Energy transition plan

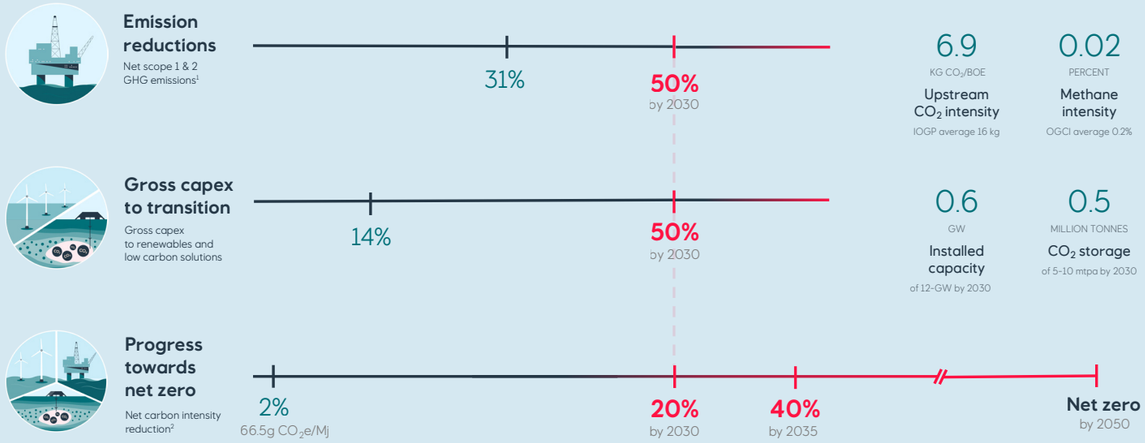
Progress report 2022

23 March 2023

This progress report aims to help investors and wider society to gain a better understanding of how Equinor has progressed on its Energy transition plan. The plan, which was submitted for advisory vote to shareholders, was endorsed with 97.5% voting in favor of it in May 2022.

Equinor is making progress
Equinor is making progress on the Energy transition plan that was launched in May 2022. We moved in a positive direction across each of the three main dimensions of the plan: reduction in our operated emissions; allocation of capex share to investments in renewables and low-carbon solutions (gross capex*); and reduction in the carbon intensity of energy we provide. We also took steps to operationalise our commitment to a just and inclusive transition, and to implement our biodiversity position.

Progress on the Energy transition plan



[1]Baseline year 2015
[2]Baseline year 2019

Reduction in our operated emissions
Our ambition is to reduce emissions from our own operations by net 50% by 2030 compared to 2015 levels. We aim for at least 90% of this ambition to be realised by absolute reductions. In 2022, we made significant progress towards this ambition. Our total scope 1 and 2 operated greenhouse gas (GHG) emissions for 2022 were 11.4 million tonnes CO_2e, compared to 12.1 million tonnes CO_2e in 2021. In total, our operated emissions are now 31% lower than in 2015, the baseline year.

We continued our industry leading performance on CO_2 intensity and methane. Equinor's upstream CO_2 intensity was 6.9kg CO_2/boe in 2022. This is an improvement from 7.0kg CO_2/boe in 2021, well below the target of 8.0kg CO_2/boe in 2025, and on track towards the ambition of 6kg CO_2/boe in 2030. The average methane intensity of our operated assets in 2022 remained unchanged from the 2021 level at 0.02% - around one tenth of the OGCI (Oil and Gas Climate Initiative) industry average of 0.2%.

Capex share to transition investments
Equinor's ambition is to allocate more than 50% of our annual gross capex* to renewables and low carbon solutions by 2030 and more than 30% in 2025. In 2022 we invested 14% of our gross capex* into these areas, which is an increase of 3% compared to 2021.

