

# Welcome to your CDP Climate Change Questionnaire 2021

## C0. Introduction

### C0.1

#### **(C0.1) Give a general description and introduction to your organization.**

Founded in 1971, DNO is Norway's oldest oil company and the first to list on the Oslo Stock Exchange in 1981. Initially a North Sea player, our focus over the past two decades shifted to the Middle East region, home to the world's most prolific oil resources. By tapping into its Norwegian heritage and leveraging our regional footprint, DNO has proven a nimble and successful operator, even in challenging environments. In 2004, DNO was the first international oil company to enter the Kurdistan-region of Iraq (KRI), at a time when the Kurdish region's oil industry was virtually non-existent. We are now the leading international operator in terms of production and reserves in the KRI. At our flagship Tawke oil field, we began production in 2007 – just two years after the start of exploration activities. The neighbouring Peshkibir field was brought on production in 2017. Our operations in the region have among the lowest finding and development costs anywhere in the world. Combined with low lifting costs, this gives us a significant competitive advantage when oil prices are weak and strong cash flow when oil prices are robust.

DNO re-entered the North Sea in 2017, acquiring offshore exploration licenses in Norway and the UK. The company has since expanded to include several producing assets offshore Norway and the UK. Wherever we operate, we look to minimize risk and maximize success through smart exploration, and when a discovery is made, fast-track production. We are committed to safe, environmentally responsible and ethically sound operations.

DNO's Health, Safety, Security and Environment (HSSE) Policy is clear concerning our commitments to all aspects of HSSE including our environmental commitments:

- Minimise undesirable effects on the environment resulting from our activities;
- Promote the reduction of emissions and pollutions from our operations; and
- Contribute to sustainable development of the regions where we operate.

Business Units' (BU) internal assurance processes combined with oversight from the corporate management and the Board of Directors through its HSSE Committee ensure we meet our commitments.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2020	December 31, 2020	No

## C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

- Iraq
- Norway
- United Arab Emirates
- United Kingdom of Great Britain and Northern Ireland

## C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

- USD

## C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

- Operational control

## C-OG0.7

**(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?**

Row 1

**Oil and gas value chain**

Upstream

**Other divisions**

## C1. Governance

### C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

#### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Director on board	<p>The Deputy Chairman of the Board chairs the Board HSSE Committee. In addition to the Deputy Chairman, a second Director from the company's Board of Directors is a member of the Board HSSE committee. Senior executives and managers from the company participate in the HSSE Committee meetings including the Managing Director (MD) and Deputy Managing Director (DMD) of DNO ASA plus General Managers and HSSE Managers of our two Business Units of Kurdistan Region of Iraq and North Sea (covering Norway and the UK).</p> <p>This is a forum in which forward strategies are discussed and the Company's HSSE policy is adjusted, if necessary. The Chairman of the HSSE Committee takes key recommendations of the Committee to the Board of Directors for discussion and final decisions, If necessary.</p> <p>Material presented at each meeting includes greenhouse gas data which are discussed by the Committee at appropriate intervals to review performance and enable forward strategy setting. Additionally, a suite of projects to actively reduce our GHG emissions (both absolute and intensity) are discussed and endorsed at the HSSE Committee. Other climate change related topics discussed in the HSSE Committee include internal price on carbon (GHG emissions), and GHG verification standards and methodologies, and the Company's GHG emissions targets (e.g., GHG intensity target set in September 2020).</p>

#### C1.1b

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain

<p>Scheduled – some meetings</p>	<p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The Deputy Chairman of the Board chairs the Board HSSE Committee. In addition to the Deputy Chairman, a second Director from the company’s Board of Directors is a member of the Board HSSE committee. Senior executives and managers from the company participate in the HSSE Committee meetings including the Managing Director (MD) and Deputy Managing Director (DMD) of DNO ASA plus General Managers and HSSE Managers of our two Business Units of Kurdistan Region of Iraq and North Sea (covering Norway and the UK).</p> <p>This is a forum in which forward strategies are discussed and the Company's HSSE policy is adjusted, if necessary. The Chairman of the HSSE Committee takes key recommendations of the Committee to the Board of Directors for discussion and final decisions, if necessary.</p> <p>Material presented at each meeting includes greenhouse gas data which are discussed by the Committee at appropriate intervals to review performance and enable forward strategy setting.</p> <p>Major action plans - HSSE input is invited at an early stage of assessment of business opportunities where emissions and other environmental aspects are considered. This is the case for all Business Units and geographies including the Norwegian Continental Shelf (NCS) where carbon taxes are levied.</p> <p>Annual budgets, emissions outlook and targets, and ongoing and planned major GHG reduction projects are discussed.</p> <p>Risk management - DNO's quarterly risk assessment process includes assessment of risk with impact on "Environment and Sustainability", ensuring such risks are identified and mitigated appropriately.</p> <p>Goals and targets monitoring - DNO's goal is maintain a GHG intensity of at least half of the intensity target of the Oil &amp; Gas Climate Initiative (OGCI), which is comprised of some of world's largest oil and gas producers. This goal is alongside our goal of benefitting the regions in which we work with energy</p>
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		and financial stability. Emissions intensity is reported quarterly to management and the Board HSSE Committee.
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## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Operating Officer (COO)	Both assessing and managing climate-related risks and opportunities	Quarterly

## C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

The CEO (in DNO terminology, the Managing Director or MD) has delegated management responsibility for HSSE including climate related issues to the COO (in DNO terminology the Deputy Managing Director or DMD), within the policy framework set by HSSE and risk management policies. DNO believes that primary responsibility for all HSSE matters, including climate related issues, should be with line management. As the two Business Units' (BU) General Managers report directly to the Deputy Managing Director, this set-up provides for clear accountability and quick decision making.

In turn, operational management of emissions is the responsibility of each BU General Manager who must ensure compliance with DNO's HSSE Policy Statement, which includes the requirement to "promote the reduction of emissions and pollution from our operations" and must aim to meet goals that are set on an annual basis, including emissions related targets.

The Deputy Managing Director (DMD) chairs a quarterly HSSE review, at which the Business Unit (BU) managers report their BU's GHG emission performance and compare this with the Company's plans and targets. Where necessary, actions are agreed to improve performance and/or proposals to adjust strategy are formulated for discussion with the Board HSSE Committee.

In addition, the DMD chairs a monthly review of the GHG emission reduction projects in all DNO operated assets. The meeting reviews status of projects in the planning and execution phases, identifying corrective actions where necessary, and it reviews the next set of potential projects and ideas to prioritise their implementation.

As well as this internal reporting, the BUs report emissions through nationally approved mechanisms (e.g., reporting to) in each country in which DNO operates.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Emissions targets (including project specific targets) are included in the annual goals of the individuals on the executive team with control over emissions reduction activities (operations). At the end of each year, performance against these goals is assessed as part of the annual appraisal process. A person's rating from his/her annual appraisal impacts on the level of bonus awarded.

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Other, please specify Deputy Managing Director (DMD) and Business Units' General Managers (GM)	Non-monetary reward	Emissions reduction project	<p>Progress against targets for flare/vent reduction and energy/ emissions savings projects.</p> <p>DNO has implemented the Corporate Standard for GHG monitoring and control. The Standard sets internal governance and requirements for all Business Units to identify emissions reductions projects as well as to include GHG impacts/reductions in investment proposals.</p> <p>The Deputy Managing Director (DMD) together with the two General Managers (GM) of the Business Units (BU) are responsible for the accurate monitoring of HSSE performance data and delivering agreed plans, including emissions reductions targets, projects (and disclosure).</p>

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

## C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	1	As is typical for the oil and gas industry, DNO owns its oil licenses together with other companies in unincorporated joint ventures, where one of these companies is nominated as the operator. The operator must provide its joint venturers with a detailed work program and budget, for each subsequent year. This is then approved by the joint ventures, which in Kurdistan includes the Ministry of Natural Resources. Therefore, one year is the short-term time horizon for business planning purposes.
Medium-term	1	5	On an annual basis, DNO prepares a five-year plan to assess various pathways for development of the company. Therefore, period of five years represents the medium-term for business planning purposes.
Long-term	5	30	Typically, oil and gas licenses last for around thirty years, hence this is the long-term horizon for DNO.

## C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

DNO defines financial impact in terms of both probability of occurrence and consequence should it occur. Financial risks which are deemed substantive are those that combine either significant consequences which are considered very likely, major consequences with likely or higher probability, or catastrophic consequences with unlikely or higher probability, A substantive financial risk is thus either

- A risk which is very likely to occur which has the potential to create damage and disruption to operations leading to losses between 1-10 million dollars;
- A risk which is likely to occur which has the potential to create damage and disruption to operations leading to losses between 10-100 million dollars; or
- A risk which is unlikely to occur which has the potential to create damage and disruption to operations leading to losses of more than 100 million dollars.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

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**Value chain stage(s) covered**

Direct operations  
Upstream

### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

### **Frequency of assessment**

More than once a year

### **Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

### **Description of process**

DNO has a well implemented process for identifying and assessing climate-related risks based on a Risk Assessment Matrix (RAM), which is included in our company-wide risk and opportunity assessment process.

On a quarterly basis, we carry out a "bottom-up" risk identification, assessment and review process in which key risks and opportunities associated with current and future emissions and climate change are identified and analysed. Mitigations are put in place and these are then managed and monitored. All risks are assigned to competent owners who have the responsibility of following the closure of actions to control and/or reduce risk. The results of the process are reviewed by corporate management.

All resulting risks that are considered to have a substantive financial impact are reported to the Board's Audit Committee. Substantive HSSE related risks, including climate change related issues are also reported to the Board's HSSE Committee.

A case study of how this process is applied to physical risk relates to the environmental protection of oil and gas pipelines in Kurdistan. For part of their trajectory, these pipelines run alongside a river that is important to the communities that live alongside. This river feeds into a reservoir for hydro-electric power generation. Failure of one of these pipelines caused by storm flooding of the river has long been identified as a risk with high potential consequence, but - until recently – considered low probability. Following severe flooding in the last three winters which resulted in severe erosion of the riverbanks near to the pipelines, DNO has re-evaluated trends from recent years and concluded that there is an increasing trend of wetter winters, possibly related to climate change. As a result, the probability of failure of these pipelines due to storms was increased in the DNO risk identification process. It has become a substantive risk (both financially and strategically) and a multi-million dollar project has been underway since 2020 to ensure adequate environmental protection is in place (Phase 1 of pipeline-river protection project was completed in 2020. Phase 2 of the project is ongoing in 2021). The progress is monitored both at the Business Unit level and Corporate, including the Board of Directors' HSSE Committee.

A case study on how transitional risks are identified, assessed and responded to is the

risk of more scrutiny by financial markets and institutions (e.g., shareholders and bondholders) on GHG emissions performance of oil and gas companies and the possible increase cost of raising capital and debt. This risk is on DNO's risk register and its probability and its financial impacts assessed. In order to improve DNO's emissions performance and in addition to onsite emissions reduction projects (e.g., use of otherwise flared associated gas to replace diesel for onsite power generation, discussed in detail later), purchase of international offsets (notably mangrove tree projects in Myanmar) have been extensively evaluated.

