

Sustainability Report





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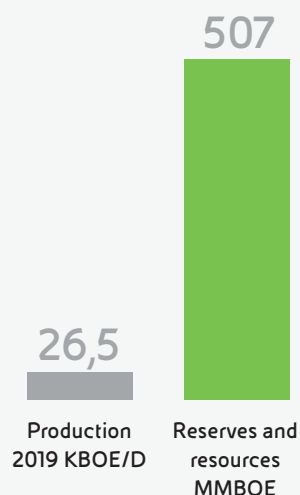
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About Vår Energi

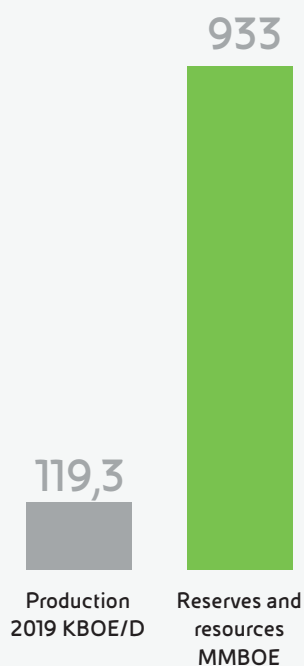
Four core areas across the NCS

Vår Energi AS is a Norwegian-based company which is owned by Eni International BV (ENI) (69,6 %) and Point Resources Holding AS a company administered by HitecVision (30,4 %). Our headquarter is located in Sandnes, and we have offices in Hammerfest and Oslo. The company operates four fields on the NCS, located in the Barents Sea, the Norwegian Sea and the North Sea. In addition to the four operated fields, Vår Energi currently holds ownership interests in 31 partner-operated fields.

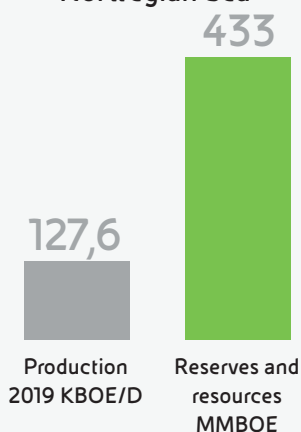
Barents Sea



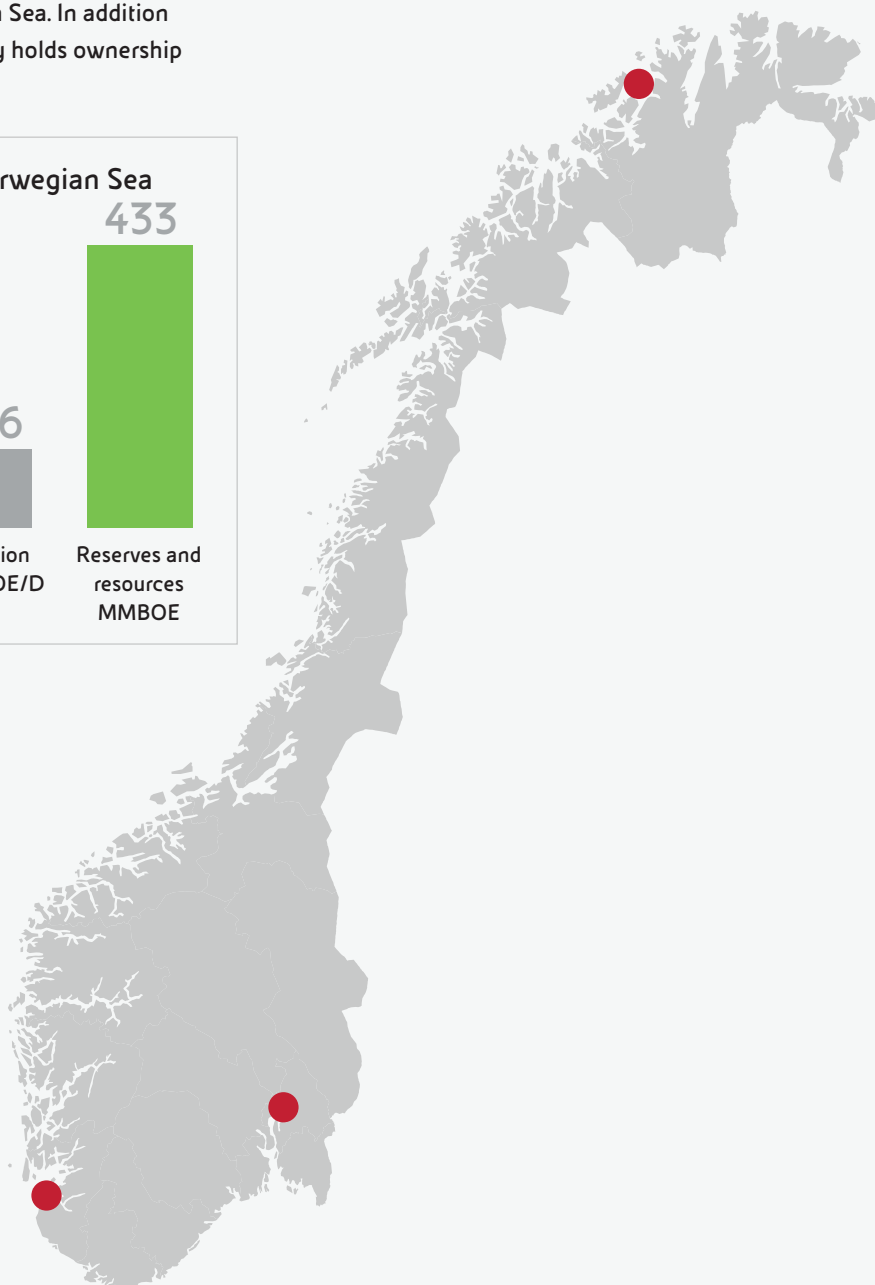
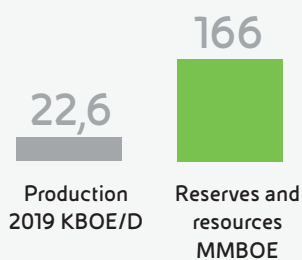
Central North Sea



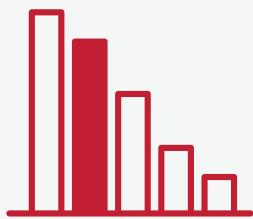
Norwegian Sea



Southern North Sea



A leading and growing NCS independent



One of the largest
NCS operators



Operator across
the entire NCS



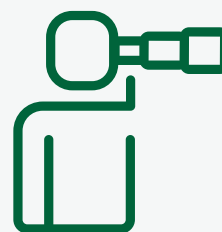
~300,000 barrels of
oil equivalents per day



32 fields
in production



~900 employees



Built to grow

Letter from the CEO



Vår Energi is founded upon growth and optimism. We believe in the long term future of our industry and that of the Norwegian Continental Shelf. Sustainability is the key to our long-term value creation. We are creating value for Norwegian society. Together with our partners in the industry Vår Energi has defined climate targets for reduction of CO2 by 2030, in accordance with the Paris agreement. Vår Energi's strategy is to deliver sustainable growth opportunities on the Norwegian Continental Shelf (NCS) and to contribute to do our part in solving the energy challenge of the future. In Vår Energi we have two thoughts in mind.

Nobody gets hurt

We will always prioritise the health and safety of our employees, contractors and other partners. Our objective is to be the safest operator on the NCS. This is a value integrated in our culture, as well as in our business plans. In 2019 no serious injuries were recorded, despite high levels of activity, including extensive maintenance and modifications on our installations.

40 % CO2 reduction by 2030

We are committed to contribute to solving the climate challenge by actively reducing and minimising our environmental impact. We commit to and support the Paris Agreement by reducing greenhouse gas emissions in line with the targets stated in the KonKraft 2020 report Industry of Tomorrow on the Norwegian Continental Shelf, Climate

Strategy towards 2030 and 2050. We will reach our target of reducing greenhouse gas (GHG) emission by 40 % by 2030 and work towards zero emissions in 2050.

Creating local value and opportunity

Vår Energi takes our social responsibility seriously. By closely collaborating with the industry and our host communities we are ensuring that our activities lead to the creation of new jobs as well as economic and social ripple effects. We will contribute to the development of strong value chains and value creation in communities along the entire Norwegian coastline and be an engine for increased activity and competence building. This, in turn moves our industry and country towards a greener future.

Innovation, efficiency and collaboration

As the largest independent exploration and production company on the NCS, and operator of a substantial production portfolio, it is important for Vår Energi to invest in and collaborate with industry partners in research and technology development. We contribute to large joint industry R&D projects to find the solutions we need to create a more sustainable future.

Reporting our progress: the Vår Energi Sustainability Report

This document is Vår Energi's first sustainability report, which is to be published annually. It is structured in accordance with the Global Reporting Initiative (GRI) Standards and has incorporated the United Nation's (UN) Sustainability Development Goals (SDGs) to highlight our efforts and contribution to them, but also to emphasise how we are creating a new path for our company.

2020: a year of change

At the time of writing, Vår Energi is confronted by extraordinary circumstances, along with the rest of the industry. Due to the consequences of the COVID-19 pandemic and the sharp fall in commodity prices we are facing unprecedented challenges. We are working to identify and implement measures to ensure sustainable business operations in a period of market slow down combined with excess supply of oil and gas. Now more than ever we are committed to finding new and smarter ways of working, preparing the company for the future. I am confident that Vår Energi will generate value, opportunity and activity in Norway, benefiting our shareholders, employees, partners and society at large for many years to come. We are, as always, optimistically looking for opportunities to grow.

Kristin F. Kragseth CEO, Vår Energi

Our ambitions and targets:

- 1: 40 % emission cut by 2030
- 2: Near zero emissions by 2050
- 3: Safest operator on the NCS
- 4: 40 % gender diversity in the entire organization
- 5: Sustainability to be considered in all tenders where material and feasible
- 6: Engage local communities to create value
- 7: Zero discharge of environmental hazardous substances
- 8: Reduce emissions through R&D

A strategy aligned with the UN SDGs:

SDG 8: We focus on delivering value to local communities

SDG 8: The safety of our employees and contractors are our highest priority

SDG 9: We collaborate for innovation and efficiency

SDG13: We prioritize climate



Summary of key results	Boundary	2019	Unit
Operational			
Oil and gas production	EB	101 223 192	boe
Gas share of total production	EB	37	%
Evaluation of the management approach	42		
Climate			
GHG emissions scope 1	EB	1 097 086	tonnes CO eq
GHG emissions scope 2 - location based	OC	13 710	tonnes CO eq
GHG emissions scope 2 - market based	OC	71 577	tonnes CO eq
GHG emissions scope 3	EB	34 707 369	tonnes CO eq
CO2 emission intensity	OC	9,84	kgCO eq per boe
Local value creation			
CSR projects	OC	20	No.
CSR projects	OC	3 000 000	NOK
Business integrity / Privacy and data security			
Compliance training attendance	OC	82	Percentage
Confirmed incidents of corruption	OC	0	No.
Biodiversity			
Sulphur oxides (SOx)	OC	30,20	tons
Nitrogen oxides (NOx)	OC	1,81	thousand tons
Non-methane volatile organic compounds (nmVOC)	OC	2,93	
Unintentional discharges of oil / chemicals to the sea	OC	2	No.
Hazardous waste generated	OC	6,52	thousand tons
Non-hazardous waste generated	OC	0,83	thousand tons
Energy Efficiency			
Total energy consumption		4 045 008	GJ
Sustainable supply chain			
Compliance assessments conducted		162	No.
Research and Development			
Total R&D investments 2019	OC	81	MNOK
Health and Safety			
Serious incidents frequency (SIF)	OC	1,5	1 000 000 / exposed hour
Total recordable incidents (TRI)	OC	9	1 000 000 / exposed hour
Work related injuries (WRI)	OC	4	No.
People, training and diversity			
Employees	OC	821	No.
Gender diversity	OC	28	%

EB: Equity Basis, OP: Operational Control

Our strategy for long-term value creation

To operate in a sustainable manner means to create value for stakeholders, and to use resources in a way that does not compromise the needs of future generations, respecting people, the environment and the society as a whole

We are an oil and gas company managing our resources responsibly, to create long-term value for Norway, our owners and our employees.

The name of our company, Vår Energi, reflects the Norwegian word spring – symbolising a new beginning and growth as well as the word for our – our energy, implying that the company's employees and business partners work together as one team to ensure efficient production of resources that belongs to all of us; creating values for the Norwegian society as a whole.

Our values are more than just economic return. They also contain environmental, social and governmental (ESG) factors which are important to our stakeholders. Therefore, sustainability is implicit in our definition of long-term value creation.

Our core values consist of five Norwegian words. We have aligned our values to our sustainability efforts to emphasise our strategic ambitions. VI VIL (we will) is the guideline for our way of working.

Strategic focus

Our strategy for long-term value creation is centred on four main areas:

- Nobody gets hurt
- Prioritize climate
- Local value creation
- Innovation, efficiency and collaboration

Nobody gets hurt



In Vår Energi, our highest priority is the health and safety of our employees and contractors. As a result of this, the main goal in all our business activities is to be the safest operator on the Norwegian continental shelf (NCS).

We work every day to ensure that all our activities are performed safely. This is a value ingrained in our culture, as well as in our business plans. Vår Energi backs several initiatives to ensure safe and healthy working environments for our employees, in close cooperation with the employee representatives.

A systematic approach to identify, evaluate and mitigate risk factors in the working environment has been established. This helps to ensure that the working environment is safe and sound and according to applicable laws, regulations and guidelines.

"Nobody gets hurt" relates to SDG 8.

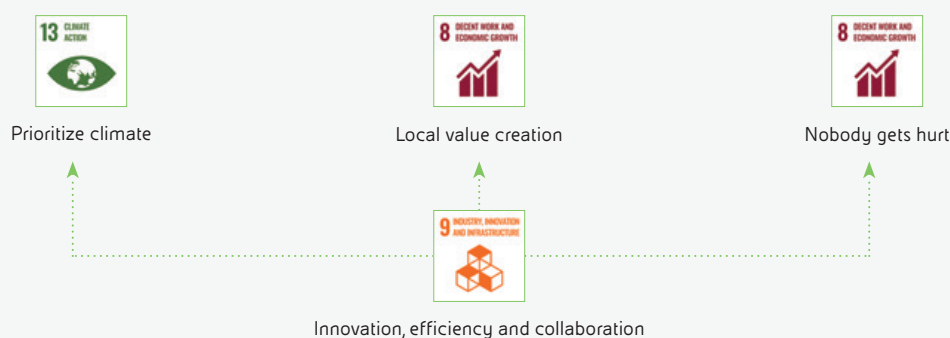
Prioritize climate



Vår Energi's operations have the potential to significantly impact wildlife and nature, as well as the effects emissions of greenhouse gases (GHG) has on the climate. We work to ensure that our operations have minimal impact to the environment and we cooperate with local communities, other operators and national authorities to ensure that our operations are conducted in a safe and responsible manner. "Prioritize climate" constitutes a determination to protect and safeguard the environment and to reduce our GHG-emissions. Vår Energi commits to contribute to solving the climate challenge by actively reducing and minimising our environmental impact.

Vår Energi will reduce its GHG emissions through increases in operational efficiency (energy management), electrification of assets, and reduced cold venting and fugitive emissions. Long term GHG emissions can be reduced through implementation of low emission technologies, carbon capture and storage (CCS), and use of renewable energy and using decarbonised fuels as energy sources. Being an active partner in research, development and innovation projects which includes low emission technology and clean/green energy is an important part of the company's contribution to solving the climate challenge.

"Prioritize climate" relates to SDG 13.



Local value

Vår Energi's objective is that our business activities should provide development and opportunities for local communities where we operate. We want to make contributions towards increased settlement, and competence development.

Vår Energi takes corporate social responsibility (CSR) in the areas we operate by providing local communities with career opportunities and by supporting variety of cultural and competence-building projects.

Vår Energi also provides opportunities where we do our business activities through industry ripple effects.

Local value relates to SDG 8.

Innovation, efficiency and collaboration



As the largest independent exploration and production company on the NCS and owner of a substantial production portfolio, it is important for Vår Energi to invest in and collaborate with industry partners in research and technology development. This increases the efficiency of our production and ensure our operations are conducted in a sustainable manner.

Vår Energi's business objective is to expand our ownership and increase activities on the NCS in a profitable and sustainable manner. Our research and development (R&D) portfolio is vital to achieve this objective, through which we collaborate with operators and research institutions with a goal of developing sustainable solutions for operations on the NCS.

In 2020 we will invest NOK 63 million in R&D projects on the NCS. Currently, Vår Energi supports around 40 R&D projects.

Innovation, efficiency and collaboration relates to SDG 9.

Delivering long-term value creation

We have developed a strategic framework to achieve our ambitions related to SDGs 8, 9 and 13. The framework emphasises how we structure our efforts, and underlines how "innovation, efficiency and collaboration" is fundamental to delivering on SDG 8 and 13.

For SDG 13, which is the main SDG related to reduced GHG-emissions, we aim to achieve our targets through operational efficiency increases (energy management), electrification of assets, reduced cold venting and fugitive emissions, as well as portfolio management.

For SDG 8, our emphasis is on collaboration as an integral part of building value in the local communities in which we operate, as well as for our employees. Innovation is also key in terms of upholding safety standards, as well as for environmental protection. We have experienced the value of using local knowledge, resources and expertise, and collaborating to develop new ways of protecting the environment, and we intend to further build on this experience and find even better solutions.

In the following chapters we will describe how our strategy and values are aligned with the SDGs, and how or values are integrated in our sustainability work.

