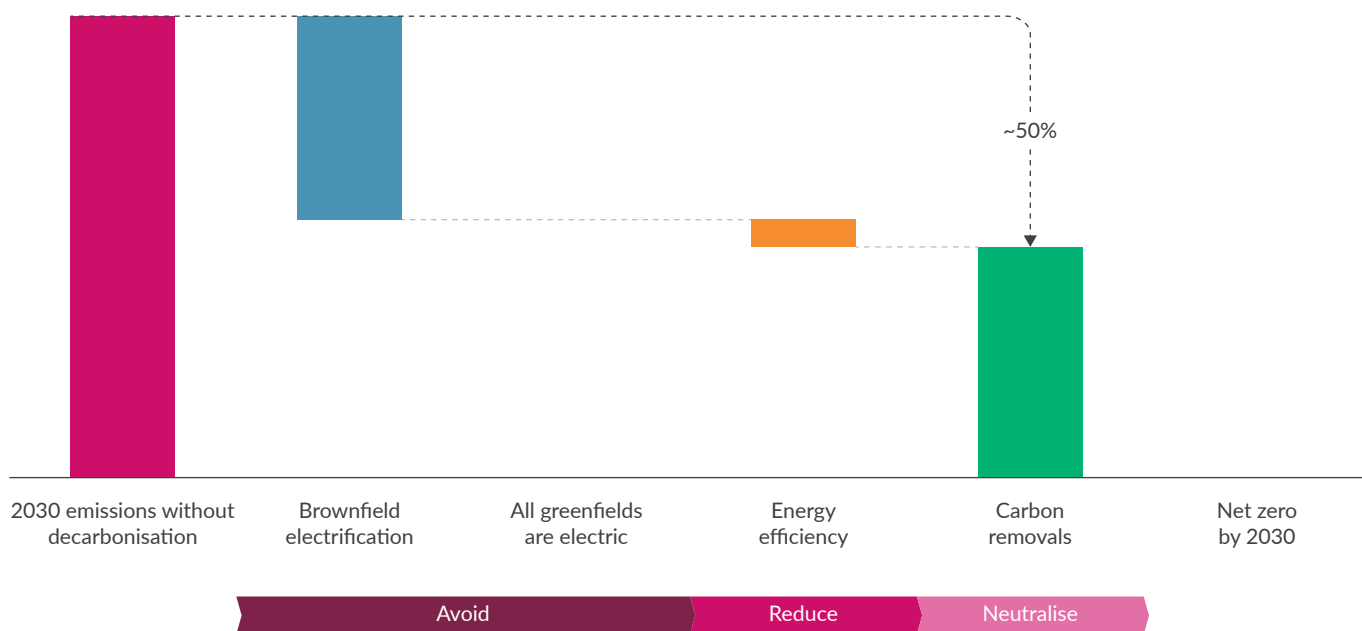
Energy efficiency is another crucial element of our decarbonization effort. We work continuously to reduce our energy consumption and related emissions by implementing measures identified through energy improvement process. Energy efficiency measures implemented in 2020 and 2021, have resulted in total lasting reduction of 31,120 tonnes CO<sub>2</sub>e, which is about 4% of our total gross Scope 1 CO<sub>2</sub> emissions in 2021. Digitalisation plays an important role in these improvements. It provides us with continuous data that enables our assets to operate more energy efficiently, identify best-operational practice, and use forecasting models to predict CO<sub>2</sub> emissions, and thus strengthening the ability to plan ahead to achieve additional reductions. We have an ambition to deliver at least 10 000 tonnes in gross CO<sub>2</sub> emission reductions from energy efficiency improvements annually.

Together with improvements in energy efficiency, electrification efforts and focus on portfolio management will allow Aker BP to contribute to meeting the targets set by the Norwegian oil and gas industry<sup>7</sup>, enabling a 50% reduction in gross GHG emissions from operated assets by 2030 across Scope 1 and Scope 2, and close to zero emissions in 2050. Alongside the reduction in gross emissions from operated assets, Aker BP aims to reduce its emissions from the equity share of our

operated and partner-operated assets by 50% in 2030 vs a baseline level with no decarbonization. Aker BP's new target for net zero emissions across operations from 2030, would hence imply a stepwise approach to decarbonisation, which starts with a 50% reduction in physical emissions, enabled by brownfield electrification of Valhall and Edvard Grieg/Ivar Aasen, and CO<sub>2</sub> savings from lasting energy efficiency improvements, followed by neutralization of the residual emissions.