Also DNO recognises that in order to maintain access to quality financial services and attract investors, it needs to be transparent on its climate related performance and set responsible emissions targets for its business. To address this, DNO has submitted a CDP report every year since 2012; it has had third-party verification of its emissions data since 2015; it has an HSSE performance section in its annual report which includes emissions goals and reporting; and published its first comprehensive ESG report in September 2020 ("DNO's Corporate Social Responsibility (CSR) Report"), which is planned to be updated annually. The CSR report improved transparency on ESG related matters to the financial community and enabled DNO to communicate its key emissions related targets on emissions intensity and zero venting from routine operations.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>DNO continuously monitors current regulations in relation to its operations from the relevant local, national and international authorities. Risks from current regulations are a part of our risk process and are identified and managed in each country where we operate.</p> <p>Example of current regulation: In Norway, emissions from oil and gas operations are subject to a national CO2 tax, in addition to pricing under European Union's Emissions Trading System (EU ETS). When assessing investments, it is important for DNO to have an informed view of how such emissions pricing is applied in order to determine the financial viability of investments that impact on emissions.</p>
Emerging regulation	Relevant, always included	<p>Emerging regulations are actively monitored in DNO and are identified and managed in the countries where we operate. We engage with the authorities and (where relevant) industry associations to ensure we understand emerging legislative so that we are prepared for compliance.</p> <p>Example of emerging regulations: If compliance with the European Union (EU) Emissions Trading System (ETS) regulations are made</p>

		<p>more expensive either through higher market prices or as a result of fewer quotas available on the market, this can lead to considerable financial implications and increased operating costs.</p> <p>Following Brexit, the UK announced its departure from EU's Emissions Trading System (ETS) and its intention to set up its own GHG market. This was an ongoing discussion and debate in 2020 and the UK ETS was finally launched in January 2021 although not all the details are announced yet. DNO has been and continues to monitor both the regulatory and market sides of the UK ETS evolution because DNO has operations in the UK (subject to the UK ETS) as well as Norway (subject to both the Norwegian national CO2 tax and the EU ETS).</p>
Technology	Relevant, sometimes included	<p>In project risk assessments technologies are reviewed where a proven technology may enhance our capability to execute the project with lower emissions.</p> <p>Examples of using new technologies from our operations in Kurdistan include new well designs to reduce drilling time (and thus diesel use and GHG emissions) while not adversely impacting the oil potential of new wells; and using water instead of diesel for well intervention while ensuring the same subsurface improvement (improved oil production).</p> <p>In the North Sea Business Unit, as a non-operator, we are working with our joint venture partners on the potential to power the offshore platforms with less GHG intensive electricity from the shore as opposed to generating more GHG intensive electricity produced onsite via gas turbines.</p>
Legal	Relevant, always included	<p>Compliance with climate related laws and contractual commitments is required throughout DNO. The risk of non-compliance is interruption to operations and/or fines, penalties, etc. These are in addition to potential reputation damage if such non-compliance became public.</p> <p>A case study of this in Kurdistan is the contractual requirement for approval from the Ministry of Natural Resources for associated gas flaring. Although DNO seeks to minimise flaring, a minimum level is still required (for safety and technical reasons as well as infrastructure restrictions) and hence correct permits need to be in place to avoid business interruption. If not, the risk is that the Ministry could order DNO to limit or even shut-in production.</p> <p>In the North Sea, there are numerous environmental and discharge permits required for operations (e.g., discharge to the sea). If DNO does not comply then the risk is that the necessary permits will not be</p>

		forthcoming, leading to delay to operations and/or, with fines and penalties.
Market	Relevant, always included	<p>We continuously monitor the market (global supply and demand for crude oil and gas) and the factors which can affect the supply and demand of our products (crude oil and gas).</p> <p>DNO is a relatively small oil company with less than 0.1% of global supply thus our ability to influence the market is limited. However, global supply and demand trends impact price of oil and gas, both in short term and long term. Several years of under investment - especially in 2020 due to global oil price crash - pace of recovery in global economic activity and in oil demand after COVID-19, geopolitics, increasing pressure on the oil and gas sector for improving its environmental performance, and behavioural changes as well as competing technologies are among key drivers for future of supply and demand. DNO continuously monitors these market variables as they change the price of our products (crude oil and gas).</p> <p>Also a specific transitional risk is implementation of carbon-border-adjustments such as the discussions around EU's carbon border tax. This means our Kurdistan oil production imported to the EU can become subject to an import tax (based on its GHG intensity). This can obviously have implications for our economics. We have considered this possibility and we are continuously monitoring the regulatory discussions. These transitional risks are becoming more and more important and we - from a strategic point of view - are continuously considering them in our business planning.</p>
Reputation	Relevant, always included	<p>There is an increased focus on environmental and climate related issues from society, employees, shareholders, bond investors, insurance companies and financial institutions. Such considerations are increasingly important to DNO in order to continue to attract high quality staff and to reduce cost of capital (financing).</p> <p>A good case study of DNO's work to maintain and improve its reputation with respect to climate related matters is the company's participation in CDP.</p> <p>By reporting to CDP, we have shown to our investors and employees that we take climate challenges seriously and are responding accordingly and transparently. In addition, we improved our ESG/ sustainability reporting in 2020 by publishing our first comprehensive Corporate Social Responsibility report in September 2020, which includes a chapter on GHG emissions. This report is to be published on an annual basis and each year we aim to improve its scope and content.</p>

Acute physical	Relevant, always included	<p>DNO's risk identification process identifies acute physical risk. Acute physical risks may arise from frequent extreme weather events such as severe storms, waves, ice and lightning.</p> <p>Case study: More extreme weathers such as higher frequency and intensity of storms can damage DNO's offshore facilities in the North Sea as well as disrupt operations. Criteria for storm severity are set during the engineering phase of any project and designs are required to meet these criteria.</p> <p>In Kurdistan, recent winters have been wetter than the historical average. It is possible that this is related to climate change. This has resulted in much faster flow of the river adjacent to DNO's oil and gas pipelines. Severe erosion of the riverbanks has been experienced the past three winters and there is a risk that this will continue. As a result, DNO has initiated a major upgrade to the physical storm protection measures for its pipelines. The first phase of pipeline protection project was completed in 2020 with the second phase ongoing in 2021.</p>
Chronic physical	Not relevant, explanation provided	<p>Chronic physical risks related to longer-term shifts in climate patterns (examples: high temperatures, leading to sea level rise, chronic heat waves, changed precipitation patterns) do not present a substantive risk to DNO.</p> <p>DNO's operations offshore in the North Sea and onshore in the Kurdistan region of Iraq are designed to be robust in a wide range of acute physical conditions whether that be related to temperature, wind, precipitation, waves (offshore), etc. Therefore, the relatively small changes in the average of these conditions do not impact operations.</p> <p>This is in line with the assessment of our insurers; none of our insurance premiums have been impacted due to any deemed increased risk of chronic physical risks due to climate change.</p>

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation

Carbon pricing mechanisms

**Primary potential financial impact**

Increased direct costs

**Company-specific description**

DNO has operations in three countries and regions: Kurdistan region of Iraq, Norway and the UK. Neither the Kurdistan region nor Iraq has introduced a carbon tax yet and they are not part of any cap & trade systems either. However, both Norway and the UK have GHG pricing schemes. In Norway, DNO's emissions are subject to the Norwegian carbon tax as well as the European Emissions Trading System (ETS, a cap & trade system). In Norway, we are also subject to a fee for NOx emissions. The UK set up the UK Emissions Trading System (UK ETS) in 2021 following its departure from the EU and EU's ETS. For the UK and Norway, there is little we can do other than reducing our emissions or purchasing quotas to comply.

For DNO, the risk with the potential to have substantive financial impact on our business is that Iraq or the Kurdistan region introduces some form of carbon pricing. With increasing international regulations and awareness on carbon pricing, it is possible that Iraq/ Kurdistan impose some sort of carbon/ GHG tax and levy. For example, the Iraqi president ratified the Paris Agreement in January 2021 following a parliamentary vote in September 2020. While uncertain at this point, Iraq is likely to introduce more environmental regulations and restrictions in order to comply with its Paris Agreement commitments and this could include carbon pricing.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

11,000,000

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

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

#### **Explanation of financial impact figure**

In 2020, there was no regulatory carbon pricing mechanism in place in Kurdistan (or Iraq). However, considering the general trends of global regulations on GHG emissions, it is not unlikely that a regulatory carbon price comes into effect in near/medium future. Assuming that Kurdistan/Iraq would impose a (moderate) fee of USD 30/ tCO<sub>2e</sub>, then the operating cost for DNO's net production in Kurdistan would increase by about USD 11 million per year.

(USD30/tonne CO<sub>2e</sub>\* 10kgCO<sub>2e</sub>/barrels \*100,000 barrels of oil per day \*365 days)

#### **Cost of response to risk**

12,500,000

#### **Description of response and explanation of cost calculation**

As a mitigation strategy to higher carbon pricing, DNO could invest in a solar PV plant in Kurdistan to reduce carbon taxes paid for onsite generation of electricity. Estimating the costs is uncertain due to the fast pace of emerging technologies. As a case study, using a capital cost of a solar PV of USD 1,250/kW (source: USA's Energy Information Agency, EIA) with 18% capacity factor, and using a 15% annual cost of capital lead to a levelized cost of electricity of  $1,250 * 15\% / (365 * 24 * 18\%) * (1,000 \text{ to convert from USD/kWh to USD/MWh}) = 119 \text{ USD/MWh}$

As the business-as-usual (base case) scenario for electricity generation, we consider using diesel (as it is often the case in Kurdistan). Using a GHG intensity of 1 tonne CO<sub>2</sub>/MWh for diesel-based electricity (source: USA's EIA), and a carbon price of USD 50/tonne, the GHG tax comes to 50 USD/MWh (math: 1 tCO<sub>2</sub>/MWh \* USD50/tCO<sub>2</sub>).

The fuel cost is estimated at USD 100/MWh based on diesel price of USD 0.30/lit and generator efficiency of 30% and heating value of 36 MJ/lit for diesel.  $(USD 0.30/lit / 36 * 3.6 * 1000 / 30\% = 100)$

Therefore, at a carbon price of USD 50/tCO<sub>2</sub>, total cost of diesel-based electricity would be 100 (fuel cost)+50 (carbon fee)=150 USD/MWh compared to the cost of solar PV of 119 USD/MWh.

As shown above, without any carbon tax, using diesel for electricity generation is cheaper (USD 100/MWh) compared to solar PV (USD 119/MWh). However, at carbon tax of USD 50/tonne, the total cost of diesel-based electricity is higher (USD150/MWh).

DNO could invest in a solar PV plant to partially negate the increased costs of electricity generation due to carbon pricing.