Progress towards net zero
Our ambition is to reduce the net carbon intensity (NCI) of the energy we provide by 20% by 2030. This ambition includes scope 3 emissions from the use of our products. In 2022, we saw a slight decrease in NCI due to two factors: an increase in the ratio of gas to oil in our production portfolio as well as a slight decrease in overall oil and gas production. The NCI of the energy we provided in 2022 was 66.5g CO_2e/MJ, which is 1% lower than in 2021 and a 2% decrease relative to the 2019 baseline year. The 2% reduction in NCI from the 2019 baseline is in line with expectations. As deployment of renewable and CCS accelerates in the coming years, we expect to see greater progress in NCI reductions, with the majority of progress towards the 20% reduction ambition by 2030 expected in the second half of this decade. Lower overall oil and gas production resulted in a year-on-year decrease in absolute scope 3 emissions from 249 million tonnes in 2021 to 243 million tonnes in 2022.

The changed energy security situation in Europe has resulted in both positive and negative drivers for Equinor's energy transition. Increased demand for oil and, particularly, natural gas has highlighted the need for continued production of and investment in hydrocarbons, while increased policy support for renewables and low-carbon solutions are likely to accelerate their deployment in both Europe and the US. Equinor's ability to deliver on its transition ambitions and its net 2050 ambition will continue to be dependent on enabling policy and regulatory frameworks.

Just transition for people and net-positive impact for nature
We recognise that a successful energy transition must take into account its impact on people and nature. In 2022, we launched our Just transition approach, which lays out five foundational principles to enable us to have a positive impact on the societies in which we operate, including: respect for human rights; transparency in our financial reporting and advocacy; preparing our workforce for the future; enabling sustainable supply chains; and bringing resilience to local communities. Examples of how we work to promote a just energy transition in practice can be found on equinor.com. In addition, we continued to implement our biodiversity position, going beyond the do-no-harm principle to contributing to net-positive impact, and to promote and engage on biodiversity and nature across internal and external initiatives.

2022 status and performance

	OIL AND GAS	RENEWABLES	LOW CARBON SOLUTIONS
STATUS 2022	• Production: 2.039 mboe/day • S1+2 emissions: 11.4 million tonnes CO_2 • Upstream CO_2 intensity: 6.9 kg CO_2/boe • Methane intensity: 0.02% • Emission reduction measures: 0.6 million tonnes	• Installed capacity equity share: 0.6 GW • Energy production: 1.649 GWh	• CO_2 storage: 0.5 million tonnes
		14% annual gross capex* to renewables and low carbon solutions	
PERFORMANCE 2022	• Start up of Johan Sverdrup Phase 2 & Peregrino Phase 2 • Start up of gas import project to reduce emissions at Peregrino • First power from Hywind Tampen floating wind farm to Gullfaks A • Installation of heat recovery unit at Statfjord B • Development plans submitted for Irpa gas field tieback and Munin field with power from shore • Hammerfest LNG brought back into production • Electrification plan submitted for Njord A field and Njord Bravo FSO • Snøhvit Future plan submitted for electrification of Hammerfest LNG and Snøhvit onshore compression • Exited Russia joint ventures	• First power production at Hywind Tampen floating wind farm • Acquired US-based battery storage company East Point Energy • Installed first foundation at Dogger Bank, the world's largest offshore wind farm • Completed construction of Stępień, a 58 MW solar power plant in Poland • Signed agreement to buy BeGreen, a leading solar developer • Won first auction for floating wind project in California • Started construction at Mendubim, a 531 MW solar project in Brazil	• Awarded operatorship for Smeaheia CO_2 storage licence • Awarded licences by UK government to store CO_2 under the UK North Sea • Agreed with Fluxys and Wintershall to develop major CO_2 infrastructure transport projects • Signed the world's first commercial deal for cross border CO_2 transport • H2H Saltend wins UK government support to progress to next round • Signed agreement with Centrica to explore development of hydrogen hub in eastern UK • MOU with Verdane on BECCS value chain • Launched project with VNG to cooperate on hydrogen, ammonia and CCS

