vår energi

Sustainability Report 2020

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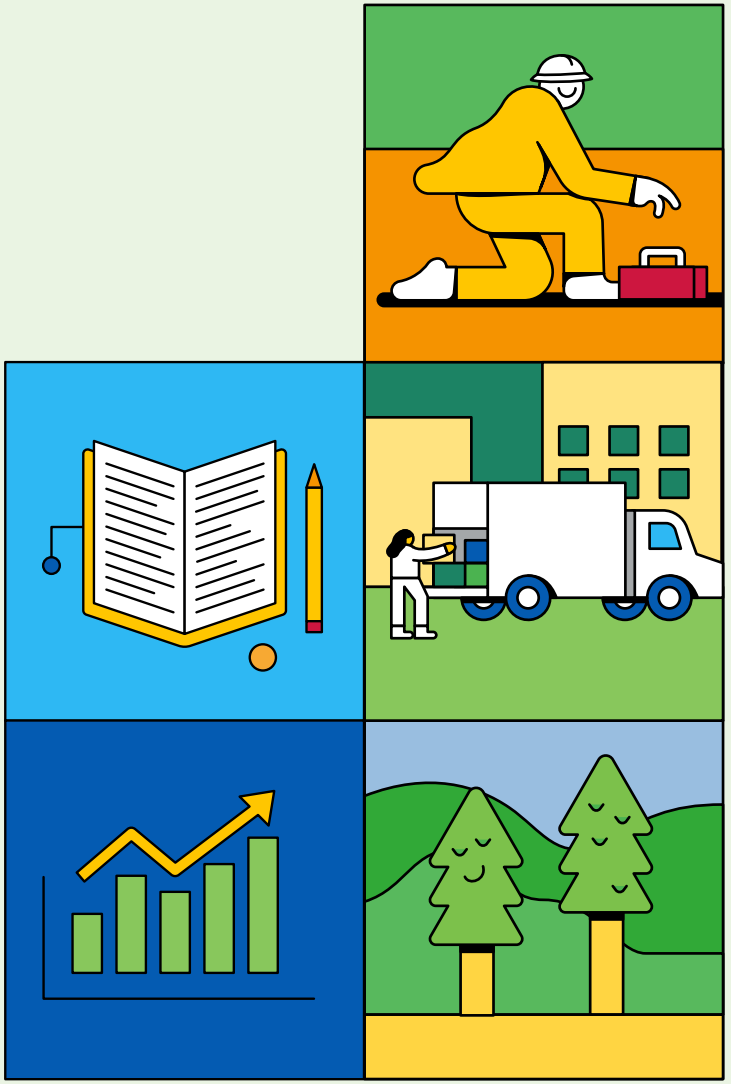


Vår Energi at a glance

Vår Energi AS is a Norwegian-based company which is owned by Eni International BV (ENI) (69,85%) and Point Resources Holding AS a company administered by HitecVision (30.15%). Our headquarters 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 in production.

Production
265
kboepd

EBITDAX*
16 533
NOK million

Licenses
136
#

Producing fields
35
#

Proven and probable reserves (SEC)
1 147
mmboe

Operating revenues
27 028
NOK million

Production and transportation cost
10.4
USD per barrel

NIBD / EBITDAX
2.7
X

Emission intensity operated fields
7.0
Kg CO_2 eq per boe

TRIF
3.5
X

3

Photo: Jon Ingemundsen, Aftenbladet

Letter from the CEO

Vår Energi is the largest independent E&P company in Norway. We are driven by a fundamental belief in the future of our industry and that of the Norwegian Continental Shelf (NCS). Ownership in more than 130 licenses and operations across all parts of the shelf give us a strong competitive edge. It provides us with a deep and unique understanding on which we base our business decisions – and our success.

Nobody gets hurt or ill

Our top priority is the health and safety of our employees, contractors, and other partners. Our goal is to be the safest operator on the NCS, which is a value integrated in our culture, as well as in our business plans. In 2020, no serious injuries were recorded despite high levels of activity both offshore and onshore, including ramp-up of work related to the lifetime extension on the Balder field.

The COVID-19 pandemic imposed extraordinary challenges during 2020. Preventing any outbreak of COVID-19 on our offshore activities became a key priority and a target to which we succeeded due to extensive preventive measures.

Committed to deliver a better future

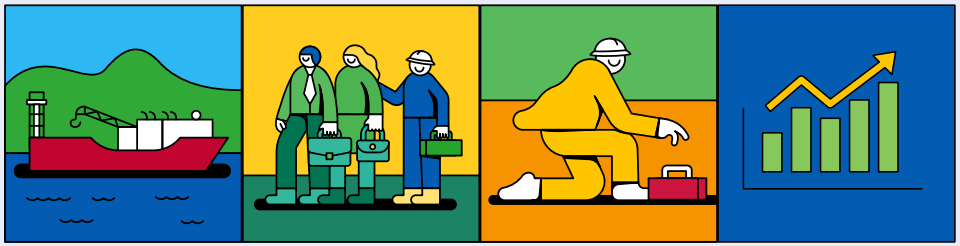
Our vision is Committed to deliver a better future. We are strongly committed to creating maximum value for both our shareholders, the communities in which we operate and the Norwegian society at large.

Oil and gas will continue to play a fundamental role in the global energy mix long into the future. However, real actions are required to reduce greenhouse gas emissions and to tackle the climate challenges. Our commitment to deliver a better future therefore demands that we always have two thoughts in mind: we must keep addressing the climate issues whilst continuing to further explore and develop the NCS, creating long-term value.

Together with the rest of the oil and gas industry, Vår Energi has defined and is working to meet ambitious climate targets.

50% reduction in GHG emissions by 2030

We strongly support the Paris Agreement. At the beginning of 2020 a united Norwegian oil and gas industry set targets for reducing greenhouse



gas emissions (GHG) by 40% within 2030. Vår Energi will further expand on the targets by reducing 50% of its scope 1 GHG emissions by 2030 and work towards near zero emissions in 2050. This is in line with the decision request by the Norwegian Parliament, expected to be confirmed during 2021.

Electrification with power from renewable sources will be central for Vår Energi in reaching our targets. The electrification of Goliat has become increasingly effective and we are studying the possibility for electrification of the greater Balder area.

Through activities and requirements, our industry aims to develop new technology and innovative solutions, driving down GHG emissions in a cost-effective manner. Further, we contribute to significant joint industry R&D projects where we collaborate with our partners to find the solutions to create a more sustainable future. Our industry has through history demonstrated that we can overcome challenges. We will do it again.

Creating local value and opportunities

Vår Energi contributes to continuous development of our industry. We collaborate closely with the stakeholders in the communities where we operate to ensure that our activities lead to opportunities for economic and social ripple effects. We actively contribute to the development of strong value chains and value creation in these communities and to increased activity and competence building.

The temporary changes to the fiscal regime, introduced by the Parliament in 2020 to sustain industry activity, enabled us to pursue plans that had been on hold. This in turn provided activity and employment in many parts of the country, as intended by the Parliament.

Looking ahead

2020 was a year where we all worked hard to combat a pandemic, as nation states, as companies, as individuals. Our global climate challenges will only be solved in the same way: through the choices and decisions made in governments, companies and by individuals and in how well we can pull together. There is no competition between green and black, renewables and fossil - in this transition everyone has a place and a task. The world needs both energy and energy conversion. On a personal note, I hope 2021 will be the end of polarization and the beginning of collaboration - **two thoughts in mind.**

Kristin F. Kragseth
CEO, Vår Energi

Our ambitions and targets:

1: 50% reduction in GHG emissions from operated assets in 2030 (Scope 1)

2: Near zero GHG emissions from operated assets in 2050 (Scope 1)

3: All new greenfield developments shall be electrified with power from shore or from renewable offshore power production

4: Reduce emissions through R&D

5: Safest operator on the NCS

6: 40% gender diversity in the entire organization

7: Sustainability to be considered in all tenders where material and feasible

8: Engage local communities to create value

9: Zero discharge of environmentally hazardous substances

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

SDG 13: We prioritize climate

Summary of key results	Boundary*	Unit	2020	2019
Production				
Oil and gas production	EB	boe	94 572 961	101 223 192
Gas share of total production	EB	Percentage	39,6	39,5
Climate				
Scope 1 GHG emissions	OC	Tonnes CO_2 eq	194 174	290 087**
Scope 1 CO_2 emissions (EU ETS)	OC	Tonnes CO_2 eq	190 936	283 591
Scope 1 CO_2 emissions (EU ETS)	EB	Tonnes CO_2 eq	1 023 979	1 097 086
Scope 2 GHG emissions (location based)***	OC	Tonnes CO_2 eq	16 457	13 710
Scope 2 GHG emissions (market based)***	OC	Tonnes CO_2 eq	85 878	71 577
Scope 3 GHG emissions	EB	Tonnes CO_2 eq	36 919 289	34 707 369
CO_2 emission intensity Operated Assets	OC	Kg CO_2 eq per boe	7,0	9,8
CO_2 emission intensity Partner Operated Assets	EB	Kg CO_2 eq per boe	11,2	10,6
Upstream GHG emission intensity Operated Assets	OC	Kg CO_2 eq per boe	7,2	10,1
Local value creation				
CSR projects	OC	Number	20	20
CSR projects	OC	NOK	5 937 500	3 000 000
Business integrity / Privacy and data security				
Compliance training attendance	OC	Percentage	87	82
Confirmed incidents of corruption	OC	Number	0	0
Biodiversity and environmental protection				
Sulphur oxides (SOx)	OC	Tonnes	29,55	30,20
Nitrogen oxides (NOx)	OC	Tonnes	1 369	1 815
Non-methane volatile organic compounds (nmVOC)	OC	Tonnes	634	2 568**
Unintentional discharges of oil / chemicals to the sea	OC	Number	5	2
Hazardous waste generated	OC	Thousand tonnes	4,42	6,52
Non-hazardous waste generated	OC	Thousand tonnes	1,70	0,83
Energy Efficiency				
Total fuel consumption from non-renewable sources	OC	GJ	2 650 029	4 045 008
Total energy consumption	OC	GJ	4 171 331	5 311 980**
Sustainable supply chain				
EPIM JQS Audits	OC	Number	231	162
Research and Development				
Total R&D investments	OC	MNOK	69	81
Health and Safety				
Serious incidents frequency (SIF)	OC	1 000 000 / exposed hour	1,7	1,5
Total recordable incidents frequency (TRIF)	OC	1 000 000 / exposed hour	3,5	2,2
Work related illness (WRI)	OC	Number	0	4
People, training and diversity				
Employees	OC	Number	901	821
Gender diversity	OC	Percentage	26	28

EB: Equity Basis, OC: Operational Control

* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control. Definition Equity Basis - accounts for activity from operations according to Vår Energi's share of equity in the operation.

** Figures are updated from 2019 Sustainability Report

*** Location-based method reflects the average emissions intensity of grids on which energy consumption occurs. Market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).

Vår Energi's 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 an oil and gas company, Vår Energi's aim is to create long-term value for Norway, stakeholders, and employees through managing resources in a responsible and sustainable manner.

The name of the company, Vår Energi, reflects the Norwegian word spring – symbolizing 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 everyone: creating value for the society at large.

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

Values aligned with the UN SDGs

The 2030 Agenda for Sustainable Development of the United Nations, presented in September 2015, identifies 17 Sustainable Development Goals (SDG) aimed at helping the world create a better and more sustainable future for all nations. Vår Energi fully supports the UN SDGs and understands the crucial role that businesses have in the achievement of these goals.

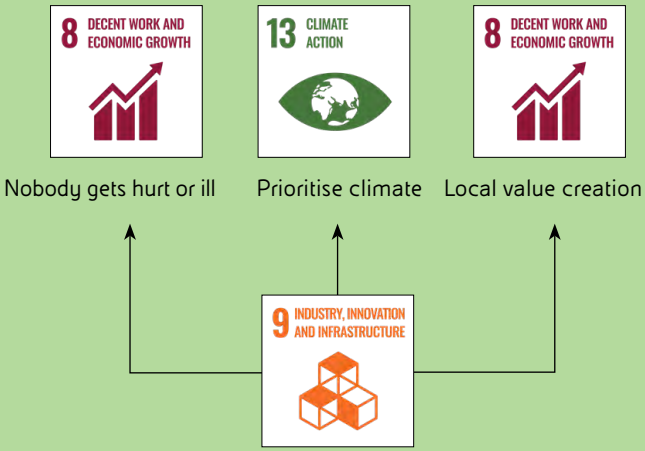
Energy plays a fundamental role in meeting primary needs of society, in national security and in protecting the environment. As a producer of fossil fuel, Vår Energi recognizes that its activities and products create both benefits and challenges for society and for the achievement of UN's SDGs. Therefore, the company has a strategic focus on sustainable growth and is continuously strengthening sustainability performance. This is done through both minimizing negative impacts and increasing positive impacts on society and hence the achievement of the UN SDGs.

Vår Energi has identified SDGs 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure) and 13 (Climate Action) as the company's strategic focus SDGs. This is because these are the areas where the company, as a producer of fossil fuels, has both the biggest impact and the largest potential for positive contribution. In addition, these SDGs relate closely to the company's strategy for long-term value creation:

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

The company has developed a strategic framework to achieve its ambitions related to SDGs 8, 9 and 13. The framework emphasizes how Vår Energi structures its efforts, and underlines how "innovation, efficiency and collaboration" is fundamental to delivering on SDGs 8 and 13. Vår Energi also contributes to other SDGs but to focus efforts, the company has chosen to highlight SGDs 8, 9 and 13. It will be reflected on how the company contributes to both the strategic focus SGDs and to other relevant SDGs throughout this report.

Strategic focus SDGs



Other relevant SDGs

Nobody gets hurt or ill

The health and safety of its employees and contractors will always be of the highest priority to Vår Energi. As a result of this, the main goal in all of the company's business activities is to be the safest operator on the Norwegian continental shelf (NCS).

Vår Energi works continuously to ensure that all its operations and activities are performed safely, and this underlying value is ingrained in company culture, as well as in its business plans. In close cooperation with employee representatives, Vår Energi supports and funds multiple initiatives aimed at creating a better and safer working environment for employees and contractors.

The company has established a systematic approach to identify, evaluate, and mitigate risk factors in the working environment which helps ensure that the working environment is as safe as possible and adheres to applicable laws, regulations and guidelines.

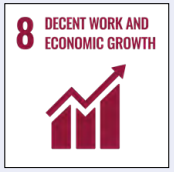
"Nobody gets hurt or ill" relates to SDG 8.

Prioritize climate

Through its operations, Vår Energi emits greenhouse gases (GHG) which affects the climate. Company activities also has the potential to significantly impact wildlife and nature. As a result of these potential negative effects, Vår Energi works to ensure that its operations have a minimal impact on the environment. The company also cooperates with local communities, other operators, and national authorities to ensure that its operations are conducted in a safe and responsible manner.

The goal "Prioritize climate" constitutes that Vår Energi is determined to reduce GHG-emissions from its operations and minimize any potential negative effects on the environment. Vår Energi will reduce its GHG emissions through electrification of assets, increases in operational efficiency (energy management), portfolio management, and reduced cold venting and fugitive emissions. Long-term GHG emissions can be reduced through the implementation of low emission technologies, carbon capture and storage (CCS), and through the use of renewable energy as an energy source. 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 creation

Creating local value such as development and opportunities for local businesses through its activities is one of Vår Energi's main business objectives. The company wants to contribute to increased settlement and competence development in all areas of its operations.

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

Through industry ripple effects, Vår Energi also provides opportunities where it performs its business activities and use local suppliers wherever possible in order to create local value.

"Local value creation" 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 production efficiency and ensures that all Vår Energi operations are conducted in a sustainable manner.

One of Vår Energi's business objectives is to expand its ownership and increase activities on the NCS in a profitable and sustainable manner. The company collaborates with institutions to reach a common goal of developing sustainable solutions for operations on the NCS. Vår Energi's research and development (R&D) portfolio is vital in order to achieve this objective. In 2020, the company invested NOK 69 million in R&D projects on the NCS, where it currently supports around 40 R&D projects. Vår Energi commits to increasing its R&D budget for 2021 to NOK 89 million.

"Innovation, efficiency and collaboration" relates to SDG 9.

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

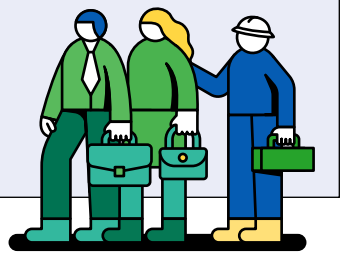
→ We are competitive and energized to build a winning team
→ We are committed and demonstrate discipline and responsibility
→ We take action in order to create value and reach our objectives and vision

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

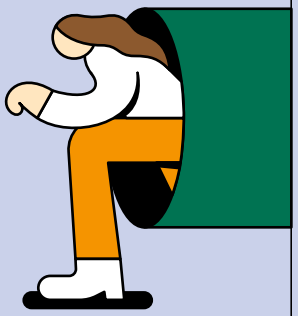
Lagspiller - Team player

→ 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



«The support from Vår Energi has been of great importance for Asfalt in the past year. It gave us the opportunity to keep operations partially running during shutdown in March, and to use our resources to keep contact with sales offices and sellers.
The support also gave us the opportunity to continue working on the development and strengthening of the organization, even in a difficult year.»

