

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, 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 during 2017, acquiring offshore exploration licenses in Norway and the UK. The company has since expanded to include a number of 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 pollution from our operations.
- Contribute to sustainable development of the regions where we operate.

Business unit (BU) internal assurance processes combined with oversight from 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	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

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
- Yemen

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

Please select

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	The Deputy Chairman of the Board chairs the Board HSSE Committee. The Board HSSE committee has members including the Managing Director (MD) and Deputy Managing Director (DMD) of DNO ASA, plus General Managers and HSSE Managers of the two Business Units (BUs). This is a forum in which forward strategies are discussed and the Company's HSSE policy is adjusted, if necessary. The Deputy Chairman takes key recommendations of the HSSE Committee to the Board for final decision. Material presented each quarter includes greenhouse gas data which is discussed by the Committee at appropriate intervals to review performance and enable forward strategy setting

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	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Deputy Chairman of the Board Chairs the Board HSSE Committee. The Board HSSE Committee members include the MD and DMD of DNO ASA, General Managers and HSSE Managers of the two BUs. This is a forum in which forward strategies are discussed and the Company's HSSE policy adjusted, if necessary. The Deputy Chairman takes key recommendations of the HSSE Committee to the Board for final decisions. Material presented each quarter includes greenhouse gas data which is discussed by the Committee at appropriate intervals to review performance and enable forward strategy setting. 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 BUs and geographies including the Norwegian Continental Shelf (NCS) where carbon taxes are levied. Annual budgets - emission control and reduction opportunities are considered. 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. Goals and targets monitoring - DNO's goal is maintain our position as a top quartile company on emissions intensity alongside our goal of benefitting the regions in which we work with energy and financial stability. Emissions intensity is reported quarterly to management and the Board HSSE Committee.

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)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Operating Officer (COO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	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 BU General Managers report directly to the COO, 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 BUs report emissions through nationally approved mechanisms as well as internally through the company internal monitoring and management of emissions.

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 are included in the annual goals for the business

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 (DMD and BU GM's)	Non-monetary reward	Emissions reduction project	Progress against targets for flare/vent reduction and energy saving projects. DNO has implemented the Corporate Standard for GHG monitoring and control. The Standard sets internal governance and requirements for all BUs to identify emissions reductions projects as well as include GHG impacts/reductions in investment proposals. The DMD together with BU GM's are responsible for the accurate monitoring of HSSE performance data and delivering agreed plans, including emissions reductions plans.

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, which is then approved by the joint ventures, which, in Kurdistan, includes the Ministry of Natural Resources. Therefore 1 year is the short-term time horizon for the business.
Medium-term	1	5	On an annual basis, DNO prepares a five-year plan to assess various pathways for development of the company. Therefore 5 years represents the medium-term for the business. On an annual basis, DNO prepares a five-year plan to assess various pathways for development of the company. Therefore 5 years represents the medium-term for the business
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
- 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.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

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 upon 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 HSSE Committee. An example 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 it and feeds into a reservoir for hydro-electric power. 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 last winter which resulted in severe erosion of the riverbanks near to the pipelines, DNO re-evaluated trends from recent years and concluded that there is an increasing trend of wetter winters, presumably 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 became a substantive risk (both financially and strategically) and a multi-million dollar project is now underway to ensure adequate environmental protection is in place before next winter.

