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Independent Limited Assurance Report to Bapco Energies BSC (c) on the statement of greenhouse gases ("GHG") emissions

To the Management of Bapco Energies BSC (c)

We were engaged by the Management of Bapco Energies BSC (c) (the "Company" or "Bapco") to carry out an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Green House Gas emissions Scope 1 & 2 – Combined ("GHG Emissions") and Carbon Intensity on GHG emissions (together the "Selected Information") for the years 2017, 2018, 2019, 2020, 2021 and 2022 (Annexure B), as prepared by the Company, have not been prepared, in all material respects, in accordance with the applicable criteria described under basis of preparation as included in Annexure A to this report.

Applicable Criteria

The Applicable Criteria for this limited assurance engagement is the Company complies with the requirements of the "Basis of preparation" as approved by the Board of Directors of the Company ("Applicable criteria").

Responsibilities of Management

The management of Company is responsible for preparing the Selected information that is free from material misstatement in accordance with the Applicable criteria and for the information contained therein.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and of the Selected information that is free from material misstatement, whether due to fraud or error. It also includes developing the Applicable Criteria as the criteria against which to evaluate the Selected information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Selected information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibility is to examine the Selected information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the procedures we have performed and the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements* issued by the International Auditing and Assurance Standards Board. The Standards require that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Selected information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The nature, timing and extent of procedures selected depend on our understanding of the Selected information and other engagement circumstances, and our consideration of areas where material misstatements of the Selected information are likely to arise.

In developing our understanding of the Selected information and other engagement circumstances, we have considered the process used to prepare the Selected information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Company's internal control over the preparation of the Selected information.

Our engagement also included: assessing the appropriateness of the Selected information; the suitability of the criteria applied by Company as the basis of preparing the Selected information in the circumstances of the engagement; evaluating the appropriateness of the procedures, method and policies used in the preparation of the Selected information and the reasonableness of estimates made by the Company.

Limited assurance is less than absolute assurance and reasonable assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the evidence-gathering procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Procedures performed

Our limited assurance engagement on the Selected information consisted of making enquiries, primarily of persons responsible for the preparation of the Selected information, and applying analytical and other procedures, as appropriate. These procedures were based on our professional judgement and included the following, amongst others:

- Obtaining an understanding of Selected information;
- Obtaining an understanding of the reporting processes, including obtaining an understanding of systems and processes relevant to the preparation of the Selected information;
- Interviewing management and other relevant staff/ personnel at corporate level responsible for data collection, data management, and data analysis pertaining to Selected information;
- Reviewing any adjustments/ proxies made by the Company, where applicable, to determine the Selected information;
- Reviewing management documentation and Company data reporting tools to the extent they underpin the preparation of the Selected information;
- Assessing the appropriateness of the emissions factors applied by the Company in arriving at total CO₂e amounts;
- Obtaining GHG emissions inventory data for Scope 1 and Scope 2 and agreeing the amounts with the amounts detailed in the Selected information for the in-scope assets/ activities in the reporting boundary;
- Conducting a sample of site visits and performing the following for each site selected from the GHG emissions inventory data of the Company:
 - agreeing the GHG emissions information from site records to the Selected information;
 - Performing analytical reviews / trend analysis;
 - Obtaining supporting evidence, underlying records, or reports for selected data points to reconcile site level information;
 - Checking completion / aggregation of emissions data to include all facilities and emission sources for the site for the appropriate time period and equipment; and
 - Performing recalculation of total CO₂e emissions and emission sources for each site based on data obtained from system outputs, reports and other relevant records, and the Company's emissions factors.

Characteristics and Limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Selected information may occur and may not be detected. The limited assurance relies on documentation furnished by the Company and interactions with relevant personnel within the Company to validate the self-assessment. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Selected information as the procedures performed were undertaken on a test basis. Moreover, we assume correctness of third-party information, where applicable, as well as publicly disclosed information to reach our conclusion.

In performing our limited assurance engagement, we have performed procedures to ascertain whether the Selected information has been prepared in compliance with the Applicable Criteria only to the extent pertaining to the calculation of GHG emissions and thus our engagement was not designed to verify the Company's wider compliance with any other requirements set out either in the Applicable Criteria and or related guidelines.

The Selected information discloses GHG emissions comprising total carbon dioxide equivalent (total CO₂e). We have not performed any procedures by way of either verifying or assessing the appropriateness of any GHG emissions that may have been excluded by the Company, appropriateness of emission factors (scope 1 and 2) used by the Company, in preparing the Selected information on materiality grounds.

Limited Assurance Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the procedures we have performed and the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Selected information for the years 2017, 2018, 2019, 2020, 2021 and 2022 is not prepared, in all material respects, in accordance with the Applicable Criteria.

The Selected information has been prepared in accordance with the Applicable Criteria. These criteria have been developed and are relevant only for Company and should not be considered suitable for any other party or in any other context.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company on the basis that it shall not be copied, referred to or disclosed, in whole (save for Company's own internal purposes) or in part, without our prior written consent.



KPMG Fakhro
Kingdom of Bahrain
03 January 2024

Bapco Energies

Basis of Preparation



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1. Introduction

This Basis of Preparation has been prepared to provide an overview of the approach and scope that Bapco Energies follows for ESG data consolidation, and to form the basis for independent limited assurance of the Company's sustainability performance data from 2017 to 2022. 2023 marks the initial year that the Company will publicly disclose its consolidated sustainability performance data for select Key Performance Indicators (KPIs). The Company intends to expand on the KPI data that will be disclosed in the future (as it standardizes processes across the Group) to reflect its commitment to transparency, and Bapco Energies' continuous pursuit of excellence in its operations.