Ragnhild Gjerstad-Sørensen
CEO
The Street Magazine Asfalt Foundation



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Vår Energi's material sustainability topics

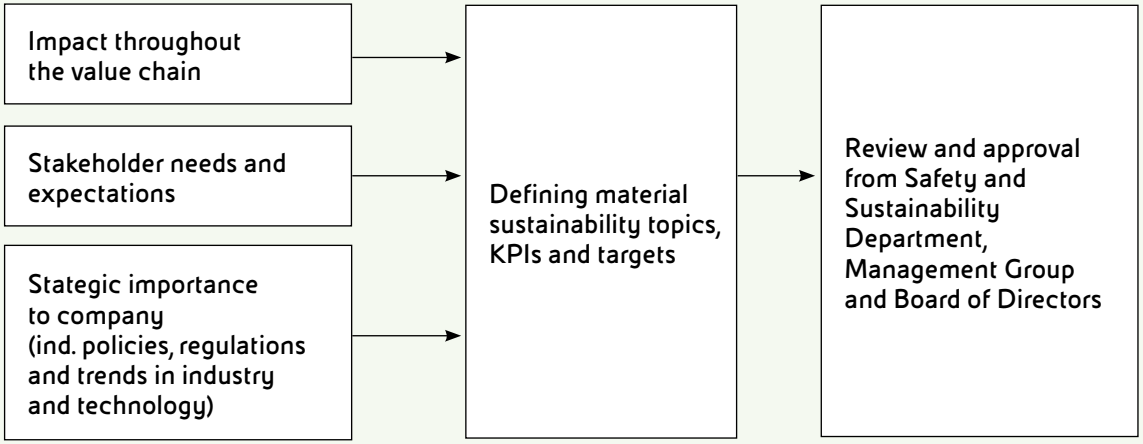
Vår Energi's process for defining its material sustainability topics

The sustainability report highlights the sustainability topics that were most material to Vår Energi's stakeholders in 2020. Material topics are defined as topics that have a significant impact on both the company itself and its stakeholders. Vår Energi is present along the entire NCS, from the North Sea in the south to the Barents Sea in the north, and interacts with a vast amount of people, communities, and other companies daily. Defining the material topics is a systematic process, including stakeholder mapping and interviews. In addition, the process includes an assessment of both how Vår Energi's activities impact stakeholders and how various risks and opportunities impact Vår Energi.

During the process, main stakeholder groups were identified. These include employees, suppliers, non-governmental organizations (NGOs), shareholders/owners, financial markets, regulators, operators, local communities, and customers. Stakeholder dialogue is essential in forming company strategies and prioritizations for 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, the company has identified its material sustainability topics. This is also used as a baseline for determining KPIs and targets within the organization, which the Management Group and Board of Director review and approve.

Vår Energi's material sustainability topics

The process described above ensures a careful assessment of which topics are most material for Vår Energi and results in KPIs and targets which reflect the company's continuous strive to improve its sustainability efforts. This process is regularly repeated to keep up with changes both in the value chain and in the expectations of Vår Energi's stakeholders. In addition, the process captures changes in relevant policies, regulations and industry trends which are relevant to the company. Vår Energi's material sustainability topics are divided into three main categories as defined by the Global Reporting Initiative (GRI) Standards; Environmental, Social and Economic (Governance). Using the process described above, the following material sustainability topics have been identified for Vår Energi:



Vår Energi's material sustainability topics		
Environmental	Social	Economic
GRI 300	GRI 400	GRI 200
- Climate - Energy efficiency - Biodiversity and environmental protection	- Health and safety - People, training and diversity - Local value creation	- Business integrity - Sustainable supply chain - Research and development - Privacy and data security

Stakeholder dialogue in 2020

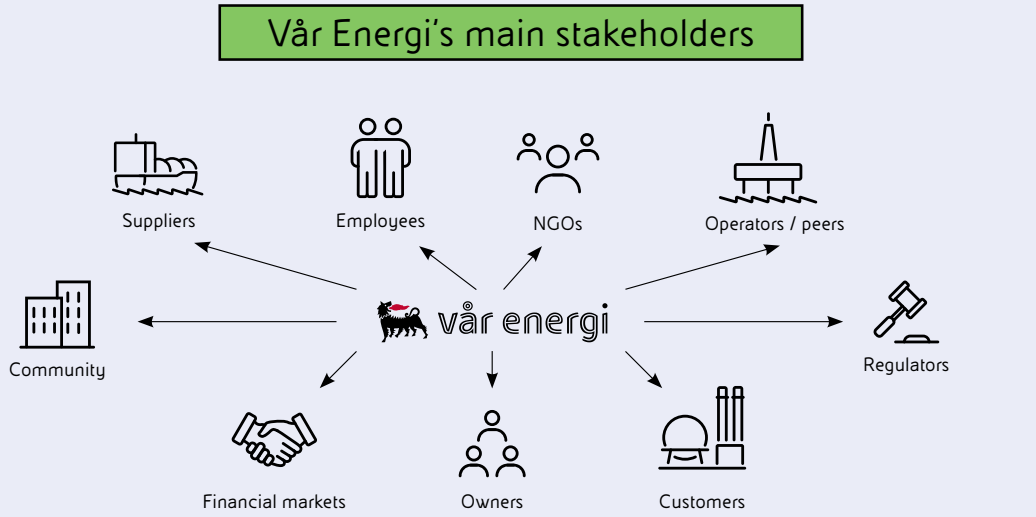
Vår Energi conducts its stakeholder activities with two main objectives: to ensure long-term and predictable conditions for business activities and to create value and ripple effects for all company stakeholders.

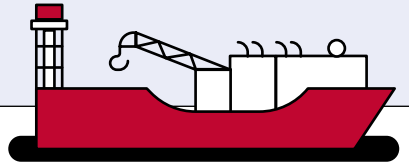
Due to the restrictions on travel and socializing, put in place to tackle the COVID-19 epidemic, the company's stakeholder dialogue was different in 2020. Conferences and face-to-face meetings were periodically replaced with digital meetings, video speeches and direct digital communication.

Stakeholder dialogue related to the temporary changes to the industry's fiscal framework due to COVID-19 effects took place mainly through the collaborative efforts of the industry organization Norwegian Oil and Gas (NOROG). Vår Energi contributed with its participation in relevant committees as well as supporting the collective effort through its own stakeholder management channels.

The stakeholder dialogue will continue to be important in 2021, despite the challenges the industry is still facing due to the COVID-19 pandemic. NOROG will also continue to be important as a channel for industry dialogue leading up to the elections in September 2021. Some of the important topics for Vår Energi will be the continued stability of the fiscal framework and access to exploration areas. It is also important for Vår Energi to convey the company's strong belief in the future of the NCS and the company's continued position as an important industry actor in Norway and in the global energy market.

For more detailed information regarding Vår Energi's stakeholder groups, their interests and concerns and how the company communicates with them, please see the appendix.





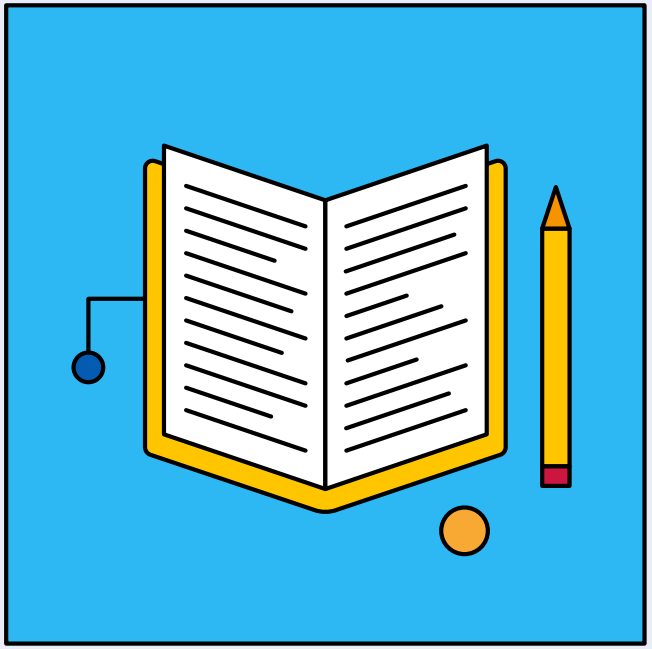
Examples of stakeholder activities in 2020:
Supplier workshops and industry related seminars to ensure local industrial content and ripple effects from the company's activities. Suppliers are also engaged through industry fora in which Vår Energi actively participates, such as Petro Arctic which engages the industry clusters in the northern parts of Norway.

Collaboration with educational institutions on all levels, from primary schools to Master students, as well as student organizations. The objective of the collaboration is to ensure adequate recruitment to the industry as well as technological research.

Site visits offshore and onshore for key stakeholders such as media and local, national, and young politicians to convey the scale and importance of Vår Energi's developments and operations.

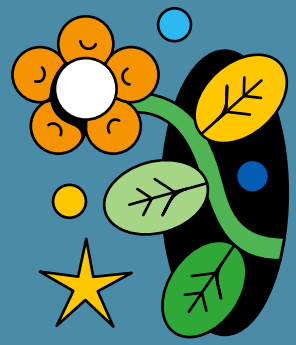
Vår Energi also maintained regular dialogue with central unions to ensure cooperation and involvement, as well as with regulators and authorities.

To ensure a holistic approach to stakeholder management in Vår Energi, the company implemented a digital stakeholder tool in 2020. The system will monitor the substantial stakeholder dialogue which happens in all parts of the company and will ensure cohesive follow-up of key stakeholders. The roll-out of the system will happen on a project-to-project basis throughout 2021.

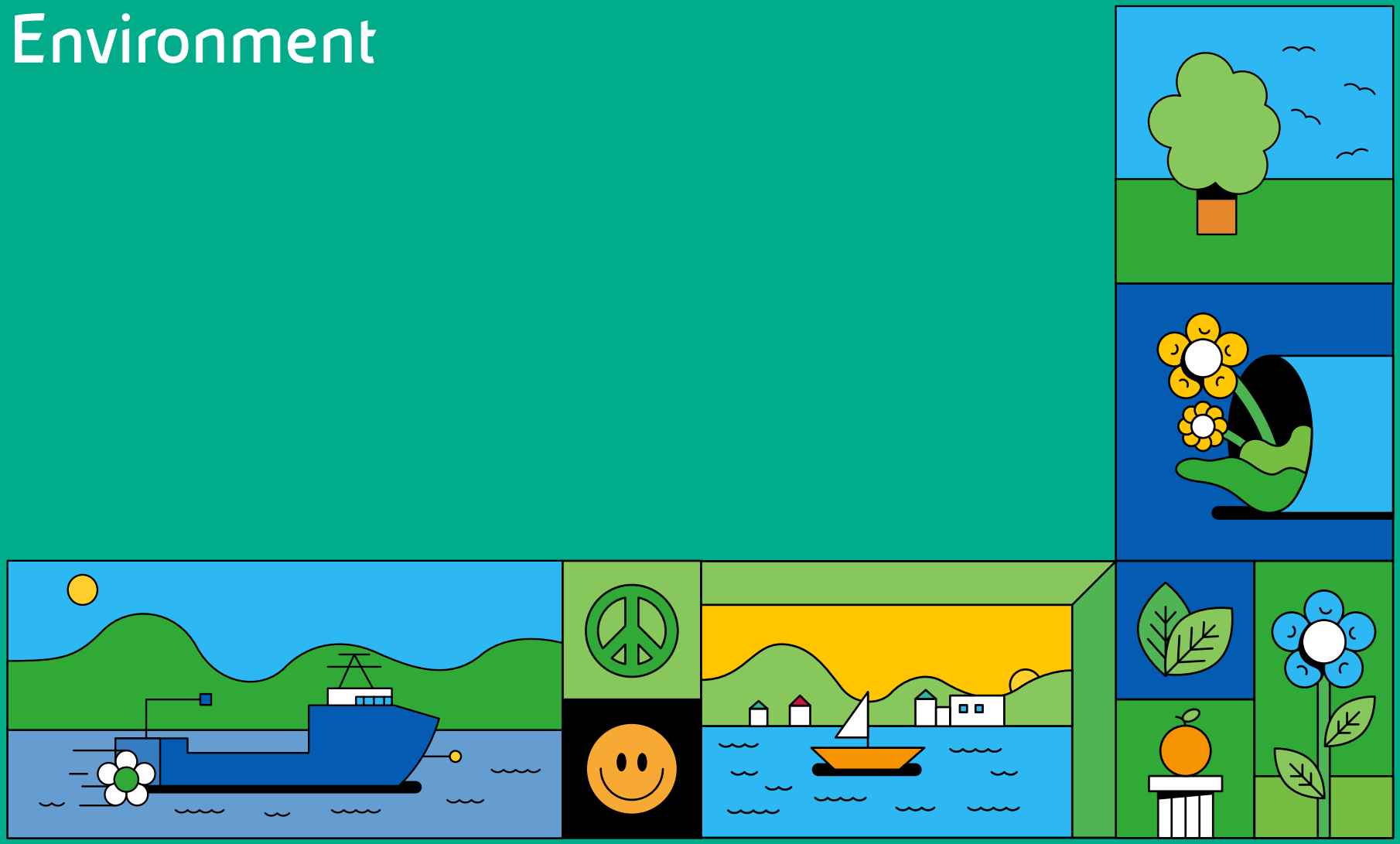


«Viking FK is proud to have the Vår Energi logo on its chest. Solid and loyal partners are always important to a sports team. In the passing pandemic year, with the challenges society has been through, this agreement has been particularly important for keeping children and youngsters in safe and good activity. Cheers to Viking and Vår Energi.»

Erik Nevland
General Manager
Viking Football Club



Environment



Climate

Vår Energi emits greenhouse gases from its operations which impacts the climate and contributes to climate change. At the same time, the company acknowledges and commits to the Paris Agreement and the UN SDG #13 Climate Action. Through a strong commitment to significantly reduce its operational GHG emissions towards 2030 and further to near zero in 2050, the company will fulfil society's expectations to an oil and gas producer to take urgent action and contribute to combat the climate challenge and its impacts.

Vår Energi regards its commitment to reducing GHG emissions as directly connected to its «License to Operate» as this subject is a material topic for its main stakeholders.

The main direct sources of emissions from the company's operated assets (Scope 1 emissions) are from energy production offshore and burning of natural gas in the flare for safety reasons. Vår Energi also has indirect emissions from the generation of purchased electricity (Scope 2 emissions) and from the company's supply chain and use of its products (Scope 3 emissions).

Policy and action

Vår Energi commits to reduce its GHG emissions from operated assets (Scope 1 emissions) with 50% by 2030. In addition, the company will work towards reaching near zero operated emissions by 2050.

	SCOPE 1	SCOPE 2	SCOPE 3
Definition	Direct GHG emissions which occur from sources that are owned or controlled by the company	GHG emissions from the generation of purchased electrisity consumed by the company	GHG emissions which occur as a consrquence of the company's activities, but occur from sources not owned or controlled by the company
Vår Energi GHG emission sources	• Production (Gas turbines, flares, diesel generators, methane emissions)	• Office electrisity • District heating • Goliat power from shore	• Business travel • Use of product • Selected suppliers (where data is available)

The emission reduction will be achieved by the electrification of assets with power from shore or from other renewable power production sources, increases in operational efficiency (energy management), portfolio management, and reduced cold venting and fugitive emissions. Long-term GHG emissions can be reduced through implementation of low emission technologies and carbon capture and storage (CCS) technology, developed through continuous R&D activity in the next decades.

To achieve 40% scope 1 emission reduction target on the Norwegian Continental Shelf (NCS) in total as stated in the KonKraft 2020 report, Vår Energi sees collaboration between the oil and gas companies as a key success factor. Collaboration on the NCS is crucial, as several emission reducing measures require significant investments which need to be approved by the involved license owners. Collaboration and alignment are very important for Vår Energi with regards to its portfolio of partner operated assets (POA).

Vår Energi's GHG emission reduction targets are:

- 50% reduction in GHG emissions from operated assets in 2030 (Scope 1)
- Near zero GHG emissions from operated assets in 2050 (Scope 1)
- All new greenfield developments shall be electrified with power from shore or from renewable offshore power production

Balder/Grane Electrification

The company is exploring opportunities for further electrification of our fields. In 2020 the Balder/ Grane Electrification project was initiated with the opportunity to get power from shore or from other renewable sources. The CO_2 emission reductions from Balder field due to power from shore are estimated between 90 000 tCO_2eq / year (80% electrification) and 110 000 tCO_2eq / year (100% electrification). The estimated reduction is up to 2 650 000 tonnes of CO_2 over the life of the Balder field.