Our values:

Vekst (Growth)


Integritet (Integrity)

Vinnervilje (Will to win)

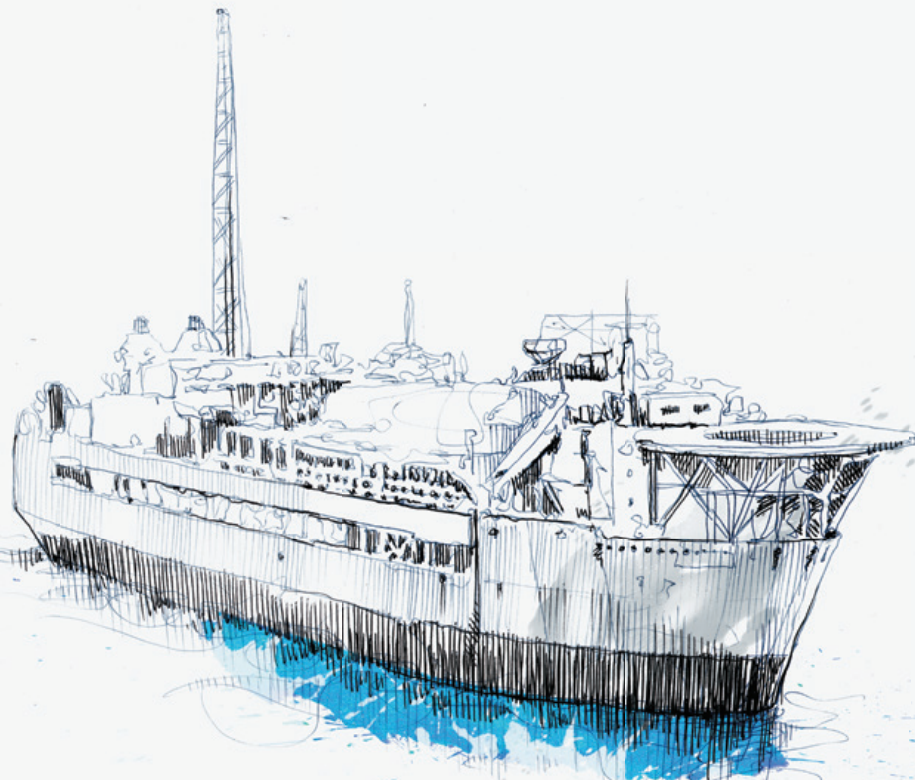
Inspirerende (Inspiring)

Lagspiller (Team player)





"To operate in a sustainable manner means to create value for stakeholders, and to use resources in a way that does not compromise the needs of future generations, respecting people, the environment and the society as a whole"



A strategy aligned with the UN SDGs

Vår Energi supports the UN Sustainable Development Goals (SDGs) and emphasises the enabling role that businesses have in societies achieving the goals. The 2030 Agenda for Sustainable Development of the United Nations, presented in September 2015, identifies the 17 SDGs that represent common goals of sustainable development on the complex current social challenges. Energy plays a fundamental role in meeting primary needs of the society,

in national security and in protecting the environment. As a producer of fossil fuel, we recognise that our activities and products create both benefits and challenges for the achievement of UN's SDGs. That is why we have focused our strategy around sustainability and are strengthening our sustainability efforts, both through minimising negative impact and increasing our contribution to the goals.

Vår Energi's material sustainability topics and contribution to the SDGs:

Our values		Material sustainability topics					
V	Vekst Growth	Climate action	Reduce GHG-emissions, CCS	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS		
		Local value creation	CSR and social entrepreneurship	8 DECENT WORK AND ECONOMIC GROWTH			
I	Integritet Integrity	Business integrity	Anti-corruption and code of conduct	16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
		Biodiversity and environmental protection	Emissions, spills and biodiversity	14 LIFE, BELOW WATER			
		Privacy and data security	Privacy, security and resilience	16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
V	Vinnervilje Will to win	Energy efficiency	Electrification and energy management	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		
		Climate risk and opportunity	TCFD climate risk reporting	13 CLIMATE ACTION			
I	Inspirerende Inspiring	Sustainable supply chain	Procurement and supplier evaluations	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	
		R&D and digitalization	Innovation, electrification and emission reduction	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
L	Lagspiller Team player	Health and safety	Safe work conditions and transparency	8 DECENT WORK AND ECONOMIC GROWTH	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		
		People, training and diversity	Gender equality, diversity, development and training	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	

SUSTAINABLE DEVELOPMENT GOALS

Our key contribution to the SDG

13 CLIMATE ACTION



Ambition:

- Reduce GHG-Emissions with 40% by 2030
- Net zero emission by 2050
- All main-contractors must have a sustainability policy

Results:

- Total direct (Scope 1) GHG emissions: 291 283 tCO₂eq
- GHG intensity: 9,8 kgCO₂eq/BOE

8 DECENT WORK AND ECONOMIC GROWTH



Ambition:

- Zero work-related injuries
- Contribute to industrial activity, job creation and competence development in the communities where we operate

Results:

- TRIF: 2,2
- SIF: 1,5
- 429 million kroner per year on average to suppliers in Troms and Finnmark

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Ambition:

- Support ongoing and future activities through R&D

Results:

- Direct emissions from energy consumption: 74%
- In process of established a new Energy Management System
- R&D investments: NOK 81,6 million

Our stakeholders and material sustainability topics

The sustainability report highlights the sustainability topics that were most material to our stakeholders in 2019. Material topics are defined as topics that have a significant impact on our stakeholders and on Vår Energi. Vår Energi is present along the entire NCS, from the North Sea in the south to the Barents Sea in the north, and we interact with a vast amount of people, communities and other companies on a daily basis. Defining the material topics has been a systematic process, including stakeholder mapping and interviews. In addition, the process includes assessment of both how our activities impact stakeholders and how various risks and opportunities impact Vår Energi.

During the process we have identified our main stakeholder groups, which include employees, suppliers, non-governmental organisations (NGOs), shareholders/owners, financial markets, regulators, operators, local communities and customers. Stakeholder dialogue is essential in forming our strategies and prioritisations of long-term goals. Interviews, media analysis, investor presentations and engagement with local communities, are all part of the dialogue process. Combining stakeholder feedback and interactions with assessments of current business strategy and future risk, we have identified our material sustainability topics. These areas have been summarised in the table below.

Forms of stakeholder dialogue in Vår Energi

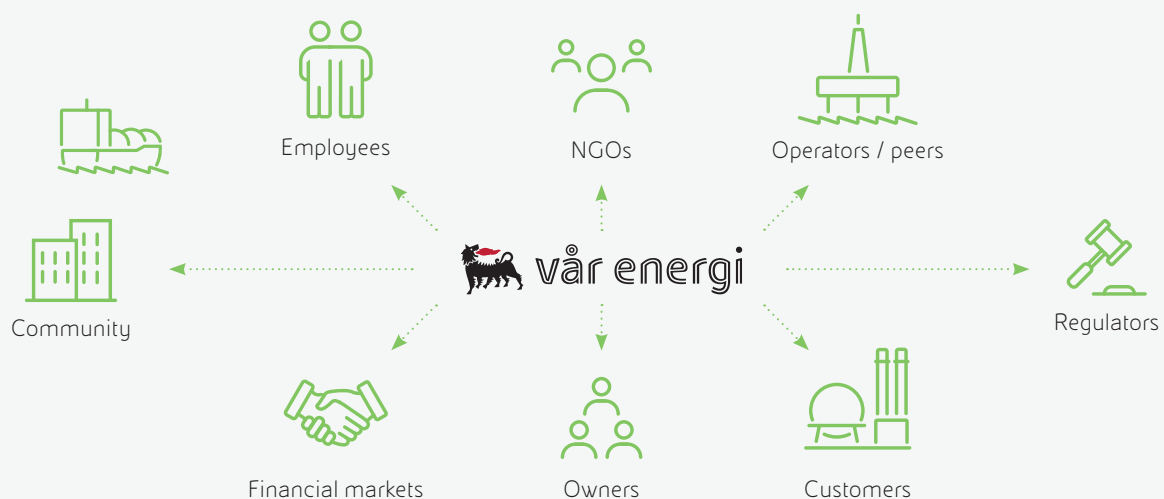
Vår Energi conducts its stakeholder activities with two main objectives: to ensure long term and predictable conditions for our business activities and creating the best possible ripple effects for our stakeholders. Examples of our activities towards main stakeholders are:

Supplier workshops and industry related seminars in order to secure local industrial content and ripple effects. Suppliers are also engaged through the industry fora in which we are active members, such as PetroArctic which engages the industry clusters in the northern parts of Norway.

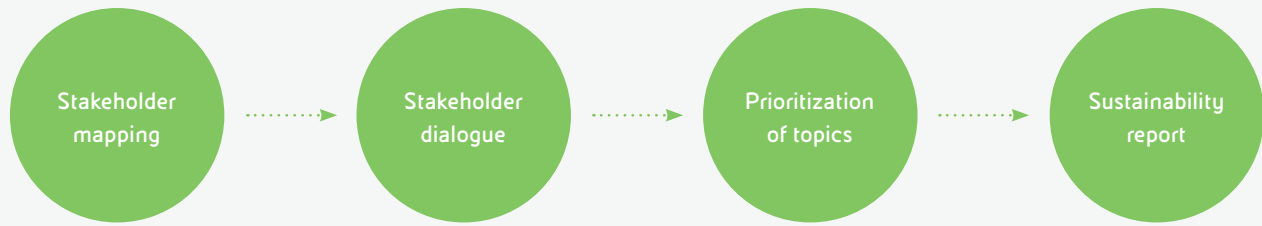
We collaborate with educational institutions on all levels, from primary school to Master students, as well as student organisations. The collaborations have the objective of ensuring adequate recruitment to the industry as well as technological research.

We conduct regular dialogue meetings and seminars with political decision makers to inform of our activities and the ripple effects we create. In addition, we maintain regular dialogue with central unions to ensure cooperation and involvement, as well as with regulators and authorities.

Our main stakeholders



"Engaging stakeholders and involving them in company's business are both prerequisites for sustainability and for the construction of reciprocal value."



Stakeholder group		Their interests and concerns	How we communicate with them
	Customers	Price and quality Certification Climate Waste	Sales and marketing Social media Customer surveys Meetings and discussions Quarterly and annual reports
	Current and future employees including unions and employee representatives	Working conditions Values and ambitions Social responsibility Environment Personal development	Meetings and discussions Social media Exhibitions Marketing Conferences and events Surveys
	Regulators	Innovation Collaboration Climate Biodiversity Reporting Ripple effects	Meetings and discussions Cluster collaboration Quarterly and annual reports
	Community	Environment Jobs Local value creation Transparency Ripple effects	Marketing Social media Meetings and discussions Quarterly and annual report Conferences and events Non-profit activities PR and media
	Owners	Climate Long-term strategy Growth Biodiversity Environment	Meetings and discussions Quarterly and annual reports
	Suppliers	Innovation Predictability Price Qualification	Meetings and discussions Cluster collaboration Joint industry initiatives Workshops and events
	NGOs	Environment Carbon reduction Spills Biodiversity Green R&D Ripple effects	Meetings and discussions Conferences Cluster collaboration PR and media
	Financial markets	Long-term strategy Risks and opportunities Transparency	Meetings and discussions Quarterly and annual reports Conferences and events PR and media

Our material sustainability topics

Based on the stakeholder process described in the previous chapter, we have concluded that our sustainability strategy can be grouped into thirteen material sustainability topics. The figure below depicts how we have grouped the sustainability topics under the five values of Vår Energi: VI VIL. Moreover, the model includes the relevant SDGs for each of the values. The model illustrates a holistic view of our sustainability efforts and how these are integrated in our core business activities.

For instance, Growth is a value that comprises both the growth ambitions for Vår Energi as a company, as well as growth in relation to the value we deliver to our society in terms of employment and focus on minimising our impact on the environment. In the following chapters, the Sustainability Report 2019 will dive deeper into the meaning of each of the values – to our organisation and to our stakeholders.

Vekst - Growth

- > Climate
- > Local value creation
 - > CSR
 - > Social entrepreneurship



Integritet - Integrity

- > Business integrity
- > Environmental protection and biodiversity
- > Privacy and Data security



Vinnervilje - Will to win

- > Energy efficiency
- > Climate risks and opportunities



Inspirerende - Inspiring

- > Sustainable supply chain
- > R&D and Digitalization



Lagspiller - Team player

- > Health and safety
- > People and diversity





Our values

Vekst - Growth

- > We take personal leadership and deliver on high expectations
- > We focus on creating value
- > We utilize our potential in resources and the people
- > We ensure continuous learning in order to create innovative solutions and growth for people and business

Integritet - Integrity

- > We are open, honest, fair and accountable
- > We have respect for people, profit, and the environment
- > We act in accordance with requirements and expectations and focus on quality and sustainability in everything we do

Vinnervilje - Will to win

- > We are competitive and energized to build a winning team
- > We are committed and demonstrate discipline and responsibility
- > We take action in order to create value and reach our objectives and vision

Inspirerende - Inspiring

- > We are engaged and optimistic in everything we do
- > We are curious, empathic and flexible
- > We have the courage to challenge in order to reach our objectives and create value

Lagspiller - Team player

- > We include and empower people by giving trust and building a collaborative work environment
- > We cooperate internally and externally to create synergies and partnerships for better solutions
- > We are one company, one team

Operations North

Hammerfest

Goliat

Goliat is operated from the Vår Energi office in Hammerfest.

Production and maintenance

In 2019, Goliat, located about 80 km north west of Hammerfest, produced 14,9 million barrels of oil equivalents.

Goliat reached plateau production of 100,000 barrels in January 2018, and production has declined to about 50,000 barrels per day by year end 2019. Uptime on Goliat (production versus capacity) was approximately 70 percent in 2019, which was lower than planned due to compressor and well regularity challenges. Efforts were made to resolve these challenges, leading to significantly increased regularity towards the end of the year.

Turnarounds

In 2019, two turnarounds were completed. One addressed maintenance and modifications of safety critical equipment, and one addressed pipeline pigging, control system upgrade and upgrade of gas compression train to improve reliability.

Also in 2019, a major diving campaign was completed for maintenance and modification on the anchoring system and a Light Well Intervention campaign was completed to improve well regularity.

In 2020, only a minor turnaround is planned.

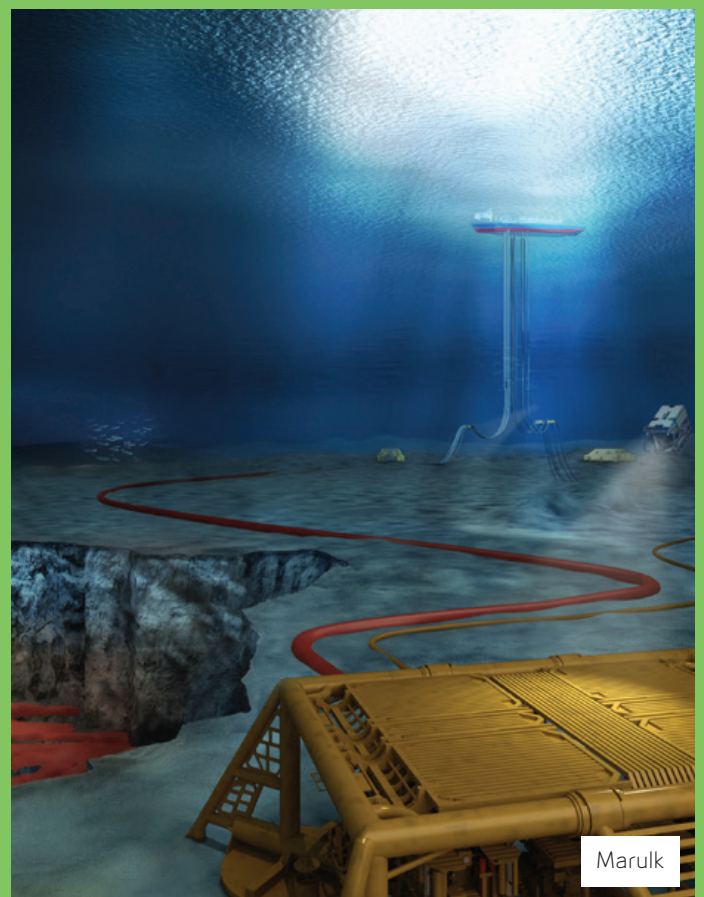
Low environmental footprint

Goliat is one of Norway's most environmentally friendly offshore installations. The field is operated without any discharges of produced water and with electricity from shore in combination with capacity for on-site electricity production. In 2019, Goliat operated almost exclusively with power from shore. Vår Energi also contributed to the rebuilding and partial electrification of Simon Møkster's LNG fuelled offshore vessel Stril Barents, which is on a long term contract for supply services to Goliat.

Marulk

The Marulk field is located in PL122 in the Norwegian Sea, west of Sandessjøen. Marulk is a subsea gas field located 25 kilometres southwest of the Norne field.

Marulk was discovered in 1992 and Plan for Development and Operation (PDO) was approved in 2010. The field has a subsea template tied into the Norne installation (FPSO), with production start-up in 2012. The Marulk Lange drilling was performed in 2019 and production started in October 2019. The development of the Lange formation consists of one production well drilled from the existing template, adding reserves and prolonging the Marulk field lifetime with several years. Marulk produced 3,5 MBOE in 2019.



Marulk



Goliat



Ringhorne



Jotun



Balder

Operations South

Stavanger

All Vår Energi operated fields located outside the Barents Sea are

Balder

The Balder field is located in PL 001, approximately 190 kilometres northwest of Stavanger. It is the very first licence awarded on the NCS as well as the first exploration drilling and first oil discovery. Production on Balder started in 1999. The Balder field is developed with a floating production, storage, and offloading vessel (FPSO) and several subsea production systems and the field exports gas to Statpipe via the Jotun FPSO.

To extend production and field lifetime, several seismic surveys, drilling programs and modifications have been completed, and further development plans are currently ongoing.

In 2019, Balder produced 5,9 million barrels of oil equivalent at an uptime (production versus capacity) of 91 percent.

The Balder X development project is described further back in this annual report.

Ringhorne and Ringhorne East

The Ringhorne field is located about 9 kilometres northeast of the Balder FPSO and includes a platform with initial processing and water injection capabilities. Oil and gas volumes are routed to the Balder and Jotun installations for final processing, storage and export. Production commenced in 2003. A new well workover and drilling campaign from the Ringhorne platform started in 2019 and is planned to continue for several years.

In 2019, the Ringhorne field produced 3,3 million barrels of oil equivalent.

The Ringhorne East field is located in PL 027 and PL 169 E on the Utsira High. Ringhorne East is developed with four wells from the Ringhorne platform. Production commenced in 2006. In 2019, the field produced 1,8 million barrels of oil equivalent.

Jotun

The Jotun field in PL 027 B is located in the North Sea, 200 kilometres west of Stavanger.

The field was developed with two installations; a production vessel (Jotun A) and a wellhead platform (Jotun B). Production from Jotun B was permanently shut down in December 2016 however; Jotun A has continued processing and exporting hydrocarbons from the Ringhorne field. Decommissioning activities on the Jotun B installation were initiated in 2015 and in 2019 the topsides were removed for recycling onshore. Jotun decommissioning will continue in 2020. The Jotun B jacket will be removed for recycling and the Jotun A FPSO will be refurbished and relocated as part of the Balder X project, ref below.

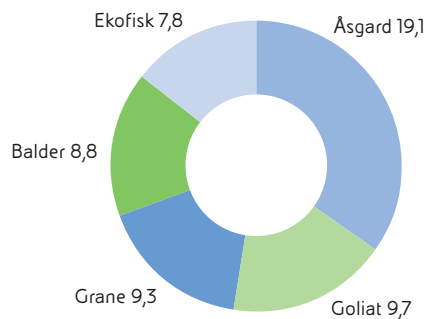
Operations

Production

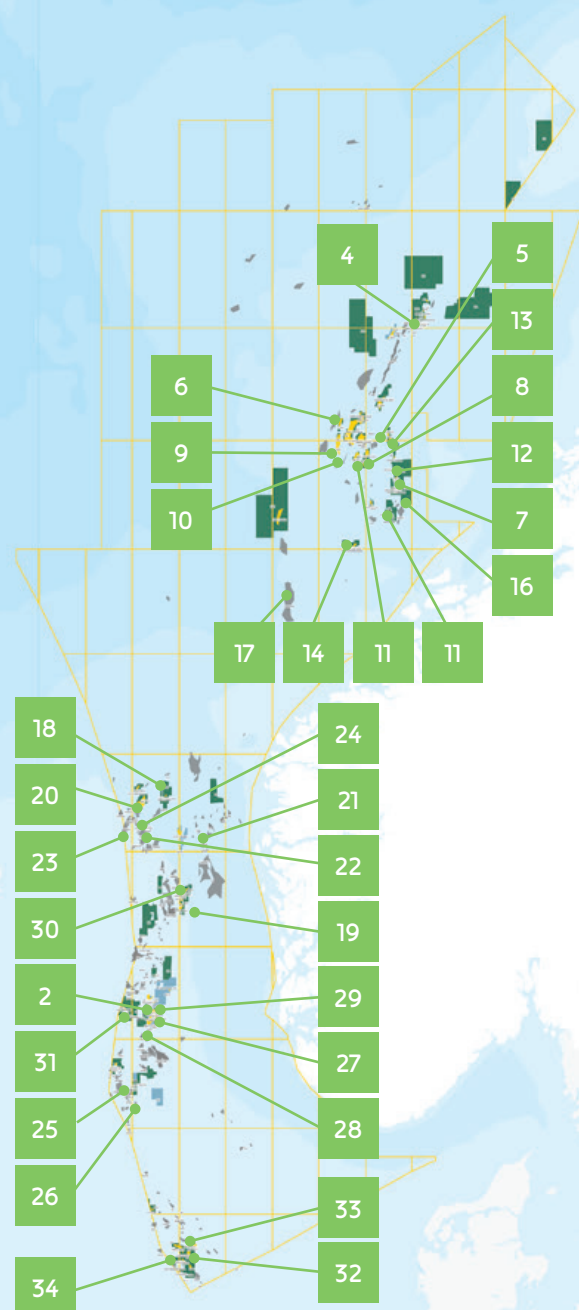
Vår Energi's production of oil, NGL and gas in 2019 was approximately 107,3 million barrels of oil equivalents (MBOE) including production from assets obtained through the December 2019 ExxonMobil acquisition.

The five largest contributors were Åsgard which produced (equity share) 19,1 MBOE (20,7 MBOE in 2018), Goliat with 9,7 MBOE (15,4 MBOE in 2018), Grane with 9,3 MBOE (10,6 MBOE in 2018), Balder with 8,8 MBOE (10,5 MBOE in 2018) and Ekofisk with 7,8 MBOE (8,1 MBOE in 2018). The remaining 52,7 MBOE came from Mikkjel, Tyrihans, Statfjord, Ormen Lange, Sleipner West, Fram, Snorre, Sleipner East, Morvin, Heidrun, Tordis, Kristin, Trestakk, Ringhorne East, Vigdis, Statfjord North, Marulk, Norne, Sigyn, Brage, Bøyla, Svalin, Sygna, Skuld, Gungne, Urd and Statfjord East.

Production: largest contributors (MBOE)







Development

Vår Energi operated projects

Barents Sea and Norwegian Sea

1 Alke

North Sea

2 Balder X Project

Partner-operated projects

Barents Sea

3 Johan Castberg

Norwegian Sea

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Development

Vår Energi operated projects

Barents Sea and Norwegian Sea

Alke

The Alke license has received further extension of the license period to 2048 with condition to deliver a plan for Development and Operation (PDO) by 1 March 2022. The planning of a possible development of the Alke field is ongoing and the company is working to develop a possible gas export concept. Several studies are being conducted for possible gas export concepts, in combination with the Goliat licence. Decision Gate (DG) 1 was passed Q2 2019.

North Sea

Balder X Project

The Balder and Ringhorne area contains material undeveloped resources that could be developed and produced. They are planned to be developed in various phases. The Ringhorne phase III workover and drilling program has already started. The next phase is the Balder X project, which has the objective to further increase production and recoverable reserves at the Balder field and to provide capacity for development of future discoveries in the area. The Balder X Project consists of the two sub-projects:

- Balder Future Project: Refurbishment and relocation of Jotun FPSO to accommodate tie-ins of thirteen new production wells and one new water injection well and with future expansion capacity to accommodate tie-in in the area. Jotun FPSO will be refurbished and relocated to between Ringhorne and Balder FPU and reconnected to the Ringhorne Platform.
- Ringhorne Phase IV: Continuation of the Ringhorne Platform drilling activities in the form of continuation of the Ringhorne Phase III drilling campaign and execution of the Ringhorne Phase IV Drilling Campaign comprising five additional wells.

Actual seize of production from the Jotun FPSO was March 5th, 2020. Jotun FPSO will enter the yard at Rosenberg, Stavanger in summer 2020 and will then undergo a 22-month refurbishment program to extend its service life by 25 years. The Jotun FPSO will be re-installed spring 2022 with first oil end of 2022.

All major Engineering Procurement, construction and installation (EPCI) contracts have been awarded. The Jotun FPSO lifetime extension contract has been awarded to Rosenberg Worley. The subsea production system (SPS), and subsea umbilical, risers and flowline (SURF) contract has been awarded to a consortium consisting of Baker Hughes and Ocean Installer. The Drilling contract has been awarded to Seadrill for the West Phoenix rig.

The Balder X project was sanctioned by the Vår Energi board and the PL 001 licence in December 2019. A revised Plan for Development and Operation (PDO) for the Balder Future project was submitted to the Ministry of Petroleum and Energy in December 2019.

The aggregated gross reserves captured from Balder X are estimated to 159 MBOE. Total investments of the Balder X project is estimated to 21.7 BNOK.

Partner-operated projects

Barents Sea

Johan Castberg

The Johan Castberg project includes the development of three oil and gas discoveries (Skrugard, Havis and Drivis). Located in production licence PL 532, the field is scheduled to come on stream in Q4 2022 and is expected to produce for 30 years, with a peak production rate of 205 KBOED. Vår Energi holds a 30% working interest in the field with Equinor as operator.

The development concept consists of 30 subsea wells drilled from ten subsea templates and two satellite wells tied back to a FPSO from which the produced oil will be offloaded onto shuttle tankers. The development project is progressing according to plan. The Hull of the FPSO will be transferred from Singapore to Stord for final integration & commissioning during 2020.

Norwegian Sea

Norne

Production from the Norne field (PL128) has been above forecast and budget with the main event being the M1-H gas producer accelerated from July to April 2019.

Lifetime extension of the Norne FPSO to 2036 was approved by the Petroleum Safety Authority in December 2018, and the extension will maximise value through the optimisation of Norne and the recovery strategy from its satellite producers.

Vår Energi is a partner on Norne with 6,9 % ownership interests, with Equinor as operator. The Alve, Urd, Skuld and Marulk fields are tied-back to the Norne FPSO. Vår Energi is partner in Urd and Skuld (11,5 % working interest) and operator of Marulk (20% working interest). Vår Energi has no ownership in Alve.

Åsgard

The main risks relating to well collapse in the old wells on Åsgard were addressed in 2019 following challenges with this issue in 2018. The problem was solved in 2019 and production from the closed wells has resumed.

The increased oil recovery project Low Pressure Production phase 3 on Åsgard B recommenced in 2019 following the conclusions from the Well Collapse Task Force. The project sanction is planned in Q3 2020.

The Åsgard Subsea Compression project phase 2 passed Concept Select (DG2) in Q2 2019, including pre-investments in a Technology Qualification Programme.

Gas injection risers were replaced and gas injection has been resumed from Åsgard A. Vår Energi owns 22 % of Åsgard, with Equinor as operator.

Morvin

The subsea facilities on the Morvin field, in PL134, are linked to the Åsgard field and have four wells in production. A LWI coil tubing activity for one of the Morvin wells is planned to remove downhole restrictions and improve well productivity for a 2021 campaign. Vår Energi owns 30 % of Morvin, with Equinor as operator.

Mikkel

The three wells and the two subsea templates at Mikkel are tied back to the Åsgard subsea compression stations and Åsgard B. Mikkel production has experienced slugging issues throughout 2019. Mitigating actions have been implemented and further are being assessed. A possible new well in 2020 can contribute positively to the minimum flow challenges and also yield additional reserves. Vår Energi owns 48 % of Mikkel, with Equinor as operator.

Tyrihans

The Tyrihans field has continued to produce throughout the year. A new contributing well was completed early in 2019. Currently no further gas injection is planned. A new well is planned in 2020 in Tyrihans North including a pilot to explore the Ile and Tilje formation. Vår Energi owns 18 % of Tyrihans, with Equinor as operator.

Kristin, Halten West

The Kristin field has experienced stable production through 2019 with high operational regularity. Currently, seven out of 12 wells from the drilling program are still producing. Throughout the year, the focus has been on the Kristin South project which consists of three licenses; HWU, PL 199 and PL 257. The Kristin part of the Kristin South project is planned as a subsea development tied back to the Kristin platform using an existing subsea template.

Vår Energi owns 18 % of Kristin, with Equinor as operator.

Lavrans

Lavrans is part of the Kristin South project planned as a subsea development tied back to the Kristin platform. The project has during the year passed a concept selection and is expected to reach DG2 early next year. Lavrans is planned as a phased development where phase 1 includes four wells drilled from one new subsea template. Vår Energi owns 15 % of Lavrans, with Equinor as operator.

Trestakk

The Trestakk field, in PL091, started production in July 2019 and is a subsea tie-back to Åsgard A. The performance from the completed wells has been below expectations in 2019. The drilling activities with Transocean Enabler have also been somewhat delayed, but will continue into 2020. Vår Energi owns 40 % of Trestakk, with Equinor as operator.

Mikkel South and Flyndretind

The Mikkel South and Flyndretind project, named Halten Øst Sør (HØS) passed Concept Selection (DG2) in January 2019 but was then, due to capacity constraints, put on hold for 2021. The project can be developed with other discoveries in the area and possible synergies are evaluated. The project will help to ensure accessible transport capacity from 2024 within Åsgard's transport system. Vår Energi owns 41 % of Mikkel South and 39 % of Flyndretind, with Equinor as operator for both.

Heidrun

The average daily oil production at the Heidrun field has been stable with high operational regularity. Heidrun has 43 active production wells. Two extra injectors have been drilled since October 2018. A water alternating gas (WAG) injection pilot started in October. Vår Energi owns 5 % of Heidrun, with Equinor as operator.

Fenja

Fenja (PL586) is a subsea development that will be tied back to the Njord A platform. It consists of two subsea templates with six planned production wells. The oil will be routed to the production vessel Njord B, before export via shuttle tankers. Vår Energi owns 45 % of Fenja, with Neptune as operator.

Bauge

Bauge (PL348) has a planned start-up in 2020 and is expected to produce for more than 10 years. Bauge is a subsea development that will be tied back to the Njord A installation and consists of a subsea template with a total of two wells. The oil will be routed to the Njord B production vessel before export via shuttle tankers. Vår Energi owns 17,5 % of Bauge, with Equinor as operator.

Hyme

Hyme is currently shut down pending Njord A's return to location in 2020. Vår Energi owns 17,5 % of Hyme, with Equinor as operator.

Ormen Lange

Ormen Lange is a subsea gas development tied back 120 km to the onshore gas plant in Nyhamna. The dry gas is exported through the Langeled pipeline to Easington, UK. There are currently 18 active gas producers producing 37 million Sm³/day. The production in 2019 was stable with some down time related to the repair of onshore gas compressors in June and July as well as a planned revision stop in September. In 2019, a concept selection was made for a subsea gas compressor system located close to the subsea production system. This will be in operation in 2025 and increase production rates bringing recovery as high as 84%. The concept was sanctioned in combination with an infill production well and a deep exploration well in December 2019. The wells be drilled and come in operation in 2021. Vår Energi owns 6.3 % of Ormen Lange, with Norske Shell as operator.

Central North Sea

Garantiana

Garantiana is planned as a subsea development to a nearby host. Several tie-back options have been evaluated but the project is now working towards a chosen host. Garantiana will be developed with seven to nine wells depending on the outcome of the Garantiana West exploration well which will be drilled in the first half of 2020. Vår Energi owns 30% of Garantiana, with Equinor as operator.

Brasse

The concept for Brasse is a subsea development linked to a host platform, likely Oseberg or Brage. The host platform choice is planned to be concluded within the first half of 2020. Vår Energi owns 50% of Brasse, with DNO as operator.

Snorre

Production from the Snorre field continued with some interruptions in 2019. Three new oil producers and two new injection wells were drilled from the two Snorre facilities in 2019. By the end of the year, 37 active production wells were in place. Vår Energi owns 18,5 % of Snorre, with Equinor as operator.

The Snorre Expansion Project (SEP) progressed as planned during 2019. The project consists of 24 subsea wells that will be connected to the Snorre A installation, and the project improves the gas capacity on the field and involves changes for oil export. The project scope also includes imports of injection gas to further increase oil recovery from Snorre. Production start-up is expected in early 2021. In 2019, the Snorre and Gullfaks partners supported the Hywind Tampen project and submitted the PDO for authority approval. The project will reduce the carbon footprint from the two fields significantly by partial supply of electricity from the offshore wind park. The wind farm will deliver power from 2023. Vår Energi owns 12 % of Hywind Tampen with Equinor as Operator.

Vigdis

Vigdis is a subsea development tied back to Snorre A with production of about 3 KOEBD (Vår Energi net) at year end 2019. Vigdis is located in PL089 where Vår Energi holds a 16% equity interest. A new drilling campaign started 4Q 2019, with several new wells coming in production in 2020. The planned drilling also includes several near field exploration targets which can likely be developed from existing sub-sea templates in Vigdis or Tordis.

A new subsea booster compression project was funded in 2018 with expected start-up in 2021. The project will increase recovery and accelerate production from the field.

Tordis

Tordis is a subsea development tied back to Gullfaks A located in PL089 with Vår Energi equity of 16%. Current production is about 4 KBOED (Vår Energi net) at year end 2019. 2020 will see some new wells drilled in Tordis, in the combined drilling campaign with Vigdis.

Statfjord

Vår Energi holds about 21% equity in the Statfjord Unit as well as the Statfjord Satellites, which approximately produced a combined 16 KOEBD (Vår Energi net) in 2019. The Statfjord field is developed with three large GBS structures, with Statfjord Nord, Statfjord Øst and Sygna subsea satellites tied back to Statfjord C. At year-end 2019, the owners decided to progress a field extension plan, including the drilling of up to 100 additional wells and extending the field life towards 2027 for Statfjord A, and 2035+ for Statfjord B and C.

Fram

Fram is a subsea development tied back to Troll C. Vår Energi holds a 25% interest in Fram, where the production was about 12 KOEBD (Vår Energi net) in 2019. A new gas compression module project will start up in 1Q2020 and increase the gas processing capacity and boost total production by more than 40%.

A new discovery, Echino South - in the Fram license (PL090), was made in November 2019 with expected reserves of 10-25 MBOE (Vår Energi net). One or two additional exploration wells are expected to be drilled late 2020 or early 2021.

Sleipner

Vår Energi holds 15-17% equity interest in the Sleipner East and the Sleipner West Units. The fields are developed with central platform structures located at Sleipner East, and a wellhead platform plus a subsea template at Sleipner West. Production is around 14 KBOED (Vår Energi net) at year-end 2019, including the small Gungne field drilled from Sleipner A. Sleipner's own production is in a late life phase, however, Gina Krog, Gudrun, Sigyn and Utgard are all processed at Sleipner's facilities filling up the processing capacity. The facilities also play an important role as a hub in the Gassled system.

A new 4D seismic is planned for 2020, and will likely open for several new wells, including some near field exploration targets.

Sleipner is operated with an amine plant for carbon capture and CO₂ injection into the large aquifer present in the area. A partial electrification with power from shore is planned funded in 2020 with start-up 2023.

Sigyn

Sigyn is a small subsea tie-back to Sleipner where Vår Energi holds 40% equity. Production is around 2 KOEBD (Vår Energi net) at year-end 2019. There are currently two active wells, one in Sigyn West and one in Sigyn East. Work is ongoing to evaluate an infill well in Sigyn East.

Grane

Grane is developed with a PDQ platform where Vår Energi holds a 28,32% equity interest. Production was around 25 KBOD (Vår Energi net) in 2019. The license plans to extend infill drilling through 2024+.

The reservoir management is based on injection of own produced gas in addition to ~1GSm³/year gas import from Heimdal, where Vår Energi is self-supplying its share of the imported gas.

Svalin

Svalin is a two subsea well development tied back to Grane and a dedicated well drilled from the Grane platform where Vår Energi holds a 13% equity interest. Production was around 1 KBOED (Vår Energi net) in 2019.

Breidablikk

Breidablikk represents the project north of Grane, with planned funding and field unitisation in 2020, and start-up in 2023. According to the pre-unit cooperation agreement Vår Energi holds a 42,16% equity interest in Breidablikk. The development concept is based on 23 wells drilled from sub-sea templates tied back to Grane. The reserves are around 81 MBOE (Vår Energi net).

Brage

Brage has produced from four different reservoirs since 1993. The field has maintained steady production throughout 2019. Brage is a mature oil field with declining production and a continuous drilling program to mitigate production decline. Two new wells have been put on production during 2019 as part of this program and another three new wells are planned in 2020. Vår Energi owns 12 % of Brage, with Wintershall Dea as operator.

North Sea South

Ekofisk

Ekofisk field development activities have mainly been related to drilling programs on Ekofisk Z (Ekofisk South project), Eldfisk S (Eldfisk II project), Ekofisk 2/4X and Ekofisk 2/4K. Ekofisk VC (a water injection project) was completed in 2019.

Moreover, the licensees are working to mature the Eldfisk North project. The purpose of the project is to further develop Eldfisk Nord's structure with two subsea templates and eight oil producing wells. Currently, the resources are estimated at 55 MBOE (gross). An investment decision is expected in 2021. Production start-up is estimated to 2023. Vår Energi owns 12 % of Ekofisk, in PL018, with Conoco-Phillips as operator.

Tor

The partnership in the Tor licenses sanctioned the Tor II project in June 2019. Tor II will be developed with two subsea templates and eight oil producing wells. The resources on Tor II, are estimated at 63 MBOE (gross). The well streams will be connected to Ekofisk 2/4M, in PL018, for treatment and processing. Expected production start from Tor II is 4th quarter of 2020. The Ministry of Petroleum and Energy approved the PDO for Tor II project on 14. November 2019. Vår Energi owns 10 % of Tor, with ConocoPhillips as operator.

Tommeliten

The Tommeliten Alpha structure in PL 044 holds a gas/condensate discovery with recoverable resources of approx. 117 MBOE (gross). In 2019 the licensees worked to mature a plan to develop the project with a decision planned for 2021. The preliminary concept is an unmanned wellhead platform with 11 gas producing wells tied back to PL 018 Ekofisk via a tie-in platform. Production start-up is estimated to 2024. Vår Energi owns 9 % of Tommeliten, with ConocoPhillips as operator.

Bøyla / Frosk

The main activity in PL340 (Bøyla / Frosk) in 2019 was the drilling of a Frosk test producer and its production start in August 2019. The well was part of a larger exploration campaign in the PL340 and PL869. Based on results from the test producer and the exploration campaign, a development process for the Frosk area has been initiated. DGI (Concept Evaluation) is planned for April 2020. Vår Energi owns 20,5 % of Bøyla/Frosk, with Aker BP as operator.



Vekst - Growth

This topic relates to how Vår Energi creates value for our stakeholders. Vår Energi strives to deliver on the high expectations held by its various stakeholder groups, from shareholders to local communities, and we continue to utilise our resources in an efficient way to deliver on our goals and growth ambitions.

Extending on the traditional meaning of the term growth, which often refers to the increased economic value of a company, Vår Energi seeks to achieve its growth targets in line with contributing to the UN's SDGs. Sustainable growth entails that Vår Energi must ensure organisational development to meet future challenges related to climate risks and opportunities; increase our efforts reducing our emissions through innovation, efficiency and electrification; collaborate across sectors to develop new solutions; and to continue our work within corporate social responsibility and local value creation in communities in which we are present.

Vår Energi's objective is that our business activities should provide development within and opportunities for local communities where we operate. We wish to make contributions towards increased settlement, activity and competence development.

Climate

Where and why is the topic material?



Vår Energi emits greenhouse gases (GHG) through our operations. The main direct sources of emissions are

from energy production offshore and burning of natural gas in flare for safety reasons. Vår Energi also has indirect emissions both from our supply chain and from the use of our products.

GHG emissions contribute to climate change, and it is therefore important for Vår Energi and its stakeholders to reduce and minimise our emissions and in turn their impact on the environment. Vår Energi's efforts to reduce our emissions and environmental impact are closely linked to our "licence to operate", as the subject is increasingly important to our stakeholders which includes regulators, employees, NGOs, shareholders and banks. As such, Vår Energi considers sustainability as an engine for a continuous improvement process which guarantees long term results and strengthens economic performance and reputation.

Policy and action

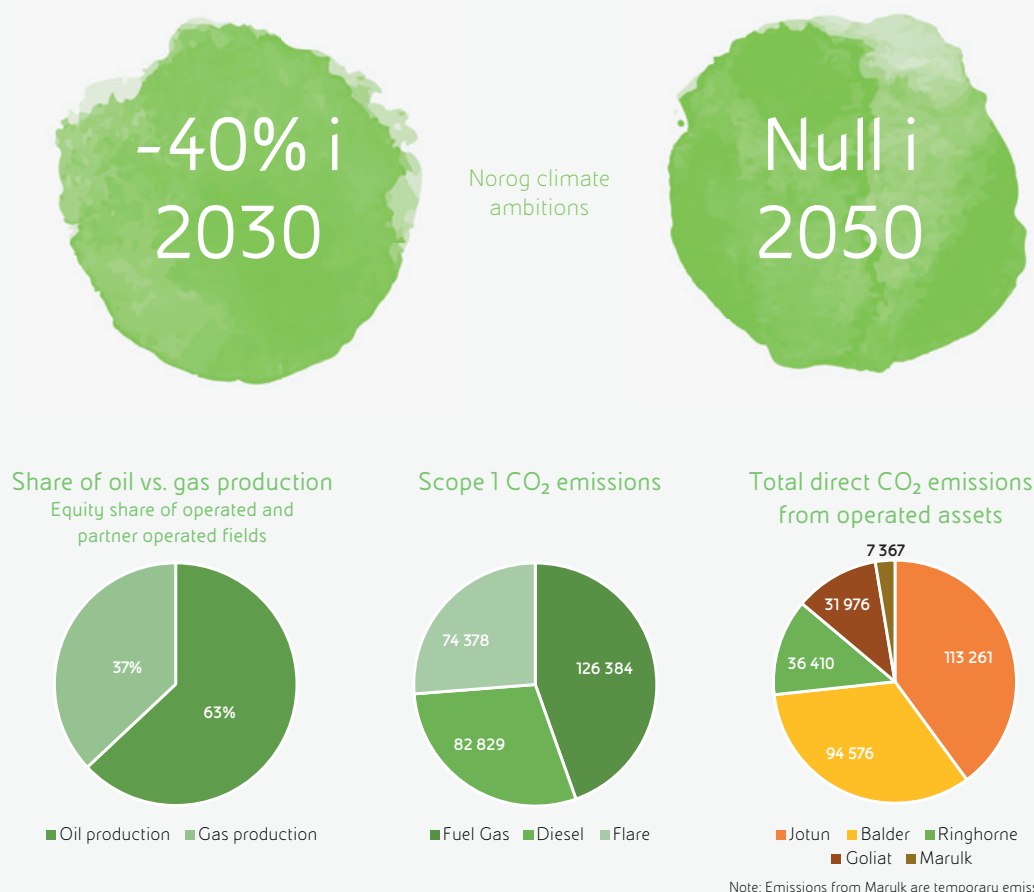
Vår Energi is committed to contribute to solving the climate challenge by actively reducing and minimising its environmental impact. Vår Energi commits to and supports the Paris Agreement by reducing its greenhouse gas emissions in line with the targets stated in the KonKraft 2020 report Industry of Tomorrow on the Norwegian Continental Shelf, Climate Strategy towards 2030 and 2050. Through the industry association Norwegian Oil and Gas (NOROG), Vår Energi has committed to be part of their overall target of 40% GHG emission reduction from Norwegian oil and gas production by 2030 (compared to 2005 emissions) and work towards net zero emissions in 2050.

The targets will be achieved through collaboration between several actors on the NCS. This is a key success factor as most licenses have several owners and only one operator. Collaboration and coordination towards the same goals and ambitions is therefore crucial, as several mitigating options require significant investments which need to be approved by the license owners.

Vår Energi is reducing its emissions through operational efficiency increases (energy management), electrification of assets, reduced cold venting and fugitive emissions, and portfolio management. The long-term GHG-emissions can be reduced through implementation of low emission technologies, carbon capture and storage (CCS), and use of renewable energy and by using decarbonised fuels as energy sources. In the following chapters we describe how we have implemented a new energy management system and how we are funding research and development of CCS solutions as well as other emission-reducing measures. The company sees offsets as a solution to reduce our direct emissions as a "last resort" alternative. Even though we aim to electrify our production, we will still have emissions from parts of our production which cannot be avoided, e.g. safety flaring.

Vår Energi has a 10 % ownership in the offshore wind project Hywind Tampen via our shares in the Snorre licences. Offshore wind is set to become an important renewable energy source, where Hywind Tampen poses an interesting opportunity for the Norwegian oil and gas industry.

"To satisfy the world's energy demand, and at the same time reduce and ultimately eliminate emissions of gases that significantly induce climate change, is one of the greatest challenges of modern society."



Evaluation of results

In 2019 there was a 57 000tCO₂eq reduction of scope 1 GHG emissions compared to 2018. The reduction was mainly caused by initiatives on Goliat for increased use of power from shore and improved operational regularity on Balder causing reduced flaring. Accordingly, the total energy consumption within the organisation is also reduced with approximately 600 000 GJ. There was also a significant reduction in methane emission.

Although the total scope 1 GHG emissions was reduced in 2019, the upstream CO₂ intensity increased from 8,5 to 9,8 kgCO₂eq/BOE due to reduced production from operated assets (from 40 to 29 MMBOE).

2019 is the first year Vår Energi has calculated its scope 3 emissions. This includes business travel, helicopter transport to offshore installations, supply vessels and use of sold product. Use of sold product is the main contributor to the scope 3 emissions contributing to over 99% of the total calculated scope 3 emissions. Gas production equals to approximately 37% of Vår Energi's total production. The gas production has significantly lower scope 3 use of sold product emissions compared to oil. Vår Energi will consider including other categories for scope 3 reporting in the future, including shuttle tankers and other suppliers however this was omitted in the 2019 reporting due to data availability.

Indicators	Boundary	Unity	2019	2018
Oil and gas production	Equity basis	BOE	101 223 192	48 783 030
Oil and gas production	OC (OC to be defined)	BOE	28 820 272	40 024 891
Oil and gas production operated	Equity basis	BOE	19 550 248	26 730 092
Energy consumption	OC	GJ	5 311 646	5 927 056
Electricity consumption	OC	GWh	351	343
District heating consumption	OC	GWh	1,23	1,13
Scope 1 GHG emissions	OC	Tons CO ₂ eq	291 283	348 326
CO ₂ emissions (Scope 1)	OC	Tons CO ₂ eq	283 591	339 413
CO ₂ emissions (Scope 1)	Equity basis	Tons CO ₂ eq	1 097 086	-
Scope 2 GHG emissions (location based)	OC	Tons CO ₂ eq	13 710	13 394
Scope 2 GHG emissions (market based)	OC	Tons CO ₂ eq	71 577	69 937
Scope 3 GHG emissions	Equity basis	Tons CO ₂ eq	34 707 369	-
Upstream CO ₂ emissions intensity	OC	Kg CO ₂ eq per boe	9,8	8,5
Upstream GHG emissions intensity	OC	Kg CO ₂ eq per boe	10,1	8,7
CH ₄ emissions	OC	Kg	307 710	356 485
Hydrocarbons flared	OC	Tons	17 154	21 157

About the GHG reporting: The GHG reporting is consolidated and presented in accordance with the requirements of The GHG Protocol Corporate Accounting and Reporting Standard. The CO₂ emissions (Scope 1) is based on the EU ETS reporting and uses measured emissions factors and emission factors from "Nasjonale Standardfaktorer - Miljødirektoratet". The Scope 1 emissions therefore also include production drilling activities covered by EU ETS. The scope 2 electricity emissions use emission factors based on a Nordic production mix using IEA and European Residual Mixes 2018. Scope 2 district heating uses Norway average factors. Scope 3 use of product is based on factors from IEA and IPCC (see ENI CDP reporting for further details). Other scope 3 emission factors are based on DEFRA. Methane emissions factor is based on IPCC.

GHG emissions partner operated assets (POA)

Following the acquisition of ExxonMobil's licences in 2019, Vår Energi has consolidated the GHG emissions from our partner operated assets (POA) for 2019. The reporting includes all emissions covered by EU ETS from direct emission producing assets. Assets that only have indirect



emissions (e.g. subsea templates) are not included, as there is no agreed and common allocation method on the NCS and there is therefore a risk of double counting. Vår Energi will raise this topic with their partners on the NCS with the goal of establishing an agreed methodology.

Region	Field	Equity Share	Gross 2019 (ktons)	Vår Energi 2019 (ktons)
North	Heidrun	5,2 %	331	17
	Kristin	19,1 %	300	57
	Åsgard	22,1 %	949	209
	Norne	6,9 %	328	23
South	Ekofisk/Eldfisk	12,4 %	885	110
	Brage	12,3 %	209	26
West	Grane	28,3 %	198	56
	Sleipner West	17,2 %	273	47
	Sleipner Øst	15,4 %	603	93
	Snorre	18,6 %	388	72
	Statfjord Unit	21,4 %	714	153
Total POA			5178	862

Next steps

Going forward, Vår Energi will focus on the implementation of measures to reduce emissions in the short-term. This includes the introduction of a consolidated and digitalised energy management system, increasing operational efficiency, electrification of assets, reduction of cold venting and fugitive emissions, as well as portfolio management. Examples of measures include annual OGI campaigns

to reduce fugitive emissions and installation of a wet gas compressor on Ringhorne to reduce cold venting. Furthermore, we have initiated work elaborating our 2030 climate roadmap. We will continue to gather information and data needed to develop an as detailed plan as possible. This includes both short-term and long-term measures to reduce emissions.

Ambitions	Results	Next steps
<ul style="list-style-type: none"> - 40% cut in CO₂ emissions by 2030 - Net zero emission by 2050 	<ul style="list-style-type: none"> - Scope 1 GHG emissions (OC) - 291 283 - Upstream CO₂ emissions intensity - 9,84 tCO₂ / BOE - Scope 1 GHG emissions reduction - 57 000 tCO₂ 	<ul style="list-style-type: none"> - Consolidate and digitalize energy management system - Mapping of portfolio and establish climate roadmap towards 2030 - Reduction targets will be revised in cycle with KonKraft/NOROG targets every 3 or 5 years.
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
	17.7 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	

Vår Energi is committed to provide opportunities for the local communities where our business activities take place. The company's ambition is to contribute to industrial activity, job creation and competence development in the communities where we operate. In connection with operations both in the northern and southern parts of the NCS, Vår Energi facilitates local employment and development in the oil service industry, as well as supporting a number of cultural and educational initiatives.

Policy and action

Vår Energi believes that our activities should benefit the communities where we operate. This means actively engaging to create local and regional ripple effects in terms of industrial development and employment as well as supporting competence building and cultural activities. We take corporate social responsibility in areas where we have activities by providing local communities with career opportunities and a variety of cultural and competence-building projects. It is essential for our perception of success that we contribute to local ripple effects, especially in smaller communities such as Hammerfest and related our operations in the Barents Sea. One measure of success is

the degree to which local communities continue to thrive and that workers and families continue to inhabit these communities. In turn, Vår Energi will attract and retain competent employees.

The Goliat FPSO is an example of this. It provides Norway with more than 1 200 jobs spread across the country, with around 400 of those employed living in Troms and Finnmark. The Goliat field has on average provided 429 million kroner in revenue per year to suppliers in Troms and Finnmark. In addition to this, the Goliat development phase has provided existing local suppliers with new business opportunities as well as being the foundation for the establishment of new supplier industry. During the operational phase, Vår Energi has in addition to the establishment of offices and helicopter bases within this region, paid particular attention to research and education initiatives locally. Further positive developments in areas such as culture and tourism are also documented. We expect to retain substantial ripple effects within the local industries due to operations and maintenance of Goliat in the future.



Where and why is the topic material?

"Dialogue, respect for local communities and evaluation of impacts are all preconditions for an effective cooperation targeted to creating territorial value".



Evaluation of results

Vår Energi's local engagement program focuses on:

- Investing in local communities near our operating organisations in the Stavanger region and in Finnmark.
- Performing research and development activities in Northern and Western Norway.
- Using local suppliers as far as possible, including dividing larger-scale contracts into smaller parts to allow local businesses to participate.
- Facilitating opportunities for national suppliers; establishing local presence and entering into industrial cooperation locally, especially in Northern Norway.
- Investing in projects in primary, secondary and higher education, to increase awareness and competency.
- Supporting cultural projects to increase communities' attractiveness for existing and potential new residents.

Vår Energi actively collaborates with regional and local networks and organisations, such as Petro Arctic and Pro Barents, aiming to further develop the northern Norwegian regional supplier base and industrial cluster. Vår Energi has chosen to support projects within culture and competence in the north of Norway, especially in Finnmark, in addition to the Stavanger Region where the company headquarter is located.

Descriptions of projects that received support from Vår Energi in 2019:

Sirma IL, Finnmark

Sirma IL is a Sami sports club with a variety of activities. Their members take part in local, regional and national competitions in the Barents region. They attract members with different abilities to take part in sports, from handicapped and elderly people to the well-trained athletes. The club promotes not only athletics but also Sami culture and language. Their club is highly appreciated by the Sami Parliament and they are the only club purely for Sami people.

Skaidi Xtreme, Finnmark

Skaidi Xtreme is a weekend celebrating Finnmark culture and food. It is the largest one-day off-road bicycle race in Finnmark County, taking place on the mountain plateaus of Skaidi.

The race is announced at regional and national level and in the neighbor countries. There are local music and lectures about the Sami culture and reindeer husbandry.

Junior Achievement (Ungt Entreprenørskap, Finnmark)

JA is a global non-profit youth organisation working with local businesses, schools and organisations to deliver experiential learning programs on the topics of work readiness, financial literacy and entrepreneurship to students in Finnmark.

Arctic Culture School and Culture Centre, Finnmark

The Arctic Cultural Centre in Hammerfest and the Hammerfest Cultural School are of great importance for every inhabitant in Hammerfest. The objective is not only to increase the quality of this important cultural meeting point, but to also increase the competence among the cultural school's teachers.

Nordkapp Film Festival, Finnmark

The North Cape film festival has established itself as an international film festival. Workshops and festival for children and youths are arranged in parallel with the main film festival.

Varangerfestivalen, Finnmark

Varangerfestivalen is a music festival in Varanger, north east Finnmark, seat of Finnmark county administration. The festival engages a high number of volunteers from Varanger. Vår Energi has contributed to this event for many years and uses the event to invite Finnmark stakeholders (politicians and administrators from the north including parliament members) to an annual dialogue meeting.

Arctic Talent, Northern Norway

Mentoring and financial backing is offered to a selected young talent with an international potential, from Finnmark. The organisers behind the Varangerfestivalen offer expertise and competence to find and develop the young talents.

Sørøya Fishing Festival, Finnmark

The Sørøya fishing festival is an angling and cultural festival in Hasvik, which is an important fishing community in Finnmark. For more than 25 years the festival has gathered approximately 100 professional and ordinary fishermen and women from all over the world. Local fishing boats participate as cooperating partners in the arrangement on a non-profit basis. The fishermen transport the fishing contenders. A competition for children is also organised.

Newton-room in Hammerfest, Finnmark

The Energy House and Newton Centre in Hammerfest is a permanent science exhibition. The Newton room is dedicated to motivating school children to study science subjects and has been in operation since 2010. The Newton project is a cooperation between Hammerfest Energi, Vår Energi and the Hammerfest municipality.

Perleporten Cultural Centre, Honningsvåg

Perleporten is a cultural institution arranging concerts, show, plays etc. with the local community as target audience. It is operated by volunteers and has made a positive impact locally.

Sami Reindeer Races Federation, Finnmark

The Sami Reindeer Races Federation is a Sami people cultural festival. Five races take place in Norway, in Kautokeino, Maze and Alta. The races are also a meeting place where

the Sami people can display their culture and traditions as part of the races. Reindeer racing is a culture defining activity for the Sami communities. The yearly cup of Reindeer racing has been recognised far beyond the Sami societies.

Sørøyrocken

Sørøyrocken is a music festival set in the little fishing community of Sørvær outside Hammerfest in Finnmark. The objective with the festival is to be an event with focus music and community where everyone in the local and regional, as well as the country can participate. They base their approach on the belief that attracting new inhabitants, volunteerism, culture and business are closely connected.

Description of activities in Rogaland

ASFALT

The Foundation Rogaland Street Magazine publishes the Asphalt Street Magazine to offer employment to people with drugs and alcohol related issues.

The Church City Mission

The Church City Mission is an inclusive, non-profit organisation, working in cities across Norway among people who face various life challenges. Their vision is respect, justice and care for everyone.

National Telethon (TV-aksjonen)

An annual national charity fundraising campaign in Norway. It is organised by the Norwegian public broadcaster NRK in conjunction with selected organisations. A fund-raising committee decides the beneficiary of each year's event.

Junior Achievement (Ungt Entreprenørskap, Rogaland)

JA is a global non-profit youth organisation working with local businesses, schools and organisations to deliver experiential learning programs on the topics of work readiness, financial literacy and to students.

University Scholarships

Scholarships at Bachelor's and Master's Degree level at the University of Stavanger and scholarships at Master's Degree level at NTNU.

Viking Football Club/Vår Energi Cup

Collaboration with Viking FCs engagement in children's recreational sports and hosting the Vår Energi Cup for 6-11-year olds in the Stavanger region 4 weekends annually.

Science Factory, Sandnes

The Science Factory is a combined museum and science centre located. The topics explained are natural science, mathematics, energy and astronomy, regional industrial history and the city of Sandnes' history.

Norwegian Petroleum Museum, Stavanger


This is Norway's only dedicated museum for the Norwegian petroleum industry. The museum provides a modern interactive take on the creation of oil and gas millions of years ago, how petroleum is found and how it is used. The museum also provides insights into technological developments in the petroleum sector, and the way the industry has affected Norwegian society.

The table below summarises how we have delivered on climate-related KPIs:

Indicators / KPIs	Unit	2019
Projects supported	Number	20
Projects supported	Amount NOK	Approx. 3 million

Next steps

Vår Energi will continue to develop activities and jobs in the communities in which we are present. Going forward we aim to develop overviews for our value creation efforts in all areas, establish KPIs for measuring year-on-year local value creation for all locations.

Ambitions	Results	Next steps
<ul style="list-style-type: none"> - Contribute to industrial activity, job creation and competence development in the communities where we operate 	<ul style="list-style-type: none"> - Number of projects supported: 20 - Amount supported to projects: NOK 3 mill - Provided NOK 429 million per year on average to suppliers in Troms and Finnmark 	<ul style="list-style-type: none"> - Establish KPIs for measuring year on year local value creation for all locations
	8.1 Sustain per capita economic growth in accordance with national circumstances	

Integritet - Integrity

Integrity describes our work with regards to business integrity, environmental protection, privacy and data security. Vår Energi respects our employees, partners, communities where we are present, and the environment which we impact through our operational activities. We are honest and transparent, and act justly and responsibly.

Within the topics in this chapter lies the foundation for how we can operate in accordance with laws and regulations, conserve biodiversity and show responsibility and respect for our employees and contractors. In addition, the topic of data security is a matter of ensuring safe operations, safeguarding sensitive information, and maintaining a robust organisation.

Vår Energi operates in accordance to demands and expectations and ensures quality and sustainability in our activities. Vår Energi's main objective is increasing NCS interests in a sustainable manner. For that reason, employees are expected to perform their tasks with integrity, high quality and corporate citizenship.

Business integrity

Where and why is the topic material?

Compliance with laws and regulations, internal rules and ethical integrity and fairness, is a constant commitment and duty for all Vår Energi's people and shall characterise the conduct of our organisation. Vår Energi's business and corporate activities shall be carried out in a transparent, honest and fair way, in good faith, and in full compliance with competition protection rules. Compliance relates to a broad aspect of areas: anti-corruption, antitrust, privacy, related parties' transactions, market abuse, internal control system over financial reporting, tax and health.

Policy and action

In Vår Energi we developed Management System Guidelines (MSG) based on the Eni Spa MSGs and for Compliance we are following the Integrated Compliance MSG. The process of Integrated Compliance has the objective to promote:

- compliance with mandatory rules (laws and regulations) and of self-regulation applicable to Vår Energi according to a risk-based approach
- development and dissemination of a company culture founded on ethical values, correctness of conduct and respect for regulations, e.g. through specific training and awareness actions.

The following is a graphic representation of the sub-processes that comprise the Compliance process.

Identification of compliance areas and owners, modelling of compliance process and planning of activities

Initiatives to spread compliance culture

Compliance Governance,
Modelling and Planning

Identification, assessment and analysis of the risks in order to define the more suitable mitigation measures

Risk Assessment

Culture,
training and
information

Control

Reporting of key information to
Risk & Compliance committee

2nd level Monitoring

Compliance
Monitoring

Design of first level controls by Compliance Area
Managers and execution by the Management

Compliance
Reporting

Compliance Governance,
Modelling and Planning

Risk Assessment

Control

Culture,
training and
information

Compliance
Monitoring

Compliance
Reporting

This process is also mapped out in VEMS (Vår Energi Management System). A Compliance Officer was assigned in 2019 to facilitate this process and is part of the 2nd line of control in the company.

A Risk & Compliance committee was formed in 2019, consisting of the CEO and senior management. The committee reviews Enterprise Risk and the compliance work and also approves changes to the Compliance areas. The MSG has predefined Compliance areas applicable for Vår Energi, and the appropriate Compliance Area Managers were assigned determined by ownership of applicable MSGs.

A key document is the Vår Energi Code of Ethics. This is brought to the attention of every person or body having business relations with Vår Energi. We conduct mandatory ethics training for all employees and contractors. In 2019 1.5 hour long classroom trainings were held at all office locations. One session in Norwegian and one in English were recorded on video, which those offshore and those unavailable to attend any of the sessions had the opportunity to view online. Topics such as Code of Ethics, Anti-Corruption, Due Diligence, Gifts & Hospitality, Whistleblowing, Anti-trust, Confidentiality, JOA Management Committee roles, Market abuse and Data Privacy were covered. At the end of January 2020 82% of employees and contractors had either attended a classroom training session or watched the video version.

Even though we assume low risk for most of our contracts and partnering activities, we conduct business with suppliers which have sub-contractors in countries with higher degrees of corruption and money laundering. In such cases we take measures to ensure compliance with our business integrity standards.

Vår Energi's personnel and any external parties interacting with us have an important role to play by raising concerns of any suspected or potential breaches of the law or

company policies. The whistle blower channel is open to all parties and is provided by a third party, WhistleB. The service has been set up to ensure confidentiality and to protect the rights of the parties involved.

For 2019, in addition to the training described above, we also conducted audits and various assessments. We had process controls, general computer controls and entity level controls based upon ENIs SOX controls to ensure that we were compliant with regards to financial reporting, statutory accounts and other.

Evaluation of results

As Vår Energi was a new company in 2019 significant efforts were put in to align, merge and define common processes for Vår Energi, including those related to Compliance. Until processes and/or systems were merged existing controls from the two merged companies were kept for the respective activities, for instance in respects to keeping two separate SAP systems. This work was not fully completed in 2019, although most processes were aligned and in place with the launch of Vår Energi Management System (VEMS) in December 2019. The work of aligning controls will continue in 2020.

The review of the process controls, general computer controls and entity level controls for 2019 did not identify any significant findings, but some processes were still work in progress.

In late fourth quarter 2019 compliance training revised for Vår Energi was rolled out. 82 % of the workforce completed the Compliance training by year end, and reminders have been sent to the outstanding 18%.

The table below summarises how we have delivered on climate-related KPIs:


Indicators / KPIs	Unit	2019
Compliance training attendance	Percentage	82
Operations assessed for risks related to corruption	Number	Due diligence conducted for all new partners (100%)
Confirmed incidents of corruption	Number	0

Next steps

To continue our compliance efforts and uphold our ambitions of having zero incidents of corruption, we are strengthening our compliance and training routines going forward. Firstly, we will define appropriate controls and activities based upon risk assessment of the compliance areas and include monitoring in the compliance program for 2020. Extending on work initiated in 2019, we will align and merge controls where this was not completed. Additionally,

we are in the process of combining the compliance program with other 2nd level controls in the monitoring plan for Vår Energi. Vår Energi will issue compliance report twice a year based on results of compliance program.

As of today, compliance-related learning has been done in form of classroom training. A next step is to develop tailored compliance e-learning programs.

Ambitions	Results	Next steps
<ul style="list-style-type: none"> - Compliance with laws and regulations, internal rules, and ethical integrity and fairness 	<ul style="list-style-type: none"> - 0 confirmed incidents of corruption - 82% of all employees has completed compliance training 	<ul style="list-style-type: none"> - Update risk assessment of compliance areas - Establish a compliance program for 2020
	16.5 Substantially reduce corruption and bribery in all their forms	

Biodiversity and environmental protection

Where and why is the topic material?

Vår Energi considers protection of the environment and the conservation of biodiversity ecosystems and the services they provide as a fundamental component of a sustainable development.

The company adhere to the Act on the Management of Nature Diversity which states that the nature with its biological, landscape and geological diversity and ecological processes shall be preserved through sustainable use and protection, also so that it provides the basis for human activities, culture, health and well-being, now and in the future.

Policy and action

Vår Energi operates within or in close proximity to identified particular valuable and vulnerable areas (SVOs) on the NCS. SVOs are areas identified to be important to safeguard and strengthen biodiversity and biological production, and the ecological value of these areas in many cases extends beyond their own boundaries due to being core areas for maintaining function, biodiversity and biological production in larger ecological systems. When executing oil and gas activities within or in close proximity to an SVO, Vår Energi takes particular care to protect the environmental resources in these areas.

The Goliat field is located within the management plan area Barentshavet-Lofoten, and the SVOs Tromsøflaket and Coastal Areas are overlapping with the Goliat field location. The marine area has high environmental value (i.e. area with larger accumulations of marine species during the year or specific periods of the year) and high environmental vulnerability for acute oil spills throughout much of the year. There are no UNESCO natural world heritage sites in the region. There are three Ramsar areas close to the coast in Finnmark.

The Jotun, Balder and Ringhorne fields are located within the management plan area Nordsjøen-Skagerrak. No SVOs are overlapping with the location of the fields, however approx. 80 km south of Balder there is an SVO Spawning Area for North Sea Mackerel, and 120 km south is SVO Sandeel Area South. The marine area where the Jotun, Balder and Ringhorne fields are located is assessed to have low to moderate environmental value and moderate environmental vulnerability for acute oil spills throughout the year. There are no UNESCO natural world heritage sites in the region. There are two Ramsar areas on the coast of Rogaland.

To secure protection of the environmental resources in areas that Vår Energi operates in, environmental impact assessments, regional impact assessments, specific environmental studies, environmental risk assessments, monitoring campaigns and R&D projects are executed. All plans for activities that may negatively impact the environment are required to undergo a public hearing process before final permission is given by the Norwegian authorities. This secures a transparent process where stakeholders are allowed to review the professional basis for the activities.

Vår Energi has adopted ENI's 'Biodiversity and Ecosystem Services Policy' and the 'No Go' Commitment for UNESCO Natural World Heritage Sites. The company also promotes a transparent and continuous dialogue with stakeholders, conservation NGOs, and with national and international scientific institutions.

Vår Energi's main objective in waste management is to avoid generation of waste. However when waste is generated from our operations and activities, it is handled in a prudent environmental and hygienic manner, and in accordance with the Pollution Control Act. To facilitate environmentally

“Minimise the risk of negative impacts of our operations to the environment and climate”

sound waste management, the company follows strategic waste principles based on the waste hierarchy. Waste management targets for the individual installations are annually revised and implemented through the Vår Energi Safety and Sustainability Program. All Vår Energi installations have specific Waste Management Plans.

A zero-discharge goal on environmental hazardous substances discharged from the petroleum offshore sector was established in Norway in 1996. Vår Energi manages produced water discharges based on a holistic and risk-based approach, where the main objective always is to minimise the environmental impact to as low as reasonably practicable through prioritising mitigation actions on those discharges and substances that pose the highest risk to the environment. Vår Energi has asset specific targets for percentage of reinjection of produced water, a high focus on replacing production chemicals with more environmentally friendly alternatives, and regularly execute calculations of environmental impact factor (EIF) for the produced water. Produced water and other oil containing water (drain water) discharged to sea never contain oil concentration exceeding 30 mg/L as an average over one calendar month. Vår Energi has established best practice procedures for maintenance and operation of the produced water systems on the assets, as a means to secure optimised separation of oil and water. To identify the impacts of discharge of produced water on marine organisms and to develop and improve the methods used in quantification of effects, the company contribute regularly to the effect monitoring of the water column on the NCS.

Vår Energi has contributed to the development of robust oil spill preparedness in the Barents Sea. The monitoring strategy selected for the operations has increased the competence in the Industry by coordination of different communication and monitoring systems to reduce the risk of oil spill.

Vår Energi has supported the research project SYMBIOSES which aimed to develop an ecosystem-based modelling system for predicting potential impact on the Northeast Arctic cod stock. The company has in 2019 shown further commitment to develop ecosystem-based modelling techniques based on scientific studies relevant for strategic impact assessments, management plans and regulatory planning processes for environmentally sensitive and challenging areas through financing of the SYMBIOSES III project.

In 2019 Vår Energi committed to participate in the SEATRACK Phase II project, which is a part of the SEAPOP programme. SEAPOP is a collaboration between Norwegian authorities, research institutions and the oil and gas industry. The project research enables improved mapping of seabird wintering areas and migration routes for large and important populations of seabirds in the North Atlantic waters. Improved knowledge and reduced uncertainty in these data is needed to manage these populations in a sustainable manner.

In 2019 the company also committed to continue being an active partner in the research project DREAM-MER Phase II. The objective of this project is to develop improved science-based modelling tools to more efficiently manage the environmental impact and risk of produced water discharges on marine organisms.

Evaluation of results

Emissions of non-GHG emissions such as nitrogen oxides (NOx) and non-methane volatile organic compounds (nmVOC) are inherent to energy production in the oil and gas industry. During 2019 there the company saw a slight increase of NOx emissions due to changes in operation. Low NOx combustion technologies are generally implemented into new developments in Vår Energi. In larger modification projects, low-NOx technologies is part of the total environmental evaluation criteria.

VOC recovery solutions for both loading and storage of oil are selected to minimise the emissions from the activities. In addition, Vår Energi has developed and implemented the first online monitoring system of VOC emissions from loading of oil on the NCS. Vår Energi is a member of the VOCIC - VOC Industry Cooperation where investment in emission reducing technologies and fulfilment of authority requirements related to emissions are shared.

During 2019 there was a reduction in sulphur oxide emissions due to reduced use of diesel and fuel gas, while nitrogen oxides emissions increased slightly.

Acid gases and nmVOC

Indicators	Boundary	Unit	2019	2018
Sulphur oxides (SOx)	Operational Control	tons	30,20	30,49
Nitrogen oxides (NOx)	Operational Control	thousand tons	1,81	1,76
Non-methane volatile organic compounds (nmVOC)	Operational Control	thousand tons	2,93	4,10

About the results: Standard factors are used for combustion of diesel and fuel gas SOx emissions. Equipment specific factors are used for turbines and engines for NOx emission while standard factors are used for flares. For nmVOC standard factors for combustion has been used, while site specific calculated factors have been used for loading (VOCIC), storage and fugitives.

During 2019 Vår Energi had a significant increase in hazardous waste generated due to increased drilling activity. This also significantly affected the recovery rate (reuse and recycle) of hazardous waste. The production of non-hazardous waste saw a slight increase in 2019 as well, however the recovery rate (reuse and recycle) was

relatively stable. The sorting grade of industrial waste had a positive increase reaching over 95% in 2019.

There were reduced numbers of unintentional discharges of oil / chemicals to the sea, with a reduction from 5 to 2. Vår Energi has a zero-discharge goal and further efforts will be made to reach this.

Waste and discharges to water


Indicators	Boundary	Unit	2019	2018
Hazardous waste generated	Operational Control	thousand tons	6,52	1,52
Hazardous waste recovered (reuse and recycle)	Operational Control	%	0,56	29,98
Exempt waste generated: cuttings and solids	Operational Control	thousand tons	1,49	0,01
Exempt waste generated: produced water and flowback	Operational Control	million m ³	7,57	6,81
Non-hazardous waste generated	Operational Control	thousand tons	0,83	0,57
Non-hazardous waste recovered (reuse and recycle)	Operational Control	%	50,46	50,47
Regular discharges of oil to water (from produced water)	Operational Control	tons	38,05	48,91
Annual average oil concentration in produced water released to sea	Operational Control	mg/l	13,64	14,26
Amount of produced water reinjected from total quantity	Operational Control	%	63,30	49,66
Unintentional discharges of oil / chemicals to the sea	Operational Control	number > 10L	2	5
Grading of industrial waste (sorted)	Operational Control	%	95,45	93,62
Total withdrawal of seawater	Operational Control	Megaliters	2785	3859
Total withdrawal of produced water	Operational Control	Megaliters	7567	6811
Total discharge to seawater	Operational Control	Megaliters	2789	3430

Water withdrawal and discharge:

Vår Energi does not operate in water stressed areas. However, we withdraw produced water through our oil and gas production, and seawater for injection and pressure support. No freshwater is withdrawn in connection with our oil and gas operations. We also have some discharge of produced water to seawater, but no discharge to freshwater resources through our operations. The amount of water withdrawn and discharged is found in the table above.

Next steps

In the future continued efforts will be made to work towards the goal of zero discharges of oil / chemicals to the sea, through various initiatives and continuous monitoring. Vår Energi bases its HSSEQ work on principles for continual improvement, and always endeavours to achieve better results.

Ambitions	Results	Next steps
<ul style="list-style-type: none"> - Minimise negative impacts of our operations to the environment and climate - Zero-discharge of environmental hazardous substances - "No Go" commitment for UNESCO Natural World Heritage Sites 	<ul style="list-style-type: none"> - 2 unintentional discharges of oil / chemicals to the sea - 6,52 thousand tons of hazardous waste generated - 0,83 thousand tons of non-hazardous waste generated 	<ul style="list-style-type: none"> - Strengthen efforts to achieve goal of zero discharges of oil / chemicals to the sea - Establish a visualized dashboard to continuously monitor the efficient operation of the power system
	14.A A Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries	

Privacy and data security

Where and why is the topic material?



Privacy is the right to be let alone, or freedom from interference or intrusion. Information privacy is the right to have some control over how your personal information is collected and used. Privacy is a fundamental right, essential to autonomy and the protection of human dignity; serving as the foundation upon which many other human rights are built. Respecting and adhering to individual's right to privacy and data protection is of the utmost importance to Vår Energi.

The topic of data security is focused on how we protect our assets. Up to date systems and personnel training are key facets of how Vår Energi prioritise data security measures. Several measures are put in place to maintain the integrity and security of Vår Energi's information; risk assessments, access control, built in security, maintain quality of data, personnel training, rigorous backups, control mechanisms and internal audits.

Policy and action

During 2019, Vår Energi has conducted several activities to strengthen awareness and knowledge in the organisation. Significant numbers of threats arises through phishing emails, and employees represent the most vulnerable part of our systems in relation to cyber threats. Security awareness and competency building is essential to ensure

protection of sensitive information, prevent unauthorised access and intervention, and in incident reporting.

Effective July 2018 Norway adopted a new Personal Data Act. This Act consists of national regulations as well as the entire GDPR. GDPR is a set of rules which applies to all EU/EEA countries. Vår Energi produces oil and gas on the Norwegian continental shelf. To carry out such work the company needs to process information about customers, suppliers and contractors. Furthermore, Vår Energi is also required to handle information about its employees. Due to the nature of its business, health information obtained through medical examinations and drug control are also dealt with. In addition, personal information is handled in connection with the implementation of security solutions such as access control and camera surveillance.

When Processing Personal Data, Vår Energi complies with the requirements and obligations imposed by the Personal Data Act/GDPR, and the Personal Data Act's appurtenant regulations. In addition, the MSG Privacy and Data Protection (R03) require Vår Energi to comply with certain general principles, derived from mentioned GDPR. The Data Privacy and Protection Procedure provide the specific guidelines on how to protect private information. Basic information leaflets and a dedicated intranet site provide further information relevant for employees and contractors.

Vår Energi provide employees and contractors with a large variety of training courses both online and in traditional training sessions to provide knowledge on how to operate computer systems, maintain the systems integrity, security and adherence to company procedures including GDPR.

Vår Energi ICT launched a "Cyber Security Awareness Campaign" in 2019 where employees received an e-mail from an external source, with the intention of checking how many of the recipients provided sensitive information. The phishing e-mail sent by ICT, contained a link to a site asking to enter username and password. ICT facilitated a training course on ICT Security to strengthen awareness and competencies amongst Vår Energi employees.

Data Privacy training was also provided as a part of the annual Compliance training program for all employees.

Evaluation of results and next steps

Vår Energi is building on the best practices from Eni Norge and Point Resources within the area of data security. Maintaining security has been our primary focus in 2019 and this process will be continued throughout 2020 to enhance and harvest the combined competence of the former com-


panies in this area. We have been successful in this effort so far and our goal is to maintain continuous improvement to our combined security efficiency.

The integrity learning program, which is mandatory for all Vår Energi employees, includes a section on privacy and data security. By year end 2019, 82% of all employees had completed this training.

Indicators / KPIs	Unit	2019
Employee training and education	Percentage	82% completion rate

Next steps

In 2020 further focus will be put on ensuring successful implementation of GDPR into all relevant work processes as well as awareness campaigns/training. An internal audit will be executed to test implementation and identify further work.

Ambitions	Results	Next step
<ul style="list-style-type: none"> - Full compliance with data security and privacy regulations and policies - Zero incidents that pose threat to security of employees or the company 	<ul style="list-style-type: none"> - 82% completion rate on compliance and privacy / data security training 	<ul style="list-style-type: none"> - Internal audit on GDPR implementation to identify further work - Ensure utilisation of competencies and routines throughout the organisation
	16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.	

Excercise «GEMINI»

Gemini is an anti-terror exercise where the Norwegian Armed Forces, police and civil institutions cooperate on security and counter terrorism. The exercise was developed with the aim of strengthening efforts to combat threats against oil production on the NCS. Vår Energi has been part of the exercise where Goliat has been one of the platforms used in the maritime counter terrorism exercise.

Vinnervilje – Will to win

Vår Energi has a strong will to win. We are competitive and capable of building a winning team. Our organisation is dedicated to our mission of delivering sustainable growth and being part of the future energy solution. To achieve our goals, we operate in a disciplined and responsible manner, and will continue to realise our targets within the at all times current regulatory framework.

This chapter describes how Vår Energi works to accomplish our emission-reduction targets, herein the measures we seek to implement in the coming years. 2019 has been defined by strengthened efforts to reduce our emissions, to assess future challenges and opportunities, and to set new ambitious long-term targets that are aligned with the UN SDGs. Moreover, Vår Energi commits to and supports the Paris Agreement by reducing its greenhouse gas emissions in line with the targets stated in the KonKraft 2020 report Industry of Tomorrow on the Norwegian Continental Shelf, Climate Strategy towards 2030 and 2050, where the overall target states a 40% GHG emissions reduction from Norwegian oil and gas production by 2030, and net zero emissions in 2050.

Energy efficiency

Where and why is the topic material?



Both our operation, exploration, supply chain and administrative activities demand large amounts of energy, and

Vår Energi sees a potential to reduce our environmental impact and operational costs through increased efforts on energy management. Our aim of increasing energy efficiency affects how we conduct our operations and is dependent on collaborative efforts from several stakeholders in our supply chain.

Energy management is a material topic for Vår Energi, as it covers both our focus on reducing our environmental footprint, as well as enabling us to run more cost-efficient operations. Emissions from energy use (fuel and diesel) make up 74 % of our direct emissions, underlining the importance of the topic.

Policy and action

Vår Energi Management Policy states that the company seeks to achieve its GHG reduction targets through energy management, amongst other initiatives. Annual targets have been set for top management and the broader organisation with responsibility for achieving Energy Management goals. Vår Energi considers that complying with the Energy Management policy and working to best deliver its targets, is the responsibility of all individuals who take part in Vår Energi's activities. Energy Management will adhere to the principles of ISO50001 and is integrated into the Management System (VEMS).

"We will take active responsibility for continuous improvement on mitigating greenhouse gasses, achieving 40% reduction by 2030 and net zero Emissions by 2050."

Vår Energi Energy Management Policy

Vår Energi has established a dedicated Energy Management team, to ensure systematic monitoring and analysis of our energy consumption. The Energy Management Team will prioritise opportunities for continual improvement and action plans towards realising our targets. Efficiencies will be found in the optimisation of technology, operations and processes, as well as investing in energy-efficient products and services.

"We will take active responsibility for continuous improvement in energy efficiency. We acknowledge that energy management is an integral element in achieving our carbon emission and sustainability goals."

Evaluation of results

The total energy consumption was reduced with approximately 10% or 600 000 GJ in 2019 compared to 2018. The reduction was mainly caused by initiatives on Goliat for increased use of power from shore and improved operational regularity on Balder causing reduced flaring.

Fuel consumption within the organisation from non-renewable sources

Indicators	Boundary	Unit	2019	2018
Balder total	Operational control	GJ	1 215 805	1 364 184
Flare	Operational control	GJ	412 101	565 317
Fuel gas	Operational control	GJ	-	-
Diesel	Operational control	GJ	803 704	798 867
Ringhorne total	Operational control	GJ	591 846	549 497
Flare	Operational control	GJ	39 373	31 214
Fuel gas	Operational control	GJ	487 692	493 462
Diesel	Operational control	GJ	64 781	24 821
Jotun total	Operational control	GJ	1 781 447	1 907 568
Flare	Operational control	GJ	96 885	153 266
Fuel gas	Operational control	GJ	1 589 230	1 545 359
Diesel	Operational control	GJ	95 332	208 942
Goliat total	Operational control	GJ	355 327	868 058
Flare	Operational control	GJ	253 836	218 002
Fuel gas	Operational control	GJ	57 959	387 057
Diesel	Operational control	GJ	43 532	263 000
Marulk Total	Operational control	GJ	100 582	-
Flare	Operational control	GJ	-	-
Fuel gas	Operational control	GJ	-	-
Diesel	Operational control	GJ	100 582	-
Total fuel consumption within the organisation from non-renewable sources	Operational control	GJ	4 045 008	4 689 307

Note: The diesel consumption from Marulk is a result of production drilling and is a temporary activity.

Electricity consumption

Indicators	Boundary	Unit	2019	2018
Goliat – power from shore	Operational control	GJ	1 238 249	1 212 566
Buildings	Operational control	GJ	24 308	21 102
Total electricity consumption	Operational control	GJ	1 262 558	1 233 669

District heating consumption



Indicators	Boundary	Unit	2019	2018
Buildings (Hammerfest)	Operational control	GJ	4 081	4 081
Total district heating consumption	Operational control	GJ	4 081	4 081

Energy consumption

Indicators	Boundary	Unit	2019	2018
Total energy consumption	Operational control	GJ	5 311 646	5 927 056

Next steps

During 2019, Vår Energi initiated the process of implementing a consolidated and digitalised energy management system adapted for the whole company. This is planned to be implemented in 2020. The energy management system is one of the key initiatives to manage our emissions and initiatives to reach our 2030 and 2050 targets. The energy management system will be further elaborated in line with the development of energy-related KPIs, goals and initiatives. Vår Energi will also establish a visualised dashboard to continuously monitor the efficient operation of the power system.

Ambitions	Results	Next steps
During 2020 a specific ambition for the energy management system will be developed.	<ul style="list-style-type: none"> - Total energy consumption in 2019 - 5 312 TJ. - Reduction of energy consumption in 2019 - 615 TJ 	<ul style="list-style-type: none"> - Establish a energy efficiency policy - Implement consolidated and digitalised energy management system to align it with processes and systems pre-merger
	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	

Climate risks and opportunities

Where and why is the topic material?



In 2019 the global energy related greenhouse gas emissions flattened after several years of increase. Although a flattening can be considered a positive trend, significant climate change is becoming increasingly relevant for business while global efforts are still needed to reduce global warming to well below 2 degrees as stated in the 2015 Paris Agreement.

Climate change therefore affects businesses and Vår Energi acknowledges and adheres to the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD) and accounts for climate risks and opportunities when developing strategies and financial plans.

Climate risk can be defined as a result of transitional risk and physical risk. Transitional risks comprise of market, reputational and policy risks, whereas physical risks arise through changes in weather patterns and temperature increases. The topic of climate risk and opportunities addresses the financial impacts of climate change for Vår Energi, and how measures have been implemented to ensure long-term value creation for the company and its stakeholders.

The effects of climate change are likely to impact several parts of Vår Energi's value chain, as various political, market and physical developments in response to or as a consequence of climate change, are expected to take place in the short, medium and long term.

Policy and action

Vår Energi conducted a climate risk and opportunity assessment in 2019 based on the recommendations of the Task Force on Climate Related Financial disclosures (TCFD). The TCFD framework propose 11 recommendations for what businesses should disclose, in order to highlight financial threats to shareholders, banks, and other relevant stakeholders. The recommendations advocates for the use of scenarios in the identification and quantification of risks and opportunities, where minimum one of the scenarios are compatible with a 2. It is advised that companies base its assessments on two different climate scenarios which accounts for a world that 1) achieves the targets proposed by IPCC and 2) does not implement necessary measures to limit global warming to below two degrees. The impact of the transitional and physical risks in the organisation's value chain will differ in the two scenarios, and responsible management should consider all outcomes when developing their long-term strategies.

Governance

Vår Energi's board of directors have the overall responsibility and ownership of climate related objectives in the company's strategy. The board has a structured evaluation of climate risks and opportunities on an annual basis, based on the ERM process, reports and assessments from executive management. However, climate risk and opportunities may also be considered and evaluated on a case by case basis. The results are also used when reviewing strategy, annual budgets, business plans and evaluating performance objectives.

The executive management team has:

- > Commitment and accountability to support the Paris Agreement and UN Sustainable Development Goals.
- > Accountability to reduce emissions in line with the Norwegian Oil and Gas's climate roadmap.

The executive management's responsibilities are supported by Safety and Sustainability and Risk in assessing and managing risks and opportunities. Executive management has a structured evaluation of climate risks on an annual basis, which is incorporated in strategy planning through workshops to address risks and implement mitigating efforts.

Strategy

Risk overview and description of risks

In the risk assessment and strategy process, Vår Energi considers the following short-, medium-, and long-term time horizons: Short-term 0-5 years, Medium-term 5-10 years, Long-term 10-20 years. The definition follows the time frame established by the IEA in the World Energy Outlook. The short-term view is aligned with Vår Energi's existing strategic outlook. The medium-term view assesses investments and assets considering proposed trends and risks towards 2030, with a shift in global politics and markets related to climate action. The long-term view is also relevant due to the long lifetime of assets, and since the industry organisation Norwegian Oil and Gas, aims to achieve net zero emissions by 2050.

Risks and opportunities have been identified through scenario development, where we have developed two scenarios for short-, medium- and long-term assessment. Scenario 1 describes a world in which measures are implemented to limit global warming to well below two degrees global warming by the end of the century, in accordance with the IPCC recommendations. This scenario uses mainly data from IEA's Sustainable Development Scenario

and IPCCs RCP 4.5. Scenario 2 describes a world which wants to take action but struggles to execute. This in turn leads to a global warming in the likely range of 2,5 to 3,5 degrees. This scenario uses mainly data from IEA's Stated Policies and IPCCs RCP 8,5. In addition to the IPCC and IEA projections, both scenarios incorporate local factors, as the operational environment for Vår Energi can differ from global perspectives in some manners. For instance, Norway might implement measures aligned with IPCC-recommendations, but global politics and initiatives might still not be structured in accordance with a world which limits global warming to well below two degrees.

The results of the 2019 climate risk and opportunity assessment have been evaluated by executive management and representatives from the board of directors, and formed the basis for strategic discussions on short, medium and

long term. For 2020 the assessment will be integrated into the Enterprise Risk Management (ERM) process and will be evaluated together with other business risks. The results will be used as a basis for strategy and financial planning. One of the key outputs of the assessment has been Vår Energi's commitment to support the climate roadmap proposed by industry association Norwegian Oil and Gas, where Vår Energi will actively support the goal of 40% reduction in greenhouse gas emissions on the Norwegian Continental Shelf (NCS) by 2030, and net zero emissions by 2050.

#	Risk	Risk type	Description	Risk level	Level of influence	Time horizon
A	Increased pricing on GHG emissions	Regulatory	EU ETS prices increase to reach EU's 2030 climate goal Norwegian CO ₂ taxes increase to reach Norway's 2030 climate goal	Medium-High	Low	Short / medium term (0-10 years)
B	Governmental intervention	Regulatory	Norway implements regulations to reduce or stop exploration activities (e.g. the arctic ice edge) And/or reduce tax relief on exploration activity on the NCS	Medium-High	Medium	Short / long term (0-30 years)
C	Reduced oil demand due to technological advancement	Technology	Price of renewable energy decreases and affects oil and gas demand and subsequently oil price	High	Low	Medium / long term (5-30 years)
D	Halt in carbon capture and storage development	Technology	Poorly coordinated efforts and lack of investments	Medium-High	Low	Long term (10-20 years)
E	Increased scrutiny from financial sector on oil and gas industry globally	Market	Investors exclude oil and gas from investment portfolio. Banks increase price of credit for oil and gas companies	High	Medium	Medium term (5-10 years)
F	Decreased public support for oil and gas	Reputational	Increased polarisation in public debate Political parties with climate focus gain increased public support	High	Low	Short- / medium-term (0-10 years)
G	Acute extreme weather	Physical	Extreme weather events such as storms and heavy rain	Low	Medium	Long term (10-30 years)
H	Chronic impacts of climate change	Physical	Increased volatility in weather, sea-level rise and wave height	Low	Medium	Long term (10-30 years)

The biggest risks to Vår Energi within the next ten years are market and reputational risks. The market risks are related to changes in oil and gas demand and subsequently energy prices, in addition to regulations on CO₂ pricing and governmental intervention. Current national and global trends do not currently show signs of a significantly reduced demand for Vår Energi's products, nor a price drop. However, if EU implements the European Green Deal, and achieves the zero-emission target by 2050, growth possibilities and energy demand may be affected.

The reputational risks affect several stakeholders, including employees, financial markets, NGOs and regulators. It may lead to reduced attractiveness for Vår Energi as a future employer, operator or business partner, and may also increase the cost of capital. The current public debate regarding climate change and the future of oil and gas is polarised and the outcome is still unclear.

Several of the risks may be mitigated by reducing the companies GHG emissions. A detailed climate roadmap to achieve Vår Energi's target of 40% reduction by 2030 and net zero emissions by 2050 is under development and will be finalised by 2021. Although the roadmap is not finished the roadmap will cover the following mitigating options:

- > Renewable energy, through electrification of operated assets
- > Energy efficiency
- > Research and development of new technology to reduce emissions in operations and during use and consumption of oil and gas
- > Carbon Capture Storage and Utilisation (CCSU)
- > Offsets to make up for the emissions related to safety flaring or emergency diesel generators

Opportunity overview and description of opportunity

Through the scenario development and assessment process, Vår Energi has defined four main opportunities arising from a changing market and technological development. These opportunities also represent opportunities to mitigate the identified risks and continue growth. The oppor-

tunities have not been quantified on general basis, as they will vary significantly on case by case basis. However, all four opportunities represent significant financial opportunities based on Vår Energi's existing competence, experience and structure.

#	Opportunity	Opportunity type	Description	Financial impact
A	Carbon capture and storage	<ul style="list-style-type: none"> - New markets - Green products & services - Resilience 	CCS becomes a commercial technology and Vår Energi is significantly represented in the value chain	Potential revenue from new markets and services Positive reputational effects and license to operate
B	Renewable energy	<ul style="list-style-type: none"> - New markets - Green products & services - Resilience 	Tax incentives implemented by Norwegian government to increase green R&D Commercialisation of renewable technology reduces operating costs	Potential revenue from new markets and services Positive reputational effects and license to operate Potentially reduces operational costs
C	Sustainable supply chain	<ul style="list-style-type: none"> - Energy and resource efficiency - Resilience 	Innovation and incentives to suppliers	Potential reduced costs Positive reputational effects and license to operate
D	Energy and climate efficient operations	<ul style="list-style-type: none"> - Energy and resource efficiency - Resilience 	Energy efficiency measurements and renewable energy (including electrification) implemented in own operations	Potential reduced costs Positive reputational effects and license to operate

Risk management

The climate risk and opportunity assessment were conducted in accordance with the Vår Energi Management System (VEMS) Enterprise Risk Management (ERM) framework. The process was led by Safety and Sustainability in cooperation with Finance and Risk department. The executive management and representatives from the board has been directly involved in the process as well as the evaluation of results.

The process was initiated by developing two climate scenarios, which was used as the risk context to identify material risks and opportunities. These risks and opportunities were then quantified by using the risk framework of the VEMS ERM, which has detailed categorisation for consequence and likelihood. The quantification was

performed in workshops with relevant internal bodies.

During 2019 and Q1 2020 the executive management team has had regular meetings and workshops to discuss the assessment, process and results. The outputs from these meetings and discussions have directly been utilised in several strategy processes within the company, including the climate and R&D strategy which are currently under revision.

In 2020 climate risk and opportunities will be fully integrated into the VEMS ERM process. This will increase the level of detail and quality of risk quantification for each identified risk and opportunity.

Metrics and targets

Vår Energi uses the following key metrics and targets to measure and manage climate related risks and opportunities:

Metric		2019	Target
Amount of gas in portfolio	%	40%	-
Scope 1 (Operational control)	tCO ₂ -eq	291 283	40% reduction by 2030
Scope 1 (Equity basis)	tCO ₂ -eq	1 097 086	40% reduction by 2030
Scope 2 (location based)	tCO ₂ -eq	13 710	-
Scope 2 (market based)	tCO ₂ -eq	71 577	-
Scope 3	tCO ₂ -eq	34 707 369	-
CO ₂ costs operated assets (EU ETS, CO ₂ tax, NOX)	NOK	147 274 965	-
CO ₂ emission intensity	kgCO ₂ -eq/BOE	9,84	9 kgCO ₂ /BOE
GHG emission intensity	tCO ₂ -eq/BOE (estimated)	10,11	-
R&D expenditures (total)	NOK	81 614 743	-
R&D expenditures directed at reducing Scope 1 emissions	NOK	36 %	-
R&D expenditures directed at reducing Scope 3 emissions	NOK	6 %	-
Other R&D expenditures, including expenditures directed at environmental protection and biodiversity	NOK	58 %	-


The table disclose information relevant for addressing the various climate risks that Vår Energi face. CO₂eq-emissions constitute the largest risk source for the organisation, which is why Vår Energi has implemented the target of achieving net-zero emissions by 2030. Our three main sources for CO₂-related costs are C tax, emission quotas and NOx tax. CO₂tax is the largest source of expenses, constituting around 50% of CO₂-related expenses. Vår Energi also has R&D expenditures directed at reducing both Scope 1 and 3 emissions. Further details on the results and targets can be found in its respective chapter. The NOROG Scope 1 reduction target is based on a 2005 baseline, whereas Vår Energi uses 2019 due to data availability. 2005 and 2019 are estimated to be reasonably close in emission levels.

Next steps

During 2020 Vår Energi will continue its work to assess climate risks and opportunities, and the implementation with the existing ERM process. This will strengthen our ability to be more resilient towards future risks and to utilise any opportunities. Furthermore, Vår Energi will work to increase the quality and confidence in the qualification of risks and opportunities.

We are in the process of conducting an internal study with the aim of identifying ways of delivering in accordance with Konkraft/NOROG targets, and whether we can even

extend on these. The study will assess costs, feasibility, environmental and social impact, offsetting mechanisms, and more, to consider the consequences of delivering on the goals, and thus where we can strengthen our efforts. The process is meant to assist in addressing identified risks and opportunities, and how Vår Energi can implement measures to reduce risks and leverage opportunities.

Ambitions	Results	Next steps
Understand and manage climate risks and opportunities according to internal policies and established ERM framework	<ul style="list-style-type: none"> - Identified risks and opportunities - External reporting in compliance with TCFD recommendations 	<ul style="list-style-type: none"> - Implement climate risk into existing ERM process - Increase quality and confidence in quantification of risks and opportunities - Conduct internal study to identify ways of delivering according to Konkraft/NOROG targets
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	



Inspirerende – Inspiring

Vår Energi consists of engaged employees that are curious and optimistic about how we as a company can deliver on our growth targets and at the same time be a driving force in solving the energy challenge of tomorrow. We have set ambitious goals, and we recognise that this will challenge how we work, grow, collaborate and innovate; it will demand courage, creativity and flexibility to deliver on our ambition.

Vår Energi's business objective is to expand our ownership and increase activities on the Norwegian continental shelf (NCS) in a profitable and sustainable manner. We are investing in research and development projects to introduce new low carbon technologies in our ongoing and future activities.

The process of developing a new R&D strategy was initiated in 2019, along with the work to implement an energy management system and publishing of our first sustainability report. These initiatives are all meant to deliver on our business objective, and we work to utilise the potential in collaboration across business functions. Being a leading actor on the NCS in terms of collaboration for innovation and emission reducing measures, is a strategic imperative for Vår Energi.

Sustainable Supply Chain

Where and why is the topic material?



Vår Energi works actively to identify and mitigate risks in the supply chain, while working

together with suppliers to identify and utilise opportunities. Vår Energi requires that all main suppliers must have a sustainability policy with a stated ambition or plan for reducing its environmental and social impact.

In our procurement and vendor management process, Vår Energi emphasises our contribution to local value creation and endeavour to source local suppliers where feasible.

” Suppliers have a crucial role in sustainably develop the industry through cooperation and innovation.

Policy and action

In 2020 Vår Energi will implement a new policy requiring that sustainability is evaluated in all procurement processes and that environmental and social performance will be weighted up to 30% in tender evaluations where this is material and feasible. Both through collaboration and through supplier requirements Vår Energi will be a driver in contributing the Norwegian offshore maritime industries in realising their goal of 50% emission cuts by 2030 in accordance with the Norwegian government's plan for a green maritime industry.

To safeguard human rights, the company has implemented a requirement which states that all suppliers shall perform work consistent with the United Nations Guiding Principles on Business and Human Rights (2011) (the UNGPs). To this effect, suppliers shall conduct due diligence to identify, address and, where appropriate, remedy adverse Human Rights impacts in accordance with the UNGPs.

Evaluation of results

By increasingly engaging suppliers by closer collaboration and amplified requirements, we create better dialogue around the material sustainability topics. As part of this a counterparty risk assessment is executed.

Counterparty risk assessment

A counterparty risk assessment is done to:

- evaluate successfully a spontaneous application submitted by a vendor in order to start a qualification process;
- start a vendor qualification process or update a qualification;
- award a contract or amend/review an existing contract;
- issue the authorisation to subcontract;
- perform periodic controls where planned.

In Vår Energi's compliance system Catalyst, we have evaluated 162 suppliers. Compliance Catalyst is developed to ensure that compliance assessment is conducted in accordance with our standards. The system consists of several processes that provides results used in further assessment of procurement and vendor management.




Safety & Sustainability aspects of main suppliers are checked through capability assessment in EPIM Joint Qualification System (JQS) and verified through audits. In addition the suppliers are evaluated on relevant Safety and Sustainability aspects in the tendering process.

Post-award system

Vår Energi is obliged to see to that our Contractors have systems in place to ensure safe and sustainable deliverables. In addition to the pre-award qualification of our suppliers through EPIM JQS audits, our Contractors will be followed up through post-award audits and verification activities. The selection of Contractors to be audited is based on business- and HSSEQ risk. The goal of audits is to secure delivery reliability of products and services. In 2019 we conducted 15 contractor audits.

Next steps

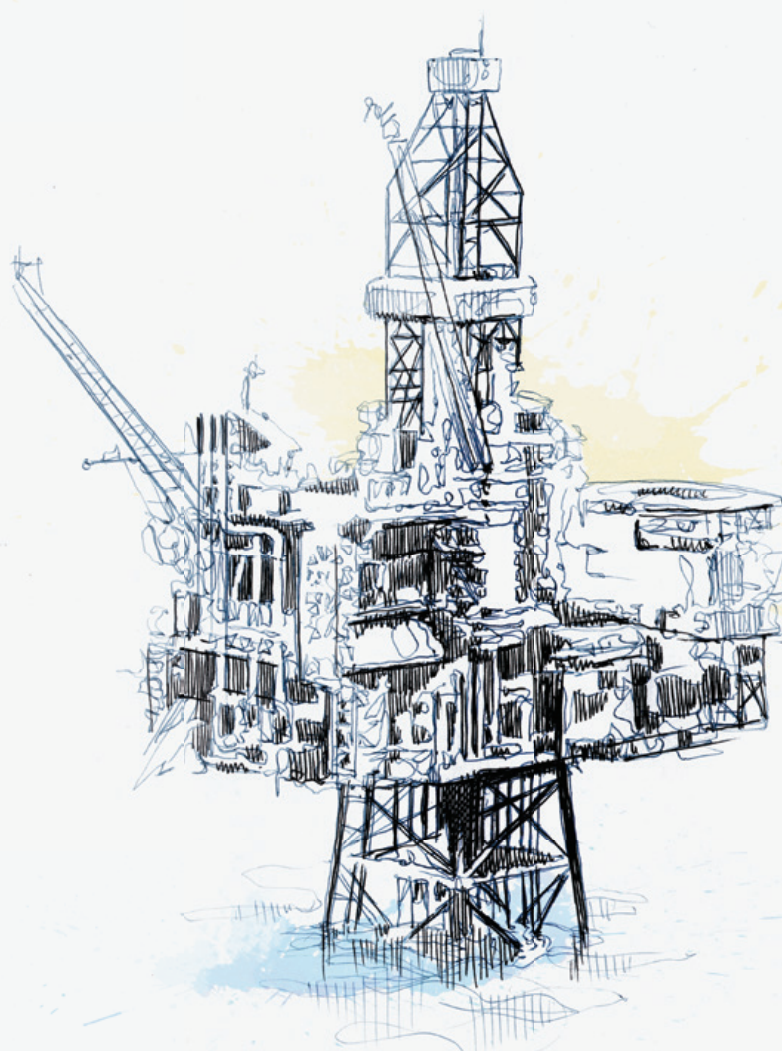
There is a process meant to ensure that environmental crimes in any court worldwide are flagged, and Vår Energi aims to include further processes to consider environmental performance in a wider sense. In extension of this, Vår Energi will implement KPI's for reporting on number of suppliers screened.

Ambitions	Results	Initiatives
<ul style="list-style-type: none"> > Identify and mitigate risks in the supply chain, while working together with suppliers to identify and utilise opportunities > Strengthen collaborative efforts with suppliers to increase innovation to reduce emissions 	<ul style="list-style-type: none"> > 162 compliance assessments > 15 contractor audits > Optimised the contract portfolio with 22% > 100 EPIM JQS audits yearly 	<ul style="list-style-type: none"> > Implement new policy requirements on sustainable supply chain > Establish KPIs for monitoring and external reporting
	9.2 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	





"Suppliers have a crucial role in
the industry's sustainable deveopment
through cooperation and innovation"



R&D

The aim of the Technology Research and Development process (R&D) is to contribute to value creation in the short, medium and long term, developing innovative technological solutions for the business that can deliver competitive advantages for Vår Energi.

Where and why is the topic material?

The oil and gas industry have a long history of innovation, investing in the research and development towards new technologies to produce, refine and manufacture energy and other products for society. It is important to look to the future in terms of how research and technology can address sustainability challenges. A company's strategy and current efforts to provide advanced technical solutions helps to demonstrate a company's intent to reduce environmental or other impacts while providing improved benefits that enhance socio-economic development.

The world's need for energy is still depending on oil and gas production to meet the global demand, even though this is expected to diminish as alternative energy sources and new technologies are developed and supersede oil and gas as better and more sustainable solutions. In this perspective it is important to have two thoughts in mind at the same time. Vår Energi's business objective is to expand its ownership and increase activity on the Norwegian continental shelf (NCS) in a profitable and sustainable manner. Vår Energi's R&D portfolio plays a vital role to achieve these objectives.

Continuous reduction of emissions (GHG) in all our activities is a mandatory strategy according to our licence to operate commitments. To contribute to meet O&G industry climate goals Vår Energi will intensify efforts to develop and employ new solutions. The company is engaged in large scale national projects aiming to develop and demonstrate climate emissions reduction capabilities, such as low emission-, and CCS techniques.

Policy and action

In order to increase R&D contribution to Vår Energi's sustainability objectives, the R&D procedures for screening, selection and authorisation of new R&D projects have recently been improved by introducing new project sustainability impact assessment criteria (economic, environmental, and societal). Through this selective approach, all R&D project proposals are assessed and sanctioned based on the equally weighted assessment criteria hence increasing the number of R&D projects into Vår Energi's R&D portfolio with tangible outcome on the three-dimensional sustainability pillars.

The R&D department invests approximately NOK 80 million per year. Vår Energi's R&D portfolio included 46 projects in 2019, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

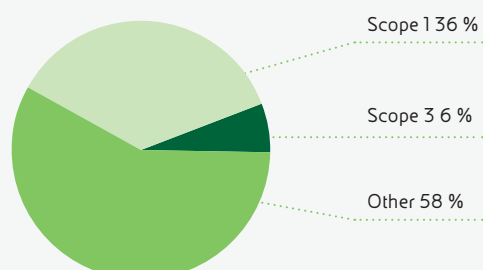
Distribution of projects:

R&D Categories	Unit	2019
Maximise Recovery	NOK	13 008 463
Operational Excellence	NOK	45 672 287
Safety and Environmental Protection	NOK	15 037 000
Successful Exploration	NOK	7 896 993
Grand Total	NOK	81 614 743

In reporting on amount of capital expenditures on "green" or "sustainable" projects, Vår Energi differentiates on whether, and to what degree, the projects contribute to reducing Scope 1, 2 or 3 emissions (see pie chart below).

"In 2019, Vår Energi invested NOK 81 million in a total of 46 R&D projects."

R&D budget spent on GHG reduction projects



Norwegian CCS Research Centre

- > Vår Energi supports the Norwegian CCS Research Centre (NCCS), which is run by the independent research organisation SINTEF. Currently energy and climate targets cannot be met cost-effectively without CCS, while maintaining security of energy supply. Through continued research and development, the Norwegian Government aims to realise full-scale complete value chain fast-track CCS solutions by 2022. Through research NCCS will ensure that Norway remains an international leader in CCS
- > NCCS research activities supports achieving CO₂ storage in the North Sea
- > NCCS will contribute to the government's ambition to realise a full-scale CCS chain by 2022
- > NCCS will exploit the potential of the ECCSEL infrastructure

LowEmission Research Centre

The LowEmission research centre endeavours to develop new technology and concepts for offshore energy systems and integration with renewable power production technologies. This will accelerate development and implementation of low-emission offshore technologies on the Norwegian continental shelf (NCS) and help Norwegian industry to meet its 2030 goal of 40 % reduction in greenhouse gas (GHG) emissions and move towards the 2050 goal of zero emissions from new facilities. Vår Energi are reviewing measures to reach the reduction targets by efficiency






increase, use of low emission technologies, electrification of assets, reduced emissions from cold venting and diffuse emissions and use of decarbonised fuels for energy supply.

Evaluation of results and next steps

As a long-term commitment, Vår Energi in cooperation with the Norwegian Research Council, invested about 100 MNOK in two major R&D programs in the period 2010-2019, both run by the University of Tromsø. The ambitions of the programs were to develop local Oil and Gas industry competence and strengthen business in the Barents Sea region. The research activities contributed, among other things, to the graduation of a large number of PhD students (PhDs) and to the development of knowledge regarding better techniques to protect the environment and local societal interests. In this way, R&D funds helped to strengthen and develop local expertise and jobs, as well as improve knowledge of sustainable planning in the Vår Energi oil and gas activities in the Barents Sea region.

The current Vår Energi R&D project portfolio for 2020 is 63 MNOK. A total of 5 new projects were endorsed for 2020.

During 2020, Vår Energi will establish a new R&D strategy covering the next four years. This strategy will have increased focus on contributing to reaching Vår Energi's emission targets.

Ambitions	Results	New steps
<ul style="list-style-type: none"> > Support Vår Energi in achieving its business objective of increasing ownership and profits on the NCS through R&D > Contribute to emission reduction through R&D 	<ul style="list-style-type: none"> > New projects endorsed: 14 > Project investments 2019: NOK 81.6 mill. 	<ul style="list-style-type: none"> > Vår Energi R&D budget for 2020 is 63 MNOK > Establish new R&D strategy for 2021-2025
	7.A By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors	
	9.2 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
	17.7 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	



Lagspiller - Team Player

Vår Energi is one organisation, one team. We strive to include, develop and acknowledge people by demonstrating trust and an open and collaborative environment.

It is essential for our organisation that we excel in our ability to collaborate internally and externally. Likewise, Vår Energi applies high standard for corporate governance, and we aim to make ethical, responsible and profitable decisions. Our main priority is the health and safety of our employees and contractors. We expect all relevant business partners to comply with our compliance policy.

This chapter highlight our initiatives and ambitions for ensuring a working environment built on trust, openness and engagement. We always put safety and the health of our employees and contractors first, and we set high bars for ourselves in upholding the best of standards. In extension, we value the diverse composition of our organisation and continue to implement measures that will strengthen our teams in the future. Vår Energi acknowledges that we must prioritise our efforts to increase the diversity amongst our leaders as well as new hires, and we aim to be in the forefront of our industry's achievements in this regard.

Health and Safety

Where and why is the topic material?



It is Vår Energi's expressed goal to carry out our activities without causing harm to people or the environment. Vår Energi uses measurement indicators to monitor and learn from experiences in our operations to achieve transparency in the way we work. Promoting a good working environment and HSE culture is at the core of Vår Energi's operations, and it is therefore an integral part of the company's total management system. Our strategy incorporates 'nobody gets hurt' as key priority, ensuring the health and safety of our employees and contractors. The main objective in all business activities is to be the safest operator on the Norwegian continental shelf (NCS).

Policy and action

Occupational Health and Safety Management System

Vår Energi has implemented a management system to ensure a good working environment with regards to safety, health and welfare, securing sound working conditions for the individual employee and contractors, and to ensuring that everyone working for Vår Energi complies with internal and external requirements. The management system is founded on principles set out in IOGP 510 covering relevant elements from NS-EN ISO 9001, NS-EN ISO 14001, NS-EN ISO 26000, NS-EN 27001, NS-EN ISO 31000 and NS-ISO 45001. Vår Energi is certified according to OSHAS 18001 and ISO 14001. The management system is based on the 'Norwegian model', regulated by the Norwegian Working Environment Act and Norwegian legislation, characterised by employee involvement (WEC, safety delegates, discussions with representatives)

Safety, health and working environment management is a company responsibility. The management system covers all workers and assets in Vår Energi, including contractors working on Vår Energi installations. The system is owned by VP Safety & Sustainability who reports directly to the CEO. Maintaining a robust, safe and transparent working environment is the responsibility of all Vår Energi personnel, including contractors working under Vår Energi management system.

It is Vår Energi's policy to conduct business in a manner that protects the health and safety of employees, others involved and the public:

1	We strive to prevent all accidents, injuries and work-related illness through active participation of every employee and other involved in our activities
2	We strive to avoid non-conformities, mistakes and omissions as a result of good planning and control activities
3	We are committed to continuous efforts to identify, eliminate or manage safety and health risks associated with our activities.

This is achieved by developing and maintaining management processes, and continuously working to reduce risks associated with our activities. The main emphasis will be on hazard identification, risk assessment, follow-up of undesired situations and proactive management within Vår Energi activities.

Emergency preparedness and response

Vår Energi has a robust emergency preparedness and response organisation to handle and reduce consequences of identified risk emergency scenarios both onshore and offshore.

In the event of an incident at one of the facilities, it is the responsibility of Vår Energi to respond with full commitment and necessary resources to minimise personnel and public injury, environmental impact, property damage, financial loss, and loss of reputation. Through training and exercises of defined scenarios, the emergency response team gets the opportunity to test, improve and develop to handle incidents using risk-reducing principles. In addition to learning from training and exercises, learning from incidents is vital for improvement and is done in a systematic manner and tracked through the Synergi system.

Hazard identification, risk assessment and incident investigation

Vår Energi works systematically to manage risks. Our work processes ensure that risk identification and assessment is carried out in accordance with regulations, requirements and standards, and that a basis for mitigation of risks and execution of risk assessments is established.

The extent and content of the risk management activities will depend on the phase (e.g. planning, engineering, construction, commissioning and operation) and the complexity of the hazards and risks at each individual plant, project or organisation.

Routines for systematic identification of significant hazards are implemented. Competent personnel within different professional areas are involved in defining the scope of the risk management activities and for choosing the adequate methodologies for conducting risk assessments, evaluations and analyses.

Identified non-conformities from the requirements will undergo corrective actions or subjected to an application for dispensation.

When a hazard or potential risk is identified it triggers the risk management process for further assessment and evaluation and implementation of risk treatment measures

when necessary. All employees and contractors have the authority to speak up and stop unsafe activities. Reporting of work-related hazards is normally done through observation cards, which are registered electronically into the system or by a physical observation card.

HSE incidents, including accidents, near-misses and unsafe conditions, are registered and followed up in Synergi to investigate why the incident occurred and to identify measures to prevent reoccurrence. The level of investigation is dependent on loss potential.

Hazards are aimed to be kept as low as reasonably practicable (ALARP) to avoid occupational injuries, strains, accidents or illnesses and human errors. Choosing the best available techniques (BAT) is the prioritised principle for minimising risks.

Selections of concepts, technical solutions and models for organisational changes are assessed with respect to risk level. Development of new technology with the objective to reduce negative consequences to people, environment or assets, is encouraged.