DNO's peak electricity demand in Tawke license is 10 MW. We assume we build a solar plant of 10 MW to supply electricity in addition to the existing diesel generators. Thus when sun is available, the electricity is provided by solar PV (cheaper than diesel due to carbon tax).

Total investment required for a 10 MW solar PV plan to partially mitigate the risk (investment over life of the plant, e.g., 20 years):

Unit cost of PV: USD 1,250/kW (source: USA's EIA)  
 \* 10,000 kW (DNO's 10 MW plant)  
 = USD 12.5 million

We continue to monitor developments in solar and battery technologies as well as carbon pricing to potentially meet a higher share of onsite power demand by solar. Also as the existing diesel generators get closer to end of their lives, the business case for replacing them with solar PV gets stronger.

### Comment

Note that the "Potential financial impact figure" is in USD per year. The "Cost of response to risk" is in USD for the total capital cost of the PV plant over the life of the project (e.g., 20 years).

### Identifier

Risk 2

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Acute physical  
 Increased severity and frequency of extreme weather events such as cyclones and floods

### Primary potential financial impact

Increased direct costs

### Company-specific description

In Kurdistan, recent winters have been wetter than the historical average. According to IPCC, Iraq is considered one of the Arab region's most vulnerable to climate change and impacts of changing weather patterns have already made themselves felt in recent years, with a higher frequency and intensity of extreme weather events. More heavy rainfalls during winter have resulted in much faster flow of the river adjacent to DNO's oil and gas pipelines. Severe and rapid erosion of the riverbanks and/or riverbed has been experienced the past three winters during storms and it is expected that this will continue. In the worst-case scenario, such rapid erosion could lead to damage to one or both pipelines, potentially leading to pollution and the need to halt production.

**Time horizon**

Short-term

**Likelihood**

About as likely as not

**Magnitude of impact**

High

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

17,500,000

**Potential financial impact figure – minimum (currency)****Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

The potential financial impact figure is calculated from having to shut down operations for up to a week if pipelines are damaged. A halt in production from the Tawke field in Kurdistan, which currently runs at approximately 50,000 barrels per day, would result in a loss in production of 350,000 barrels in one week. At realized oil prices of USD 50 per barrel the lost production is valued at approximately  $350,000 \times 50 =$  USD 17,500,000.

If the damage to the pipelines also resulted in pollution, the financial (and reputational) impact would be much higher. However, this figure is extremely difficult to estimate as it depends on many factors including the exact location that the damage occurred at, the speed of response, the extent of damage, etc.

**Cost of response to risk**

3,000,000

**Description of response and explanation of cost calculation**

To mitigate the risk of having to halt production in Kurdistan due to more extreme weather, DNO has initiated a major upgrade to the physical storm protection measures for its pipelines (reinforcement of riverbank and riverbed at river crossing of our pipelines in Kurdistan).

The cost of responding to the risk of more extreme weather is an estimate for the storm protection measures (both along the riverbanks and at the river crossing of pipelines) and any possible free spanning of pipelines at the bottom of the river due to faster-than-normal river flows that are being implemented (in 2020 and 2021). Example of mitigation measures are stabilizing the riverbed and reinforcing pipelines' supports in the riverbed as well as protecting riverbanks from erosion. Also, DNO is assessing the possibility of building an overpass in order not to pass the pipelines through the river.

The cost estimate is based on conceptual engineering studies, experience from similar projects (including phase 1 of the project already completed in 2020) and DNO's internal cost database. DNO has also received quotes from third-parties for engineering and construction of an overpass for the pipelines . These quotes in addition to DNO's inhouse cost estimates are the basis for the USD 3 million estimate provided here . This is split into USD 1.4 million for the overpass bridge and USD 1.6 million for engineering, procurement, management and implementation of the riverbank and riverbed reinforcement.

## Comment

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### Identifier

Risk 3

### Where in the value chain does the risk driver occur?

Direct operations

### Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

### Primary potential financial impact

Increased direct costs

### Company-specific description

In addition to its operations onshore, DNO operates offshore both in Norway and the UK. While offshore production facilities are less prone to extreme weathers (they are to be designed to stand extreme weather conditions, a term called "100-year storm" in Norway), offshore drilling is sensitive to weather conditions. In case of extreme weather such as storms creating massive waves, drilling operations need to be delayed or suspended until weather conditions allow for safe drilling operations. In the industry, the term Waiting on Weather (WoW) is used to express a drilling rig on standby at a safe location until weather conditions improve allowing resumption of drilling activities. WoW can be a major cost for offshore operations due to the high daily cost of offshore drilling activities, especially for complex drilling operations. In 2020 and across DNO's assets in Norway and the UK (both operated and non-operated), there were 70 days of WoW, which implied that DNO (and its partners) had to pay rigs to be on standby due to unsuitable weather offshore in drilling locations.

### Time horizon

Medium-term

### Likelihood

More likely than not

### Magnitude of impact

Medium-high

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

6,000,000

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

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

**Explanation of financial impact figure**

In 2020, DNO had to pay rigs to be on standby due to unsuitable weather for offshore drilling for a total of 70 days. The net cost to DNO due to WoW during the year was about USD 12 million. As extreme weather conditions are likely increase both in intensity and frequency due to climate change, higher costs associated with WoW will become more important in the context of offshore drilling, especially in pioneer areas such as the Barents Sea in which DNO currently has about ten licenses.

The USD 12 million is calculated based on the actual fees paid to the drilling rigs hired in 2020 for 70 days of Waiting on Weather (WoW).

To estimate future costs, we assume that an increase of 50% in extreme weather patterns and associated increase in the WoW days. Thus, a cost of USD 18 million is estimated for total cost of WoW, which is USD 6 million higher than the cost incurred in 2020.

In summary, the potential financial impact is USD 6 million per year which is based on an increase of 50% in the costs associated with extreme weathers offshore and their impact on drilling activities.

**Cost of response to risk**

1,000,000

**Description of response and explanation of cost calculation**

Offshore oil and gas companies cannot control or mitigate extreme weather conditions. However, we can plan drilling operations for calmer periods as the accuracy of climate models and weather forecasts improve. DNO can subscribe to these models and forecasts for better planning of its drilling operations.

Also, as technology improves, drilling rigs can withstand more severe weather conditions, reducing the cost of Weighting on Weather (WoW) although such rigs will have higher fees.

The upper bound for mitigating WoW-associated costs would be the cost of the WoW itself (estimated at USD 6 million in previous section). We estimate a partial mitigation

cost (lower bound) of USD 1 million for subscribing to more accurate climate/ weather models (to better time the drilling activities).

In summary, responding to extreme weathers is not fully possible, we estimate a total cost of USD 1 million per year (cost of access to better forecasting and planning models and software) to partially mitigate the risks.

We can partially mitigate the risk as explained above, but we cannot eliminate/ fully mitigate the risk (delays in drilling activities due to extreme weathers).

### Comment

Note that both the "Potential financial impact figure" and "Cost of response to risk" are in USD per year.

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

### C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

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#### Identifier

Opp1

#### Where in the value chain does the opportunity occur?

Direct operations

#### Opportunity type

Resource efficiency

#### Primary climate-related opportunity driver

Other, please specify

Reduce direct emissions by reducing flaring

#### Primary potential financial impact

Increased revenues resulting from increased production capacity

#### Company-specific description

Development of the Peshkabir field in the Tawke license in Kurdistan commenced in 2017. The oil produced had higher than expected associated gas content, leading to higher than anticipated production of associated gas (produced during the oil production process). This provided DNO with the opportunity to reinject the gas from Peshkabir into the nearby Tawke oil field for reservoir pressure management and thus enhanced oil recovery. The climate related opportunity driver for the project is the significant reduction

in flaring of Peshkabir gas. The financial impact is that injecting gas into Tawke is expected to increase the oil reserves recoverable from the field.

At mid-year 2020, DNO commissioned its USD 110 million gas capture and injection project (phase 1). By end of 2020, DNO captured, pipelined and reinjected a total of 2.4 billion cubic feet (bcf) of Peshkabir field associated gas - which otherwise would have been flared - into the Tawke field for pressure maintenance (in addition to another 0.3 bcf reinjected at the Peshkabir field itself), leading to an estimated 200,000 barrels of incremental oil recovery at the Tawke field. Over its lifetime, gas injection is forecasted to increase oil reserves at the Tawke field by 23.3 million barrels of oil (although uncertain mainly due to reservoir performance).

Phase 2 of the gas injection project is aiming to capture and reinject into the Tawke field any associated gas produced at the Tawke field. This project is currently in the final stages of review before contract award, and it is expected to commission in 2022-2023 at an estimated cost of USD 30 million. This project will materially reduce flaring of associated gas at the Tawke field and help with reservoir pressure maintenance and oil recovery.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

High

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

240,000,000

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

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

**Explanation of financial impact figure**

The financial impact comes from the value of added reserves and production from the Tawke field because of enhanced oil recovery from injecting Peshkabir field gas. It is calculated by multiplying the forecast incremental production due to gas injection by the forecast oil price. The share of the incremental revenue that goes to the government through the mechanism of the production sharing contract is then deducted to give the financial benefit to DNO and its partner.

The actual production impact is highly uncertain due to the heterogeneity of the Tawke

reservoir. The potential financial impact figure is derived from the incremental production that reservoir modelling indicates to be most likely. The reserves associated with this incremental production are included in the DNO's proven and probable (2P) reserves.

The 2P reserves associated with the gas injection project are 23.3 million barrels of oil. Of this 18.5 million barrels goes to the government through the production sharing contract that is in place, leaving 4.8 million barrels for DNO and its partner over the life of the license (until 2036). At an assumed average realized oil price of USD 50 per barrel, this gives an increase in revenue of USD 240 million to DNO and its partner (4.8 million barrels\*50 dollars per barrel of oil=USD 240 million).

### **Cost to realize opportunity**

140,000,000

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

To collect produced gas at the Peshkabir field and inject it in the Tawke field, it required construction of a gas treatment plant at the Peshkabir field, gas compression and pipeline systems to transport the treated gas from the Peshkabir field to the Tawke field and retrofitting five previously drilled oil wells for gas injection at the Tawke field. The phase 1 of the project was approved in 2018 and was subsequently commissioned in mid-2020 at a total cost of about USD 110 million.

As the project is now complete, the cost to realize the opportunity (USD 110 million) is the actual cost that DNO has spent realising the project, rounded off to the nearest USD 10 million. The main components of this project were building a gas processing facility in the Peshkabir field, a series of compressors and gas pipelines to deliver the processed gas from the Peshkabir field to the Tawke field for injection in five gas injection wells.

Phase 2 of the gas injection project is aiming to capture and reinject in to the Tawke field any associated gas produced at the Tawke field. This project is currently in the final stages of review before contract award, and it is expected to commission in 2022-2023 at an estimated cost of USD 30 million. The main component of the second phase is a new gas processing plant (and associated compressors and pipelines) to enable injection of any produced gas at the Tawke field back into the Tawke field. The cost estimate is based on the DNO's internal cost estimates ahead of tendering and awarding the construction project.