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	DNO is continuously monitoring current regulations in relation to operations and regulations from public authorities. Risks from current regulations are a part of our risk process and are identified and managed in each country where we operate. In Norway the "See to it duty" looks to understand risks of non-operated assets as well our understanding of risks for operated assets. Example of current regulation: In Norway, emissions from oil and gas operations are subject to a CO2 tax. When assessing investments, it is important for DNO to have an informed view of how such a tax may further develop in order to determine the financial viability of investments that impact on emissions.
Emerging regulation	Relevant, always included	Emerging regulations are actively monitored in DNO and are identified and managed in the countries where we operate. We engage with the local government on emerging legislative trends ensuring that we are prepared for compliance. Example of emerging regulations: If ETS emission quotas are made more expensive either through a higher taxation from the government or as a result of fewer quotas on the market, this can lead to considerable financial implications and increased operating costs.
Technology	Relevant, sometimes included	In project risk assessments technologies are reviewed where a proven technology may enhance our capability to execute the project with lower emissions. In the North Sea Business Unit, as a non-operator, we are working with the operator on the potential for land-based electricity supply to be used in a development as opposed to generating power offshore.
Legal	Relevant, always included	Compliance with climate related laws and contractual commitments is required. The risk of non-compliance is interruption to operations and/or fines, penalties, etc. In addition to potential reputation damage if such non-compliance became public. An example of this in Kurdistan is the contractual requirement for approval from the Ministry of Natural Resources for gas flaring. Although DNO seeks to minimise flaring, a minimum level is still required 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 shut-in production. In the North Sea there are numerous environmental and discharge permits required for operations. If DNO does not comply then the risk is that the necessary permits will not be forthcoming, leading to delay to operations and/or, with fines and, penalties.
Market	Relevant, sometimes included	We continuously monitor the market and which changes that will affect our activities and price on products. Example: With the recent oil price crash, there may be opportunities for DNO to acquire products and services at lower prices than previously. This could facilitate some of the climate related projects which are in the planning phase.
Reputation	Relevant, always included	There is an increased focus on environmental and climate related issues from society, employees, investors etc. Such considerations are increasingly important to DNO in order to continue to attract good quality staff and investors A good example of DNO's work to maintain and improve its reputation with respect to climate related matters, is the company's participation in CDP. By reporting to CDP, we show investors and employees that we take climate challenges seriously and are responding accordingly.
Acute physical	Relevant, always included	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. Examples: More extreme weather, including 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. In Kurdistan, recent winters have been wetter than the historical average. It is believed 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 two 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.
Chronic physical	Not relevant, explanation provided	Chronic physical risks related to longer-term shifts in climate patterns, such as high temperatures, leading to sea level rise, chronic heat waves, changed precipitation patterns do not present a substantive risk to DNO. 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. So the relatively small change in the average of these conditions does not impact on operations.

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
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Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

DNO has production in three countries and regions: Kurdistan region of Iraq, Norway and the UK. Kurdistan and Iraq have not yet introduced a carbon tax and are not part of a cap and trade system. Both Norway and the UK have GHG pricing schemes. In Norway, DNO's emissions are both under the Norwegian carbon tax and the European Emissions Trading System (EST, a cap and trade system). In Norway, we are also subject to a NOx fee. With increasing regulations and awareness on carbon pricing, it is possible that Iraq/ Kurdistan impose some sort of carbon/ GHG tax and levy. Also, the price of carbon and GHG emissions will likely to increase in the medium/ long term in Europe and Norway as allocations shrink and regulations tighten. The price on carbon emissions in Norway is among the highest in the world, in 2019 it was about USD 70-80/ tonne CO2. An increase in the allowance price will make DNO's operations more expensive.

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)

20000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2019, DNO paid about USD 10 million in CO2/GHG/NOx fees in Norway and the UK for its net production. In the hypothetical case that the price of emissions in Norway and the UK would double and Kurdistan would impose a moderate fee of USD 30/ kgCO2, then the operating cost for DNO's net production would increase from USD 10 million to USD 30 million (made up of USD 20 million for European operations and USD 10 million in Kurdistan). In summary, a financial impact of USD 20 million per year due to higher carbon taxes is estimated. This is made up of USD 10 million in Kurdistan (if for instance a carbon tax of USD 30 per tonne of CO2e is implemented) and USD 10 million in Norway and the UK (if for instance carbon taxes are doubled).