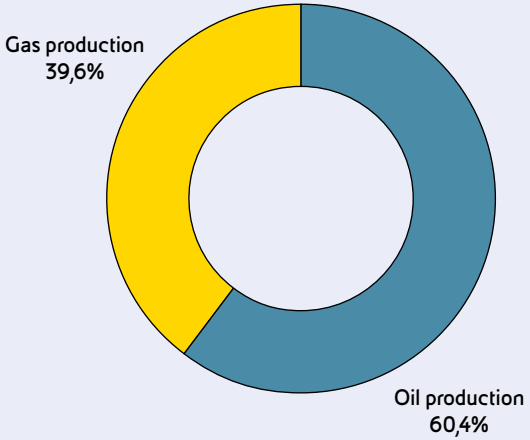
Evaluation of results

A new Vår Energi climate roadmap was approved by the Board of Directors during 2020. The plan outlines the company's ambitions and sets a clear path towards the established GHG emissions reduction target of 50% in 2030 and close to zero emissions by 2050.

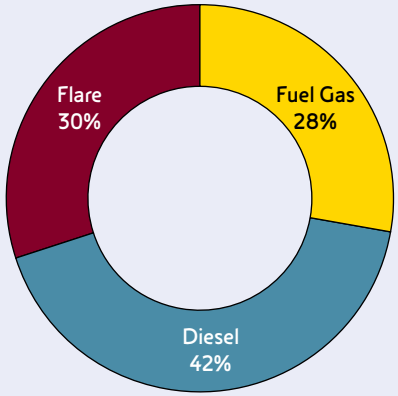
During 2020, the company saw a reduction of 95 914 tCO_2eq in scope 1 GHG emissions compared to 2019, which accounts to a 33% reduction, adding to the 17% reduction tCO_2eq from 2018 to 2019. The reduction was mainly caused by removing Jotun A from the field, as a part of preparing for the two-year yard stay where it will go through upgrades before being placed on the Balder field in 2022, and reduced emissions from safety flaring. Emissions from Partner Operated Assets (POA) remained stable. The company's total energy consumption was also reduced with more than 1 000 000 GJ, mainly caused by a significant reduction in the use of fuel from non-renewable resources.

Share of oil vs. gas production

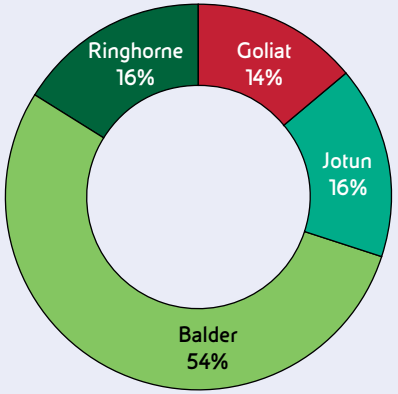
Equity share of operated and partner operated fields

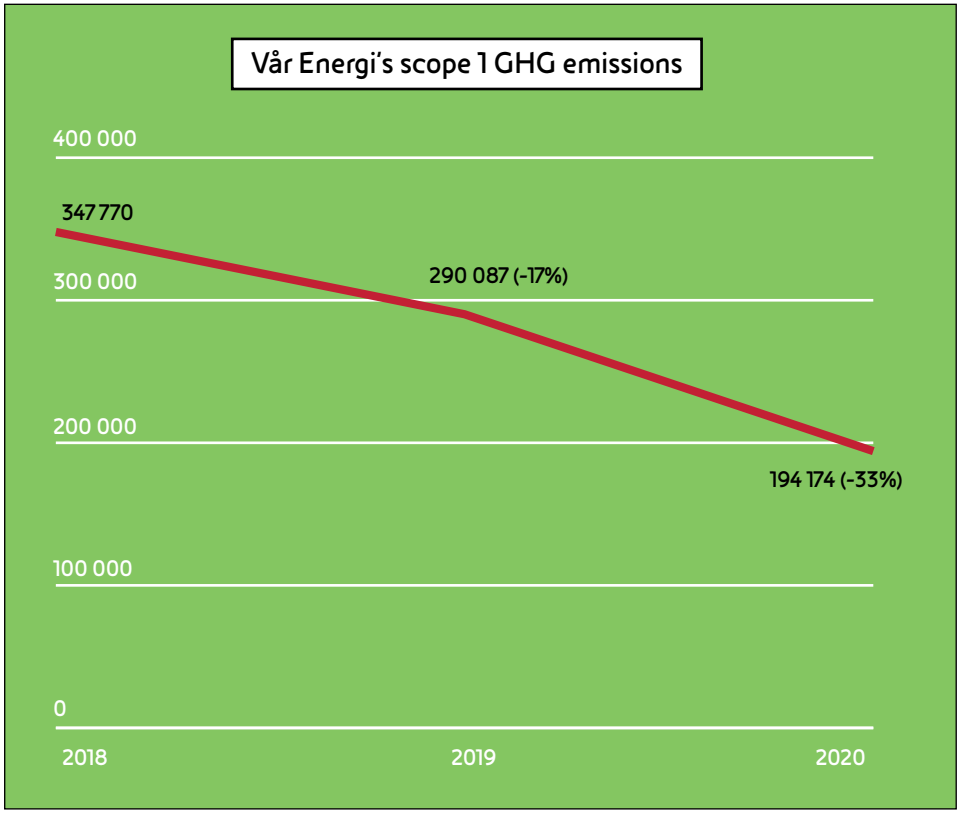


Scope 1 GHG emissions



Total direct CO_2 emission from operated assets





In addition to a reduction in total scope 1 GHG emissions in 2020, the CO_2 intensity from operated assets decreased from 9,8 to 7,0 kgCO_2eq/boe due to a large reduction in scope 1 CO_2 emissions (33% reduction), while the production from the operated assets was reduced (6%) when compared to in 2019. When Jotun FPSO has been upgraded during its yard stay from 2020-2022, it will be set in production on the Balder and Ringhorne field. The CO_2 emissions from the Jotun FPSO will then contribute to an increase in Scope 1 GHG emissions as compared to in 2020 and 2021.

The calculated scope 3 emissions include business travel, helicopter transport to offshore installations, supply vessels, shuttle tankers and use of sold product. As last year, use of sold product is the main contributor to the scope 3 emissions contributing 99,8% of total scope 3 emissions, whereof gas sales contributed to around 28,5%.

Out of Vår Energi's total production in 2020, gas production equalled approximately 39,6%. The gas production has significantly lower scope 3 emissions compared to oil. Vår Energi will work on including other categories for scope 3 reporting in the future, to further develop the company's reporting quality.

Indicators	Boundary*	Unit	2020	2019	2018
Oil and gas production	EB	boe	94 572 961	101 223 192	48 783 030
Oil and gas production	OC	boe	27 150 198	28 820 272	40 024 891
Oil and gas production operated	EB	boe	17 257 216	19 550 248	26 730 092
Energy consumption	OC	GJ	4 171 331	5 311 980**	5 745 121
Electricity consumption	OC	GWh	421	351	343
District heating consumption	OC	GWh	1,85	1,23 **	1,13
Scope 1 GHG emissions	OC	Tonnes CO_2 eq	194 174	290 087**	347 770**
Scope 1 CO_2 emissions (EU ETS)	OC	Tonnes CO_2 eq	190 936	283 591	339 413
Scope 1 CO_2 emissions (EU ETS)	EB	Tonnes CO_2 eq	1 023 979	1 097 086	-
Scope 2 GHG emissions (location based) ***	OC	Tonnes CO_2 eq	16 457	13 710	13 394
Scope 2 GHG emissions (market based) ***	OC	Tonnes CO_2 eq	85 878	71 577	69 937
Scope 3 GHG emissions	EB	Tonnes CO_2 eq	36 919 289	34 707 369	-
CO_2 emission intensity Operated Assets	OC	Kg CO_2 eq per boe	7,0	9,8	8,5
CO_2 emission intensity Partner Operated Assets	EB	kg CO_2 eq per boe	11,2	10,6	-
GHG emission intensity Operated Assets	OC	Kg CO_2 eq per boe	7,2	10,1	8,7
CH4 emissions	OC	Kg	129 502	259 871**	334 283**
Hydrocarbons flared	OC	Tonnes	13 501	17 154	21 157

EB: Equity Basis, OC: Operational Control

* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control. Definition Equity Basis - accounts for activity from operations according to Vår Energi's share of equity in the operation.

** Figures are updated from 2019 Sustainability Report

***Location-based method reflects the average emissions intensity of grids on which energy consumption occurs. Market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).

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 GHG 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 NVE's "klimadeklarasjon for fysisk levert strøm 2019" and AIB's "residual mix 2019". Scope 2 district heating uses Norway average factors. Scope 3 use of product is based on factors from IEA and IPCC. Other scope 3 emission factors are based on DEFRA (Department for Environment, Food & Rural Affairs). Methane emissions factor is based on IPCC.

GHG Emissions Operated Assets

GHG emissions from Vår Energi's operated assets saw a significant decrease in 2020 as Jotun A was removed from the field and emissions from safety flaring was reduced. This means that Vår Energi has reduced its direct emissions by 44% since 2018

Indicators	Boundary*	Unit	2020	2019	2018
Jotun	OC	Tonnes CO_2 eq	28 079	113 261	129 645
Jotun	EB	Tonnes CO_2 eq	25 271	101 935	116 681
Balder	OC	Tonnes CO_2 eq	94 439	94 576	107 421
Balder	EB	Tonnes CO_2 eq	84 995	85 118	96 679
Ringhorne	OC	Tonnes CO_2 eq	36 254	36 410	33 308
Ringhorne	EB	Tonnes CO_2 eq	25 378	25 487	23 316
Goliat	OC	Tonnes CO_2 eq	32 164	31 976	69 039
Goliat	EB	Tonnes CO_2 eq	20 907	20 784	44 875
Marulk	OC	Tonnes CO_2 eq	0	7 367	0
Marulk	EB	Tonnes CO_2 eq	0	1 473	0
Scope 1 total emissions operated assets	OC	Tonnes CO_2 eq	190 936	283 591	339 413
Sum of Vår Energi's equity of total emissions	EB	Tonnes CO_2 eq	156 551	234 799	281 551

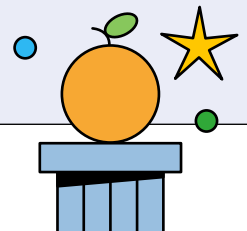
EB: Equity Basis, OC: Operational Control

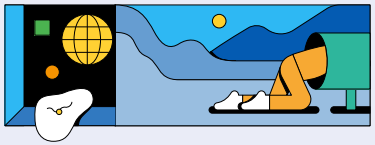
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.
Definition Equity Basis - accounts for activity from operations according to Vår Energi's share of equity in the operation.

GHG Emissions Partner Operated Assets

The GHG emissions from Vår Energi's partner operated assets was relatively stable from 2019 to 2020, with Vår Energi's equity share of emissions at around 867 000 tCO_2eq. The calculation of emissions from partner operated assets (POA) 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. At present there is a joint industry initiative ongoing to establishing a web-based reporting application and agreed emission allocation methodology for the NCS.

Region	Field	Vår Energi Equity Share	Gross 2020 ($ktCO_2$-eq)	Vår Energi 2020 ($ktCO_2$-eq)	Gross 2019 ($ktCO_2$-eq)	Vår Energi 2019 ($ktCO_2$-eq)
North	Heidrun	5,2 %	320	17	331	17
	Kristin	19,1 %	293	56	300	57
	Åsgard	22,1 %	913	201	949	209
	Norne	6,9 %	335	23	328	23
South	Ekofisk/Eldfisk	12,4 %	910	113	885	110
	Brage	12,3 %	209	26	209	26
West	Grane	28,3 %	178	52	198	56
	Sleipner	16,3 %	837	137	876	140
	Snorre	18,6 %	413	77	388	72
	Statfjord Unit	21,4 %	781	167	714	153
Total POA			5 195	867	5178	862





Next steps
Vår Energi has established a climate roadmap towards 2030 which includes both short- and long-term measures to reduce emissions. Throughout 2021, the company will continue to gather information and data needed to make the climate roadmap as complete and detailed as possible.

Electrification of assets
To achieve the ambition of sustainable operations and further economic growth in a low-emission society, the company's strategy is that all future greenfield developments where Vår Energi is the operator shall be electrified with power from renewable sources.

The company has established a project organization to assess the future electrification of its North Sea operated assets. Currently, work is ongoing in a joint venture project to develop a plan for the electrification of Ringhorne WHP and Jotun FPSO through installing a new power cable from shore. Electrification of these assets will contribute significantly to achieve the company's GHG reduction target. Vår Energi is collaborating with other operators to bring power from shore to this area of the North Sea to facilitate electrification of other installations and of future developments in the area.

Operational efficiency
Energy management is a part of the backbone of how Vår Energi operates its assets. To optimize energy efficiency and minimize GHG emissions, a digitalized, consolidated and fit-for-purpose energy management system has been implemented and scaled to the company's operated assets. The system is aligned with and based on the principles and methods described in ISO 50001 Energy Management. Energy Management is implemented and actively executed in all phases of new development projects to secure energy efficient solutions and technology are being implemented.

As a part of increasing the operational efficiency, updated and improved flaring strategies will be implemented on all operated assets to minimise gas flaring during safety events. Customised flaring strategies for individual assets will reduce annual flaring volumes and hence GHG emissions.

As far as possible, the company will set requirements to drilling rigs and vessels used in operations to have an effective and fit for purpose energy management system to secure optimized energy efficiency and minimized GHG emissions.

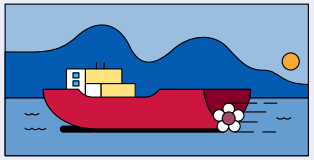
Portfolio management
Vår Energi is continuously assessing its portfolio to identify strategic opportunities for how to reduce portfolio GHG emissions. It is also the company's ambition that all new acquisitions of assets where Vår Energi will be the operator should be electrified with power from shore or from other renewable power production sources by 2030. This supports Vår Energi's ambition of sustainable operations and further economic growth towards a low-emission society.

Cold venting and fugitive emissions
Campaigns to identify direct methane emissions are executed annually on all operated assets. Identified emission sources are continuously evaluated for opportunities to reduce methane emissions. All new developments where Vår Energi is the operator and larger modification projects shall be assessed with respect to implementation of technologies and systems that minimize methane emissions.

Research, development, and innovation
Vår Energi shall finance and be a partner in low emission technology development and innovation projects and shall continuously evaluate the possibilities of implementing novel low emission technologies on its operated assets. Being an active partner in research, development and innovation projects is an important part of the company's contribution to reducing the GHG emissions on the NCS.

Partner operated assets (POA)
To drive down the share of Scope 1 emissions in its partner operated assets (POA), the company will financially support and stimulate to the implementation of cost-effective measures to reduce the GHG emissions from these assets. Implementation of comprehensive emission reducing measures in Vår Energi's partner operated assets is a prerequisite to reach the agreed overall emission reduction target set for the NCS by 2030. Several of the company's POA have initialized feasibility studies where electrification with power from shore is assessed.

Vår Energi has a 10 % ownership in the offshore wind project Hywind Tampen via the company's shares in the Snorre licenses. 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. The company will continue to look for possibilities for electrification of assets both through power from shore and from renewable energy sources, such as offshore wind.



Carbon sink and offset mechanisms

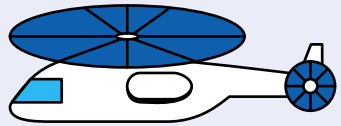
The company sees carbon sinks and offsetting mechanisms as a plausible solution for "equalizing" scope 1 emissions from sources where other GHG reduction measures are neither technically nor economically feasible. A carbon sink does not reduce the direct emissions of a company but is a mechanism that compensates for emissions made elsewhere by removing GHG from the atmosphere. Emissions relevant for offsetting can be from burning of natural gas in the flare for safety reasons or testing of safety critical equipment such as auxiliary engines and turbines. Offsets are regarded by Vår Energi as a supplement to other reduction measures to achieve near zero emissions from its operations, and not as an operational strategy to reach its emission reduction targets.

During 2021, the company will decide on a strategy for the use of carbon sink and offsetting mechanisms in its overall climate strategy not only for scope 1 emissions, but also for scope 2 and selected categories of scope 3 emissions.

Offshore maritime activity

Vår Energi acknowledges the Norwegian Government's action plan for a green maritime industry, which targets a 50% reduction in GHG emissions from maritime activity by 2030. During 2021, the company will decide on a strategy ensuring that the offshore maritime part of its activity will reach the emission reduction targets. Reduced emissions from offshore maritime activity will reduce the selected categories of scope 3 emissions for Vår Energi.

Relevant SDGs	Ambitions	Contributions	Next steps
Strategic focus SDG(s): 13 CLIMATE ACTION Other relevant SDG(s): 17 PARTNERSHIPS FOR THE GOALS	- 50% reduction in GHG emissions by 2030 - Near zero emissions by 2050 - All new greenfield developments shall be electrified with power from shore or from renewable offshore power production	- Scope 1 GHG emissions (OC) - 194 174 tCO_2e - Upstream GHG emissions intensity Operated Assets 7,0 tCO_2e / BOE - Scope 1 GHG emissions reduction - 95 914 tCO_2e	- Mapping of portfolio and implement climate roadmap towards 2030 - Reduction targets will be revised in cycle with KonKraft/NOROG targets every 3 or 5 years.