This document provides an overview of the reporting boundaries, definitions, and methodologies for two Key Performance Indicators: **Carbon emissions intensity** and **GHG emissions**.

1.1 Purpose

The purpose of this document is to provide the relevant context for the Company's data collection and reporting procedures, and to offer further clarity for the assurance process.

1.2 Overview of Reporting Boundaries

Bapco Energies is reporting data on the operating companies that are considered as a material subsidiaries (financially), and have the biggest contribution to the Company's overall emissions profile. At this time, this includes Bapco Refining, Bapco Upstream (Tatweer), and Bapco Gas & Bapco Gas Expansion (Banagas). As Bapco Energies is the holding company, and is an office based company, it does not have any data itself on any of the KPIs. As the Company increases its ESG maturity and data collection capabilities, the reporting and verification scope will be expanded to include more companies within its portfolio.

The reporting period for the two KPIs is from Jan 1st to December 31st each year. Covering data for the years 2017, 2018, 2019, 2020, 2021 and 2022.

2. GHG Emissions Reporting Basis

2.1 Definitions

Greenhouse Gases (GHG) are gases that absorb infrared radiation, trapping heat in the atmosphere and making the planet warmer. These gases are often released into the atmosphere through human activities such as burning fossil fuels for energy and electricity.

The GHG Emissions from Bapco Energies' operations that are currently being tracked include the following gases: Carbon dioxide (CO₂), Methane (CH₄), and Nitrous Oxide (N₂O).

The sources of these emissions are categorized as Scope 1 and Scope 2:

- **Direct emissions (Scope 1)** are emissions from operations that are owned or controlled by the reporting company. This comprises of emissions from combustion in owned or controlled boilers, furnaces, vehicles, emissions from chemical production in owned or controlled process equipment.

- **Indirect emissions (Scope 2)** include emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.

2.2 Methodology and Data Sources:

Bapco Refining, Bapco Upstream, and Bapco Gas & Bapco Gas Expansion all follow the Intergovernmental Panel on Climate Change (IPCC) guidelines for National Greenhouse Gas Inventories. The emission calculations are guided by the 2006 IPCC guidelines, and the 2019 IPCC Refinement is followed if deemed relevant to one of the operating companies. Bapco Gas & Bapco Gas Expansion also supplement their emissions data with methodologies from the API 2009, Compendium of Greenhouse Gas Emissions Methodologies for Oil and Gas Industry.

Each operating company calculates Carbon Dioxide (CO₂), Methane (CH₄), and Nitrous Oxide (N₂O) emissions from its operations, and the emissions are converted to total CO₂ equivalent (CO₂e) emissions by multiplying the emissions of a given GHG constituent by its respective Global Warming Potential (GWP) for each of their products according to the IPCC Assessment Reports.

The emissions data is recorded by the the Technical Services Department in Bapco and Bapco Gas & Bapco Gas Expansion, and Field Operations in Tatweer. This data is then consolidated in a GHG Report, and is submitted to the Supreme Council for Environment (SCE) on an individual company level annually.

Bapco Refining and Bapco Gas & Bapco Gas Expansion both follow the emissions factors presented in the 2009 API GHG Compendium (Exhibit 7.1) to calculate Scope 2 emissions. Bapco Upstream calculates its Scope 2 emissions through the emission factors provided in the Greenhouse Gas Protocol (tool version 4.0) to calculate their Scope 2 emissions.

2.3 GHG Data

The historical performance of GHG data is presented in Attachment 1. This file includes consolidated figures of GHG Emissions, and the breakdown of emissions per Scope, and emissions source for each of the Operating Companies.

3. Carbon Intensity Basis of Preparation

3.1 Definitions

Carbon intensity is the number of metric tonnes of Scope 1 Emissions and Scope 2 Emissions divided by the megajoules (MJ) of energy produced from CO₂ Processing Operations on a consolidated level during the Reporting Period.

3.2 Methodology and Data Sources

Based on the GHG emissions presented in Attachment 1, the carbon intensity of each operating company can be determined. In order to calculate the carbon intensity, the total emissions need to be divided by the total energy (in MJ) from the production process. The total production data has been supplied by each of the operating companies, as that is often tracked as a part of the sales/marketing departments, as well as the Health, Safety and Environment departments. The GHG data is reviewed and verified by relevant departments prior to compiling the report.

3.3 Data for assurance

The historical performance and carbon intensity reduction figures is presented in Annexure B. This file includes the calculated carbon intensity figures from the GHG Emissions of the Operating Companies as presented in Annexure B. This file includes the percentage reduction in 2022 when compared to 2017 figures.



Mark J. Thomas

Group Chief Executive Officer

28 December 2023

Annexure – B

GHG Emissions / Carbon intensity

	Year-wise scope 1 & 2 data					
	2017	2018	2019	2020	2021	2022
Scope 1 CO2 E (Mn MT)	5,723	5,076	5,541	5,633	5,532	5,353
Scope 2 CO2 E (Mn MT)	216	207	217	236	218	217
Scope 1&2 CO2 E (MT/Mn MJ) (Intensity)	4.3	3.8	3.8	4.1	3.9	3.8

Mn MT - Million Metric tonnes

Mn MJ - Million Mega joules