Cost of response to risk

10000000

Description of response and explanation of cost calculation

In addition to investing in implementing established and emerging technologies and research and development (R&D) to reduce emissions from its oil and gas operations both in Kurdistan and Europe, DNO can also engage in purchase of carbon allowance globally or implanting projects which generate carbon credits. A case in point is that DNO is highly engaged in delivering infrastructure projects in Kurdistan as part of its Corporate Social Responsibility efforts. Examples include delivery of electricity to rural areas, building schools and school transportation, and agriculture (drilling water wells). DNO can invest in carbon credit generating projects, both to develop the local communities and reduce its carbon/ GHG taxes through allowances. Example of such a project would be solar panels (instead of diesel generators) for electricity, retrofitting schools with heat pumps and using low GHG school buses, and planting trees (local parks). Estimating the costs is uncertain due to the fast pace of emerging technologies, both in the oil and gas sector and for carbon credit generation (i.e. electricity, education, agriculture, etc). For example, using a moderate levelized cost of electricity for solar PV of USD 30/MWh and GHG intensity of 70 kgCO2/GJ-thermal for diesel (used for electricity generation in Kurdistan, assumed efficiency of 40%), the amortized cost of building a 100 MW solar plant with capacity factor of 50% would be about USD 13 million. This compared to the carbon tax of USD 28 million for electricity generation from diesel assuming a carbon tax of USD 100/tonne CO2. (Note math is based on GHG intensity of 70 kg CO2/GJ for diesel which is the common fuel for electricity generation in Kurdistan and a diesel generator efficiency of 40%). Since the cost of building the solar plant is half of the taxes associated with diesel-based electricity, implanting such a solar plant in Kurdistan could decrease GHG taxes payable by DNO by about 50%. Therefore, we estimate the cost of mitigation is about half of the financial impact of the risk, or 50% of USD 20 million, or USD 10 million. In summary, the potential USD 20 million exposure to higher carbon taxes can be reduced by investing in renewable electricity projects. As shown in example above in details, a solar PV plant for electricity generation in Kurdistan to replace diesel-based electricity could reduce carbon tax by 50% to USD 10 million.

Comment

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

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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 rain during winter has resulted in much faster flow of the river adjacent to DNO's oil and gas pipelines. Severe and rapid erosion of the riverbanks has been experienced the past two winters during storms and it is expected that this will continue. In a 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)

13440000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 60 000 bbl/d, would result in a loss in production of 420 000 bbls during the week. At current Brent oil prices of USD 45 per bbl, this oil is worth approximately USD 32 per bbl after deducting transport costs from Tawke to the export point and correcting for the quality differential between Brent and Tawke crude oil. Hence the value of the lost production would be 420,000 x 32 = 13,440,000 USD. 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

3000000

Description of response and explanation of cost calculation

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. 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. The cost of responding to the risk of more extreme weather, is an estimate for the storm protection measures that are being implemented. The cost estimate is based on conceptual engineering studies, experience from similar projects, and DNO's internal cost database.

Comment**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

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

In order to have operations onshore, DNO also 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 the term used to express a drilling rig is on standby at a safe location until safe weather conditions for drilling emerge. WoW can be a major cost for offshore drilling operations due to the high daily rate of offshore drilling rigs, especially for complex drilling operations. In 2019 and across DNO's assets in Norway and the UK (both operated and non-operated), there were 54 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

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)

10000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2019, DNO had to pay rigs to be on standby due to unsuitable weather for offshore drilling for a total of 54 days. The net cost to DNO due to WoW during the year was about USD 10 million. As extreme weather conditions is expected to 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. To estimate future costs, we assume that an increase of 100% in extreme weather patterns and associated increase in the WoW days. Thus a cost of USD 20 million is estimated for total cost of WoW, which is USD 10 million higher than the cost incurred in 2019. In summary, the potential financial impact is USD 10 million which is based on an increase of 100% in the costs associated with extreme weathers offshore and their impact on drilling activities.

Cost of response to risk

10000000

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. Thus, we estimate a lower bound of USD 1 million for subscribing to more accurate climate/ weather models (to better time the drilling activities) and an upper bound of USD 10 million (the estimated increase in the cost of WoW) to be paid for more resilient drilling rigs to extreme weathers. In summary, responding to extreme weathers is not fully possible, we estimate a total cost of USD 10 million which is the cost associated with the risk itself. 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

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.

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. This provided DNO with the opportunity to reinject the gas from Peshkabir into the nearby Tawke oil field. 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.