Total cost: USD 130 million (phase 1) + USD 30 million (phase 2)= USD 140 million

### **Comment**

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#### **Identifier**

Opp2

#### **Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

To further minimize flaring of associated gas in our Kurdistan operations (in addition to gas injection, discussed under Opportunity 1), DNO is pursuing a suite of projects to utilize the non-injected associated gas for onsite power and process heat generation.

These projects plan to use the otherwise-flared (wasted) associated gas to replace diesel and naphtha (currently used for heat and electricity onsite (more GHG intensive and more expensive)).

Currently, all of onsite electricity demand in the Tawke License (containing both the Tawke field and Peshkibir field) is met by onsite diesel-fuelled generators. Process heat demand is met by diesel and naphtha. Use of associated gas for heat and electricity generation will lead to both lower GHG and economic savings.

In summary, through partial replacement of diesel (for onsite process heat and power generation) with the otherwise-flared associated gas, DNO is planning to reduce both its emissions and operating cost.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

6,600,000

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

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

**Explanation of financial impact figure**

There are three main projects being considered for using the otherwise flared associated gas for electricity and process heat generation:

- 1- Bringing on line gas powered generators and shut-down diesel fuel generators at the Peshkabar field main processing facility (fuel switching in electricity generation)
- 2- Switching the hot-oil heater at the Peshkabar central processing facility to gas (as its fuel) from diesel (fuel switching in process heat generation)
- 3- Switching the boilers at the Tawke field main processing facility from diesel and naphtha to associated gas (fuel switching in process heat generation) heaters: changing the fuel from diesel and naphtha to associated gas (process heat)

These three projects together save around 60,000 liters of diesel per day (made up of: 13,000 liters/day+43,000 liters/day+ 14,000 liters/day respectively for each project), which will be replaced with the otherwise-flared associated gas. At a price of USD 0.3/liter (based on an oil price of USD 50/barrels for our production in Kurdistan ), this translates to an annual cost savings of USD 6.6 million for our operations. (60,000 liters/day \*365 days/year \* USD 0.3/liters)

### **Cost to realize opportunity**

3,600,000

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

DNO has done detail engineering and technical studies, including cost estimation based on internal and external inputs for these three diesel and naphtha-to-associated gas switching projects. The cost estimates are considered to be with high certainty. All three projects are coordinated via DNO's technical office in Dubai (projects and engineering department) and implemented in the Peshkabar and Tawke fields in Kurdistan.

The cost breakdown for these three projects:

- 1- Bringing on line gas powered generators and shut-down diesel fuel generators at the Peshkabar field main processing facility (fuel switching in electricity generation): cost of USD 1.2 million.
- 2- Switching the hot-oil heater at the Peshkabar central processing facility to gas (as its fuel) from diesel (fuel switching in process heat generation): cost of USD 0.6 million.
- 3- Switching the boilers at the Tawke field main processing facility from diesel and naphtha to associated gas (fuel switching in process heat generation) heaters: changing the fuel from diesel and naphtha to associated gas (process heat): total cost of USD 1.8 million

Total cost of three projects: 1.2+0.6+1.8= USD 3.6 million

### **Comment**

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### **Identifier**

Opp3

### **Where in the value chain does the opportunity occur?**

Upstream

**Opportunity type**

Markets

**Primary climate-related opportunity driver**

Access to new markets

**Primary potential financial impact**

Increased access to capital

**Company-specific description**

Over the past two to three years, DNO has experienced an increasing number of environmental related enquiries from existing and prospective investors (shareholders and bond holders), banks, financial institutions, and insurance companies, collectively referred to here as the financial community.

DNO recognises that to maintain access to quality financial services and attract investors, it needs to be transparent on its climate related performance (as well as its performance in other areas of ESG) and set responsible emissions targets for its business.

To address this, DNO has submitted a CDP report every year since 2012; it has had third-party verification of its emissions data since 2015; it has an HSSE performance section in its annual report which includes emissions goals and reporting; and published its first comprehensive ESG report in September 2020 (“DNO’s Corporate Social Responsibility (CSR) Report”), which is planned to be updated annually.

The CSR report improved transparency on ESG related matters to the financial community and enabled DNO to communicate its key emissions related targets on emissions intensity and zero venting from routine operations.

We have also received positive feedback from several in the financial community on our environmental and disclosure efforts and results, including being scored B in the last two years in CDP’s Climate Change category.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

17,500,000

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

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

### **Explanation of financial impact figure**

The impact of our climate related performance and reporting position on emissions, the impact on share price and cost of debt is not possible to define with any certainty as they are influenced by many other factors. However, to illustrate the potential, it has been assumed that a positive perception of DNO's climate stance amongst investors could reduce the cost of bond debt through a 0.5 percent lower interest rate. As DNO currently has two bond loans, together worth USD 700 million, this would represent a saving of USD 3.5 million per year. The bonds mature after five years, so the saving over the bond life would be USD 17.5 million.

0.5%\* USD 700 million\*5 years= USD 17.5 million

### **Cost to realize opportunity**

98,000

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

Our strategy on the disclosure and reporting side is to maintain CDP reporting, external verification of emissions, improving our GHG quantification standards and policies, reporting of emissions in annual report and publishing an extensive CSR/ESG report on an annual basis with details on our environmental performance and our GHG emissions reduction efforts and results. To achieve this, in addition to internal resources such as significant mid-level and executive management time, we occasionally utilize external consultants.

The cost stated here is the sum of costs for our third-party verification of GHG numbers (USD 15k in 2020), our ESG communication consultancy fees (USD 70k in 2019) and external costs for preparing our CDP disclosures (USD 13k in 2020)

### **Comment**

## **C3. Business Strategy**

### **C3.1**

**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

### **C3.1b**

**(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?**

	Intention to publish a low-carbon transition plan	Comment
Row 1	No, we do not intend to publish a low-carbon transition plan in the next two years	

## C3.2

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

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

## C3.2b

### (C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?

As medium size company, DNO has to carefully prioritise its activities. The company's climate related activities have until now been focussed on reduction of emissions from its operations in the short and medium term and not medium to long term reduction initiatives to be in line with a scenario. However, as an oil and gas company which has impact on the environment, it is increasingly clear to the company's management that climate-related scenarios will assist DNO in its medium to long term planning to reduce our total emissions. We are therefore evaluating use of qualitative and/or quantitative analyses within the next two years to get an understanding of the potential impact of the Paris Agreement 2-degree target (RCP 2.6) on DNO.

A case study of the increasing attention of the management to climate related risks is that during evaluation of the options for the development of a DNO-operated field in offshore Norway (Brasse field), emissions performance of the potential host facilities which will be used for processing the produced oil and gas were included in the decision-making criteria. The Oseberg host facility has been selected as it offers both better financial and environmental performance.

Finally, we understand that the Science-Based-Targets Initiative does not yet provide recommended methodology for the oil and gas sector, therefore we are not able to verify our targets by them anyways.

## C3.3

### (C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	No	DNO's products are oil and gas. DNO's crude oil production is a small percentage of global production (~0.1%), thus DNO has extremely limited ability to influence on the global trends on oil and gas consumption, associated GHG emissions and mitigation technologies and strategies

		<p>implemented by global users of refined products. In order to have maximum impact on emissions from the resources available to it, DNO is better to focus on supply chain and its own operations.</p>
Supply chain and/or value chain	Yes	<p>Climate-related opportunities have influenced DNO's supply chain strategies. For instance, DNO's operations in Kurdistan require a certain degree of gas flaring. DNO has worked with its supply chain to source cleaner and more efficient burning flare tips, which reduce CH<sub>4</sub> (and other unburned hydrocarbons) emissions.</p> <p>Environmental and GHG performance criteria are considered in our North Sea drilling procurement activities. We recognize that due to our relatively small scale in the UK and Norway and the nature of our current activities (exploration drilling and well plugging-and-abandonment, 'P&amp;A'), our choice of drilling rigs and our influence on suppliers to undertake large investments in order to improve their GHG performance are limited. However, in our current tendering process, we ask for disclosure of energy (and thus emissions) performance which has implications for the operating cost and GHG emissions (e.g., diesel consumption). We are currently reviewing our procurement standards with the aim both to improve GHG information disclosure in bid processes and better integrate GHG performance in our ranking and contact award procedures.</p> <p>We expect to be impacted by this risk/opportunity in the short-term horizon.</p>
Investment in R&D	No	<p>DNO does not carry out direct research and development activities. It seeks to take advantage of new and developing technologies through supply chain management. As we do not invest in R&amp;D, climate related risks have not influenced strategy in this area.</p>
Operations	Yes	<p>Acute physical climate risks influence DNO's operations strategy. More extreme weather will impact when and how the company can run its operations both on shore and offshore.</p> <p>In Kurdistan, recent winters have been wetter than the historical average. It is possible that this is related to climate change. This has resulted in much faster flow of the river adjacent to DNO's oil and gas pipelines. Severe erosion of the riverbanks and the riverbed has been experienced the past three winters and it is expected that this will continue.</p>

		<p>As a result, DNO has initiated a major upgrade to the physical storm protection measures for its pipelines, phase 1 of which was completed in 2020 (reinforcement of riverbanks at pipeline river crossing) and DNO is in the process of implementing phase 2 (reinforcement of riverbed to avoid free span of the two pipelines in the river crossing caused by faster-than-usual river flows). Also, DNO is assessing the possibility of building an overpass in order not to pass the pipelines through the river.</p> <p>A case study of how DNO turned a climate related risk to an opportunity is flare elimination through injection of gas for enhanced oil recovery (EOR) at the Tawke license in Kurdistan. Flaring was the single largest source of DNO's GHG emissions in 2019. With commissioning of the gas injection project in 2020, not only DNO significantly enhanced its environmental performance through minimizing flaring, but also gained financial benefits (increased oil recovery and reserves). This project remains the only gas injection project in Kurdistan to date. Kurdistan is currently struggling with excessive flaring of associated gas due to lack of gas export infrastructure. DNO's project can pave the way for other companies to consider gas injection instead of flaring.</p> <p>We expect to be impacted by this risk/opportunity in the short-term horizon.</p>
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### C3.4

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

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Capital expenditures Access to capital	Direct costs: In Kurdistan, recent winters have been wetter than the historical average. According to IPCC, Iraq is considered one of the Arab region's most vulnerable to climate change and impacts of changing weather patterns have already made themselves felt in recent years, with a higher frequency and intensity of extreme weather events. More heavy rain during winter has resulted in much faster flow of the river adjacent to DNO's oil and gas pipelines. Severe erosion of the riverbanks and the riverbed has been experienced the past three winters during storms and it is expected that this will continue. If the worst were to happen and the pipelines were damaged, production would have to be shut in for about a week while repairs were carried out.

