Aker BP's **decarbonisation plan**

Aker BP recognises the significant challenge the world is facing today

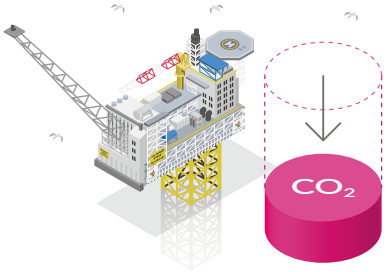
The latest summary report from IPPC emphasises the need for near-term action and a rapidly closing window of opportunity to achieve the goals of the Paris Agreement. A significant transformation of the energy system is needed to minimise emissions and meet the growing demand for affordable, reliable, and clean energy. While the demand for oil and gas is expected to decrease it will nevertheless remain a significant energy source and feedstock in a low-carbon future for decades to come. The EU[1), 2)] emphasises that emission reductions in energy-intensive sectors is essential for achieving EU's climate-related targets.

Aker BP acknowledges the conclusions in the Intergovernmental Panel on Climate Change's (IPCC) latest assessment report, the Paris Agreement and associated goals, as well as Norwegian national climate commitments. This decarbonisation plan is a part of our broader strategy to be the E&P company of the future, and supports national expectations for emission reductions. The plan outlines our climate-related targets and our approach to decarbonisation. It is anchored in our overarching business strategy, our sustainability framework as well as our climate and energy policy.

Aker BP contributes to the energy transition and energy security through our role as a reliable provider of low-cost oil and gas produced with industry-leading equity share scope 1 and 2 GHG emission intensity. We also aim to have high value creation and support new low-carbon industries by sharing technology and knowledge.

Figure 1: **Aker BP's role in the energy transition**

Maximising value creation for share-holders and society while producing the energy the world needs



Minimising emissions and achieving equity share scope 1 and 2 GHG emission neutrality from 2030

Sharing technology and knowledge

1) Fit for 55: reform of the EU emissions trading system - Consilium

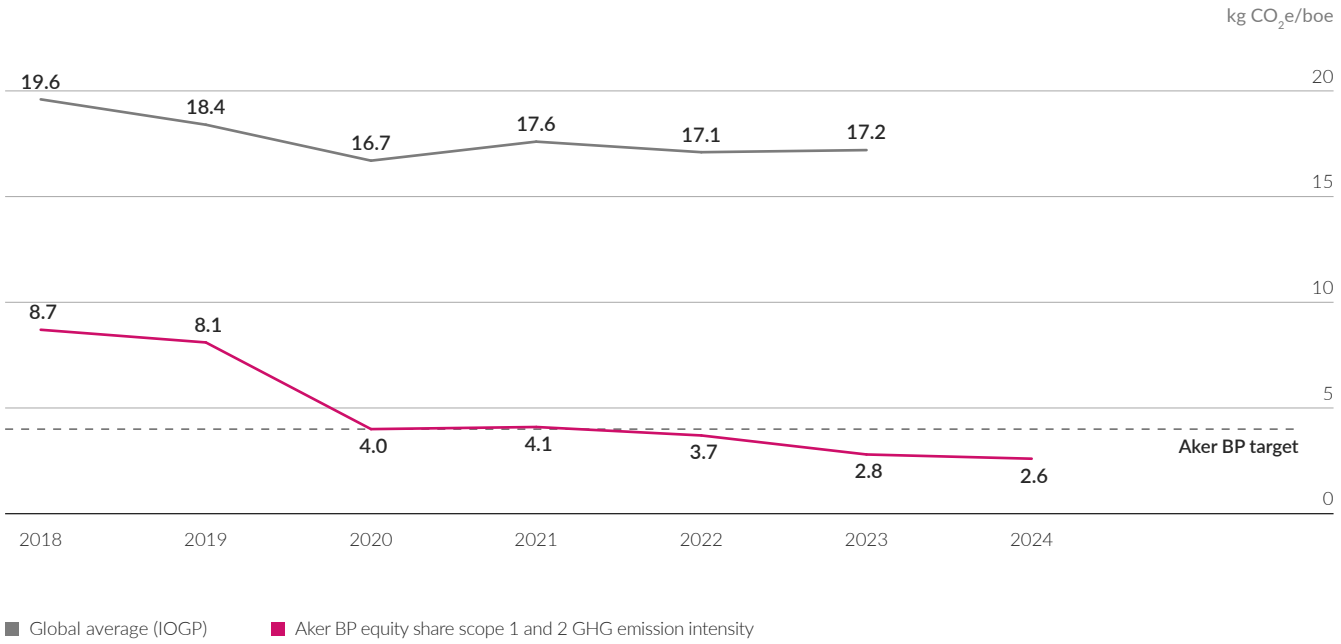
2) Fit for 55: cutting methane emissions in fossil fuels - Consilium

AKER BP'S CLIMATE-RELATED TARGETS

Aker BP's climate-related targets are as follows:

1. 50 percent reduction in operational control scope 1 and 2 GHG emissions by 2030[1], compared with our 2017 baseline
2. Near-zero[2] operational control and equity share scope 1 and 2 GHG emissions by 2050
3. Equity share scope 1 and 2 GHG emission neutrality from 2030
4. Minimise GHG emissions and maintain an equity share scope 1 and 2 GHG emission intensity[3] below 4 kg CO_2e/boe, around one fourth of the global average[4]
5. Minimise methane emissions and maintain an operational control scope 1 methane emission intensity[5] below 0.05%, around one third of the global average[6]

Figure 2: **Aker BP equity share scope 1 and 2 GHG emission intensity compared to global average**



1) Equity share scope 1 and 2 GHG emissions expected to be reduced proportionally

2) More than 90 percent reduction in emissions compared to base year (2017)

3) Calculated as equity share scope 1 and 2 GHG emissions from operated and partner-operated assets and drilling activities divided by net production

4) The global average GHG emission intensity was 17.2 kg CO_2e / boe in 2023 according to International Association of Oil & Gas Producers (IOGP 2023 environmental performance indicators)

5) Calculated as volume of operational control scope 1 methane emissions from operated assets and drilling activities, expressed as a percentage of the total volume of marketed gas

6) The global average methane intensity was 0.14% in 2023 according to Oil and Gas Climate Initiative (OGCI 2023 performance data).

Scope 1
Direct emissions from owned or controlled sources

Scope 2
Indirect emissions from the generation of purchased energy

Scope 3
Indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions

Operational control
Accounts for 100 percent of the emissions from our operated activities

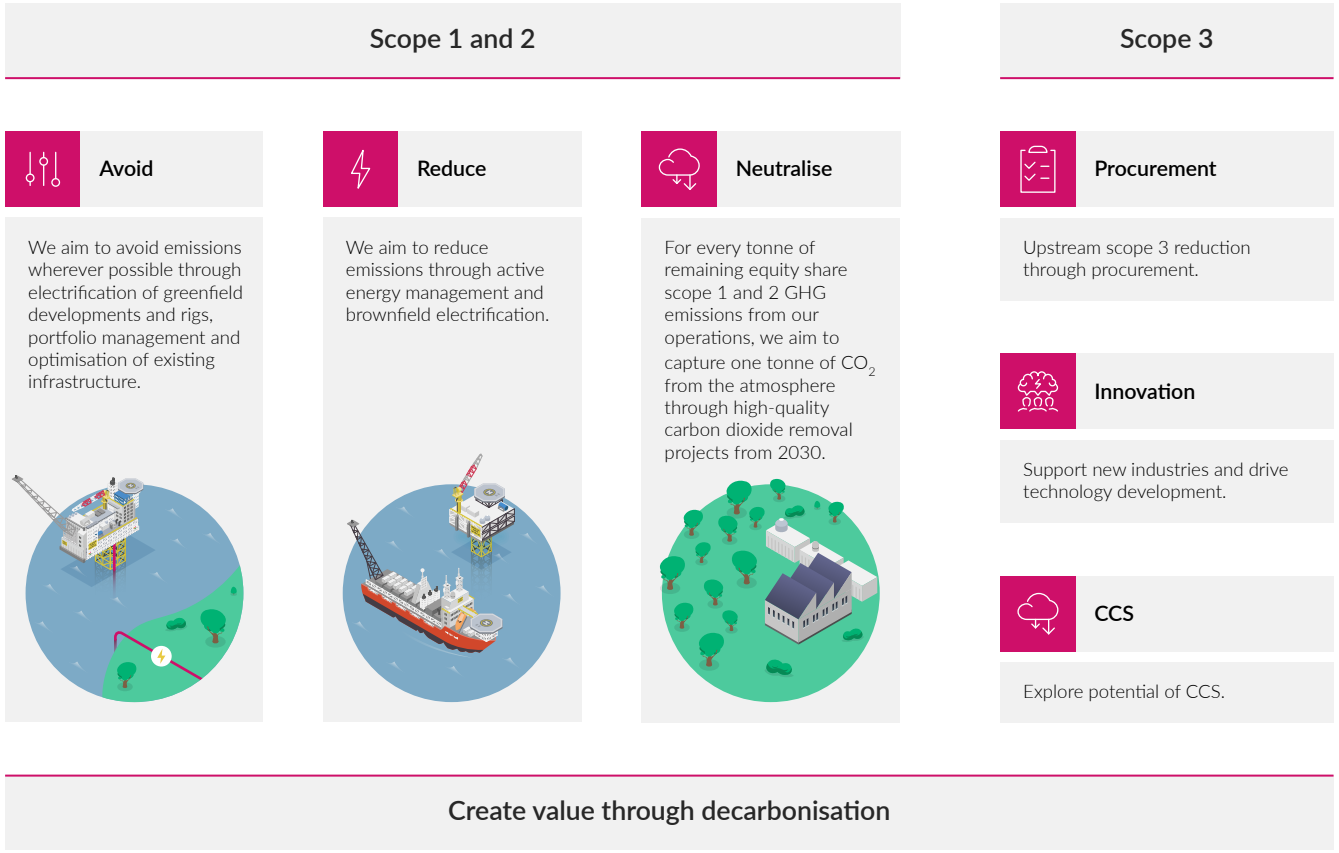
Equity share
Accounts for emissions from operated and non-operated activities, according to our share of equity in the activity

OUR APPROACH TO DECARBONISATION

Reducing our scope 1 and 2 GHG emissions
Aker BP will prioritise efforts aimed at reducing absolute emissions, such as electrification, energy management, minimised flaring, cold venting and fugitive emissions, portfolio management, optimization of existing infrastructure and where feasible, selection of technology and services with lower environmental footprint. For more details on climate-related policies, actions, targets and metrics, please see our latest annual report.

Avoid
All new field development projects, where there is a need for power infrastructure, will perform feasibility studies for power from shore or power transmission from existing assets. In Norway, electricity comes predominantly from renewable sources. In 2023, 95% of electricity supplied in Norway came from renewable sources, mainly hydropower (83%) and wind power (11%)[1]. Our major field development project, Yggdrasil, will be supplied with power from shore from day one, effectively avoiding around 7 million tonnes of CO_2 emissions through its field life[2]. In cases where new energy-intensive equipment is to be purchased, the equipment should be as energy-efficient as possible and use low-emission technology.

Figure 3: **Our approach to decarbonisation**



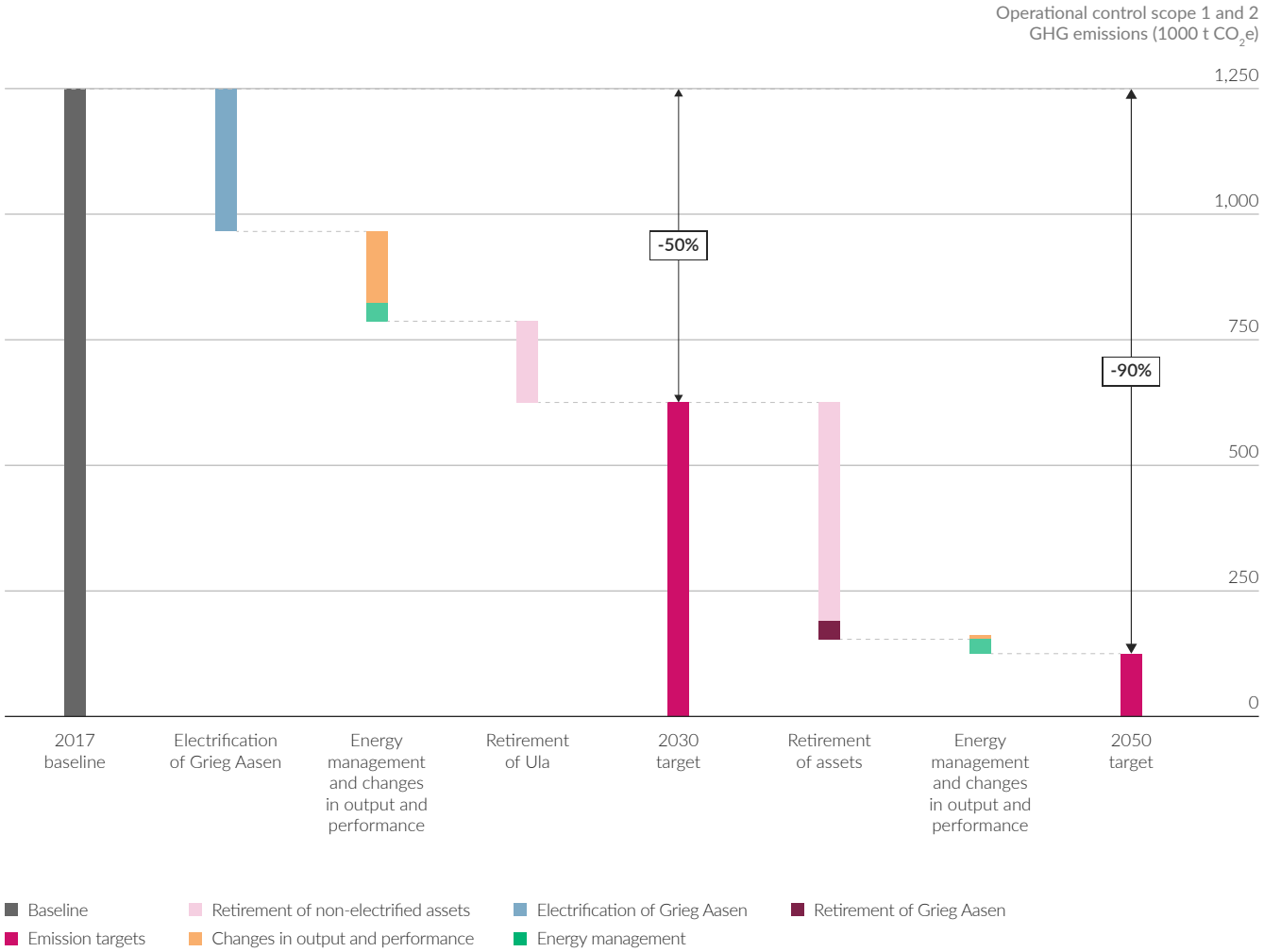
1) NVE – Hvor kommer strømmen fra? (Norwegian Water Resources and Energy Directorate – Where does the electricity come from?)
2) Avoided emissions is based on the difference between actual emissions and emissions in a modelled scenario where Yggdrasil is gas-powered.

Reduce

Investments in brownfield electrification projects make up one of the most important parts of our decarbonisation journey. 2013 marked our first investment in electrification of our field Valhall, enabling the field to operate with electricity from shore. Electrification of Edvard Grieg and Ivar Aasen in December 2022 marked another major improvement in our emission performance, as well as improved safety and reliability, reduced environmental taxes and enabled higher gas sales. Accumulated over a period from the year of electrification to 2040, the electrification of Valhall, Edvard Grieg and Ivar Aasen, as well as the future electrification of Yggdrasil are estimated to reduce more than 12 million tonnes of CO_2 emissions[1]. Based on current projections, around 85% of Aker BP's equity share production is on track to be electrified by 2030, which will enable us to maintain our industry-leading equity share scope 1 and 2 GHG emission intensity.

Energy management is another crucial element of our decarbonisation efforts. We work continuously to reduce our energy consumption and related emissions by implementing measures identified through our annual energy management process. Digitalisation plays an important role in these improvements. It provides us with continuous data that enables our assets to use energy more efficiently, identify operational improvements, and use forecasting models to predict CO_2 emissions. Digitalisation thus strengthens our ability to plan ahead to achieve additional reductions in energy consumption and emissions.

Figure 4: **Pathway to near-zero[2] operational control scope 1 and 2 GHG emissions by 2050**



1) Amount of emissions reduced is based on the difference between actual emissions and emissions in a modelled scenario where Valhall, Edvard Greig, Ivar Aasen and Yggdrasil are gas-powered.

2) More than 90 percent reduction in emissions compared to base year (2017)

Aker BP has a target of maintaining an operational control scope 1 methane emission intensity below 0.05 percent. The majority of our methane emissions originate from release of non-combusted gas, through cold venting, fugitive emissions and from offloading on our FPSOs (floating production, storage and offloading vessels).

As a company operating on the Norwegian continental shelf, only safety flaring is permitted, which means that flaring in general is very limited. Aker BP's work to reduce flaring and quantify emissions of non-combusted hydrocarbon gases has resulted in closed flares on five of six assets, and significantly reduced flaring volumes from our producing assets over time. We also have Leak Detection and Repair (LDAR) systems implemented on all our installations.

Aker BP is a member of the Oil and Gas Methane Partnership 2.0 (OGMP 2.0). OGMP 2.0 is a United Nations Environment Programme initiative that aims to improve the accuracy and transparency of methane emissions reporting and mitigation for the oil and gas industry. By joining OGMP 2.0, Aker BP will engage in further development of monitoring, reporting and verification of offshore methane measurements in close cooperation with other major oil and gas companies.

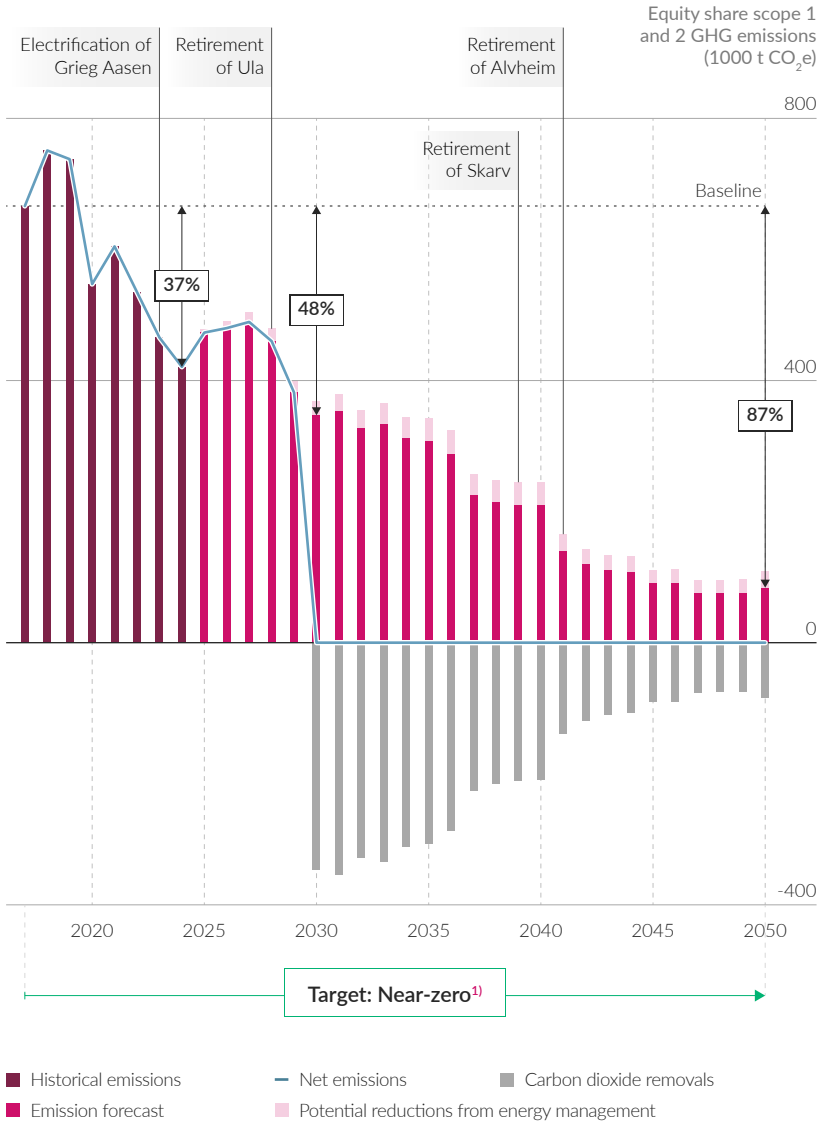
Together with energy management and other emission reductions, electrification efforts and focus on portfolio management will allow Aker BP to reduce our operational control scope 1 and 2 GHG emissions by 50% by 2030. We also aim to achieve near-zero[1] operational control and equity share scope 1 and 2 GHG emissions by 2050. This enables Aker BP to contribute to meeting the targets set by the Norwegian oil and gas industry[2]. Aker BP's remaining emissions towards 2050 will be safety flaring and residual emissions from rigs and remaining producing assets. These may be reduced through improved flare systems and use of zero-emission fuels. However, such measures are currently not reflected in our forecast.

Neutralise

Our target of achieving GHG neutrality for our equity share scope 1 and 2 GHG emissions is closely interlinked with our other emission reduction targets. Our approach to decarbonisation emphasises that we will prioritise emission reductions from our own operations where feasible leading up to and after 2030. We aim to neutralise every remaining tonne of equity share scope 1 and 2 GHG emissions from our own operations from 2030 onwards, using high quality Carbon Dioxide Removal (CDR) credits.

This commitment is voluntary and costs related to the purchase of CDR credits come in addition to mandatory acquisition of European ETS quotas and payment of Norwegian CO_2 taxes. As such, our plan to secure high quality CDR credits means that we voluntarily assign a higher internal cost for each tonne of equity share scope 1 and 2 GHG emissions that we emit from 2030. This has a positive impact on the business cases for decarbonisation initiatives.

Figure 5: **Our pathway to equity share scope 1 and 2 GHG emission neutrality from 2030**



1) More than 90 percent reduction in emissions compared to base year (2017)

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

Aker BP has identified several criteria for our CDR portfolio, seeking to ensure that the CDR projects in our portfolio are removal-based projects only, that the CO_2 removals are additional and durable, and the project developer addresses potential leakage risks and risks of environmental and social harm. To ensure that our portfolio meets these criteria, Aker BP will conduct pre-assessment and integrity due diligence, ensure that CDR project undergo third-party validation and verification, and that the projects are certified according to internationally recognised standards. For more information about management of our CDR portfolio, see our climate and energy policy.

Our approach to scope 3 emissions

Upstream scope 3 emissions are considered addressable for Aker BP, as these emissions fall within our sphere of influence. We are considering potential targets for our upstream scope 3 emissions and working to identify improvement initiatives within our supply chain. Leveraging our position as a major player on the NCS, we aim to influence our supply chain to reduce these emissions. Through our alliance model, we collaborate with strategic partners to identify opportunities for emission reductions.

Downstream scope 3 emissions constitute the majority of our scope 3 emissions. As a purely upstream company with no refining or end-use sales, we have limited ability to impact these emissions. While Aker BP does not have specific targets or actions to reduce downstream emissions, they are quantified and reported.

CCS

Carbon capture and storage (CCS) is expected to play an important role in the transition to a low-carbon energy future. The NCS offers a vast scale of carbon storage opportunities and we believe Aker BP could have a competitive advantage due to our leading expertise within geology, reservoir management and field development. We are therefore currently evaluating the opportunity to establish a profitable CCS business and are seeking opportunities through license application and awards and prospect evaluations on the NCS.

OWNERSHIP AND GOVERNANCE

To strengthen the management of climate-related issues in Aker BP, a separate Climate and Energy policy was issued in 2021. The main principles in the policy cover our commitment to:

1. Reduce energy consumption and related emissions to air
2. Reduce GHG emissions
3. Manage climate-related risks and opportunities
4. Evaluate low-carbon innovation solutions to reduce emissions
5. Responsible management of our carbon dioxide removal portfolio

For more information on ownership and governance, see our climate and energy policy.

Table 1: **Calculation methodology for our climate-related targets**

Reduction target	Reference year	Target year	Consolidation method	Scope	Unit	GHG included	Calculation method
50 percent reduction in our operational control scope 1 and 2 GHG emissions by 2030	2017	2030	Operational control	1 and 2	kg CO_2e	CO_2, CH_4, N_2O	Total operational control scope 1 and 2 GHG emissions from operated assets and drilling activities
Near-zero (>90% reduction) operational control scope 1 and 2 GHG emissions by 2050	2017	2050	Operational control	1 and 2	kg CO_2e	CO_2, CH_4, N_2O	Total operational control scope 1 and 2 GHG emissions from operated assets and drilling activities
Near-zero (>90% reduction) equity share scope 1 and 2 GHG emissions by 2050	2017	2050	Equity share	1 and 2	kg CO_2e	CO_2, CH_4, N_2O	Total equity share scope 1 and 2 GHG emissions from operated and non-operated assets and drilling activities
Equity share scope 1 and 2 GHG emission neutrality from 2030	NA	2030	Equity share	1 and 2	kg CO_2e	CO_2, CH_4, N_2O	Total net equity share scope 1 and 2 GHG emissions from operated and non-operated assets and drilling activities, after retirement of CDR credits
Minimise methane emissions and maintain an operational control scope 1 methane emission intensity below 0.05 %	NA	Continuous	Operational control	1	%	CH_4	Total volume of operational control scope 1 methane emissions from operated assets and drilling activities, expressed as a percentage of the total volume of gas marketed
Minimise GHG emissions and maintain an equity share scope 1 and 2 GHG emission intensity below 4 kg CO_2e/boe	NA	Continuous	Equity share	1 and 2	kg CO_2e / boe	CO_2, CH_4, N_2O	Total equity share scope 1 and 2 GHG emissions from operated and non-operated assets and drilling activities divided by net production

To learn more about progress towards our targets and concrete actions, please refer to the sustainability section of our latest annual report.

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