«To maintain our activities in 2020, we have had to find solutions in a sea of challenges and uncertainties. We have been creative and found new ways to reach people in difficult life situations. This requires a lot of time and effort, and without the support of loyal partners like Vår Energi we would not have been able to maintain our activities throughout the pandemic year.»

Tore Sværen
Acting General Manager
The Church City Mission, Rogaland County

Energy efficiency

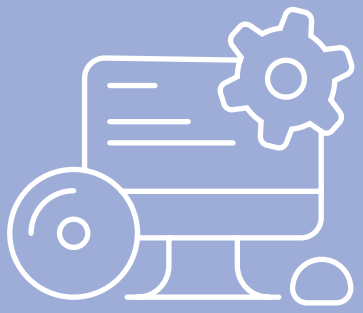
Vår Energi's operations, supply chain and administrative activities demand large amounts of energy, and the company sees a potential to reduce its environmental impact and operational costs through enhanced energy management. The company's aim of increasing energy efficiency affects how it conducts its operations and is dependent on collaborative efforts from several stake-holders in its supply chain.

Energy management is a material topic for Vår Energi, as it covers both the company's focus on reducing its environmental footprint, as well as enabling it to run more cost-efficient operations. Emissions of GHG from energy use (fuel) makes up 70% of Vår Energi's direct emissions, underlining the importance of the topic.

Policy and action

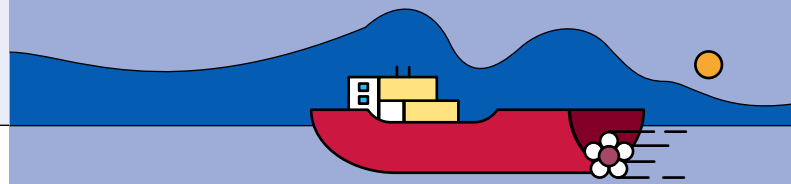
The Vår Energi Energy Management Principles states that the company seeks to achieve its GHG reduction targets through enhanced energy management, amongst other initiatives. Annual targets have been set for top management, the assets, and the broader organization with responsibility for achieving energy management goals. Vår Energi considers it a responsibility of all individuals who take part in its activities to ensure that the company complies with the energy management principles and delivers on its annual energy management targets.

The Energy Management System adheres to the principles of ISO50001 and is integrated into the Vår Energi Management System (VEMS). An Energy Management Team and an Energy Management Steering Committee has been established to ensure systematic monitoring and analysis of the company's energy consumption. The committee prioritises opportunities for continual improvement and make action plans towards realizing the company's targets. Improved energy efficiency will be realized through optimization of technology, operations, and processes as well as improved flaring and power strategies.



More Effective Energy Management through Digitalization

At Vår Energi, digital has been a key enabler in putting the Energy Management System (EnMS) into operation and making the way we work with energy and GHG performance more efficient. To bring visibility to energy consumption and direct GHG emissions from operating assets, dynamic monitoring dashboards have been developed as part of the Digitalization Program at Vår Energi. The dashboards have been piloted at Goliat and is being scaled to our other assets within 2021. The Energy and GHG monitoring dashboards have been developed on both executive and operational levels to fit the needs of management, technical disciplines, and operations. Our EnMS has been redesigned around new digital tools with user centricity at heart – integrating it into our daily work. These tools foster ownership towards energy and GHG performance, stimulate discussions, and most importantly kick-start ideas generation, which is the foundation of continuous improvement. The monitoring tools allow both the Energy Management Team, and Operations and Technical personnel to understand how operational and technical changes impact performance, dynamically and in near real-time. By becoming more data-driven, the organization can target its efforts on changes that provides the most value.

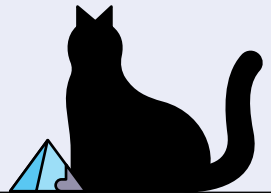


Evaluation of results

During 2020, Vår Energi implemented an improved digitalized energy management tool on Goliat to monitor the energy streams and system performance in addition to monitoring costs and emissions. This is an efficient tool to improve energy efficiency in operations. Through the energy management system, specific KPI's are set for total GHG emissions, amount of flaring and utilization of the power system. Governing Energy Principles have been defined and an organization has been established with clear responsibilities for selected offshore and onshore roles on Goliat.

A formalized process for identifying, maturing and implementing energy efficient initiatives is in operation. The process is tailor made for both operational and technical initiatives. During 2020 around 22 emission reduction or energy efficient initiatives were identified on Goliat and two of these have already been implemented. The ambition is to identify and implement emission reduction initiatives on an annual basis.

Vår Energi's total energy consumption was reduced by more than 1 000 000 GJ in 2020, compared to 2019. Total fuel consumption from non-renewable resources saw the largest fall with a 33% reduction (approx. 1 300 000 GJ) compared to 2019, which amounts to a 39% decrease (approx. 1 800 000 GJ) from 2018 numbers. Increased use of power from shore on the Goliat platform resulted in a 20% increase (approx. 250 000 GJ) in electricity consumption in 2020.



Total fuel consumption from non-renewable sources

Indicators	Boundary*	Unit	2020	2019	2018
Fuel gas Jotun	OC	GJ	207 566	1 589 230	1 545 359
Diesel Jotun	OC	GJ	166 232	95 332	208 942
Flare Jotun	OC	GJ	28 794	96 885	153 266
Jotun Total	OC	GJ	402 592	1 781 447	1 907 568
Fuel gas Balder	OC	GJ	0	0	0
Diesel Balder	OC	GJ	818 756	803 704	798 867
Flare Balder	OC	GJ	397 675	412 101	565 317
Balder Total	OC	GJ	1 216 431	1 215 805	1 364 184
Fuel gas Ringhorne	OC	GJ	525 457	487 692	493 462
Diesel Ringhorne	OC	GJ	34 970	64 781	24 821
Flare Ringhorne	OC	GJ	34 772	39 373	31 214
Ringhorne Total	OC	GJ	595 199	591 846	549 497
Fuel gas Goliat	OC	GJ	189 084	57 959	387 057
Diesel Goliat	OC	GJ	74 251	43 532	81 064**
Flare Goliat	OC	GJ	172 472	253 836	218 002
Goliat Total	OC	GJ	435 807	355 327	686 122**
Fuel gas Marulk	OC	GJ	0	0	0
Diesel Marulk	OC	GJ	0	100 582	0
Flare Marulk	OC	GJ	0	0	0
Marulk Total	OC	GJ	0	100 582	0
Total fuel consumption from non-renewable sources	OC	GJ	2 650 029	4 045 008	4 507 372**

OC: Operational Control
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.
** Figures are updated from 2019 Sustainability Report

Electricity consumption

Indicators	Boundary*	Unit	2020	2019	2018
Goliat - power from shore	OC	GJ	1 499 437	1 238 249	1 212 566
Buildings	OC	GJ	15 214	24 308	21 102
Total electricity consumption	OC	GJ	1 514 651	1 262 558	1 233 669

OC: Operational Control
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.

District heating consumption

Indicators	Boundary*	Unit	2020	2019	2018
Buildings (Hammerfest)	OC	GJ	6 650	4 415**	4 081
Total district heating consumption	OC	GJ	6 650	4 415**	4 081

OC: Operational Control
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.
** Figures are updated from 2019 Sustainability Report

Energy consumption

Indicators	Boundary*	Unit	2020	2019	2018
Total energy consumption	OC	GJ	4 171 331	5 311 980**	5 745 121**

OC: Operational Control
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.
** Figures are updated from 2019 Sustainability Report

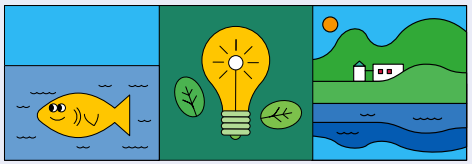
Next steps

The foundation for continuous improvement was successfully established at Goliat during 2020, with clear annual goals set for 2021. Monitoring progress towards the goals set will be a part of the activities during 2021. This includes motivating the organisation to operationalise the energy management system by identifying and communicating improvement ideas.

The digitalized system is continuously being improved by the Energy Management Team and scaling to the North Sea assets has started to ensure that all assets adopt a more data-driven and digitalized approach to energy management. The energy streams are monitored on a dashboard in a digital tool which is used as a basis for improving energy production and consumption on all assets.

An improvement of the flaring strategy for Balder and Ringhorne is being finalized with increased focus on emission reduction potential. An offshore and onshore organization with clear roles and responsibilities on both Balder and Ringhorne will be in place by the end of 2021 and targets for the following year will be set.

Relevant SDGs	Ambitions	Contributions	Next steps
Strategic focus SDG(s):  Other relevant SDG(s): 	- Meet the KPIs set for the operated assets	- Implemented improved flaring and power strategy - KPIs are operationalized	- Implemented a full-scale digitalized EMS on all operated assets - Establish a visualized dashboard to continuously monitor the efficient operation of the power system



Biodiversity and environmental protection

Vår Energi considers the protection of the environment and the conservation of biodiversity in ecosystems as a fundamental component of sustainable development. Nature and ecosystems also have an intrinsic value as it is essential to society and therefore to Vår Energi and its stakeholders.

Vår Energi adheres to the Act on the Management of Nature Diversity. This states that nature with its biological, landscape and geological diversity and ecological processes shall be preserved through sustainable use and its protection, such that it provides the basis for human activities, culture, health and well-being, now and in the future.

Policy and action

Vår Energi has a Biodiversity and Ecosystem Services Guideline and has adopted "No Go" Commitment for UNESCO Natural World Heritage Sites. To secure protection of environmental resources in areas where Vår Energi operates, environmental impact assessments, monitoring campaigns and R&D projects are executed. All plans for activities that may 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 can review the professional basis for the activities.

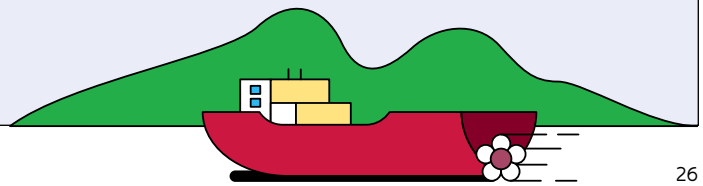
The company promotes a transparent and continuous dialogue with stakeholders, conservation NGOs, and national and international scientific institutions. Vår Energi also participates in several industry collaborations and R&D projects to continuously improve performance on topics related to biodiversity and environmental protection. For information regarding Vår Energi's operations in particularly valuable and vulnerable areas, see the appendix.

Vår Energi's main objective in waste management is to avoid generation of waste wherever possible. To facilitate environmentally 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.

During 2021, Vår Energi will initiate a waste management project aimed at identifying the actual and potential waste-related impacts from the company's activities, and how they are related to Vår Energi's activities. In addition, a project assessing how to integrate circular economy perspectives in project planning and how to detect impacts on financial and non-financial value creation in the design and implementation phase of the company's projects will be started. Waste generation and management of waste in Vår Energi's value chain will be a natural part of all projects going forward. The transition to a circular economy involves reviewing the company's approach to design, production and consumption patterns.

Vår Energi manages produced water discharges based on a holistic and risk-based approach, where the main objective is to minimize the environmental impact to as low as reasonably practicable. Vår Energi has asset specific targets for per centage of reinjection of produced water, a high focus on replacing production chemicals with more environmentally friendly alternatives, and regularly executes calculations of environmental impact factor (EIF) for the discharged produced water. Produced water and other oil containing water discharged to sea never contain oil concentration exceeding 30 mg/L as an average over one calendar month. 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 contributes regularly to programs monitoring the effects of produced water discharge on the water column on the NCS.

Vår Energi has contributed to the development of a robust and effective oil spill contingency solution in the Barents Sea and on the NCS in general.



Evaluation of results

Acid gases and nmVOC

Energy production in the oil and gas industry inherently leads to non-GHG emissions such as sulphur oxides (SOx), nitrogen oxides (NOx) and non-methane volatile organic compounds (nmVOC). In 2020, the company was able to reduce the emissions of both SOx and NOx due to changes in operations. Low-NOx technologies are part of the total environmental evaluation criteria for all new developments and larger modification projects.

Vår Energi is a member and represented in the Board of Directors for VOCIC – VOC Industry Cooperation where investment in emission reducing technologies and fulfilment of authority requirements related to emissions are shared. To minimize nmVOC emissions from activities related to loading and storage of oil, Vår Energi utilizes VOC recovery solutions. In addition, the company has developed and implemented the first online monitoring system of VOC emissions from loading of oil on the NCS.

Water withdrawal and discharge

Vår Energi has no operations in areas with water stress. The company's operations do not use any freshwater but requires the use of seawater for injection and pressure support. The company has no discharge to freshwater resources through its operations but has discharge of produced water to sea.

There was an increase in the number of unintentional discharges of oil / chemicals (>10L) to the sea, increasing from 2 in 2019 to 5 in 2020. Two of the unintentional discharges were reportable to the Petroleum Safety Authority (PSA) according to the management regulation §29. In both cases, chemicals were discharged from the Goliat installation and the volumes of the spills were 500L and 44 000L. The discharges were assessed to have little impact on the environment. Vår Energi has a zero-discharge goal and efforts will be made to reach this.

Acid gases and nmVOC emissions

Indicators	Boundary*	Unit	2020	2019	2018
Sulphur oxides (SOx)	OC	Tonnes	29,55	30,20	30,49
Nitrogen oxides (NOx)	OC	Tonnes	1 369	1 815	1 765
Non-methane volatile organic compounds (nmVOC)	OC	Tonnes	634	2 568**	3 708**

OC: Operational Control
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.
** Figures are updated from 2019 Sustainability Report

About the results: Standard factors for combustion of diesel and natural gas (NOROG Guideline 044) are used for calculation of SOx and nmVOC emissions. Site specific factors have been used for calculation of nmVOC from loading (VOCIC), storage and fugitives. Equipment specific factors are used for turbines and engines for calculation of NOx emissions.

Water withdrawal and discharge indicators

Indicators	Boundary*	Unit	2020	2019	2018
Regular discharges of oil to water (from produced water)	OC	Tonnes	30,7	38,05	48,91
Annual average oil concentration in produced water released to sea	OC	Mg/l	15	13,64	14,26
Amount of produced water reinjected from total quantity	OC	Percentage	70,01	63,30	49,66
Unintentional discharges of oil / chemicals to the sea	OC	Number > 10L	5	2	5
Total withdrawal of seawater	OC	Megaliters	2 713	2785	3859
Total withdrawal of produced water	OC	Megaliters	7 038	7567	6811
Total discharge to seawater	OC	Megaliters	0	0**	0**

OC: Operational Control
* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.
** Figures are updated from 2019 Sustainability Report

R&D projects on biodiversity and environmental protection

Vår Energi has shown 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 program. 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.

The company is 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 manage the environmental impact and risk of produced water discharges on marine organisms more efficiently.

Waste

Vår Energi was able to reduce the amount hazardous waste generated during 2020. Since 2019, generated hazardous waste has been reduced by approximately 32%. The amount of non-hazardous waste generated was increased in 2020, mostly due to the inclusion of waste from the removal of Jotun B jacket and waste generated at Rosenberg Yard in the Balder Future Project. Recovery rates (reuse and recycle) for both types of waste saw a significant increase in 2020. The sorting grade of industrial waste also remained stable at around 95%.

Next steps

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 Safety and Sustainability work on principles for continual improvement, and always endeavours to achieve better results.

In 2021, Vår Energi will review its approach to waste management and sources of waste generation in a circular economy perspective through its value chain. Vår Energi has also several R&D projects related to biodiversity and environmental protection which will continue in 2021.

Online monitoring of VOC emissions is used, which could lead to reduced emissions during loading. Vår Energi will also continue its work on reducing it SOx and NOx emissions through existing programs and low-NOx technologies will continue to be an evaluation criterion for all new developments and larger modification projects.