		<p>To mitigate the risk of having to halt production in Kurdistan due to more extreme weather, DNO has initiated a major upgrade to the physical storm protection measures for its pipelines (reinforcement of both riverbanks and riverbeds at pipeline crossings). This project was not originally budgeted for, so the recent reassessment of the risk has influenced our financial planning for the year. The time horizon influenced was short term (2020 and 2021 budgets).</p> <p>Capital expenditures: As described in section 2.4a, development of the Peshkabir field in the Tawke license in Kurdistan commenced in 2017. The oil produced had higher than expected associated gas content. The additional gas meant that a project to process, transport and reinject the gas in the Tawke field became attractive both for financial and climate-related reasons. Phase 1 of the project was approved in 2018 and subsequently completed in mid-2020. With a capital cost of about USD 110 million, this project is by far the largest single capital expenditure commitment for the business in the period 2019 to 2020.</p> <p>DNO is currently working on phase 2 of the gas injection project, which is aiming to capture and reinject in to the Tawke field any associated gas produced at the Tawke field. This project is currently in the final stages of review before contract award, and it is expected to commission in 2022-2023 at an estimated cost of USD 30 million.</p> <p>DNO is also actively pursuing a range of GHG reduction projects in its operations. These projects, although come at a cost, ensure DNO remains competitive in the capital markets. They also enable DNO to maintain its low GHG intensity compared to its peers. In some instances, these projects also lead to direct financial savings (i.e., if savings outweigh costs over the life of the project).</p> <p>This risk and opportunity have impacted our financial planning in short-time horizon.</p> <p>DNO has been looking into procuring international carbon offsets to enhance its emissions performance in addition to its efforts to reduce the emissions from its own operations. No investment decisions on offsets are made yet (expected in 2021-2022).</p> <p>Access to capital: Over the past two to three years, DNO has experienced an increasing number of environmental related enquiries from existing and prospective investors (shareholders and bond holders), banks, financial institutions, and insurance companies, collectively referred to here as the financial community. DNO recognises that in order to maintain access to quality financial services and attract</p>
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		<p>investors, it needs to be transparent on its climate related performance (as well as its performance in other areas of ESG) and set responsible emissions targets for its business.</p> <p>To address this, DNO has submitted a CDP report every year since 2012; it has had third-party verification of its emissions data since 2015; it has an HSSE performance section in its annual report which includes emissions goals and reporting; and published its first comprehensive ESG report in September 2020 (“DNO’s Corporate Social Responsibility (CSR) Report”), which is planned to be updated annually. The CSR report improved transparency on ESG related matters to the financial community and enabled DNO to communicate its key emissions related targets on emissions intensity and zero venting from routine operations.</p> <p>We have also received positive feedback from several in the financial community on our environmental and disclosure efforts and results, including being scored B in the last two years in CDP’s Climate Change category.</p> <p>This risk and opportunity have also impacted our financial planning in short-time horizon.</p>
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### C3.4a

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

No additional information

## C4. Targets and performance

### C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**

Both absolute and intensity targets

### C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

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**Target reference number**

Abs 1

**Year target was set**

2017

**Target coverage**

Site/facility

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

Scope 1

**Base year**

2016

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

14,516

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

15

**Target year**

2020

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

87

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

1,887.08

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

1,800

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

100.6895284791

**Target status in reporting year**

Achieved

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

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

**Target ambition****Please explain (including target coverage)**

The target here is to eliminate routine methane emissions at the Tawke license operations in Kurdistan in accordance with DNO's policy of zero venting during routine operations (see also C-OG4.2d and C-OG4.6). In the base year (2016) an estimated 29.6 million standard cubic feet (MMscf) of gas, equivalent to approximately 14,516 tonnes of CO<sub>2</sub>e) were emitted through venting and therefore this is selected as the "Covered emissions" for this target.

This figure compares to a total of 98,384 tCO<sub>2</sub>e of scope 1 emissions in the Tawke license in 2016. Therefore, venting emissions were about 15% of total Tawke license scope 1 emissions (14,516/98,384) .

The project goal is to eliminate all venting in the Tawke license through diversion of all the gas to a low-pressure flare system. Therefore, although methane emissions are eliminated, there remain residual emissions of about 1,800 tCO<sub>2</sub>e from flared gas instead (29.6 MMscf of gas\*60.8 tCO<sub>2</sub>e/MMscf=1,800 tCO<sub>2</sub>e). This translates to a reduction of 14,516-1,800=12,716 tCO<sub>2</sub>e or 87% (12,716/14,516) compared to the base year. This project was completed during 2018. DNO's goal to maintain its goal of zero flaring during routine operations going forward.

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**Target reference number**

Abs 2

**Year target was set**

2019

**Target coverage**

Site/facility

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

Scope 1

**Base year**

2019

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

598,222

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

95

**Target year**

2024

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

66.67

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

199,387.3926

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

404,632

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

48.5389172374

**Target status in reporting year**

Underway

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

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

### **Target ambition**

#### **Please explain (including target coverage)**

Development of the Peshkabir field in the Tawke license in the Kurdistan region of Iraq commenced in 2017. As is typical in the region gas was planned to be flared. However, the oil produced at Peshkabir had higher than expected associated gas content. Consequently, the Tawke license became by far the largest contributor to DNO's GHG emissions, (598,222 tonnes CO<sub>2</sub>e in 2019). For this reason, in 2019 a target was set for the emissions at Tawke license to be reduced by at least two-third (66.67%) within five years (by 2024). The target was set for this facility (the Tawke license) as it is the largest source of DNO's scope emissions (598,222/632,512=95%).

The reduction of emissions was to be achieved through a two-phase gas injection project (instead of flaring).

The first phase of the project (commissioned in mid 2020) involved capturing and processing associated gas produced at the Peshkabir field and pipelining it to the nearby Tawke field (within the same license). At the Tawke field, the transported gas is injected underground for reservoir pressure management. The cost of this project was USD 110 million. By end of 2020, DNO captured, pipelined and reinjected a total of 2.4 billion cubic feet (bcf) of Peshkabir field associated gas - which otherwise would have been flared - into the Tawke field for pressure maintenance (in addition to another 0.3 bcf reinjected at the Peshkabir field itself).

Phase 2 of the project will capture and reinject into the Tawke field any associated gas produced at the Tawke field. This project is in the final stages of review before contract award and it is expected to finish in 2022-2023 at cost of USD 30 million. This project will materially reduce flaring of associated gas at the Tawke field and help with reservoir pressure maintenance and oil recovery.

Once Phase 1&2 are commissioned, flaring emissions in the Tawke license will drop significantly. Although uncertain (depending on reservoir performance), we forecast in 2024, on an average, 21 MMscf (million standard cubic feet) per day of otherwise flared associated gas will be injected. This compares to 22.1 MMscf per day of associated gas flaring in 2019.

Although uncertain, we forecast total GHG emissions of Tawke license (containing both Tawke and Peshkabir field) on a Scope 1 basis to be around 211,000 tCO<sub>2</sub>e in 2024 compared to 598,222 tCO<sub>2</sub>e (reduction of 65%).

## **C4.1b**

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

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**Target reference number**

Int 1

**Year target was set**

2020

**Target coverage**

Company-wide

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

Scope 1+2 (location-based)

**Intensity metric**

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

**Base year**

2019

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

0.0137

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

100

**Target year**

2025

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

27

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

0.010001

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

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

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

0.0103

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

91.9167342525

**Target status in reporting year**

New

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

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

**Target ambition****Please explain (including target coverage)**

DNO set an ambitious emissions intensity target in September 2020 when it published its first comprehensive ESG report, entitled “Corporate Social Responsibility (CSR) report”. This target was endorsed by Company’s Board of Directors.

The target is to maintain total DNO scope 1 and 2 emissions intensity (kg CO<sub>2</sub>e/boe) at no more than 50% of the emissions intensity target set by the Oil & Gas Climate Initiative (OGCI). The OGCI encompasses 12 of the world’s largest oil companies which have pledged to reduce the average carbon intensity (scopes 1 and 2) of their aggregated upstream oil and gas operations to 20 kgCO<sub>2</sub>e/boe by 2025 from a collective baseline of 23 kg CO<sub>2</sub>e/boe in 2017.

By the nature of its business, carbon intensity can vary year to year as new projects are developed and older ones dropped, therefore DNO’s target is to have a moving average less than one half of the OGCI figure on a five-year rolling average basis.

By setting its target at half the level of the OGCI’s, DNO will remain a leader in the oil and gas industry in terms of GHG emissions, consistent with the company’s policy to have a light environmental footprint.

DNO’s emissions intensity was 10.3 kgCO<sub>2</sub>e/boe in 2020, reduced from 13.7 kgCO<sub>2</sub>e/boe in 2019. On a five-year rolling average, DNO’s emissions intensity in 2020 was 8.2 kgCO<sub>2</sub>e/boe, well below its target.

**C4.2****(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

No other climate-related targets

**C-OG4.2d****(C-OG4.2d) Indicate which targets reported in C4.1a/b incorporate methane emissions, or if you do not have a methane-specific emissions reduction target for your oil and gas activities, please explain why not and forecast how your methane emissions will change over the next five years.**

The first target in section C4.1a (target reference number Abs. 1) incorporates methane emissions.

Some years ago, DNO introduced a policy of zero venting during routine operations and accordingly introduced a target for zero routine venting in 2017. Prior to that date, as is typical for the oil and gas industry, DNO had methane emissions from venting of gas direct to atmosphere from processing facilities and oil storage tanks. With the achievement target first

target explained in section C4.1a (zero routine venting) in year 2018, all company facilities now comply with this policy and there is zero routine venting and hence zero routine methane emissions.

DNO intends to maintain its zero routine venting policy and therefore expects methane emissions over the next five years to remain at zero.

Additionally, in September 2020, DNO launched a new initiative to more actively measure, monitor and mitigate fugitive methane emissions at the Company's operated sites (see our answer to question C-OG4.7), noting that while CO<sub>2</sub> emissions from oil and gas operations receive the greatest attention, methane emissions are a significant but underreported source of greenhouse gas with an impact 25 times greater than CO<sub>2</sub> on a 100-year horizon. This initiative was announced by DNO's Executive Chairman of the Board of Directors.

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

### C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO<sub>2</sub>e savings.**

	Number of initiatives	Total estimated annual CO <sub>2</sub> e savings in metric tonnes CO <sub>2</sub> e (only for rows marked *)
Under investigation	10	
To be implemented*	3	18,823
Implementation commenced*	5	21,597
Implemented*	1	163,016
Not to be implemented	0	

### C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

#### Initiative category & Initiative type

Non-energy industrial process emissions reductions

Other, please specify

Underground injection of produced associated gas instead of flaring it (injection instead of flaring)

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

163,016

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

0

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

110

**Payback period**

No payback

**Estimated lifetime of the initiative**

16-20 years

**Comment**

This project injects produced associated gas underground instead of flaring it. Total cost of phase 1 (already implemented was USD 110 million). The savings are through enhanced (increased) oil recovery but we are unable to provide an exact number for annual savings and payback (uncertain and varies year to year).

### C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Financial optimization calculations	Emissions reduction projects have associated benefits that warrant investment.

### C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

No

### C-OG4.6

**(C-OG4.6) Describe your organization’s efforts to reduce methane emissions from your activities.**

DNO had previously introduced a policy of zero venting during routine operations and accordingly introduced a target for zero routine venting in 2017. Prior to that date, as is typical for the oil and gas industry, DNO had methane emissions from venting of gas direct to atmosphere from processing facilities and oil storage tanks. With the achievement of this target (zero routine venting) in year 2018 (oil storage tank number 3 at the Tawke field), all company

facilities now comply with this policy and there is zero routine venting and hence zero routine methane emissions.

DNO intends to maintain its zero routine venting policy and therefore expects methane emissions over the next five years to remain at zero.

Additionally, in September 2020, DNO launched a new initiative to more actively measure, monitor and mitigate fugitive (aka residual) methane emissions at the Company's operated sites (see our answer to question C-OG4.7), noting that while CO<sub>2</sub> emissions from oil and gas operations receive the greatest attention, methane emissions are a significant but underreported source of greenhouse gas with an impact 25 times greater than CO<sub>2</sub> on a 100-year horizon. This initiative was announced by DNO's Executive Chairman of the Board of Directors.

Also DNO is in the assessment and implementation phase of an LDAR program as of mid-2021, which is discussed in the next section (C-OG4.7a).

## C-OG4.7

**(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?**

Yes

## C-OG4.7a

**(C-OG4.7a) Describe the protocol through which methane leak detection and repair or other leak detection methods, are conducted for oil and gas production activities, including predominant frequency of inspections, estimates of assets covered, and methodologies employed.**

Gas leaks (which would include methane) are not acceptable in any of DNO's operations due to the safety risk (risk of fire or explosion) they represent. In addition, the gas in DNO's Kurdistan operations also contains Hydrogen Sulphide (H<sub>2</sub>S) which is toxic if inhaled.

Therefore, at all facilities DNO has automatic leak detection in the form of gas detectors, and (in Kurdistan) automatic H<sub>2</sub>S detectors as well. These automatic devices are complemented by the audio/visual/olfactory observations of the production operators on their rounds (once per shift). As such, any non-routine methane emission from a loss of containment, will be detected within seconds and mitigating action taken immediately.

Hence, the only methane emissions at DNO facilities will be "micro" emissions (called fugitive methane emissions here) through, for example, screwed fittings and instruments, that are so small that they don't trigger the automatic detectors.

In September 2020, DNO announced its decision to introduce additional LDAR activities targeting these fugitive methane emissions (see answer to question C-OG4.6). This is one of the projects classified as 'under investigation' in the answer to question C4.3a). As of mid-2021, DNO has selected methane detection cameras and sniffers as its preferred technology and is in the process of purchasing the equipment for continuous monitoring and developing procedures for carrying out any repairs such monitoring may identify as required.

## C-OG4.8

### (C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.

Yes, it is, in our Kurdistan operations.

Flaring is relevant to DNO's operations in Kurdistan but not to its North Sea operations. In Kurdistan, the most important flare reduction project is the project to transfer gas from Peshkabir field, which was being flared previously, to the nearby Tawke field for underground injection. Phase 1 of the project was completed in mid-2020 at a total cost of about USD 110 million. By year end 2020, about 2.7 billion cubic feet (BCF) of gas was captured and injected, which equates to avoided emissions of about 163,000 tCO<sub>2</sub>e. This compared to about 35% of DNO's total Scope 1 emissions in 2020. Emissions reduction will be higher in 2021 as the project will be in operations for the full year (as opposed to half the year in 2020).

Phase 2 of the associated gas capture and injection project (instead of flaring) is aiming to capture and reinject any associated gas produced at the Tawke field back into the Tawke field. This project is currently in the final stages of review before contract award, and it is expected to commission in 2022-2023 at an estimated cost of USD 30 million.

In terms of target (and as also described in Section C4.1a (Target Abs2): DNO in 2019 set a target for the emissions at Tawke license to be reduced by at least two-third (66.67%) within five years (by 2024). The target coverage was set for the Tawke license as it is the largest source of DNO's scope emissions (598,222/632,512=95%).

Once both phases of the associated gas capture and injection project are commissioned, DNO expects flaring emissions in the Tawke license will drop significantly. Although very uncertain (depending on reservoir performance), we forecast in 2024, on an average, 21 MMscf (million standard cubic feet) per day of otherwise flared associated gas will be injected. This compares to daily average of 22.1 MMscf of associated gas flaring in 2019.

## C5. Emissions methodology

### C5.1

#### (C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

##### Scope 1

##### Base year start

January 1, 2015

##### Base year end

December 31, 2015

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

189,444

##### Comment

External limited verification conducted by Ernst and Young

### Scope 2 (location-based)

---

**Base year start**

January 1, 2015

**Base year end**

December 31, 2015

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

1,246

**Comment**

External limited verification conducted by Ernst and Young

### Scope 2 (market-based)

---

**Base year start**

**Base year end**

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

0

**Comment**

Not applicable.

## C5.2

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

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

416,231

## Comment

### C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

#### Row 1

##### Scope 2, location-based

We are reporting a Scope 2, location-based figure

##### Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

##### Comment

DNO has presence in three countries and regions: Norway, the UK, the UAE and the Kurdistan region of Iraq. While the electricity markets are fairly developed in Norway, the UK and the UAE, accessing accurate emissions data (especially market-based emissions) from the power sector in Kurdistan is - at this point - impossible.

### C6.3

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

#### Reporting year

##### Scope 2, location-based

662

##### Comment

### C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

### C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

#### Purchased goods and services

##### Evaluation status

Relevant, not yet calculated

**Please explain**

Calculating the lifecycle emissions of purchased goods and services would be a huge task because of the very wide range of goods and services purchased by DNO, the diversity of our suppliers (from small local firms in rural areas of Iraq to multi-national service companies with offices and staff around the world) and the fact that only a few of the suppliers (not all) publish and disclose their emissions data - let alone product or service specific emissions data.

DNO believes the resources that would be required to carry out such an evaluation are better used on evaluating and minimising DNO's scopes 1 and 2 emissions and such prioritisation is the most effective way for DNO to have a real impact on reducing emissions associated with its operations. Also we do not expect these emissions to be material compared to our direct emissions already included in Scope 1.

In summary, this category is not a priority for now but we are actively following industry trends and data.

**Capital goods**

---

**Evaluation status**

Relevant, not yet calculated

**Please explain**

Calculating the lifecycle emissions of capital goods would be a huge task because of the very wide range of goods and services purchased by DNO (some goods can be even purchased as used/ second-hand), the diversity of our suppliers (from small companies in Iraq to multi-national service companies with offices and staff spread around the world) and the fact that only a few of the suppliers (not all) publish and disclose their emissions data - let alone emissions data for specific products or services which DNO procures from them.

DNO believes the resources that would be required to carry out such an evaluation are better used on evaluating and minimising DNO's scopes 1 and 2 emissions and such prioritisation is the most effective way for DNO to have a real impact on reducing emissions associated with its operations. Also we do not expect these emissions to be material compared to our direct emissions already included in Scope 1.

In summary, this category is not a priority for now but we are actively following industry trends and data.

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

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Emissions from our fuel and energy related activities (e.g. fuel used by field vehicles, drilling rigs, and onsite electricity and process heat generation) are included under Scope 1. The only exception is emissions from leased drilling wells on short-term contracts in Norway and the UK, which are accounted for under Scope 3 and are addressed separately in another category (“Upstream Leased Assets”) in this section of the questionnaire.

## Upstream transportation and distribution

---

### Evaluation status

Relevant, not yet calculated

### Please explain

Calculating the emissions associated with upstream transportation and distribution of supplies to DNO would be a huge task because of the very wide range of goods purchased by DNO, the multiple transportation/ distribution routes, and the multiple companies involved in each transportation/ distribution activity.

DNO believes the resources that would be required to carry out such an evaluation are better used on evaluating and minimising DNO’s scopes 1 and 2 emissions and such prioritisation is the most effective way for DNO to have a real impact on emissions. Also we do not expect these emissions to be material compared to our direct emissions already included in Scope 1.

In summary, this category is not a priority for now but we are actively following industry trends and data.

## Waste generated in operations

---

### Evaluation status

Relevant, not yet calculated

### Please explain

DNO produces waste from our activities and responsibly gathers and disposes of such waste. The emissions from this transportation, disposal and, where relevant, waste treatment are estimated to be very small compared with DNO’s scopes 1 and 2 emissions and so evaluation has not been prioritised yet.

## Business travel

---

### Evaluation status

Relevant, calculated

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

2,344

### Emissions calculation methodology

Emissions from business travel are calculated based passenger kilometres driven and air travel split by journey lengths.

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

100

#### Please explain

All flight-related emissions (scope 3) are calculated based on flight itineraries (provided by airlines) and established emissions factors used by DNO to estimate associated GHG emissions with those flights. Thus 100% of flight information (itineraries) are provided by airlines but DNO uses factors to calculate GHG emissions (GHG emissions figures are calculated by DNO and not provided by the airlines).

### Employee commuting

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

DNO has some staff who commute (on a regular basis) internationally to and from DNO's operations in the Kurdistan region of Iraq and DNO's offices in Kurdistan, UAE, Norway and the UK. The emissions associated with the flights taken by these commuters are included under Scope 3 "business travel" and is not broken down to commuting and business travel separately.

Emissions associated with daily/routine ground transport commutes are not calculated.

### Upstream leased assets

---

#### Evaluation status

Relevant, calculated

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

3,455

#### Emissions calculation methodology

There are two subcategories in this group: emissions from leased vehicles for transportation of staff within the city of Erbil (for Kurdistan operations) and any direct emissions from drilling activities in Norway and the UK (if lease term is considered short-term, i.e., less than one year, otherwise emissions are included under our Scope 1 category).

Emissions from leased vehicles in Erbil are calculated based on the kilometres driven and emissions intensity of the fuel (petrol). For Drilling in the UK and Norway, emissions are calculated based on actual fuel use (diesel) and its emissions intensity factor.

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

100

#### Please explain

As explained above, there are two subcategories in this group: emissions from leased vehicles for transportation of staff within the city of Erbil (for Kurdistan operations) and any direct emissions from drilling activities in Norway and the UK (if lease term is

considered short-term, i.e., less than one year, otherwise emissions are included under our Scope 1 category).

Breakdown of these emissions in 2020 were 49 tCO<sub>2</sub>e in Kurdistan (leased vehicles in Erbil) and 3,406 tCO<sub>2</sub>e in the UK (P&A activities) and 0 in Norway (no DNO-operated drilling in Norway in 2020).

## Downstream transportation and distribution

---

### Evaluation status

Not relevant, explanation provided

### Please explain

DNO's operated oil and gas production in Kurdistan region of Iraq and the North Sea is transferred to third party owned pipeline networks for onward transportation to market. The emissions from such transportation systems are not yet calculated. DNO is not able to access the energy use and emissions data from its most important (largest) downstream transportation system (the Iraq/Turkey oil pipeline). Therefore, there is little purpose for DNO to evaluate this category.

## Processing of sold products

---

### Evaluation status

Not relevant, explanation provided

### Please explain

DNO's crude oil production and sales are a small percentage of global amount (less than 0.1%), and thus, DNO has limited influence on the global trends on processing of its oil and gas sold, associated GHG emissions and mitigation technologies and strategies implemented by global refiners and processors.

## Use of sold products

---

### Evaluation status

Relevant, not yet calculated

### Please explain

DNO's crude oil production and sales are a small percentage of global amount (less than 0.1%), and thus, DNO has limited influence on the global trends on final use of its oil and gas sold, associated GHG emissions and mitigation technologies and strategies implemented by final users of our products.

## End of life treatment of sold products

---

### Evaluation status

Not relevant, explanation provided

### Please explain

DNO has no way to influence. DNO's crude oil and gas production is a small percentage of global production (less than 0.1%), and thus DNO has limited influence on the global

trends on oil and gas consumption, associated GHG emissions and mitigation technologies and strategies implemented by global users of petroleum products (combusted or used to make products such as plastics and clothes).

#### **Downstream leased assets**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

DNO does not have any downstream leased assets.

#### **Franchises**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

DNO does not have any franchise activities.

#### **Investments**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

DNO does not have investments other than in its own business.

#### **Other (upstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

not relevant, already explained in other sections

#### **Other (downstream)**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

DNO does not have any downstream activities.

## **C6.7**

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

### Intensity figure

0.000678

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

416,893

### Metric denominator

unit total revenue

### Metric denominator: Unit total

614,900,000

### Scope 2 figure used

Location-based

### % change from previous year

4

### Direction of change

Increased

### Reason for change

Our absolute emissions decreased by a significant amount from 2019 to 2020, by over a third (34%).

However, due to the unprecedented oil price crash in 2020, our revenues also dropped by a large amount (USD 360 million). The large drop in revenues cancelled out the drop in our absolute emissions leading to an increase in intensity based on this methodology.

In summary:

- change in emissions: -34%
- change in revenues: -37%
- change in emissions intensity (emissions over revenues): 4%

## C-OG6.12

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

---

### Unit of hydrocarbon category (denominator)

Thousand barrels of crude oil/ condensate

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

10.3

**% change from previous year**

25

**Direction of change**

Decreased

**Reason for change**

We managed to significantly reduce our scope 1 emissions in 2020. This was mainly driven by commissioning of a gas injection plant in mid-2020 to avoid flaring of produced associated gas in our production operations. This project despite being in operation only for the second half of 2020, enabled us to reduce our emissions intensity by 25%, reaching 10.3 tCO<sub>2</sub>e per 1000 barrels of oil produced in 2020 compared to 13.7 tCO<sub>2</sub>e per 1000 barrels of oil produced in 2019.

**Comment**

## C-OG6.13

**(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.**

---

**Oil and gas business division**

Upstream

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

0

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

0

**Comment**

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

## C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	416,216	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	10	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	5	IPCC Fifth Assessment Report (AR5 – 100 year)

## C-OG7.1b

**(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.**

### Emissions category

Combustion (excluding flaring)  
Flaring

### Value chain

Upstream

### Product

Unable to disaggregate

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

416,216

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

0.1

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

416,231

### Comment

Million tonnes of CO2 equivalent [t CO2,eq], using the following Global Warming Potential(GWP) conversion factor of 1 tonne CH4 =: 25 tonnes CO2

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO <sub>2</sub> e)
Iraq	413,460
United Arab Emirates	0
Norway	0
United Kingdom of Great Britain and Northern Ireland	2,771

### C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

### C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO <sub>2</sub> e)
Kurdistan (and UAE)	413,460
North Sea	2,771
Corporate	0

### C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO<sub>2</sub>e.

	Gross Scope 1 emissions, metric tons CO <sub>2</sub> e	Comment
Oil and gas production activities (upstream)	416,231	All of our scope 1 and 2 emissions fall within upstream activities.
Oil and gas production activities (midstream)	0	not applicable to DNO
Oil and gas production activities (downstream)	0	not applicable to DNO

### C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based	Scope 2, market-based	Purchased and consumed electricity, heat,	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in
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	(metric tons CO2e)	(metric tons CO2e)	steam or cooling (MWh)	Scope 2 market-based approach (MWh)
Iraq	33		49	0
Norway	503		751	0
United Arab Emirates	88		131	0
United Kingdom of Great Britain and Northern Ireland	39		58	0

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By business division

### C7.6a

**(C7.6a) Break down your total gross global Scope 2 emissions by business division.**

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Kurdistan (and UAE)	120	
North Sea (Norway and the UK)	509	
Corporate (Oslo office)	33	

## C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

**(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Oil and gas production activities (upstream)	662		
Oil and gas production activities (midstream)	0		
Oil and gas production activities (downstream)	0		

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

### C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO <sub>2</sub> e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We do not directly use any renewable electricity. However it is of note that in some of the countries where we operate (Norway and the UK) there is significant penetration of renewables in the electric grid thus we indirectly use renewable energies.
Other emissions reduction activities	163,016	Decreased	26	Our key effort to manage our emissions in 2020 was commissioning of a USD 110 million associated gas injection project in Kurdistan region of Iraq to materially reduce our flaring emissions. This project became operational in mid 2020. A total of 2,682 million cubic feet (MMscf) of gas was injected underground in 2020 (which otherwise would have been flared). This equates to a GHG saving of 163,016 tCO <sub>2</sub> e.  2,682 MMscf * 60.8 tCO <sub>2</sub> /MMscf = 163,016 tCO <sub>2</sub> e avoided emissions  Annual change: avoided (saved) emissions due to gas injection = 163,016 tCO <sub>2</sub> e DNO's scopes 1+2 emissions in 2019 = 634,935 tCO <sub>2</sub> e Ratio = 163,016/634,935 = 26%

Divestment	0	No change	0	Not applicable to 2020
Acquisitions	0	No change	0	Not applicable to 2020
Mergers	0	No change	0	Not applicable to 2020
Change in output	0		0	Not applicable to 2020
Change in methodology	0	No change	0	Not applicable to 2020
Change in boundary	0	No change	0	Not applicable to 2020
Change in physical operating conditions	27,838	Decreased	4	<p>There were emissions of 27,838 tCO<sub>2</sub>e associated with drilling of the Canela well in offshore Norway reported in DNO's operated emissions (Scopes 1+2) in 2019. In 2020, DNO did not have any operated drilling activity in 2020 in Norway.</p> <p>Annual change:            Avoided emissions due to no drilling in 2020 in DNO's operated activities in Norway: 27,838 tCO<sub>2</sub>e            DNO's scopes 1+2 emissions in 2019= 634,935 tCO<sub>2</sub>e            Ratio= 27,838/634,935=4%</p>
Unidentified	0	No change	0	Not applicable to 2020
Other	27,188	Decreased	4	<p>DNO's scope 1+2 emissions in 2020 totalled 416,893 tCO<sub>2</sub>e compared to 634,935 tCO<sub>2</sub>e in 2019. This is a reduction of <math>(634,935 - 416,893) / 634,935 = 34\%</math>.</p> <p>As shown earlier in the same question, the majority of the reduction (26%) was because of injection of associated gas produced in the Peshkabir field in Kurdistan instead of flaring it (gas project commissioned in mid 2020).</p> <p>Similarly, as shown earlier in the same question, another 4% of reduction was due to no operated well drilling in 2020 in Norway by DNO (compared to one well in 2019).</p> <p>The remaining emissions reduction of 4% (<math>34\% - 26\% - 4\% = 4\%</math>) was driven by a</p>

				combination of factors (e.g., lower diesel use in Kurdistan operations due to less drilling activity in 2020 compared to 2019 and lower electricity demand of our offices in 2020 due to home-office measures taken for most of 2020). We do not breakdown these various factors because their effects are small individually.
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### C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 0% but less than or equal to 5%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

## C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	404,249	404,249
Consumption of purchased or acquired electricity		0	989	989
Consumption of self-generated non-fuel renewable energy		0		0
Total energy consumption		0	405,238	405,238

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

### Fuels (excluding feedstocks)

Diesel

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

363,139

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

319,517

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

0

**Emission factor**

0.267

**Unit**

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

**Emissions factor source**

IPCC Emission Factor 2006

**Comment**

The balance (difference between Total Fuel Used and Total Fuel Used for Self Generation of Electricity) was used for mechanical energy (neither heat nor electricity) generation. An example is diesel used by the drilling rigs to rotate their bits.

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**Fuels (excluding feedstocks)**

Naphtha

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

40,186

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

0

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

40,186

**Emission factor**

0.264

**Unit**

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

**Emissions factor source**

IPCC Emission Factor 2006

**Comment**

**Fuels (excluding feedstocks)**

Petrol

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

925

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

0

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

0

**Emission factor**

0.24

**Unit**

metric tons CO2e per MWh

**Emissions factor source**

IPCC Emission Factor 2006

**Comment**

All petrol was used for transportation (mechanical energy, neither heat nor electricity).

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	95,855	95,855	0	0
Heat	40,186	40,186	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C9. Additional metrics

### C9.1

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

#### C-OG9.2a

**(C-OG9.2a) Disclose your net liquid and gas hydrocarbon production (total of subsidiaries and equity-accounted entities).**

	In-year net production	Comment
Crude oil and condensate, million barrels	32.6	2020 production (company working interest/ net to DNO)
Natural gas liquids, million barrels	0.6	2020 production (company working interest/ net to DNO)
Oil sands, million barrels (includes bitumen and synthetic crude)	0	not applicable
Natural gas, billion cubic feet	9.9	2020 production (company working interest/ net to DNO)

#### C-OG9.2b

**(C-OG9.2b) Explain which listing requirements or other methodologies you use to report reserves data. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this.**

DNO's reserves and resources reporting is in accordance with standard guidelines advised by the Society of Petroleum Engineers (SPE) and comply with Oslo Stock Exchange disclosure requirements, Circular No. 1/2013.

Reported reserves fall within class 1-3 of the Norwegian Petroleum Directorate (NPD) classification and contingent resources (2C) fall within class 4-7 of the NPD classification. The estimation and auditing of reserves are undertaken in accordance with generally accepted engineering and evaluation principles. It should be noted that reserves information is imprecise due to inherent uncertainties in—and the limited nature of—data upon which the reserves are predicated.

DNO has a reserves review committee consisting of competent professional geoscientists, engineers and economists to facilitate the review and reporting process and ensure compliance with standards and procedures. The committee collects and coordinates the review of all technical data and provides a full report of the Company's reserves and resources to the Managing Director for review and approval.

Economically recoverable reserves have been calculated based on input for the technical reserves and economic parameters such as license terms and projected future oil and gas prices. The reserves reported are restricted to those volumes expected to be economically recovered prior to the expiry date of the respective licenses.

International petroleum consultants DeGolyer and MacNaughton (D&M) carried out an independent assessment of the Company's licenses in the Kurdistan region of Iraq. International petroleum consultants Gaffney, Cline & Associates (GCA) carried out an independent assessment of DNO's licenses in Norway and the United Kingdom (UK). The Company internally assessed Block 47 in Yemen.

## C-OG9.2c

**(C-OG9.2c) Disclose your estimated total net reserves and resource base (million boe), including the total associated with subsidiaries and equity-accounted entities.**

	Estimated total net proved + probable reserves (2P) (million BOE)	Estimated total net proved + probable + possible reserves (3P) (million BOE)	Estimated net total resource base (million BOE)	Comment
Row 1	332.3	506.8	151.7	Based on 2020 Annual Statement of Reserves and Resources (available on DNO's website)

## C-OG9.2d

**(C-OG9.2d) Provide an indicative percentage split for 2P, 3P reserves, and total resource base by hydrocarbon categories.**

	Net proved + probable reserves (2P) (%)	Net proved + probable + possible reserves (3P) (%)	Net total resource base (%)	Comment
Crude oil/ condensate/ natural gas liquids	95	95	72	
Natural gas	5	5	28	
Oil sands (includes bitumen and synthetic crude)	0	0	0	

## C-OG9.2e

**(C-OG9.2e) Provide an indicative percentage split for production, 1P, 2P, 3P reserves, and total resource base by development types.**

---

**Development type**

Shallow-water

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

18

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

20

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

19

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

19

**Net total resource base (%)**

79

**Comment**

Norway and the UK

**Development type**

Onshore

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

82

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

80

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

81

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

81

**Net total resource base (%)**

21

**Comment**

Kurdistan region of Iraq and Yemen

## C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

Investment in low-carbon R&D	Comment
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Row 1	No	
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## C-OG9.7

(C-OG9.7) Disclose the breakeven price (US\$/BOE) required for cash neutrality during the reporting year, i.e. where cash flow from operations covers CAPEX and dividends paid/ share buybacks.

## C10. Verification

### C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

### C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

#### Verification or assurance cycle in place

Annual process

#### Status in the current reporting year

Complete

#### Type of verification or assurance

Limited assurance

#### Attach the statement

 2020 verification letter-EY.pdf

#### Page/ section reference

Pages 1 and 2 of the attached letter

#### Relevant standard

ISAE3000

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

100

## C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

---

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 2020 verification letter-EY.pdf

**Page/ section reference**

Pages 1 and 2 of the attached letter

**Relevant standard**

ISAE3000

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

100

## C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

---

**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 2020 verification letter-EY.pdf

**Page/section reference**

Pages 1 and 2 of the attached letter

**Relevant standard**

ISAE3000

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

100

---

**Scope 3 category**

Scope 3: Upstream leased assets

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

 2020 verification letter-EY.pdf

**Page/section reference**

Pages 1 and 2 of the attached letter

**Relevant standard**

ISAE3000

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

100

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

## C11. Carbon pricing

### C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

### C11.1a

**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

EU ETS

Norway carbon tax

### C11.1b

**(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.**

#### EU ETS

---

**% of Scope 1 emissions covered by the ETS**

0

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

0

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

**Allowances allocated**

0

**Allowances purchased**

0

**Verified Scope 1 emissions in metric tons CO<sub>2</sub>e**

0

**Verified Scope 2 emissions in metric tons CO<sub>2</sub>e**

0

**Details of ownership**

Facilities we own and operate

**Comment**

DNO has operations in both Norway and the UK where GHG emissions from certain activities are regulated under a cap & trade system (EU's ETS, applicable to both Norway and the UK in 2020) as well as under the Norwegian carbon tax (Applicable to Norway only).

However, DNO had no operated activities (e.g., production hubs and platforms) in Norway in 2020 with emissions covered under the EU ETS or Norway's carbon tax. Similarly, in the UK, DNO's field operations in 2020 (an offshore Plug and Abandonment (P&A) program) were exempt from the EU ETS due to the nature of the activities and low emissions levels.

Note that DNO is a non-operator participant (owner) in several other licenses in Norway and the UK, emissions of which may be covered under the EU ETS and/or Norway's carbon tax. Such emissions are not reported here because as stated in section C0.5, we use "Operational Control" approach for reporting of our emissions in this questionnaire.

## C11.1c

**(C11.1c) Complete the following table for each of the tax systems you are regulated by.**

### Norway carbon tax

---

**Period start date**

January 1, 2020

**Period end date**

December 31, 2020

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

0

**Total cost of tax paid**

0

**Comment**

DNO has operations in both Norway and the UK where GHG emissions from certain activities are regulated under a cap & trade system (EU's ETS, applicable to both Norway and the UK in 2020) as well as under the Norwegian carbon tax (Applicable to Norway only).

However, DNO had no operated activities (e.g., production hubs and platforms) in Norway in 2020 with emissions covered under the EU ETS or Norway's carbon tax. Similarly, in the UK, DNO's field operations in 2020 (an offshore Plug and Abandonment (P&A) program) were exempt from the EU ETS due to the nature of the activities and low emissions levels.

Note that DNO is a non-operator participant (owner) in several other licenses in Norway and the UK, emissions of which may be covered under the EU ETS and/or Norway's carbon tax. Such emissions are not reported here because as stated in section C0.5, we use "Operational Control" approach for reporting of our emissions in this questionnaire.

Although we do not report our non-operated emissions, we can quantify total fees DNO

paid for its equity share of emissions in 2020:

In total, DNO paid about USD 11 million in CO2 fees in 2020.

## C11.1d

### **(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

DNO applies the same compliance strategy to these systems as all other laws and regulations as described in the Company's Compliance Charter: DNO manages compliance risk through three lines of defence: Business management, the compliance function and internal audit.

Business management is the first line of defence. Operational management has ownership, responsibility and accountability assessing, controlling and mitigating compliance risks and develops and implements mitigation activities, including monitoring and reporting, for managing compliance risks in business activities.

As the second line of defence, the compliance function partners with the legal, risk management and, with respect to climate related issues, the HSSE functions. They identify relevant compliance risk related laws, regulations and standards. They translate the laws into compliance obligations and assist management to identify their compliance risks. They support Management in identifying mitigating activities to mitigate the overall compliance risk based on the Executive Committee risk appetite, monitor local level management's control of compliance risks and advise management on compliance matters.

Internal Audit provides management with a third line of defence through independent, objective assurance on the overall effectiveness of the design and operation of internal controls. Annual internal audit plans are established in consultation with the Board's audit committee and findings are reported to executive management.

A case study of our strategy of complying with systems that we anticipate to be regulated by is management of the risk of increased emissions intensity due to operational limitations. While GHG intensity of DNO's operations (currently about 10 kgCO<sub>2</sub>e/boe) is far below the global average of around 20 kgCO<sub>2</sub>e/boe, DNO is working on development of a frontier field in Kurdistan which during its initial phase can involve routine flaring of associated gas (due to lack of infrastructure, sales of the associated gas or using it for power generation is not possible). This can increase GHG intensity of DNO's operations with financial and reputational risks as well as regulatory risks (if a carbon price or cap & trade system is introduced in Kurdistan for instance, which is not unlikely). In response, DNO initiated a project in 2021 to assess possible increase in GHG intensity in the next 5 years to inform decision making for development of this field. Also as a mitigation strategy, purchase of international offsets (notably mangrove tree projects in Myanmar) have been extensively evaluated. Another strategy being pursued the possibility of using the otherwise-flared associated gas for power generation and other products (e.g., sulfur). DNO is currently in the concept study phase. Both the senior executive management and the Board of Directors' HSSE Committee have been debriefed on the risks and mitigation strategies.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

## C12. Engagement

### C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, other partners in the value chain

### C12.1d

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

The “other partners in the value chain” that are referred to here are the joint venture partners with which DNO works in its upstream projects. In the North Sea, DNO is operator in some of these joint ventures and non-operator in others. In the Kurdistan region of Iraq, it is operator in the two licenses where it has an ownership interest. In all joint ventures, we engage with joint venture partners on plans related to emissions and minimising CO2 tax.

A case study in Kurdistan is technical discussions with our partner in the Tawke license in 2020 and 2021 on reporting standards and methodologies used for quantifying emissions. During this process, we agreed to move to compositional analysis of flared gas to more accurately quantify flaring emissions rather than using pre-defined emissions intensity factor in the IPCC guidelines. We consider this the fruit of engagement with partners on comparing and adopting best practices.

Another case study of engagement with partners on climate risk mitigation in Norway is importing electricity from the shore instead of burning natural gas onsite for power generation in the offshore production/ processing platforms. This can lead to reduction in Scope 1 emissions and most likely combined Scopes1-3 emissions because large scale production of power at power plants (even with the same fuel) is often more efficient and less GHG intensive compared to small-scale onsite generation. We have engaged with our joint venture (JV) partners in several licenses in Norway in 2020 and 2021 to do a techno-economic assessment of power-from-shore projects. The assessment activities are ongoing.

### C12.3

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers  
Trade associations

## C12.3a

**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify Emissions	Support	Regular engagement with representatives of the government in the Kurdistan region of Iraq related to flaring. DNO supports the government's position to minimise flaring as far as practical given the financial constraints on the government. This resulted, amongst other things, in government approval for the project to reinject gas from the Peshkabar field into Tawke, described under section 2.4a. This is the first gas reinjection project in the region.	Continue to support flaring consent letters

## C12.3b

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

No

## C12.3f

**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

The quarterly board HSSE committee meeting includes the Deputy Chairman of the Board, the Managing Director (MD), Deputy Managing Director (DMD) and the General Managers of DNO's operating units. Through having all strategy discussions at the highest levels of the company and with the relevant senior executives actively involved, we ensure that any engagement with policy makers by senior managers is with a full understanding of DNO's goals concerning Emissions Management and consistent with expectations of the executive team and the Board of Directors.

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

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Publication

In mainstream reports

**Status**

Complete

**Attach the document**

 DNO Annual report - 2020.pdf

**Page/Section reference**

Page 14 "HSSE Performance"

**Content elements**

Governance  
Risks & opportunities  
Emissions figures  
Emission targets

**Comment**

---

**Publication**

In mainstream reports

**Status**

Underway – previous year attached

**Attach the document**

 DNO CSR report - 2019.pdf

**Page/Section reference**

pages 7,8, 11, 21, 22, 23

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets

**Comment**

DNO published its first annual comprehensive ESG report, called the DNO Corporate Social Responsibility (CSR) report in September 2020 covering 2019 performance. The Company is in the final stages of completing its 2020 CSR report, which includes data and commentary with regard to DNO's GHG emissions performance and the reduction and mitigation measures already in place and under evaluation.

## C15. Signoff

### C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

### C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Operating Officer (COO)	Chief Operating Officer (COO)

## Submit your response

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

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

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

**Please confirm below**