Occupational health services

Vår Energi is associated with an occupational health service (OHS), Mediteam AS, approved by the Labour Inspectorate. It monitors the working environment, proposes improvements and provides professional competency within the preventive work and any relevant issues. Mediteam AS assists employer, employees, and the working environment committee and workforce representative to create healthy and safe working environment conditions. Mediteam has a free and independent position with regards to working environment issues.

Worker participation, consultation, and communication on occupational health and safety

Working Environment Committees

Vår Energi has an active Working Environment Committees (WEC). WEC contributes to establish a fully satisfactory working environment. The WEC consider questions relating to the occupational health service and safety delegate service, questions relating to training, instruction and information activities in Vår Energi, plans that may be of material significance for the working environment, such as plans for construction work, work processes, and preventive safety measures, establishment and maintenance of the Vår Energi's systematic health, environment and safety work and health and welfare issues. The committee review all reports relating to working environment inspections and measurements.



Safety Delegate Service

Vår Energi has a Safety Delegate Service. The safety delegates safeguard the interests of employees in matters relating to the Safety and Working Environment. The safety delegates ensure that the working environment is properly maintained, and that work is performed in such a manner that the safety, health and welfare of the employees are safeguarded.

Risk meetings

Regular risk meetings ensure communication regarding risk and hazard information. New risks are reviewed, follow-up of existing risks ensured, status of other indicators that may have implications for the aggregated risk picture is presented and discussed. Representatives from the offshore organisations, onshore technical disciplines, management, work force representatives and Safety & Sustainability professionals attend these regular meetings.

Quarterly Safety & Sustainability Safety Committee meetings where both management and coordinating main Safety delegate are present have been conducted in 2019. The purpose of these meetings is to ensure that the committee is informed about HSE status and risk and to ensure the company's continuous HSE performance improvement.

Worker training on occupational health and safety

The biggest challenges when reporting on occupational health and safety, is to be aware of the actual exposure. Personnel need to have good knowledge about the risk factors and protective measures since actual illnesses may not manifest until several years later.

Vår Energi provides information and training for employees exposed to health and safety risk factors. All employees, their supervisors and the line management are given sufficient and suitable information and instructions about the nature of the working environment risks and possible preventive measures.

Results of risk assessments are made known to relevant personnel and the line management. Written operational instructions are prepared for high risk work tasks.

Risk management training has been conducted for selected target groups involved in risk management processes. Computer-based safety introduction training is required for all new employees, contractors and visitors before going offshore to a Vår Energi offshore installation. Permit to work and Safe Job analysis course are required as well.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

In order to prevent disease from developing/occurring, emphasis is put on identifying the risk for workplace exposures which could potentially cause work related illness (WRI), rather than the illness/injury itself. A potential for WRI could arise if a worker is exposed to a workplace hazard beyond a defined "safe"-level, in combination with inadequate or lacking control measures, or as a result of the combination of the two. Vår Energi is working systematically to prevent such exposure incidents, through processes described above. Nevertheless, if an exposure incident occurs Vår Energi registers actual exposure incidents, with potential for WRI as accidents, in our reporting tool Synergi. This is important, to ensure follow up to prevent recurrence, knowledge sharing and learning from exposure incidents.

Evaluation of results

HSE related indicators:

Indicators	Boundary	Unit	2019	Target
Worked hours	Operational Control	Hours	4 026 406	NA
Serious Incidents (SI)	Operational Control	Number	6	0
Serious Incident Frequency (SIF)	Operational Control	1 000 000 / exposed hour	1,5	0
Total Recordable Incidents (TRI)	Operational Control	Number	9	0
Total Recordable Incidents Frequency (TRIF)	Operational Control	1 000 000 / exposed hour	2,2	<2
Dropped Object (DO)	Operational Control	Number	4	0
Dropped Object Frequency (DOF)	Operational Control	1 000 000 / exposed hour	1,0	0
Work Related Illness(WRI)	Operational Control	Number	4	0
Potential Work Related Illness(P-WRI)	Operational Control	Number	16	NA

About the results: SIF = serious (red) incidents, including accidents, near misses and unsafe conditions but not serious (red) P-WRI cases. TRIF=All personal injuries except first aid. DO=actual or potential severity level 3-5. P-WRI= include severity level 3 (irreversible non-fatal) and (4 life threatening)

The company's total reported injury frequency ("TRIF") for 2019 was 2,2, which is comparable to the 2018 result. None of the registered personnel injuries are classified as serious. In 2019, Vår Energi had six events with higher potential, however no personnel were injured during these events. All the events have been investigated according to internal guidelines, and improvements have been implemented.

Work related Illness in Vår Energi 2019

Vår Energi has identified several different working environment risks. For the company overall, we have identified work related stress as a high risk. Nevertheless, it was decided to postpone the mapping of the psychosocial working environment until 2020, due to the special working situation because of the mergers and subsequent reorganisations. Workshops on stress handling were set up throughout the organisation during 2019. Muscular-skeletal afflictions is another risk that has been identified for Vår Energi, both on-shore and offshore. There have been several ongoing preventive measures implemented in the company to reduce this risk.


In 2019 the company performed a thorough mapping of working environment risks offshore with the goal of providing an overview of physical, chemical, biological ergonomic and organisational conditions, to be able to implement relevant and targeted risk-reducing measures. The mapping project also included training in work processes and measures to promote better understanding of risk factors in the working environment. The overall goal is to use prioritised technical improvements to contribute to reduced work environment risk for employees and maintain safe and secure operations on all installations. For offshore personnel, damages on hearing due to noise exposure is a well-known risk. Health issues related to chemical exposure is another risk Vår Energi has high focus of.

Employees which may be affected by identified workplace health hazards are enrolled into the health surveillance programme. All employees exposed to occupational risks, determined by risk assessments of the working environment, are included in the health surveillance programme.

Next steps

Most of the recordable injuries in 2019 were at the lowest level (medical treatment injuries), and none of the injuries had a serious potential. However, we did have some incidents which under slightly altered circumstances could have led to serious injuries, or even fatality. Focus and efforts have been put on learning from these incidents and reduce the likelihood of reoccurrence.

Ambitions	Results	Next Steps
<ul style="list-style-type: none"> > Carry out our activities without causing harm to people or the environment 	<ul style="list-style-type: none"> > SIF = 1,5 > TRIF = 2,2 > DOF = 1,0 	<ul style="list-style-type: none"> > Strengthen initiatives to secure ambition of zero incidents > Conduct mapping of the psychosocial working environment

	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
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People, training and diversity

Where and why is the topic material?



Vår Energi firmly believes that its employees are its most valuable asset, and people and diversity are key factors in executing the overall business and sustainability strategy. Our employees are our most important asset, and

ensuring personal development, a diverse organisation and equal opportunities, are key priorities for Vår Energi. Training and education are important to ensure that our employees comply to our standards for topics like health, safety, anti-corruption, privacy and data security, whereas our diversity focus is directed at building a robust organisation based on equality and development. Vår Energi has around 1000 employees in Stavanger, Hammerfest, Oslo and offshore, whom all work dedicatedly towards our goals: to increase value and deliver ambitious growth targets – in a safe and reliable way.

As the second largest exploration and production company on the NCS, Vår Energi works to maintain, attract and develop a diverse workforce of professional individuals in a collaborative and transparent working environment. The topic of training and education involves all employees and is a key facet in developing the organisation to meet our growth targets as well as tackling the challenges stemming from climate change.

Policy and action

Vår Energi does not discriminate on race, ethnicity, social economic status, age, sexuality, physical abilities, religious beliefs, political beliefs and other ideologies. Both in career development and recruitment processes, we actively work towards gender equality and equal opportunities. Vår Energi acknowledges that diversity is an integral part of creating successful teams. Vår Energi has a long-term goal of 40 % gender diversity in the entire organisation. By 2025 the target is to reach

- > 40% female employees onshore
- > 15% female employees offshore, and
- > a ratio of female leaders reflecting the gender balance onshore and offshore

Training and development

Vår Energi believes that professional training and development are important means of advancing the growth, motivation and retention of our employees. Training plans are under development with mandatory programmes combined with development initiatives requested by the

individual and leader. Training offered to employees involves a combination of a comprehensive e-learning programme, classroom trainings carried out in-house and on supplier premises, as well as a training programme tailored to each employee's own position. A program for education assistance is in place, offering employee support to initiate or complete higher education degrees. In addition, there is training provided by the Eni Corporate University in Milan. The company also offer a comprehensive training programme for the offshore organisation and will continue to improve and develop a common program for Vår Energi as part of ongoing integration work. An extensive series of courses will continue during 2020 in accordance with our predefined skill requirements. In 2020, a leadership training program will be rolled out for all leaders in the new Vår Energi organisation.

A leadership development program has been developed ensuring that all leaders in the organisation will receive adequate training to perform their role in the best Vår Energi way, and a uniform development of our company culture.

All training for offshore organisation is sorted by regulatory requirements and company requirements. With a total of 231 training requirements, 80% of regulatory requirements are completed and 73% of company requirements are completed. As the training program for a consolidated offshore organisation are under development some competency requirements are set on hold, and this has impacted the completed training score as it is included in the basis. The company has also seen large movements of personnel from the Barents Sea to the North Sea assets, and vice versa, which has caused new competence requirements for personnel, hence impacting the completed training score. Execution of training is based on different training methods such as class-room training, e-learning, simulator training, on the job training and competence assurance verification.

Evaluation of results

At year-end 2019, Vår Energi had 875 employees, including 48 expatriates from the Eni Group and 33 new employees who joined from Exxon Mobil in December. In addition the company had about 150 temporary contractors. The majority of employees (460) work at the company's headquarters at Forus in the Stavanger Region. Additional 35 employees are located in the Oslo office, while 68 employees are located in the Hammerfest office. The company has a total of 279 employees working offshore.

Vår Energi aims to be a workplace with equal opportunities between the genders. The company has included regulations

"Ensuring employee wellbeing, diversity, equal opportunities, training and education, is a prerequisite for success."




to prevent gender discrimination related to salary, career promotion and recruiting in its Code of Ethics and procedures. The proportion of women employed in Vår Energi was about 28 percent. In 2019, three of the eight members of the company's Board of directors were female.

Vår Energi aims to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, sexual orientation, language, religion or faith. In Vår Energi we have employees with 33 different nationalities.

Category	2019:
Total number of employees	821
Full time employees	808
Part time employees	13
Female employees	Total: 228, 28% Board: 3, 38% Executive Management: 3, 27% Level 2: 40, 25%
Male employees	599
Number of nationalities	33
Turnover	Out: 44, In: 74

Next steps

Because Vår Energi is a result of several mergers and acquisitions, it is necessary to consolidate systems to gather complete data on relevant metrics to disclose on. Especially in regards to training, we will increase our efforts to secure that all employees has received minimum of training, and that the organisation offers a variety of learning for further education.

Ambitions	Results	Initiatives
<ul style="list-style-type: none"> > All employees should conduct mandatory integrity training > Increase amount of females in organisation > New diversity target of 40% gender diversity overall and 40% female employees onshore, 15% female offshore > A ratio of females leaders reflecting the gender balance onshore and offshore. 	<ul style="list-style-type: none"> > Total number of employees 821 > 28% gender diversity > 82% completion rate on integrity training > 33 nationalities 	<ul style="list-style-type: none"> > Implement measures to achieve diversity targets > Develop KPIs for monitoring and external reporting > Consolidation of HR systems > Create new e-learning courses
	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	
	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation,	

Vår Energi GRI index 2019

Global Reporting Initiative (GRI) is an independent international standards organisation which has developed the world's most widely used framework for sustainability reporting. The GRI guidelines consist of reporting principles, aspects and indicators that organisations can use to disclose information related to economic, environmental and social performance.

This report has been prepared in accordance with the GRI Standards: Core option.

The table below shows Vår Energi's reporting relative to the GRI Standards guidelines.

GENERAL DISCLOSURES

GRI §	Description	Source (page no.)
Organisational profile		
102-1	Name of the organization	About Vår Energi (3)
102-2	Activities, brands, products, and services	About Vår Energi (3)
102-2	Activities, brands, products, and services	About Vår Energi (3)
102-3	Location of headquarters	About Vår Energi (3)
102-4	Location of operations	About Vår Energi (3)
102-5	Ownership and legal form	About Vår Energi (3)
102-6	Markets served	Annual report
102-8	Information on employees and other workers	People, training and diversity (60)
102-9	Supply chain	Sustainable supply chain (47)
102-10	Significant changes to the organization and its supply chain	Letter from CEO (4)
102-11	Precautionary Principle or approach	Vår Energi uses a precautionary approach
102-12	External initiatives	Local value creation (23) R&D (50)
102-13	Membership of associations	Annual report, R&D (50), Local Value Creation (23)
Strategy		
102-14	Statement from senior decision-maker	Letter from CEO (4)
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Our strategy for long-term value creation (6)
Governance		
102-18	Governance structure	Annual report
Stakeholder engagement		
102-40	List of stakeholder groups	Our stakeholders and material topics (11)
102-41	Collective bargaining agreements	Annual report
102-42	Identifying and selecting stakeholders	Our stakeholders and material topics (11)
102-43	Approach to stakeholder engagement	Our stakeholders and material topics (11)
102-44	Key topics and concerns raised	Our stakeholders and material topics (12)
Reporting practice		
102-45	Entities included in the consolidated financial statements	Annual report
102-46	Defining report content and topic Boundaries	Our stakeholders and material topics (12)
102-47	List of material topics	Our stakeholders and material topics (12)
102-48	Restatements of information	NA
102-49	Changes in reporting	NA
102-50	Reporting period	Letter from CEO (4)
102-51	Date of most recent report	Letter from CEO (4)
102-52	Reporting cycle	Letter from CEO (4)
102-53	Contact point for questions regarding the report	Communication Manager Andreas Wulff, andreas.wulff@varenergi.no
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index
102-55	GRI content index	Material topics (65)

MATERIAL TOPICS

Topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Vekst (Growth) - Climate					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	28			
103-2	The management approach and its components	28-29			
103-3	Evaluation of the management approach	29-30			
GRI 305 - Emissions					
305-1	Direct emissions (Scope 1)	30			
305-2	Energy indirect emissions (Scope 2)	30			
305-3	Other indirect emissions (Scope 3)	30			
305-4	GHG emission intensity	30			
305-5	Reduction of GHG emissions	30			
Vekst (Growth) - Local value creation					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	31			
103-2	The management approach and its components	31			
103-3	Evaluation of the management approach	34-35			
Vår Energi own indicator					
VE-1	CSR projects supported	35			
Integritet (Integrity) - Business integrity					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	36			
103-2	The management approach and its components	36-37			
103-3	Evaluation of the management approach	36-37			
GRI 205 - Anti-corruption					
205-1	Operations assessed for risks related to corruption	37-38	Yes	Information unavailable	Total number and identified risks are not reported
205-2	Communication and training about anti-corruption policies and procedures	37-38	Yes	Information unavailable	Only total percentage is reported
205-3	Confirmed incidents of corruption and actions taken	37-38			
Integritet (Integrity) - Biodiversity and environmental protection					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	38			
103-2	The management approach and its components	38-39			
103-3	Evaluation of the management approach	39-40			
GRI 304 - Biodiversity					
304 - 1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	38-40			
304 - 2	Significant impacts of activities, products, and services on biodiversity	38-40			
GRI G4 Sector Disclosures - Oil and Gas					
OG-4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored	40			
GRI 305 - Emissions					
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	40	Yes	Not applicable	POP, HAP and PM are not reported
GRI 306 - Waste and effluents					
306-3	Significant spills	40			
Own indicator					
VE-2	Selected material waste and effluents indicators	40			

MATERIAL TOPICS (CONT.)

Topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Integritet (Integrity) - Privacy and data security					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	41			
103-2	The management approach and its components	41-42			
103-3	Evaluation of the management approach	42			
Vår Energi own indicator					
VE-3	Number of employees trained in privacy and data security	42			
Vinnervilje (Will to win) - Energy efficiency					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	43			
103-2	The management approach and its components	43-44			
103-3	Evaluation of the management approach	43-44			
GRI 302 - Energy					
GRI 302-1	Energy consumption within the organization	44			
GRI 302-4	Reduction of energy consumption	44-45			
Vinnervilje (Will to win) - Climate risks and opportunities					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	46			
103-2	The management approach and its components	46-47			
103-3	Evaluation of the management approach	46-49			
Own indicator					
VE-4	TCFD reporting (see TCFD Index)	70			
Inspirerende (Inspiring) - Sustainable supply chain					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	52			
103-2	The management approach and its components	52			
103-3	Evaluation of the management approach	53			
GRI 102 - General Disclosures					
102-9	Supply Chain	52			
Own indicator					
VE-5	Number of compliance assessments and contractor audits	53			
Inspirerende (Inspiring) - R&D					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	56			
103-2	The management approach and its components	56-57			
103-3	Evaluation of the management approach	57			
Vår Energi - Own indicator					
VE-6	Percentage used on Scope 1, 2 and 3 projects	57			
VE-7	Distribution and total annual R&D spending	57			

MATERIAL TOPICS (CONT.)

Topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Lagspiller (Team player) - Health and Safety					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	59			
103-2	The management approach and its components	59-61			
103-3	Evaluation of the management approach	62-63			
GRI 403 - Occupational Health and Safety					
403-1	Occupational health and safety management system	62			
403-2	Hazard identification, risk assessment, and incident investigation	62			
403-3	Occupational health services	62			
403-4	Worker participation, consultation, and communication on occupational health and safety	62			
403-5	Worker training on occupational health and safety	62			
403-6	Promotion of worker health	62			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62			
403-8	Workers covered by an occupational health and safety management system	62			
403-9	Work-related injuries	62			
403-10	Work-related ill health	62			
Lagspiller (Team player) - People, training and diversity					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	64			
103-2	The management approach and its components	64			
103-3	Evaluation of the management approach	65			
GRI 102 General Disclosures					
GRI 102-8	Information on employees and other workers	65			
GRI 401 - Employment					
GRI 401-1	New employee hires and employee turnover	65	Yes	Information unavailable	Age group, gender and region not reported due to consolidation of HR systems
GRI 405 - Diversity and Equal Opportunity					
GRI 405-1	Diversity of governance bodies and employees	65	Yes	Information unavailable	Age group not reported due to consolidation of HR systems

TCFD index

TCFD recommendation

Reference to Vår Energi disclosure

Governance – Disclose the organisation's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	SR - Climate risks and opportunities (46)
b) Describe management's role in assessing and managing climate-related risks and opportunities.	SR - Climate risks and opportunities (46-47)
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	SR - Climate risks and opportunities (48)
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	SR - Climate risks and opportunities (48)
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SR - Climate risks and opportunities (48-49) SR - Climate (30)
Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	SR - Climate risks and opportunities (46)
b) Describe the organisation's processes for managing climate-related risks.	SR - Climate risks and opportunities (46-49) SR - Climate (30)
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	SR - Climate risks and opportunities (49) SR - Climate (30)
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	SR - Climate risks and opportunities (47)
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SR - Climate risks and opportunities (49) SR - Climate (30)
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	SR - Climate risks and opportunities (49) SR - Climate (30)

SR = Sustainability Report

AR = Annual report