Waste indicators

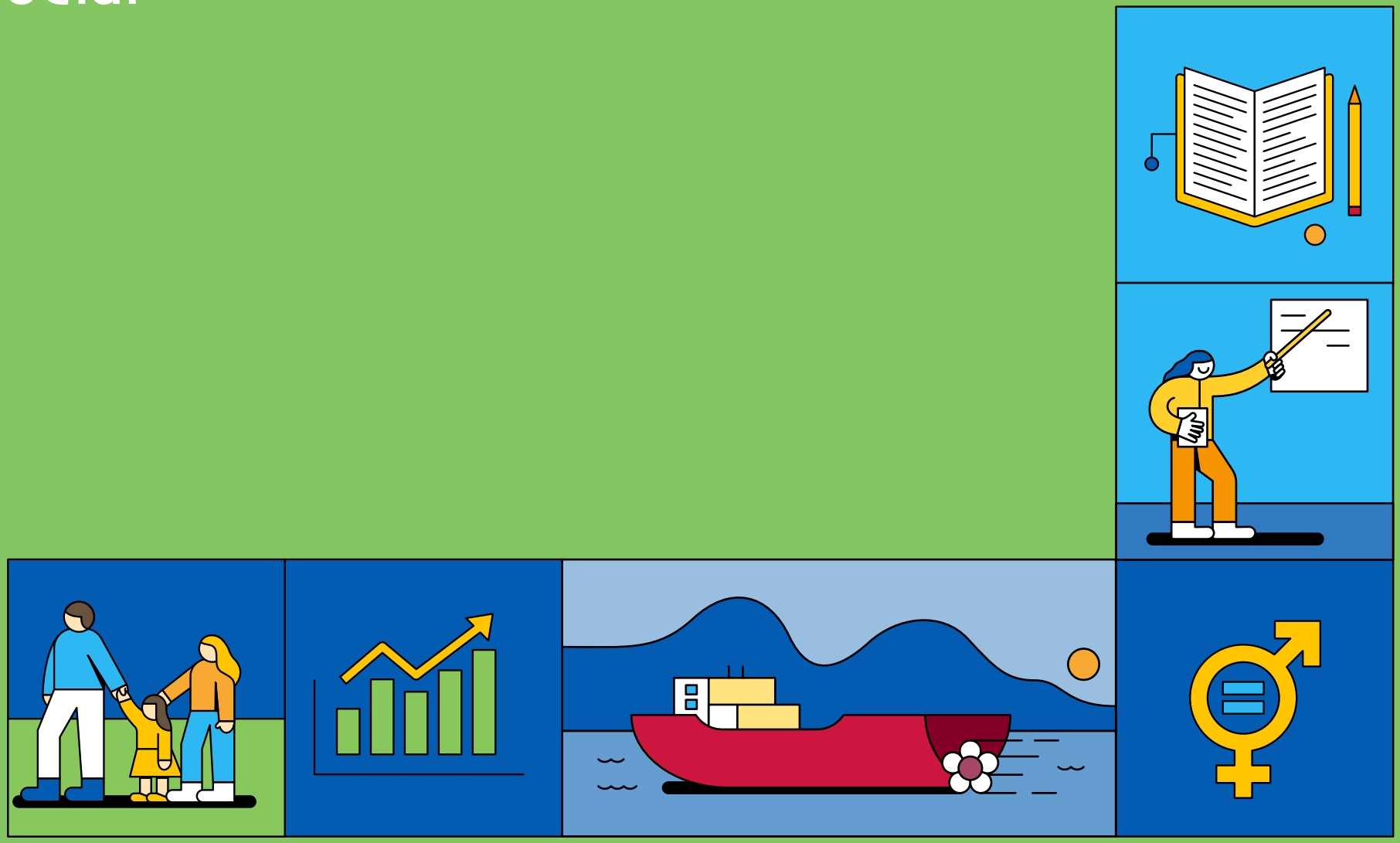
Indicators	Boundary*	Unit	2020	2019	2018
Hazardous waste generated	OC	Thousand tonnes	4,42	6,52	1,52
Hazardous waste recovered (reuse and recycle)	OC	Percentage	16,68	0,56	29,98
Exempt waste generated: cuttings and solids	OC	Thousand tonnes	0,93	1,49	0,01
Exempt waste generated: produced water and flowback	OC	Million m^3	7,04	7,57	6,81
Non-hazardous waste generated	OC	Thousand tonnes	1,70	0,83	0,57
Non-hazardous waste recovered (reuse and recycle)	OC	Percentage	57,69	50,46	50,47
Grading of industrial waste (sorted)	OC	Percentage	95,47	95,45	93,62

OC: Operational Control

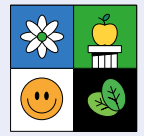
*Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.

Relevant SDGs	Ambitions	Contributions	Next steps
Other relevant SDG(s): 	- Minimise negative impacts of operations to the environment and climate - Zero-discharge of environmental hazardous substances - "No Go" commitment for UNESCO Natural World Heritage Sites	- 5 unintentional discharges of oil / chemicals to the sea - 4,42 thousand tonnes of hazardous waste generated - 1,70 thousand tonnes of non-hazardous waste generated	- Strengthen efforts to achieve goal of zero discharges of oil / chemicals to the sea

Social



Health and safety



It is Vår Energi's expressed goal to carry out its activities without causing harm to people or the environment. Vår Energi uses measurement indicators to monitor and learn from experiences in its operations to achieve transparency in the company's ways of working. 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. Vår Energi's strategy incorporates "nobody gets hurt or ill" as key priority, ensuring the health and safety of its employees and contractors.

Policy and action

Safety, security, health and working environment management is a company responsibility. Vår Energi has implemented a management system to ensure a good working environment with regards to safety, health and welfare. The system secures sound working conditions for employees and contractors and compliance 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 NS-EN ISO 14001 and NS-ISO 45001. 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).

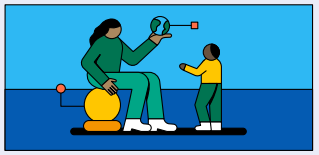
The management system covers all workers and assets in Vår Energi, including contractors working on Vår Energi installations. The management system is owned by the CEO and the VP Safety & Sustainability is the accountable VP for the management system. Maintaining a robust, safe and transparent working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

A description of Vår Energi's occupational health and safety management system and worker participation, consultation, and communication on occupational health and safety are disclosed in Appendix as part of the compliance with GRI 403.

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	Vår Energi conducts its activities in conformity with international agreements and standards, with laws, with regulations and with the national policies of the countries where Vår Energi works, that deal with the safeguard of health and safety of workers and of the environment.
2	Vår Energi deals with health, safety and environmental safeguard in an integrated way, in accordance to principles of precaution, prevention, protection and continuous improvement, investing all levels of the company with responsibility.
3	Vår Energi, in company activities, uses the best available techniques and technical regulations in health, safety and environmental matters.
4	Vår Energi plans, realises, manages and disposes of its tangible assets, guaranteeing the safeguard of health and safety, minimising environmental impacts and optimising the use of energetic and natural resources.
5	Vår Energi invests in research and in technological innovation, in order to realise products and processes with the finest characteristics of environmental compatibility and for the safeguard of health and safety. It also promotes partnerships with the aim of developing new technologies.
6	Vår Energi considers the safeguard of health a fundamental requisite and promotes the psycho-physical well-being of its people.
7	Vår Energi communicates to its stakeholders, in a transparent manner, the objectives and results that have been achieved, dealing with health, safety and environmental topics. It also promotes the conditions that can establish a long-term cooperation, with the aim of achieving shared objectives of sustainable development.

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



Evaluation of results

The company's total reported injury frequency ("TRIF") for 2020 was 3,5. This is slightly higher than the 2019 result. None of the registered personnel injuries were classified as serious. In 2020, Vår Energi had eight 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.

HSE related indicators

Indicators	Boundary*	Unit	2020	2019
Worked hours	OC	Hours	4 824 173	4 026 406
Serious Incidents (SI)	OC	Number	8	6
Serious Incident Frequency (SIF)**	OC	1 000 000 / exposed hour	1,7	1,5
Total Recordable Incidents (TRI)	OC	Number	17	9
Total Recordable Incidents Frequency (TRIF)**	OC	1 000 000 / exposed hour	3,5	2,2
Dropped Object (DO)	OC	Number	7	4
Dropped Object Frequency (DOF)	OC	1 000 000 / exposed hour	1,5	1,0
Work Related Illness (WRI)	OC	Number	0	4
Potential Work Related Illness (P-WRI)	OC	Number	17	16

OC: Operational Control

* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.

** Includes hours from yard not controlled by Vår Energi.

About the results: SIF = serious incidents, including accidents, near misses and unsafe conditions but not serious 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).

Work related illness in Vår Energi 2020

Vår Energi works systematically to identify, map and manage occupational health and work environment risks.

The home office situation due to COVID-19 has increased the ergonomic- and psycho-social risks in 2020. In 2020 a psycho-social work environment survey for Vår Energi was conducted to identify risk areas and to create the basis to further improve the work environment. For the company overall, work-related stress and muscular-skeletal afflictions were identified as high risks. In response to the findings, several initiatives to implement mitigating action to reduce ergonomic risks related to the home office situation have been initiated.

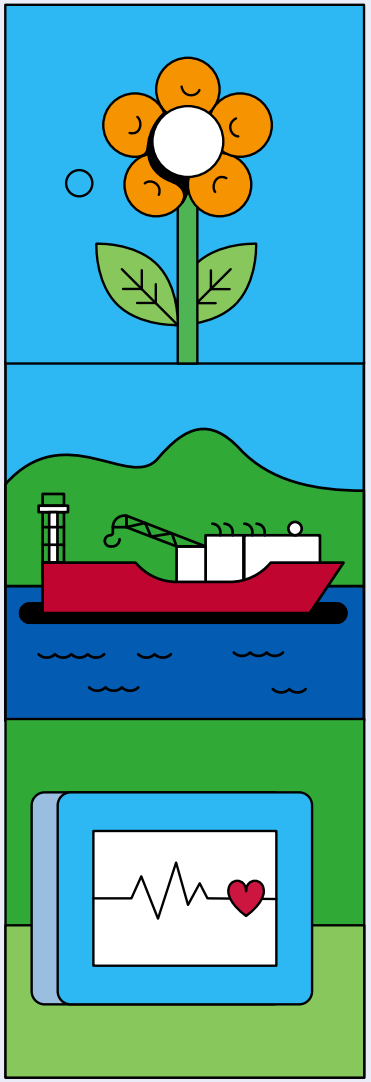
In 2020, Vår Energi has performed a mapping of occupational health and safety risks offshore with the goal of providing an overview of physical, chemical, biological, ergonomic and organisational conditions, to be able to implement relevant and targeted risk-reducing measures. The overall goal is to use prioritised technical improvements to contribute to reduced working environment risks for employees and maintain safe and secure operations on all installations. For offshore personnel, damages to hearing due to noise exposure together with illness due to chemical exposure are well-known risks.

All employees exposed to occupational risks, determined by risk assessments of the working environment, are included in the company health surveillance programme. This programme has for 2020 been set on hold due to COVID-19 to keep a safe distance during the pandemic situation.

Next steps

Most of the recordable injuries in 2020 were classifies at the lowest level (medical treatment injuries), and none of the injuries had a serious potential. However, there were 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.

Relevant SDGs	Ambitions	Contributions	Next steps
Strategic focus SDG(s): 	- Carry out the company's activities without causing harm to people or the environment	- SIF = 1,7 - TRIF = 3,5 - DOF= 1,5	- Systematic work to realize VE Safety & Sustainability vision through execution of the annual Safety & Sustainability program and plan which includes the Alwayssafe.no initiative.



People, training and diversity

Vår Energi firmly believes that its employees are the most valuable asset. People, training and diversity are key factors in executing the overall business and sustainability strategy. Ensuring personal development, a diverse organisation and equal opportunities are key priorities for the company. Training and development are important to ensure that all employees comply with Vår Energi's standards for topics like health, safety, anti-corruption, privacy and data security. The company's focus with regards to diversity is directed at building a robust organisation based on equality and development. Vår Energi's goal is to deliver sustainable growth opportunities in a safe and reliable way and all employees and contract workers are dedicated to reach this goal.

As the largest independent exploration and production company on the NCS, Vår Energi works to attract, engage, develop and retain a diverse workforce of professional individuals in a collaborative and transparent working environment. Training and development involve all employees and is a key facet in developing the organisation to meet its growth targets as well as tackling the challenges stemming from climate change.

Policy and action

The Culture of Diversity is an Essential Prerequisite for our Business. One of the Norwegian O&G industry's greatest strengths has always been its great diversity when it comes to culture and nationality. It has fuelled innovation and growth for more than 50 years on the NCS. Embracing diversity and inclusion is an essential part of company values. In Vår Energi we have a will to win and believe that a good gender balance is key to obtaining good business results by enabling better decisions and enhancing the company's ability to attract, develop and retain good people. 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

Vår Energi aims to be a workplace with equal opportunities between genders. The company has included regulations to prevent gender discrimination related to salary, career promotion and recruiting in its Code of Ethics and procedures.

Vår Energi believes that professional training and development are important means of advancing the growth, motivation and retention of its 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 program, on the job training, classroom trainings, as well as a training programme tailored to each employee's own position. A program for education assistance is in place, offering employees support to initiate or complete higher education degrees. In addition, training is available through the Eni Corporate University in Milan.

Based on Vår Energi's values and leadership principles, a leadership development program has been established. This program ensures that all leaders in the organisation will receive adequate training to perform their role in the best possible way, in line with company values. It also promotes a uniform development of company culture.

Evaluation of results

At year-end 2020, Vår Energi employed 861 local personnel and 40 expatriates from the Eni Group, which makes up a total of 901 employees. Vår Energi also had 196 temporary contract workers. The majority of employees (486) work at the company's headquarters at Forus in the Stavanger region. An additional 32 employees are located in the Oslo office, while 59 employees are located in the Hammerfest office. The company has a total of 324 employees working offshore.

In Vår Energi's Sustainability Report for 2019, the company pledged to a concrete gender ratio target. This created initiatives; Vår Energi has initiated a professional "Woman's day" the 8th of March and stated this target in the media. Also, in September 2020 the management team established gender balance task force to help the company reach its gender diversity targets by 2025. The team is diverse in terms of age, function, roles and location and includes two employee representatives. The task force is focused on identifying the company's biggest diversity challenges by prioritizing the correct focus areas and making sure that the company learns from others who are doing well with

regards to gender balance. The task force has delivered an action plan with concrete measures within areas such as communication, measuring and reporting, company core processes and inclusive leadership culture. In December 2020, the action plan and reporting system was approved by the management team.

Vår Energi has employees with 33 different nationalities and the company actively promotes gender equality. The company aims to ensure equal opportunities and rights, and prevent discrimination due to ethnicity, national origin, descent, skin colour, sexual orientation, language, religion or faith.

The company has a comprehensive training program for the offshore organisation. All training is sorted by regulatory requirements and company requirements. With a total of 600 training requirements, 86% of regulatory requirements and 84% of company requirements were completed in 2020. Since the mergers in 2018 and 2019 were completed, a tremendous amount of work has taken place to consolidate the entire offshore training program, combining best practises from both companies into an enhanced training program. The company has initiated movements of personnel from Barents Sea to North Sea assets, and vice versa. This 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.

Next steps

Vår Energi is a result of several mergers and acquisitions and it is necessary to consolidate systems to gather complete data on relevant metrics to disclose. Especially with regards to training, Vår Energi will increase its efforts to secure required training for all employees, and that the organisation offers a variety of learning for further development.

Employee indicators

Category	2020	2019
Total number of employees	901	821
Full time employees	889	808
Part time employees	12	13
Female employees	Total: 236, (26%) Board: 1, (12,5%) Executive Management (L1+L2): 3, (25%)*	Total: 228, (28%) Board: 3, (38%) Executive Management (L1+L2): 3, (27%)
Male employees	665	599
Number of nationalities	33	33
Turnover	Out: 32, In: 58	Out: 44, In: 74

* Executive management increased by one position during 2020

Relevant SDGs	Ambitions	Results	Initiatives
Strategic focus SDG(s):  Other relevant SDG(s):  	- All employees should conduct mandatory training - 40% gender diversity overall, 40% female employees onshore and 15% female employees offshore - A ratio of female leaders reflecting the gender balance onshore and offshore.	- Total number of employees: 901 - 26,2% gender diversity - 85% completion rate on offshore training programme - 33 nationalities	- Implement measures to achieve diversity targets - Develop KPIs for monitoring gender balance and external reporting - SHE Index reporting - New HR Suite - Create new e-learning courses

Local value creation

In line with the company's vision, Vår Energi actively engages to create local and regional ripple effects providing opportunities in the local communities where it operates. The company's ambition is to contribute to industrial activity, job creation and competence development at local level. 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 several cultural and educational initiatives.

Policy and action
To achieve these objectives Vår Energi has implemented several measures. A key success factor to achieve industrial ripple effects, particularly related to Barents Sea operations, is the company's own, local presence, and contracts and procurement strategy, adapted to the region's industrial structure. Independent research documents positive ripple effects resulting from our Barents Sea activities and the Goliat field in particular. Out of the documented 1 200 jobs created annually from the Goliat operations, 400-500 of these are created in Troms and Finnmark. The Goliat field has on average provided 400 - 500 million nok in annual revenue to suppliers in Troms and Finnmark. In addition to this, the Goliat development phase provided existing local suppliers with new business opportunities as well as serving as a foundation for the strengthening of the local supplier industry. During the operational phase, Vår Energi has in addition to the establishment of offices and logistics and helicopter bases within the region, paid particular attention to research and education initiatives locally. Further positive developments in areas such as culture and the travel industry are also documented. In turn, Vår Energi will be able to continue to attract and retain competent employees.

Engagement with civil society forms an important bases for support for our activities. Through stakeholder engagement and dialog Vår Energi strives to ensure close alignment with local authorities, supplier networks and other relevant entities. Vår Energi actively participates at relevant networks and venues for dialog and information sharing.

Alke & Goliat Gas Development
The concept for Alke is to operate from and tie-in to Goliat which is already electrified.

More gas production by Vår Energi means lower carbon footprint. One option studied is stand-alone medium size LNG plant which will be fully electrified. The Company is also evaluating the feasibility for establishing a blue ammonia business. This will provide for a carbon neutral product life cycle considering carbon capture & storage.

Active involvement with local communities, targeting at creating territorial value is part of the key to success of this project. The project is further contributing to local ripple effects in Finnmark.

Evaluation of results

The COVID-19 pandemic forced many of the CSR-projects and organizations which the company supports to cancel their activities. Vår Energi decided set aside contractual obligations for activities in these projects and to uphold full support through 2020.

Vår Energi's local engagement program focuses on:

- Investing in local communities near the company's operations in the Stavanger region and in Troms and Finnmark.
- Performing research and development activities in northern and western Norway.
- Using local suppliers as far as possible. Facilitate opportunities for national suppliers to establish a local presence and to enter into local industrial cooperation, especially in northern Norway.
- Investing in projects and collaborations in primary, secondary and higher education, to increase awareness and competency.
- Supporting cultural projects to increase communities' attractiveness for existing and potential new residents.

Local value creation indicators

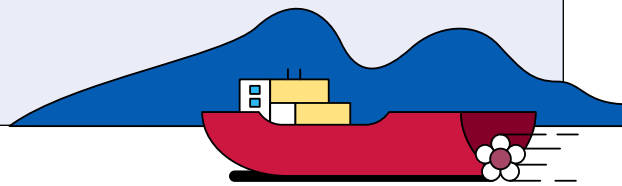
Indicators / KPIs	Unit	2020	2019
Projects supported	Number	20	20
Projects supported	Amount NOK	5 937 500	Approx. 3 million

Next steps

Vår Energi evaluates its results through ripple effect analyses, the next of which is scheduled for spring 2021 and will encompass both northern and southern activities. A company goal is to implement ripple effect studies in the development phase of all Vår Energi projects over a certain size.

Vår Energi will continue to actively collaborate 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 Troms and Finnmark, in addition to the Stavanger region where the Company's headquarter is located. This will continue in the future.

Relevant SDGs	Ambitions	Results	Next steps
Strategic focus SDG(s): 	- Contribute to industrial activity, job creation and competence development in the communities where we operate	- Number of projects supported: 23 - Amount supported to projects: NOK 6 mill - Provided NOK 400-450 million per year on average to suppliers in Troms and Finnmark	- Establish KPIs for measuring year on year local value creation for all locations



Corporate social responsibility (CSR)

Vår Energi is dedicated to creating value and contributing to industrial activity, job creation and progress in the local communities where we operate. In connection with operations across the NCS, Vår Energi facilitates local employment and development of the oil service industry, as well as supporting a number of societal initiatives mainly in the northern and southern parts of Norway.

Vår Energi has chosen to back an array of projects to promote culture, education, science and sports - as well as providing support to organisations caring for the less fortunate among us.

For Vår Energi, giving back is an important part of who we are as a company.

Examples of projects receiving support from Vår Energi in 2020:

GATEMAGASINET :ASFALT

Sprø Rocker

UNGT ENTREPRENØRSKAP TROMS OG FINNMARK

SIRMA - SIRMA IL

vår energi ARENA

NORSK OLJEMUSEUM

NTNU Norwegian University of Science and Technology

SØRØY HAVFISKEKLUBB STIFTET 1987

US

vår energi CUP

SKAIDI XTREME

KIRKENS BYMISJON

newton® Hammerfest

NORDKAPP FILMFESTIVAL

Perleporten Kulturhus

VITENFABRIKKEN

HAMMERFEST KULTURSKOLE

VARANGER FESTIVALEN

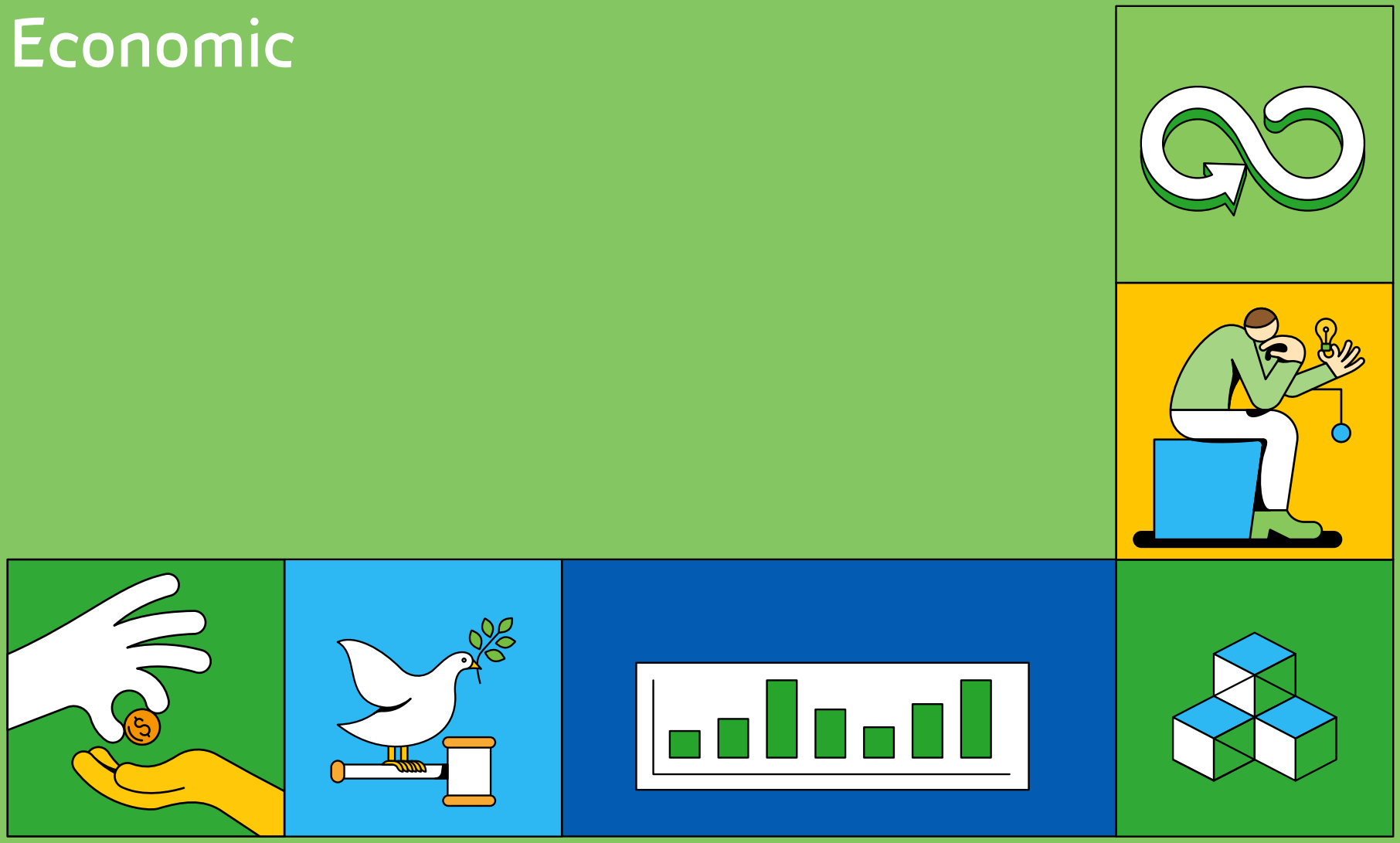
ARKTISK KULTURSENTER

VIKING FK 18 99 STAVANGER

«Vår Energi is the main sponsor of the Varanger Festival.
A collaboration that focuses on talents and development
in northern Norway, and the eastern county of Finnmark
in particular.
The long and good collaboration we have with Vår Energi
greatly contributes to us getting closer to our ambitious goals.
Not only for the cultural industry, but for talents and community
builders throughout the region.»

André Kvernhaug
Festival Director
Varanger Festival

Economic



Business integrity

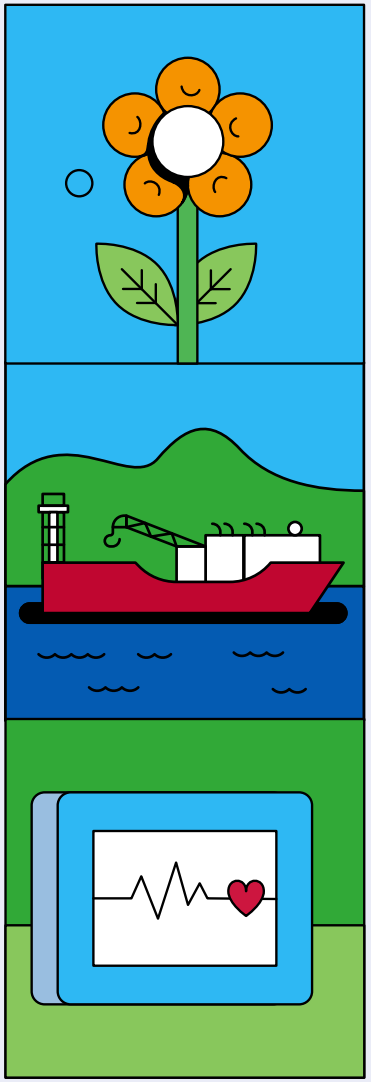
Compliance with laws and regulations, internal rules and ethical integrity and fairness, is a constant commitment and duty for all Vår Energi's people and shall characterise the conduct of the company. Vår Energi's business and corporate activities shall be carried out in a transparent, honest and fair 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. In 2020 Vår Energi added two new areas to the compliance program, Safety and Environment.

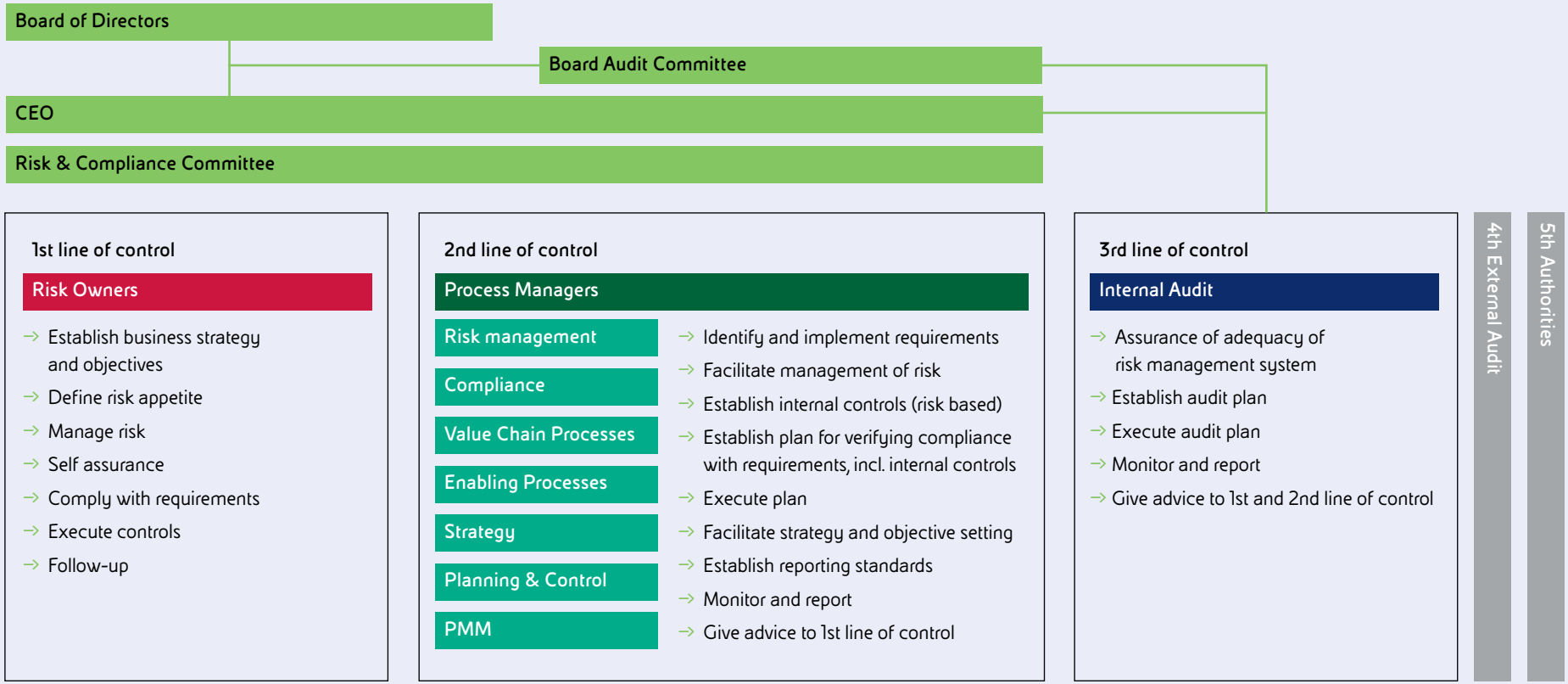
The topic of data security is focused on how to protect the company's assets. Up to date systems and personnel training are key facets of how Vår Energi prioritize data security measures. Several measures are put in place to maintain the integrity and security of Vår Energi's information; risk assessments,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

Policy and action

The Vår Energi Code of Ethics sets out the rules and standards that the company and its employees must follow. An updated version was completed and approved by the Board of Directors in 2020. The Code of Ethics is the cornerstone of Vår Energi's compliance program and is brought to the attention of every person or body having business relations with Vår Energi.

The governance principles for Vår Energi are organised in the three lines of control model, see figure on the next page. The 1st line of control is the responsibility of the Risk Owners (in many cases the departmental managers) and the Process Managers are responsible for the 2nd line of control. The Internal Audit department is responsible for independent 3rd line of control activities. A cross-functional workgroup has been established to further operationalise Vår Energi's Internal Control and Risk Management System and to ensure training for all relevant personnel. It aims to ensure a management overview of the company's control activities, in a systematic manner, and optimise these control activities based on risk.



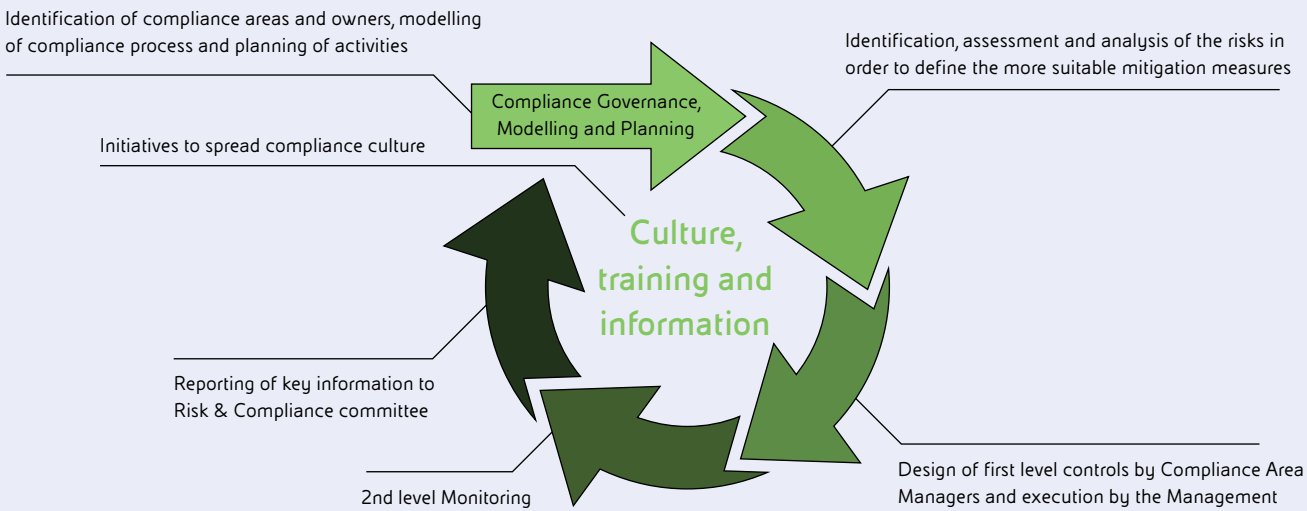


For the compliance process, the company is following the Compliance Management System Guideline (MSG). An updated version of the Compliance MSG was approved by the Board of Directors on September 16, 2020. The main process remains the same, only smaller changes were made to better suit the organisation. A new MSG Inside information was also developed and approved in 2020. Processes for both MSGs are set up in Vår Energi Management System (VEMS).

The compliance process 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. These sub-processes are facilitated by a Compliance Officer and is a part of the 2nd line of control in the company.



The Risk & Compliance committee, consisting of the CEO and senior management, reviews enterprise risks and compliance work and approves changes to the compliance areas. The MSG has predefined compliance areas applicable for Vår Energi, and appropriate Compliance Area Managers are assigned. Risk assessments of each compliance area are performed annually. The risk assessments are used to define appropriate controls, monitoring and/or training to be part of the compliance program for the following year.

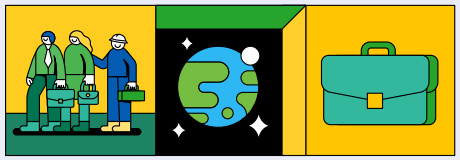
The company Security function regularly provides top management with thorough evaluations of the current international, national and for Vår Energi security threat situation. The main risk elements identified were related to cyber security, insiders and industrial espionage especially from state intelligence organizations. A Security Risk analysis is performed based on the threat assessment and Security plans for all Vår Energi assets are implemented through a cross-functional cooperation which includes the involvement of Management, safety delegates and relevant professional functions.