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)

240000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial impact comes from the value of added reserves and production from the Tawke field as a result 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 impact for 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 2P reserves. The 2P reserves associated with the gas injection project are 23.3 million bbls. Of this 18.5 million bbls goes to the government through the production sharing contract that is in place, leaving 4.8 million bbls for DNO and its partner. At an oil price of USD 50 per bbl, this gives an increase in revenue of 4.8 million x 50 = USD 240 million.

Cost to realize opportunity

110000000

Strategy to realize opportunity and explanation of cost calculation

To collect the gas at Peshkabir and inject in Tawke required construction of gas treatment plant at Peshkabir, gas compression and pipeline systems to transport the treated gas to the Tawke field, and conversion of three wells that previously produced oil into gas injection wells. The project was approved in 2018 with project completion targeted for 2Q 2020. At the time of writing this submission, August 2020, the project is complete and gas injection has started. As the project is now complete, the cost to realize the opportunity is the actual cost that DNO has spent realising the project, rounded off to the nearest 10,000,000

Comment**Identifier**

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Currently power is generated at numerous locations across DNO's Tawke oil field in Kurdistan. Centralizing power generation and installing a power distribution network to the locations where power is needed would allow for more efficient power generation, reducing fuel used and associated emissions.

Time horizon

Medium-term

Likelihood

More likely than not

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)

2700000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The financial impact of the opportunity would be through savings in fuel and maintenance. DNO has carried out a front-end engineering and design ("FEED") study on the project. It identified that: Fuel consumption will be reduced by 2%, which would provide savings of 370,000 USD per year; that the reduced maintenance requirements would save 530,000 USD/yr in manpower cost and 1,800,000 USD/yr in spare parts and replacement parts. Giving a total saving of 2,700,000 USD/yr

Cost to realize opportunity

14700000

Strategy to realize opportunity and explanation of cost calculation

Currently power is generated at numerous locations across DNO's Tawke oil field in Kurdistan. Centralizing power would require centralisation of power generation at one location, installation of a new main distribution substation adjacent to this, installation of step-up transformers, a total of approximately 33 km additional overhead power lines and step-down transformers at the user sites. DNO has carried out a FEED study on the project, this developed a cost estimate for this scope of work of 14,700,000 USD. The estimate is derived from the engineering study, experience from similar projects, and DNO's internal cost database. This is one of the projects listed as "under investigation" in section C4.3a.

Comment**Identifier**

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Markets

Primary climate-related opportunity driver

Access to new markets

Primary potential financial impact

Increased access to capital

Company-specific description

DNO's recognises that many investors require transparency from companies on climate related issues or else they will not invest. 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 is now working to establish a process for publishing an ESG report on an annual basis. By providing this transparency to investors, DNO aims to increase access to capital (both debt and equity) and potentially access new capital markets.

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)

20000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

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 worth USD 800 million, this would represent a saving of USD 4 million per year. The bonds mature after five years, so the saving over the bond life would be USD 20 million

Cost to realize opportunity

70000

Strategy to realize opportunity and explanation of cost calculation

Maintain CDP reporting, external verification of emissions and annual report entries. Initiate an annual ESG report that will be published on an annual basis. The cost calculation relates to the project to establish an ESG report. For its 2019 ESG report, DNO hired an external firm for a total cost of USD 70,000. The third-party helped DNO's internal team with both the content and presentation of the ESG report.

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

Yes

C3.1a**(C3.1a) 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

C3.1c**(C3.1c) 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.

C3.1d

(C3.1d) 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%), and 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 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.
Supply chain and/or value chain	Yes	Climate-related opportunities have influenced DNO's supply chain strategy. DNO's operations in Kurdistan require a certain degree of gas flaring and power generation (both temporary and permanent). DNO has worked with its supply chain to source cleaner more efficient burning flare tips and power generation units, that reduce CO2, SOx and NOx emissions
Investment in R&D	No	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&D, climate related risks have not influenced strategy in this area.
Operations	Yes	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 off shore. In Kurdistan, recent winters have been wetter than the historical average. It is believed 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 two winters and it is expected that this will continue. As a result DNO has, initiated a major upgrade to the physical storm protection measures for its pipelines.