Neutralisation of the residual emissions means that every tonne in the remaining GHG emissions from our operations will be matched with an equal amount of high-quality carbon removals. These credits are voluntary, and do not replace the fees and taxes we pay for compliance purposes. As such, by committing to the net zero ambition, we are assigning an extra cost on emissions that we emit. Internally, it creates more incentive to work on reducing emissions. Externally, it allows us to make a positive contribution by supporting high-quality carbon projects, which will be essential for the world to meet its commitments to the Paris Agreement. Reducing our physical emissions will remain a first and foremost priority in our climate strategy, and we will voluntarily purchase carbon removals for the remaining Scope 1+2 emissions from 2030 onwards, while working towards an absolute reduction in emissions to near zero by 2050.

*AkerBP's path to a 50% reduction in equity share of emissions by 2030 and to net zero emissions from operations by 2030 across Scope 1 and Scope 2. (Illustrative)*



7. In 2021, the Norwegian petroleum industry committed to a 50% reduction in operational GHG emissions by 2030 as compared to the 2005 level

We believe carbon removals will make an important contribution to addressing the climate challenge. As highlighted in the Technical Summary of the IPCC Working Group III (WGIII) Report<sup>8</sup>, current climate pledges at the country level remain inadequate to align society with a temperature trajectory that limits warming to no more than 1.5°C (and are minimally compliant with a likely chance to limit warming to no more than 2°C). The IPCC WGIII Report

therefore concludes that carbon dioxide removal mechanisms, which can remove and durably store CO<sub>2</sub>, are now necessary to meet our global climate goals.<sup>9</sup> Aker BP therefore believes that corporates have an important role to play in directing capital and innovation towards carbon removals. We will ensure transparency around the type of carbon removals employed, and we will only use credits verified according to high standards.

## OWNERSHIP AND GOVERNANCE

Climate strategy is an integral part of Aker BP's annual strategy process and is embedded in our decision-making. The Board of Directors has ownership of climate-related objectives in Aker BP's climate strategy, and reviews and guides the major action plans related to investment decisions for climate initiatives. The CEO and Executive Management Team (EMT) performance evaluations include an evaluation of progress and results on climate related KPIs and initiatives. The company's performance on the CO<sub>2</sub> emission intensity KPI and its deliverables on specific CO<sub>2</sub>-reducing projects are assessed monthly in the EMT. The performance on these two items, along with other company KPIs and initiatives, feed into the Aker BP bonus programme. A monetary reward is calculated based on company performance and is paid out

to all permanent employees and, under some circumstances, certain temporary employees.

To strengthen the management of climate related issues in Aker BP, a separate [Climate Policy](#) was issued in 2021. The main principles in the policy cover our commitment to manage climate-related risks and opportunities, reduction of energy consumption and related emissions to air, as well as our commitment to reduce GHG emissions in line with the Paris agreement and Norwegian Parliament expectations. Through our obligations to the authorities, our emission levels are controlled and limited by authority permits for each asset, strict environmental regulations and specific Norwegian Continental Shelf (NCS) standards.

## CLIMATE-RELATED RISKS, SCENARIO-ANALYSIS, AND CARBON PRICING

We follow the TCFD recommendations for climate-related disclosures. Our process for managing climate related risks and opportunities, as well as the results of the resilience

testing are described in the "Risks and opportunities posed by climate change" chapter of the [Sustainability report](#), which is updated annually.

Our transition plan will be updated continuously to reflect  
the latest developments in our climate strategy.

<sup>8</sup> IPCC Sixth Assessment Report, The Working Group III, 2022: [Climate Change 2022: Mitigation of Climate Change \(ipcc.ch\)](#)

<sup>9</sup> See also [Carbon Direct's commentary](#) on the IPCC Sixth Assessment Report



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