When Processing Personal Data, Vår Energi complies with the requirements and obligations imposed by the Personal Data Act / General Data Protection Regulation (GDPR), and the Personal Data Act's appurtenant regulations. The Data Privacy and Protection Procedure provides specific guidelines on how to protect private information. Basic information leaflets and a dedicated intranet site provide further information relevant for employees and contractors. This site includes the GDPR Data Processing Matrix and relevant forms to exercise rights included in the GDPR regulation. Vår Energi provides 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 system integrity, security and adherence to company procedures including GDPR.

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 of 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.

Evaluation of results

In 2020, the company brought the Compliance process a significant step forward with the implementation of both a full Compliance program and an annual process. Several improvements were made to processes, procedures and tools related to compliance. Vår Energi also merged into one common SAP system, which facilitated the alignment of compliance-related controls. ICT controls are aligned for the different domains, with a few exceptions on legacy domains. These will be fully aligned when the company is on one common platform in 2Q 2021.



For 2020 the company conducted audits and various assessments. Biannual process controls, general computer controls and entity level controls were completed to ensure that the company was compliant with regards to financial reporting and statutory accounts among others. The 2020 reviews did not identify any significant findings. However, a few processes, some of which are still a work in progress, were concluded to have improvement potential. A compliance report was issued twice based on results of these controls and other activities in the compliance program.

Vår Energi also implemented GDPR controls to help ensure compliance in this area and implemented new controls and actions for other compliance areas such as Health and Anti-corruption. The review of these for 2020 did not identify any significant findings either, but a few areas of improvement for GDPR. The company prepared a Joint Venture Anti-corruption survey for 2020, in order to check the anti-corruption work in licenses it is a part of, including licenses where Vår Energi is the operator.

Mandatory compliance and ethics training are conducted for all Vår Energi employees and contractors. In 2020, an e-learning program called "Fighting corruption" was issued. This was comprised of six interactive modules focused on preventing, detecting, managing and reporting possible corruption and bribery incidents. Compliance was also the focus in an internal Industry Network Seminar, where everyone that participates in industry initiatives, committees or networks on behalf of Vår Energi were obliged to attend.

GDPR awareness training was provided to all departments in 4Q 2020. The training included key requirements from GDPR, the new Vår Energi GDPR procedure and where to find it, other elements of GDPR in Vår Energi and where to seek guidance.

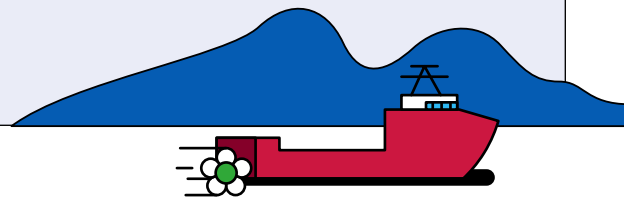
During 2020, Vår Energi has conducted several activities to strengthen data security awareness and knowledge in the organization. Security awareness and competency building is essential to ensure protection of sensitive information, prevent unauthorized access and intervention, and in incident reporting. Vår Energi launched a Digital Security nano-learning program in 2020 to strengthen awareness and competencies amongst employees. All employees received in total 18 short nano-learning modules which concluded with a mandatory test at the end of the program.

Due to COVID-19, the majority of Vår Energi's onshore employees have worked from home for most of 2020. There has been high focus on providing user guidance and awareness related to the increased Cyber Security threats during this period. At the end of 2020, an extraordinary internal audit on "ICT Security – Remote Working and M365 Implementation" was carried out.

Maintaining security while enhancing and integrating legacy computer systems from both Eni Norge and Point Resources have been the primary focus in 2020 and this process will be continued throughout 2021. These efforts have been successful so far and the goal is to maintain continuous improvement to the company's security efficiency.

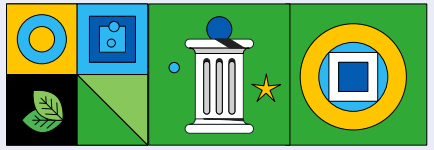
An Information Security project was initiated to introduce classification and protection of data in M365, and an internal audit of the M365 implementation and security was performed in December 2020.

In 2020, focus has been on ensuring a successful implementation of GDPR into all relevant work processes as well as awareness campaigns/training. An internal audit has been executed to test implementation and identify further improvement opportunities. Most findings from this internal audit have been addressed except one action related to the ongoing integrated Vårin and consolidated domain projects which will be closed during 2021.



Business integrity indicators

Indicators / KPIs	Unit	2020	2019	Comment
Compliance training attendance	Number and Percentage	1006 (90%)	816 (82%)	Employees and contractors
Completion rate of industry network seminar	Number and Percentage	68 (99%)	-	Only applicable for members of industry networks
Completion rate cyber security training: - Employees - Contractors and service agreement personnel	Number and Percentage	 858 (75%) 222 (37%)	 - -	 Training was sent to everyone with a Vår Energi e-mail address
Compliance training for Governance body members	Number and Percentage	8 (100%)	8 (100%)	The Board members appointed by the shareholders are included in the compliance training programs of the respective shareholders.
Governance body members that the anti-corruption policies and procedures have been communicated to	Number and Percentage	8 (100%)	8 (100%)	Both an updated version of the MSG Anti-corruption and the Code of Ethics was approved by the Board of Directors in 2020
Employees that the anti-corruption policies and procedures have been communicated to	Number and Percentage	901 (100%)	821 (100%)	New Code of ethics was announced on Workplace and anti-corruption training sent to all employees and contractors
Business partners that the anti-corruption policies and procedures have been communicated to	Percentage	100%	100%	In all contracts there is a requirement that the suppliers have reviewed and acquainted themselves with Vår Energi's Code of ethics, Sustainability policy and Compliance requirements and links to documents are provided.
Operations assessed for risks related to corruption: - Due diligence conducted for new license partners, customers, R&D partners, sponsor contracts and main contractors - Anti-Corruption report performed for Joint Ventures	Number and Percentage	 475 (100%) 114 (100%)	 100% 125 (100%)	 10 of 475 rated as "High risk" due to matches in World Compliance or presenting very high financial risk. Anti-Corruption report performed for all Joint Ventures, both operated and non-operated. All ok.
Number of suspicious transactions investigated	Number	0	0	
Breaches of Code of Ethics	Number	0	0	
Confirmed incidents of corruption	Number	0	0	
Cyber-attacks or similar incidents resulting in loss of data, loss of integrity or other loss	Number	0	0	
Number of investigations or lawsuits in relation to sustainability issues	Number	3	0	Related to labour law and the Work Environment Act



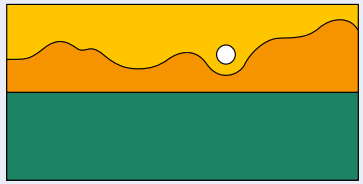
Next steps

In line with company ambitions of having zero incidents of corruption, Vår Energi will further strengthen its compliance efforts and training routines going forward. The company will develop new training material related to inside information and other topics viewed to be important in order to uphold the company's security and compliance ambitions. Vår Energi will continue to streamline processes around compliance issues such as due diligence and inside information to ensure that these issues are handled in a consistent and standardized fashion throughout all levels of the organisation. The company will also develop and issue a Compliance statement survey to verify that everyone has read the Code of ethics and to map out any potential conflicts of interest.

Additionally, Vår Energi intends to combine the annual compliance program with other second level controls in a monitoring plan. A multi-function workgroup has been established to further operationalise Vår Energi's Internal Control and Risk Management System and to ensure training for all relevant personnel. The workgroup aims to ensure a management overview of the company's control activities in a systematic manner and optimise these control activities based on risk. Vår Energi will also continue to issue a compliance report twice a year based on results of the compliance program.

Relevant SDGs	Ambitions	Results	Next steps
Other relevant SDG(s): 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	- Compliance with laws and regulations, internal rules, and ethical integrity and fairness - Full compliance with data security and privacy regulations and policies - Zero incidents that pose threat to securi-ty of employees or the Company	- 0 confirmed incidents of corruption - 87% of all employees has completed compliance and privacy / data security training	- Continue to improve and develop processes and training related to compliance - Develop an overall monitoring plan for Vår Energi. - Continue to strengthen digital security competencies and routines throughout the organization - 2021 Digital Security nano-learning program - Complete Information Security project - Address and close agreed actions from M365 and GDPR internal audits

Sustainable supply chain



It is not only through carefully assessing its own operations that Vår Energi can contribute to creating long-term value for society. As the largest independent operator on the NCS, the company interacts with a wide range of local and global suppliers throughout its operations. Carefully assessing sustainability throughout the company's supply chain can secure an innovative and sustainable supply chain around its operations, which in turn creates value for the local communities and supports the shift towards more sustainable business models. In its inventory, procurement and vendor management process, Vår Energi emphasises its contribution to local value creation and endeavours to source local suppliers where feasible. The company's suppliers also have a crucial role in developing the industry through cooperation and innovation.

Policy and action

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 all main suppliers to have a sustainability policy with a stated ambition or plan for reducing its environmental and social impact.

Through both collaboration and supplier requirements, Vår Energi contributes to the Norwegian offshore maritime industry's target of a 50% reduction in GHG emissions by 2030. This is 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).

Safety aspects of main suppliers are checked through a capability assessment in EPIM Joint Qualification System (JQS) and is verified through audits. The ambition is to have all HSEQ risked (IOGP 510 Contract Mode 1 and 2) suppliers audited on sustainability topics. The suppliers are evaluated on relevant Safety and Sustainability aspects in the tendering process and through the post-award verification and audits.

Evaluation of results

In 2020, Vår Energi implemented a new policy requiring that sustainability shall be 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. This policy has been further developed and specific actions have been taken to ensure that the policy is implemented. This is done by updating process requirements, instructions and other supporting documents.

In 2020, Vår Energi participated in NOROG circular economy and collaboration initiatives. Critical material request, virtual inventory, preparations for EqHub, standardized supply chain behaviour initiative as part of a joint industry improvement arena. The initiatives aims to reduce surplus materials, reduce cost, promote re-use of materials/ parts and reduce waste generated in the industry and circular economy in general.

Vår Energi actively participates in EPIM JQS (vendor joint qualification system used in the Norwegian/Danish Oil Industry), which gives access to all audits performed. A high amount of EPIM JQS audits were executed in 2020, therefore no Vår Energi supplier audits were required.

Next steps

Vår Energi will continue to evolve its work on further developing a sustainable supply chain to create value for both society and its stakeholders. New supply chain policies will ensure a healthy and sustainable supply chain in the years to come.

During 2021, compliance checks will become a part of all vendor performance evaluations. These evaluations will be executed at least once every year for Contract Mode 1 & 2 and will also be included in the Interface Management Plan (IMP).

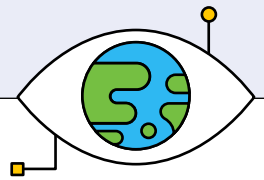
As part of safeguarding requirements of human rights, the ambition for 2021 is to start using the NOROG HuRi application, to perform in depth Human Right assessments for main suppliers.

Vår Energi will also undertake a process to develop a new set of KPIs for;

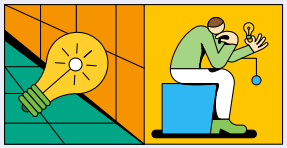
- The number of tender evaluations where sustainability is considered
- Active implementation of circular economy initiatives
- Reduced storage footprint
- Reduced number of storages

Vår Energi will implement KPI's to accommodate the policy and targets set out above.

Relevant SDGs	Ambitions	Results	Initiatives
Strategic focus SDG(s):  Other relevant SDG(s): 	- Active role in the NOROG collaboration initiatives - All HSEQ risked (IOGP 510 Contract Mode 1 and 2) suppliers audited on sustainability aspects. - Develop compliance checks on sustainability for main suppliers - Start using the NOROG HuRi application, to perform in depth Human Right assessments	- Target 200 EPIM JQS audits yearly (In 2020 #231) - PSV award based on sustainability criteria	- Roll out policy requirements on sustainable supply chain - Develop a new set of KPIs to help track sustainability in the supply chain - Compliance checks as part of the Vendor Performance Evaluation



Research and development (R&D)



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

The oil and gas industry has a long history of innovation, investing in the research and development of new technologies to produce, refine and manufacture innovative products for society. It is important to gaze into the future to understand how research and technology can address sustainability challenges in Vår Energi's business. In this respect, Vår Energi's strategy and efforts to provide advanced technical solutions helps to demonstrate Vår Energi's intent to reduce environmental impacts, creating benefits for socio-economic development.

The world's need for energy is still dependent on oil and gas production to meet the global energy demand. As alternative, sustainable energy sources and technologies are developed and matured, the demand for oil and gas is expected to diminish in the long run. In this perspective it is important to have two thoughts in mind. 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. The company's R&D portfolio plays a vital role in achieving these objectives.

Continuous reduction of GHG emissions in all company activities is a part of Vår Energi's license to operate. To contribute to meeting the oil and gas industry's climate goals, Vår Energi will intensify its efforts to develop and employ new solutions. The company is engaged in large-scale national projects aiming to develop and demonstrate GHG emission reduction capabilities, such as low emission-, and CCS techniques.

Policy and action

In order to increase R&D's contribution to Vår Energi's sustainability objectives, the R&D procedures for screening, selecting and authorising new R&D projects include sustainability impact assessment criteria (economic, environmental and societal). Through this selective approach, all R&D project proposals are assessed and sanctioned based on equally weighted assessment criteria. This increases the number of R&D projects in Vår Energi's R&D portfolio contributing to the achievement of Vår Energi's GHG emission reduction targets.

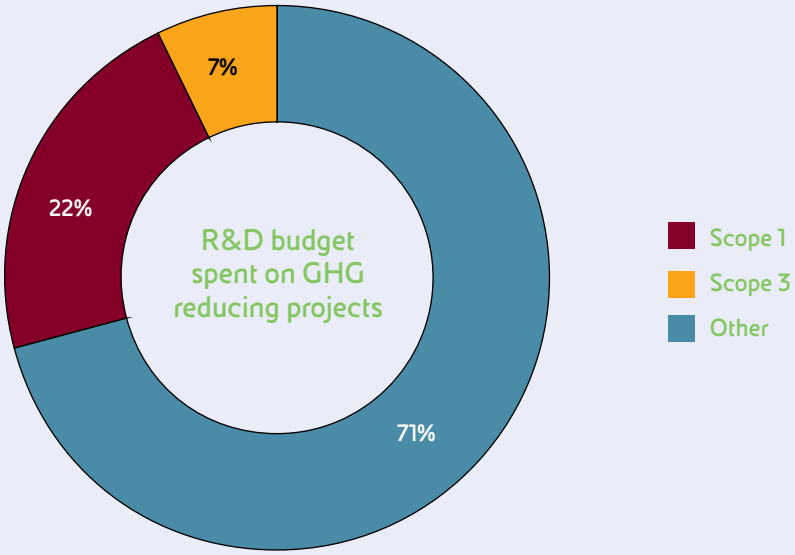
The R&D department aims to invest approximately NOK 80 million per year. Due to the COVID-19 situation and a significant drop in oil price, the R&D budget for 2020 was reduced to NOK 70 million.

Vår Energi's R&D portfolio included 35 projects in 2020, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

Distribution of R&D projects

R&D Categories	Unit	2020	2019
Maximise Recovery	NOK	8 426 000	13 008 000
Operational Excellence	NOK	32 086 000	45 672 000
Safety and Environmental Protection	NOK	12 802 000	15 037 000
Successful Exploration	NOK	16 100 000	7 897 000
Grand Total	NOK	69 414 000	81 615 000

When 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).



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
- NCCS research activities supports achieving CO_2 storage in the North Sea
- NCCS contributes to the government's ambition to realise a full-scale CCS chain by 2022
- NCCS exploits the potential of the European Carbon Dioxide Capture and Storage Laboratory Infrastructure (ECCSEL)
- NCCS researchers cooperate with Vår Energi in evaluation of decarbonizing techniques for removal of CO_2 in Natural Gas for export

LowEmission Research Centre

The LowEmission research centre endeavours to develop new technologies 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 NCS and help the Norwegian government reach its GHG reduction targets.

Evaluation of results

In 2020, Vår Energi established a new R&D strategy covering the next four years. The strategy has increased focus on R&D's contribution to Vår Energi's reduction targets and will promote development of technology that supports the company's future business strategy in the energy transition.

Circular economy (CE) is a part of Vår Energi's strategy, aiming to eliminate waste and stimulate continual reuse and recycling of resources. Producer responsibility and planning for circularity in product and service delivery are integrated focus areas in ITT (invitation to tender) campaigns. Vår Energi will use R&D projects as a tool to develop technology purpose-fit for the company's business development within the CE framework. This will be achieved by researching innovative solutions and identifying new processes and concepts aimed at reusing and recycling waste.