C3.1e

(C3.1e) 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 has been experienced the past two 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. 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. 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. 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. The project was approved in 2Q 2018 with project completion targeted for due 2Q 2020. With a capital cost of 110,000,000 USD, this project was by far the largest single capital expenditure commitment for the business in the period 2019 to 2020. The time horizon influenced was medium term, when the decision was taken Access to capital: DNO recognizes that an increasing number of investors require transparency from companies on climate related issues in order to invest. 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 is now working to establish a process for publishing an ESG report on an annual basis. By providing this transparency to investors, DNO aims to increase access to capital (both debt and equity) and potentially access new capital markets. The time horizon influenced is medium term.

C3.1f

(C3.1f) 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.

Target reference number

Abs 1

Year target was set

2017

Target coverage

Site/facility

Scope(s) (or Scope 3 category)

Scope 1

Base year

2015

Covered emissions in base year (metric tons CO2e)

13800

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

7.1

Target year

2020

Targeted reduction from base year (%)

87

Covered emissions in target year (metric tons CO2e) [auto-calculated]

1794

Covered emissions in reporting year (metric tons CO2e)

5752

% of target achieved [auto-calculated]

67.0331500916208

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

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-OG 4.6. In the base year an estimated 13,800 tonnes CO2e were emitted through venting and therefore this is selected as the "Covered emissions" for this target. The project will route all vents to flare, so although methane emissions will be eliminated there will be a residual emission of 1,630 tes CO2e from flared gas instead, a reduction of 11,570 tes CO2e or 87% compared with the base year. The project was completed during 2019, so from 2020 onwards the target will be met

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 CO2e)

599631

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

95

Target year

2021

Targeted reduction from base year (%)

60

Covered emissions in target year (metric tons CO2e) [auto-calculated]

239852.4

Covered emissions in reporting year (metric tons CO2e)

599631

% of target achieved [auto-calculated]

0

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

Please explain (including target coverage)

Development of the Peshkabar 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 Peshkabar had higher than expected associated gas content and so the Tawke license became far and away DNO's largest source of climate gas emissions, with 599,631 tonnes CO2e in 2019. For this reason, in 2019 a target was set for the emissions at Tawke license to be reduced by more than half by mid-2020. Hence, the target coverage was set for this site/facility (the Tawke license). The reduction of emissions will be achieved through construction of the Peshkabar Gas Project (PGP) to reinject otherwise flared gas from Peshkabar in the Tawke field. The target year was set as 2021 as this would be the first full year when the project would be operational. At the time of writing (August 2020) the project is complete and gas is being reinjected in the nearby Tawke field, so it is expected that the target will be met in 2021 as planned. DNO continues to seek further emissions reduction opportunities at the Tawke license. Having said that, PGP will ensure that DNO meets its CO2 intensity target.

C4.1b

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

Target reference number

Int 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Metric tons CO₂e per barrel of oil equivalent (BOE)

Base year

2018

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.01

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

97

Target year

2021

Targeted reduction from base year (%)

0

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.01

% change anticipated in absolute Scope 1+2 emissions

0

% change anticipated in absolute Scope 3 emissions

0

Intensity figure in reporting year (metric tons CO₂e per unit of activity)

0.0137

% of target achieved [auto-calculated]

<Not Applicable>

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

Please explain (including target coverage)

Until 2017, DNO's operations had extremely low emissions, with Company wide carbon intensity of approximately 5 kg CO₂e/boe. In 2018 production from the Peshkabir field in the Tawke license in the Kurdistan region of Iraq commenced. 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, which led to year-on-year increases in DNO's emissions both from 2017 to 2018 and 2018 to 2019. DNO has an objective that its Scope 1 emissions intensity should be in the top quartile of oil and gas companies. To ensure this remains the case, in light of these increasing emissions, a target was set that DNO's company wide, Scope 1, emissions intensity in 2021 should be at the same level as in 2018 (i.e. 10 kg CO₂e/boe). This despite the rapid growth in production from the Peshkabir field in the period. The intensity target will be achieved primarily through construction of the Peshkabir Gas Project (PGP) to reinject otherwise flared gas from Peshkabir in the Tawke field. Although not in operation in the reporting year, at the time of writing (August 2020) the project is complete and gas is being reinjected, so it is expected that the target will be met in 2021 as planned.