MEDIUM TERM AMBITIONS	• Net 50% scope 1&2 GHG emissions reduction by 2030
	• Upstream CO_2 intensity:
	  • < 8kg CO_2/boe by 2025
	  • ~6 kg CO_2/boe by 2030
		• 12-16 GW installed capacity by 2030	• CO_2 transport and storage capacity:
			  • 5-10 million tonnes annually by 2030
			  • 15-30 million tonnes annually by 2035
			• Reduce maritime emissions by 50% in Norway by 2030
			• Supply hydrogen to 3-5 major industrial clusters by 2035

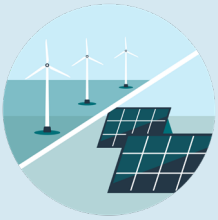
		>30% annual gross capex*, >40% R&D expenditure, >50% venture capex towards renewables and low carbon solutions by 2025 >50% annual gross capex* to renewables and low carbon solutions by 2030	

Oil and gas

Equinor's oil and gas production was 2,039 thousand barrels of oil equivalent per day (mboe/d) in 2022, a marginal decrease compared to 2,079 mboe/d in 2021. The main drivers of our 6% reduction in operated scope 1 and 2 emissions were a combination of operational and portfolio measures including: divestment of our Kalundborg refinery and Bakken asset; modifications and emissions reduction initiatives at our onshore plants at Mongstad and Kårstø; and a change in strategy at several of our NCS assets from gas injection to gas exports to maximise supplies to Europe.

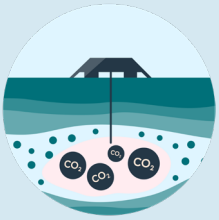
While the resumption of production from the Peregrino asset added emissions to our operated portfolio in 2022 relative to 2021, the implementation of a gas import solution for Peregrino in September 2022 will halve the upstream carbon intensity of the asset and avoid around 100,000 tonnes of CO_2 emissions per year. Meanwhile, Hywind Tampen, the world's first floating wind farm to power offshore oil and gas platforms, represents an innovative step forward, and is set to reduce CO_2 emissions by 200,000 tonnes a year when the project is fully operational in 2023.

In 2022, Equinor also submitted development plans for several large abatement projects, including Snøhvit Future, which is intended to electrify the Hammerfest LNG facility and provide electric compressors for the Snøhvit gas and condensate field, delivering an estimated CO_2 reduction of 850,000 tonnes per year; and Njord A electrification, which will result in a reduction of 130,000 tonnes per year. As outlined in our Energy transition plan, rapid reductions in operated emissions from oil and gas in Norway depend on the availability of, and access to, low-carbon electricity supplies as well as enabling permitting and fiscal regimes.



Renewables

In 2022, Equinor's installed renewable capacity was 0.6 GW (equity share) and renewable energy production was 1,649 GWh, an increase on both metrics compared to 0.5 GW and 1,562 GWh in 2021. We saw the first foundations being laid at the Dogger Bank offshore wind farm in the UK and completed the Stępień solar project in Poland. In addition, Equinor was selected as a provisional winner of a lease area on the California Pacific outer continental shelf, one of the world's most attractive growth regions for offshore wind; and we acquired BeGreen, a Danish solar developer with a strong project pipeline.



Low carbon solutions

In 2022, Equinor stored 0.5 million tonnes of CO_2, increased from 0.3 million tonnes in 2021. Accumulated, Equinor has stored 26.3 million tonnes of CO_2 since 1996.

For our low-carbon solutions business, 2022 was a year of continued progress in developing the value chains that will enable hydrogen and carbon capture and storage (CCS) to be key enablers in the transition. We announced the world's first commercial agreement on cross-border CO_2 transportation and storage between the Northern Lights partnership and the fertiliser company Yara. We were also awarded new operatorship for the Smeaheia CO_2 storage site in Norway; CO_2 storage licences in the UK; and continued UK government support for our pioneering H2H Saltend low-carbon hydrogen project.

More information can be found in our integrated annual report 2022.