Vår Energi strives to continually improve the company's HSE performance and preventing major accidents, personal injuries and occupational illnesses. Focus is on the enhancement of risk management, emergency preparedness systems and development of advanced technologies that can meet the challenges and needs ahead.

The R&D activity related to exploration is focused on reducing time and cost whilst reducing uncertainties in near field areas to increase value of existing hubs, and to areas with an interest in high-risk and high-reward prospects.

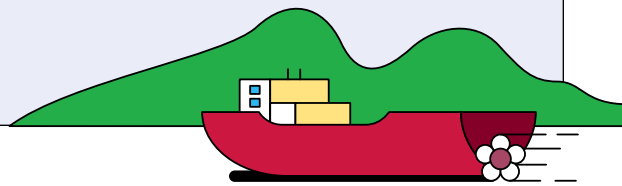
Operational Excellence, being one of the pillars in the strategy, includes optimization, improvement and continuous development to increase the operational performance of the company's industrial processes, techniques and tools through the entire oil and gas value chain. Upstream research efforts will prioritise technologies offering low carbon-intensity, increased efficiency, reduced cost and time to market.

A study for an onshore fuel plant decarbonizing natural gas to ammonia with CO_2-subsea injection is ongoing. Unmanned topside solutions and subsea plants will be a focus area in project development. The objective of operations is to monitor the integrity of each asset with cost-effective techniques. To enable IMR cost reduction, the use of robots and autonomous drones will be explored.

R&D projects to Maximize Recovery will be considered as high priority. Reservoir management covers the entire upstream value chain, from exploration to field abandonment. Digital technologies including artificial intelligence, machine learning and use of big data for decision support should be used to unlock value in the company's developing and producing assets.

Next steps
The current Vår Energi R&D project portfolio for 2021 has a budget of 89 MNOK. A total of 14 new projects are endorsed for 2021.

Relevant SDGs	Ambitions	Results	Initiatives
Strategic focus SDG(s):  Other relevant SDG(s): 	- 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	- Established new R&D strategy for 2021-2025 - New projects endorsed: 14 - Project investments 2020: NOK 69.4 mill.	- Vår Energi R&D budget for 2021: 89 MNOK



Vår Energi's reporting relative to the GRI Standards guidelines

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.

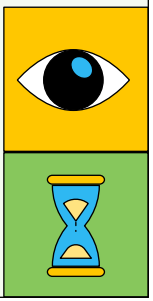
The table below shows Vår Energi's reporting relative to the GRI Standards guidelines.

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 (33)
102-9	Supply chain	Sustainable supply chain (46)
102-10	Significant changes to the organization and its supply chain	Letter from CEO (4) Sustainable supply chain (46)
102-11	Precautionary Principle or approach	Vår Energi uses a precautionary approach
102-12	External initiatives	Local value creation (35) R&D (48)
102-13	Membership of associations	Annual report, R&D (48), Local value creation (35)
Strategy		
102-14	Statement from senior decision-maker	Letter from CEO (4)
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Our values (9)
Governance		
102-18	Governance structure	Annual report
Stakeholder engagement		
102-40	List of stakeholder groups	Appendix (55)
102-41	Collective bargaining agreements	Annual report
102-42	Identifying and selecting stakeholders	Vår Energi's material sustainability topics (11)
102-43	Approach to stakeholder engagement	Vår Energi's material sustainability topics (11)
102-44	Key topics and concerns raised	Vår Energi's material sustainability topics (11)
Reporting practice		
102-45	Entities included in the consolidated financial statements	Annual report
102-46	Defining report content and topic Boundaries	Vår Energi's material sustainability topics (11)
102-47	List of material topics	Vår Energi's material sustainability topics (11)
102-48	Restatements of information	Some 2019 figures have been updated due to increased data quality; this is clearly marked in the text
102-49	Changes in reporting	NA
102-50	Reporting period	01.01.2020 - 31.12.2020
102-51	Date of most recent report	Sustainability report 2019
102-52	Reporting cycle	Annual
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	GRI Index

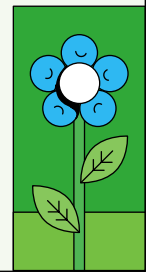
Material topics

Topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Environment - Climate					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	16			
103-2	The management approach and its components	16			
103-3	Evaluation of the management approach	16			
GRI 305 - Emissions					
305-1	Direct emissions (Scope 1)	18			
305-2	Energy indirect emissions (Scope 2)	18			
305-3	Other indirect emissions (Scope 3)	18			
305-4	GHG emission intensity	18			
305-5	Reduction of GHG emissions	17-18			
Environment - Energy efficiency					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	23			
103-2	The management approach and its components	23			
103-3	Evaluation of the management approach	23			
GRI 302 - Energy					
302-1	Energy consumption within the organization	25			
302-4	Reduction of energy consumption	24			
Environment - Biodiversity and environmental protection					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	26			
103-2	The management approach and its components	26			
103-3	Evaluation of the management approach	26			
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	56			
304 - 2	Significant impacts of activities, products, and services on biodiversity	27-28			
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	26			
GRI 305 - Emissions					
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	27	Yes, POP, HAP and PM are not reported	Not applicable	Not considered material
GRI 306 - Waste and effluents					
306-3	Significant spills	27			
Vår Energi own indicator					
VE-2	Selected material waste and effluents indicators	27-28			



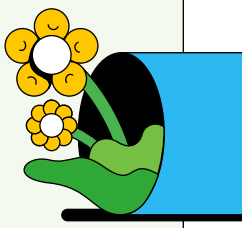
Material topics - social

Topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Social - Health and safety					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	30			
103-2	The management approach and its components	30			
103-3	Evaluation of the management approach	30			
GRI 403 - Occupational Health and Safety					
403-1	Occupational health and safety management system	57			
403-2	Hazard identification, risk assessment, and incident investigation	57-58			
403-3	Occupational health services	58			
403-4	Worker participation, consultation, and communication on occupational health and safety	58			
403-5	Worker training on occupational health and safety	58			
403-6	Promotion of worker health	30			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	59			
403-8	Workers covered by an occupational health and safety management system	30			
403-9	Work-related injuries	31			
403-10	Work-related ill health	31			
Social - People, training and diversity					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	33			
103-2	The management approach and its components	33			
103-3	Evaluation of the management approach	33			
GRI 102 General Disclosures					
102-8	Information on employees and other workers	34			
GRI 401 - Employment					
401-1	New employee hires and employee turnover	34	Yes, age group, gender and region not reported due to consolidation of HR systems	Information unavailable	During 2021, actions to close this omission will be evaluated
GRI 405 - Diversity and Equal Opportunity					
405-1	Diversity of governance bodies and employees	34	Yes, age group, gender and region not reported due to consolidation of HR systems	Information unavailable	During 2021, actions to close this omission will be evaluated
Social - Local value creation					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	35			
103-2	The management approach and its components	35			
103-3	Evaluation of the management approach	35			
Vår Energi own indicator					
VE-2	CSR projects supported	36			

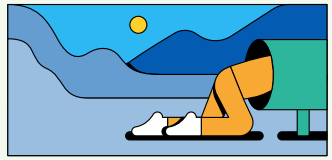


Material topics - Economic

Topic / § no.	Description	Source (page number)	Omission	Reason for omission	Explanation for omission
Economic - Business integrity					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	40			
103-2	The management approach and its components	40-42			
103-3	Evaluation of the management approach	40-42			
GRI 205 - Anti-corruption					
205-1	Operations assessed for risks related to corruption	44	Yes, significant risks related to corruption not reported	Information unavailable	During 2021, actions to close this omission will be evaluated
205-2	Communication and training about anti-corruption policies and procedures	44	Yes, total number unavailable for business partners	Information unavailable	During 2021, actions to close this omission will be evaluated
205-3	Confirmed incidents of corruption and actions taken	44			
Vår Energi own indicator					
VE-3	Number of employees trained in privacy and data security	44			
Economic - Sustainable supply chain					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	46			
103-2	The management approach and its components	46			
103-3	Evaluation of the management approach	46			
GRI 102 - General Disclosures					
102-9	Supply Chain	46			
Vår Energi own indicator					
VE-4	Number of EPIM JQS audits	47			
Economic - R&D					
GRI 103 - Management approach					
103-1	Explanation of the material topic and its boundary	48			
103-2	The management approach and its components	48			
103-3	Evaluation of the management approach	48			
Vår Energi own indicator					
VE-5	Percentage used on Scope 1, 2 and 3 projects	49			
VE-6	Distribution and total annual R&D spending	48			



Appendix



Stakeholder groups

Stakeholder group		Their interests and concerns	How we communicate with them
	Customers	Price and quality Certification Climate and environment 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 Climate and environment Personal development	Meetings and discussions Social media Exhibitions Marketing Conferences and events Surveys
	Regulators	Innovation Collaboration Climate and environment Reporting Ripple effects	Meetings and discussions Cluster collaboration Quarterly and annual reports
	Community	Climate and 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

Stakeholder group		Their interests and concerns	How we communicate with them
	Owners	Climate and environment Long-term strategy Growth	Meetings and discussions Quarterly and annual reports
	Suppliers	Climate and environment Innovation Predictability Price Qualification	Meetings and discussions Cluster collaboration Joint industry initiatives Workshops and events
	NGOs	Climate and environment Spills Green R&D Ripple effects	Meetings and discussions Conferences Cluster collaboration PR and media
	Financial markets	Climate and environment Long-term strategy Risks and opportunities Transparency	Meetings and discussions Quarterly and annual reports Conferences and events PR and media

Particularly valuable and vulnerable areas

Vår Energi operates within or near identified particularly valuable and vulnerable areas (SVOs) on the NCS. SVOs are areas identified to be important to safeguard and strengthen biodiversity and biological production. When executing oil and gas activities within or near 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 vulnerability to 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 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 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.

Occupational health and safety management system

The following detailed descriptions of Vår Energi's occupational health and safety management system are disclosed as part of the compliance with GRI 403.

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 their abilities 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.

As a result of the COVID-19 pandemic, Vår Energi has gained valuable experience with handling a long-term volatile situation and has updated strategic plans, instructions and training/exercises to handle the pandemic in the best possible way. This by establishing a proactive Covid-19 organisation that have worked and are still working on handling the different challenges arisen during the pandemic situation. This organisation has constantly assessed possible impact and the company's ability to prevent and mitigate that impact if an outbreak should hit Vår Energi.

Security
Awareness of security threats that might affect Vår Energi is vital to prevent exposure for security risks. Security Risk assessments identify what security barriers are necessary to protect Vår Energi's people, the environment, assets and reputation and plans to mitigate identified weaknesses is part of the company's security plans. Collaboration on exercises and training is essential to be prepared to prevent, reduce or handle any situation that might occur. Throughout 2020, Vår Energi has upheld close cooperation with national and local authorities but also other operators through formal industry networks.

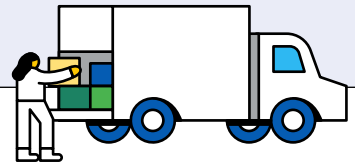
In 2020, the company has seen the importance of and worked actively to establish a more holistic approach to security by linking physical-, information- and personnel security together in joint plans.

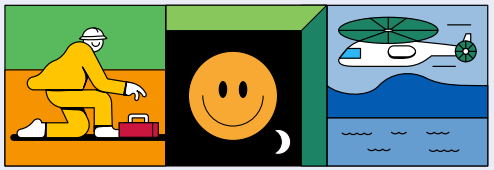
Hazard identification, risk assessment and incident investigation
Vår Energi works systematically to manage risks. The company's work processes ensure that risk identification and assessment is carried out in accordance with regulations, requirements and standards, and that a basis for mitigation of 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 have been 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 be subjected to an application for dispensation.





When a hazard or potential risk is identified it triggers the risk management process for further assessment, 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 and learning 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.

Selection 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 for people, environment or assets, is encouraged.

Occupational health services

Vår Energi has a collaboration 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. Activities delivered by Mediteam is integrated in VE's Safety & Sustainability yearly activity plan. Employees can find contact information to Mediteam AS in the employee handbook.

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

Vår Energi has an active Working Environment Committee (WEC) structure that contributes to establish a fully satisfactory working environment. The WEC considers questions related to;

- The occupational health service and safety delegate service
- Training, instruction and information activities
- Plans that may be of material significance for the working environment, such as plans for construction work
- Work processes
- Preventive safety measures
- Establishment and maintenance of Vår Energi's systematic health, environment and safety work
- Health and welfare issues.

The committee also reviews all reports related to working environment inspections and measurements.

Safety Delegate Service

Vår Energi has a Safety Delegate Service in accordance with the Working Environment Act, that safeguard the interests of employees in matters related to Safety and Working Environment. The safety delegates ensure that the working environment is properly maintained, and that work is performed in a manner that secures the health, safety, and welfare of all personnel working for Vår Energi.

Risk meetings
Regular risk meetings ensure communication regarding risk and hazard information. New risks are reviewed, existing risks are followed up and 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.

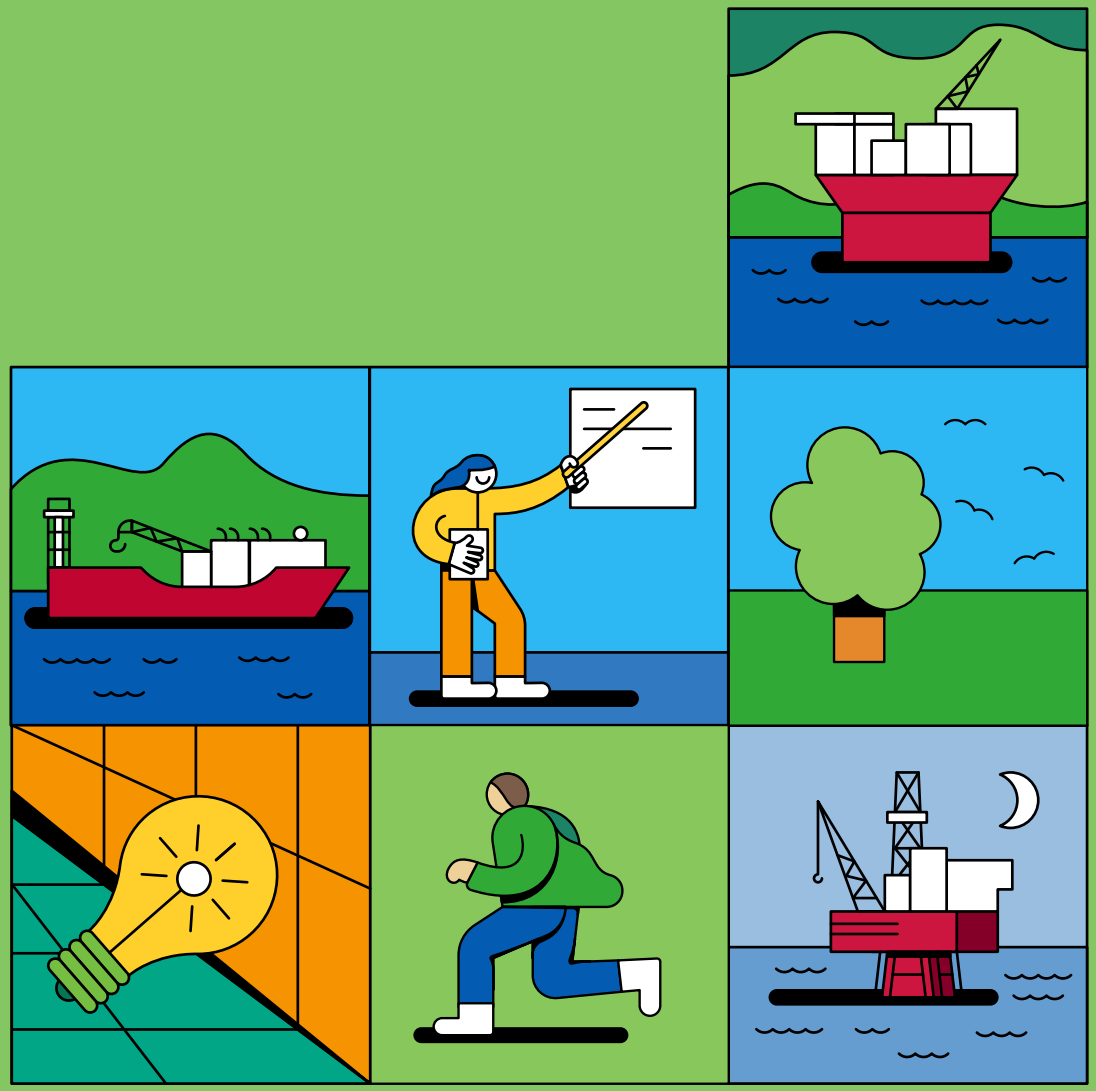
Quarterly Safety & Sustainability Safety Committee
Meetings where both management and coordinating main Safety delegate are present have been conducted in 2020. The purpose of these meetings is to ensure that the committee is informed about HSE status and risk and to ensure the company's continuous HSE 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 Vår Energi's reporting tool Synergi. This is important, to ensure follow-up to prevent recurrence, knowledge sharing and learning from exposure incidents.



vår energi

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