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-OG4.2c

(C-OG4.2c) 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 absolute target C4.1a, target reference number Abs. 1 incorporates methane emissions, as does the intensity target C4.1b, int 1, which is a company-wide target.

Methane emissions were from venting of gas direct to atmosphere from our processing facilities and storage tanks. DNO has a policy of zero routine venting. With the achievement last year of target C4.1a, Abs. 1, 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.

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 CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	38900
To be implemented*	2	12900
Implementation commenced*	4	347000
Implemented*	1	4000
Not to be implemented	1	0

C4.3b

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

Initiative category & Initiative type

Energy efficiency in production processes	Other, please specify (Avoided methane emissions)
-------------------------------------------	---------------------------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

4000

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)

1500000

Payback period

No payback

Estimated lifetime of the initiative

16-20 years

Comment

DNO in 2019 completed a project to stop cold venting from oil storage tank 3 at the Tawke field (the tank is now connected to a low-pressure flare). This project has material impact in terms of reducing methane emissions since cold venting (methane in addition to other gases such as H2S) is stopped due to this project. In addition to the above, in 2019 DNO has started to implement four projects with potential to reduce GHG emissions by 347,000 tonne CO2e per 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.

Historically, methane emissions from DNO operations were from venting of gas direct to atmosphere from our processing facilities and storage tanks. DNO has a policy of zero routine venting. With the completion in 2019 of the project to stop cold venting from oil storage tank 3 at the Tawke field described under C4.3b, all company facilities now comply with this policy and there is now zero routine venting and hence zero routine methane emissions.

DNO intends to maintain its zero routine venting policy and therefore expects routine methane emissions to remain at zero.

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 (H₂S) which is toxic if inhaled. Therefore, at all facilities DNO has automatic leak detection in the form of gas detectors, and (in Kurdistan) automatic H₂S 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 through, for example, screwed fittings and instruments, that are so small that they don't trigger the automatic detectors.

Following DNO's introduction of its zero routine venting (i.e. zero routine methane emissions) policy, the priority was to address the overwhelming source of methane emissions, the venting of gas from process facilities and storage tanks. With the completion in 2019 of the project to stop cold venting from oil storage tank 3 at the Tawke field described under C4.3b, all DNO facilities now comply with this policy.

Having achieved this milestone, DNO is now turning its attention to the order of magnitude smaller issue of fugitive emissions, and a project to introduce LDAR for these "micro" leaks is one of the projects classified as 'under investigation' in C4.3a

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.

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 Peshkabar field, which was being flared, to the nearby Tawke field for reinjection (the Peshkabar Gas Project or PGP). The project started in 2019 and has recently been completed. In 2021, the first full year of PGP operations, emissions from flaring will be reduced by 360 000 tCO₂e as compared with 2019. For further details see C4-1a, "Abs 2".

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 CO2e)

189444

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 CO2e)

1246

Comment

External limited verification conducted by Ernst and Young

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

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.

European Union Emission Trading System (EU ETS): The Monitoring and Reporting Regulation (MMR) – General guidance for installations
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 CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

633921

Start date

<Not Applicable>

End date

<Not Applicable>

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

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

1014

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

<Not Applicable>

End date

<Not Applicable>

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

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Calculating the lifecycle emissions associated with purchased of goods and services would be a huge task purchased is difficult because of the very wide range of goods and services purchased by DNO, the diversity of suppliers (from small local firms to multi-national service companies) and the fact that few of the suppliers not all of them publish and disclose their 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 emissions. Therefore, this category is not a priority for now.

Capital goods

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

As for "purchased goods and services", calculating the emissions associated with capital goods would be a huge task because of the very wide range of capital goods purchased by DNO, the diversity of suppliers (from small local firms to multi-national service companies) and the fact that few of the suppliers publish 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 emissions. Therefore, this category is not a priority for now.

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

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO recognises that emissions are generated from the supply of oil and gas produced from all the fields in its portfolio. These emissions are not yet calculated.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 chain. 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. Therefore, this category is not a priority for now.

Waste generated in operations

Evaluation status

Relevant, not yet calculated

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

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 have been 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 CO₂e

4269

Emissions calculation methodology

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

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

96

Please explain

Includes business vehicles miles and air travel.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO has some staff who commutes internationally to and from DNO's operations in the KRI. The associated emissions are included under Scope 3 "business travel" and is not broken down to commuting and business travel separately.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Any leased assets are captured under the scope 1 emissions.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO's operated oil and gas production in Kurdistan 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 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

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions from the processing of DNO's oil and gas sales will form part of the scope 1 emissions of the buyer. DNO's crude oil production and sales is a small percentage of global amount (approx 1%), and thus, DNO has limited influence on the global trends on processing of its oil sold, associated GHG emissions and mitigation technologies and strategies implemented by global refiners.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions from the use of DNO's oil and gas sales will form part of the scope 1 emissions of the buyer. DNO has no way to influence these emissions.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO has no way to influence. DNO's crude oil production is a small percentage of global production (~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 refined products.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO does not have any downstream leased assets.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO does not have any franchise activities.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

DNO does not have investments other than in its own business

Other (upstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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 CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000654

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

634935

Metric denominator

unit total revenue

Metric denominator: Unit total

971400000

Scope 2 figure used

Location-based

% change from previous year

25

Direction of change

Increased

Reason for change

The increased changes from previous year reflects expanded operations and portfolio and that the mitigating actions taken by DNO, primarily the Peshkabir gas project, was not operational in 2019. Also revenues in 2019 were 17% higher compared to revenues in 2018.

C-OG6.12

(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO₂e) per unit of hydrocarbon category.

Unit of hydrocarbon category (denominator)

Other, please specify (Thousand barrel of oil equivalent (1000 boe))

Metric tons CO₂e from hydrocarbon category per unit specified

13.68

% change from previous year

39

Direction of change

Increased

Reason for change

The increase from previous year reflects expanded operations and portfolio and taken by DNO, primarily the Peshkabir gas project, was not operational 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	633901	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	13	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)

633901

Gross Scope 1 methane emissions (metric tons CH4)

0.52

Total gross Scope 1 emissions (metric tons CO2e)

633921

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 CO2e)
Iraq	606077
United Arab Emirates	0
Yemen	8
Norway	27838
United Kingdom of Great Britain and Northern Ireland	0

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 CO2e)
Kurdistan (and UAE and Yemen)	606085
North Sea	27838
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 CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	633921	<Not Applicable>	All Scope 1 CO2e emissions fall within upstream activities
Oil and gas production activities (midstream)	0	<Not Applicable>	
Oil and gas production activities (downstream)	0	<Not Applicable>	
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Iraq	570		851.28	0
Norway	287		429	0
United Arab Emirates	128		191	0
Yemen	0		0	0
United Kingdom of Great Britain and Northern Ireland	29		4	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 and Yemen)	698	
North Sea	263	
Corporate	53	

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
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	1014		All Scope 2 CO2e emissions fall within upstream activities
Oil and gas production activities (midstream)	0		
Oil and gas production activities (downstream)	0		
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

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?

Increased

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 CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable >		
Other emissions reduction activities	4000	Decreased	1	Emission reduction activities have resulted in a decrease of 4 000 tCO2e in 2019. The change is -4000/433468=-1%. (Scope 1 + 2 in 2018: 433468 tCO2e)
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	201467	Increased	46	The main reason for the increase in emissions is due to the growth of DNO business in Kurdistan (increased production from the Peshkibir oil field with flaring of associated gas) and to a much lesser extent expansion of Norwegian operations. This has resulted in an increase of 64441 tCO2e. 2014671/433468=46%. (Scope 1 + 2 in 2018: 433468 tCO2e)
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

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)	HHV (higher heating value)	0	75249	75249
Consumption of purchased or acquired electricity	<Not Applicable>	0	1515	1515
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	76764	76764

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	No
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

HHV (higher heating value)

Total fuel MWh consumed by the organization

75249

MWh fuel consumed for self-generation of electricity

75249

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.267

Unit

metric tons CO2e per MWh

Emissions factor source

IPCC Emission Factor 2006

Comment

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	22575	22575	0	0
Heat	0	0	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	35.6	2019 production (company working interest)
Natural gas liquids, million barrels	0.5	2019 production (company working interest)
Oil sands, million barrels (includes bitumen and synthetic crude)	0	2019 production (company working interest)
Natural gas, billion cubic feet	12.8	2019 production (company working interest)

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.

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	344.8	539.9	187.8	Based on 2019 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	96	96	67	
Natural gas	4	4	33	
Oil sands (includes bitumen and synthetic crude)	0	0	0	Not applicable

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 (%)

17

Net proved reserves (1P) (%)

24

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

20

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

19

Net total resource base (%)

80

Comment

Norway and the UK

Development type

Onshore

In-year net production (%)

83

Net proved reserves (1P) (%)

76

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

80

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

81

Net total resource base (%)

20

Comment

Kurdistan 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
Row 1	No	

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

DNO Assurance report - signed.pdf

Page/ section reference

Page 1 of the 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

DNO Assurance report - signed.pdf

Page/ section reference

Page 1 of the letter

Relevant standard

ASAE3000

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

DNO Assurance report - signed.pdf

Page/section reference

Page 1 of the 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

4

% of Scope 2 emissions covered by the ETS

0

Period start date

January 1 2019

Period end date

December 31 2019

Allowances allocated

0

Allowances purchased

120000

Verified Scope 1 emissions in metric tons CO2e

27838

Verified Scope 2 emissions in metric tons CO2e

0

Details of ownership

Facilities we operate but do not own

Comment

Note that as disclosed in section C0.5, the reporting boundary for consolidating our GHG inventory is where we have "operational control". Thus, the scope 1 and 2 emission data included here relates to where DNO has operational control, consistent with the figures throughout this submission. However, allowances allocated and purchased included here includes both facilities where DNO is an owner (and not operator) in addition to those where it has operational control. We understand this to be consistent with the CDP guidelines for this question: "Although some emission trading schemes may apply solely to the operators of facilities, the financial position of facility owners is also affected indirectly by the operation of the scheme. This question therefore applies to both owners and operators of facilities covered by trading schemes"

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 2019

Period end date

December 31 2019

% of total Scope 1 emissions covered by tax

4

Total cost of tax paid

7000000

Comment

In 2019, DNO paid a total of about USD 10 million under the Norwegian carbon tax and Europe's ETS. Finding the exact split is not readily possible because DNO is a partner in many licenses and not the operator. Using an approximate price of NOK 500/tonne CO2 for Norwegian carbon tax in 2019 and NOK 200/tonne CO2 for Europe's ETS, we can provide a rough estimate that $500/(500+200)=70\%$ of total fees paid was under the Norwegian carbon tax. Therefore, 70% of total USD 10 million is USD 7 million, which is our estimate for total taxes paid under the Norwegian carbon tax system. Note that as disclosed in section C0.5, the reporting boundary for consolidating our GHG inventory is where we have "operational control". Thus, the scope 1 and 2 emission data included here relates to where DNO has operational control, consistent with the figures throughout this submission. However, allowances allocated and purchased included here includes both facilities where DNO is an owner (and not operator) in addition to those where it has operational control. We understand this to be consistent with the CDP guideline for this question: "Although some emission trading schemes may apply solely to the operators of facilities, the financial position of facility owners is also affected indirectly by the operation of the scheme. This question therefore applies to both owners and operators of facilities covered by trading schemes"

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.

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, minimising CO2 tax, etc.

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

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

C12.3f

(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 MD, DMD and General Managers of DNO's major operating units. Engagement with Policy Makers is undertaken by senior managers with a full understanding of DNO's goals concerning Emissions Management.

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).

Publication

In mainstream reports

Status

Complete

Attach the document

DNO Yearly report 2019.pdf

Page/Section reference

Page 13 "HSSE Performance"

Content elements

Governance
Risks & opportunities
Emissions figures
Emission targets

Comment

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	Deputy Managing Director	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms