Event Name: Statoil ASA SRI Day 2018
Event Date: 2018-05-04

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C: Peter Hutton; Statoil ASA; SVP Investor Relations

Presentation

Peter Hutton
Ladies and gentlemen, good morning. My name is Peter Hutton, I'm Head of Investor Relations at Statoil. I'd like to thank you very much for joining us at our Socially Responsible Investor Day today. Safety and sustainability is at the heart of all we do at Statoil. And while we've spoken about these topics in some detail in our Capital Markets Days and on other occasions, this is actually the first time that we've held an event specifically on this topic before.

Here with us, we've got presentations from Eldar Sætre, our Chief Executive Officer; Bjørn Otto Sverdrup, Head of Sustainability; Irene Rummelhoff, who's Head of our New Energy Solutions business; and Hans Jakob Hegge, our CFO. Each of these presentations will be for around 15 to 20 minutes. That will take us to around 11:20 or so. And that will leave us around 30 to 40 minutes of questions and answers that we will do from the floor, and possibly, if we have time, from any people dialing in because this is also being webcast live as well.

There will also be an opportunity for discussion with the members of the team and the management who are here, after the event. We should finish formally around 12:00. Okay.

Now as I said, safety is our priority. And before I start, I'd like to read a short but very important safety announcement, so please listen carefully, before I introduce Eldar.

The evacuation signal is a voice system announcement. Please note that we only evacuate the building should the voice announcement say to do so. You may hear numerous other messages such as “We are investigating a problem” or “We may need to evacuate”. We would ask that you continue the event until you hear the message “Please leave the building immediately”. We would ask that you use the Fire Exits within the venue, which are signposted. Please follow the lead of the etcVenue staff, who will be coordinating the evacuation. Please note, fire curtains will drop for your safety in front of the main venue entrance between the north and the south wing of the atrium. Please make your way to the assembly point situated on Bartholomew Close.

With that, let me get the event underway and ask Eldar to make the first presentation. Thank you very much.

Eldar Sætre
Thank you, Peter. Good morning, everyone, and welcome. So today is actually our very first Socially Responsible Investor Day. So why do we think being a socially responsible company is critical to our business and our value creation? To me and the Board of Directors, the overall context is simple. If you want to secure a long-term prospective future for your company, if you want to attract the right people, young people, talents to your company, if you want to thrive through the energy transition, you need to behave, you need to act, and you need to be perceived as a socially responsible company.

In order to perform well in today's pretty complex global context, being socially responsible is not only good for business, it is in fact essential for business.

Last year, we presented our corporate strategy, always safe, high value, low carbon. Our people and their safety always come first. It defines us as a company, it defines our leadership and it starts with me, myself as the CEO. In fact, our whole corporate culture is founded on a strong personal commitment from everyone to the safety of our people and the integrity of our operations.

I hear quite often, safety being referred to as a cost driver, something which is inconsistent with cost efficiency. In my experience, it actually works the other way around. Our serious incident frequency for the last 12 months was at 0.5, which is the best we have ever had as a company. And this has taken place during the time where we also have seen some pretty efficient cost improvements. Passion and relentless attention to safety supports cost efficiency, and cost efficiency supports safety because quality and simplicity and technology are really the underlying key value drivers for both.

High value is our second strategic goal. And only 4 years ago, the opportunity set in front of us had a breakeven oil price of around USD 70 per barrel. And this year in February, at our Capital Markets Update, we told you that the breakeven price for the next-generation portfolio of 3.2 billion barrels was now at USD 21. In 2013, we needed $100 per barrel to be cash flow neutral. Now we do the same well below USD 50.

Our third strategic goal is low carbon. Man-made climate change is happening and will have dramatic effects and consequences if we fail to stop it. That is not something we dispute within our company. Instead, we act upon those facts and integrate it into our strategies and into our decision-making. We should all admit that climate change is an enormous challenge. Fossil fuels have been instrumental in developing society as we know it today. However, we are in the middle of the most comprehensive transition of energy systems since The Industrial Revolution. That means phasing out coal in the energy mix and doing it forcefully; replacing coal with natural gas with immediate positive effects on emissions; developing more renewables of scale and with speed; and also, burning less oil than today, while at the same time producing it with the lowest possible carbon footprint.

Some see the energy transition as a threat. We take another view. For us, this is an opportunity where we have a competitive advantage. And why do I say that? The global average emissions from oil and gas production is currently at around 17 kilos per barrel of oil equivalent. At Statoil, we already produce oil and gas at around half of that, 9 kilos per barrel. And then maybe to the most exciting news of today. The CO2 emissions of the projects in our next-generation portfolio of USD 21 breakeven will be around 3 kilos per barrel. That implies on a 100% basis, 8 billion new barrels of energy that the world actually needs with less than 1/5 of the global average emissions.

And to me, that is a demonstration of why it matters which resources we produce and how we produce those resources. And also, why oil and gas must be -- has to be an integrated part of the energy transition.

Then I must admit, I did not plan to quote Marx today on an Investor Day. But why not. Groucho Marx wrote about a guy who said, "Those are my principles. And if you don't like them, well, I have others." And I can tell you there are countless temptations to cut corners in an industry like ours. However, the beauty of the quote also tells us and demonstrates the importance of having some key principles, and I would say, non-negotiables, in place.

The world is constantly changing, which makes sustainability a dynamic and a continuous effort, something which, therefore, needs to be embedded in your DNA and also firmly anchored in the corporate governance structure all the way from our Board of Directors to the sharp end of our business.

So, sustainability is about much more than policies, strategies and procedures. It needs to be an integrated part of our values, our culture, our governance, leadership principles, decision-making processes and obviously, also our risk management.

And that's why it is also reflected in our remuneration system. 50% of our leadership's variable pay is based on deliveries. In my case, that includes safety performance, value creation and carbon intensity. The other 50% is based on our leadership behavior. How we deliver. How we live our values. How we collaborate. And also how we adhere to our code of conduct. 50%.

Our company has through its history been, I'd say, exposed to various types of experiences that has fundamentally shaped how we run our business. We have learned the hard way. And the core of these lessons is that openness and brutal honesty, collaboration, courage and caring for people and society is the only way to run a business and to continuously improve. And then, it should be no coincidence that these lessons are also reflected in the 4 values of our company.

I have seen what happens if integrity is compromised. And I can assure you, that is not a place a CEO or a company or any of our employees wants to be. So a key part of my leadership is, therefore, to be crystal clear on expectations that in Statoil, these are our principles and there's not an option to have others.

Occasionally, I get this question, what keeps you up at night? And after quite a few years in this industry, I must confess there is not very much left with the capacity to do that, but safety is that one single thing.

The core of our philosophy is the I am safety principle, which means that safety is a personal -- personally felt commitment for everyone across the board in Statoil. It starts with my own -- my commitment and impact I can make by placing safety very firmly in a visible way at the top of my agenda. And also, not only agenda, but my actions.

And one of these actions is to award annually the CEO's Safety, Security and Sustainability award, promoting role models, good performances, best practices. Sometimes, these efforts are about creativity, innovation, like the replacement of nozzles on Gullfaks B that saved millions of dollars and also halved the use of chemicals in our operations.

Other times, it is about the entire work, culture in a team, workforce, like the Gina Krog project that had 15 million work hours without any serious incidents. And Hans Jakob will touch upon 2 other examples, which were actually also the winners of this year SSU Award.

Seen from a bird's eye perspective, the future of energy contains some obvious dilemmas. One, the world urgently needs lower CO2 emissions. I was in Paris during the international climate negotiations and was excited to support, and finally, also applaud the historic breakthrough. It is a truly ambitious agreement. But also it called for forceful action from politicians, obviously, but not the least, from industry, which I believe, in the end, will have to do most of the job.

Two, the world also needs more energy. The planet is getting populated with more people, they live longer lives and expect a higher standard of living. Now that is a good thing, but it leads to point three.

Within any realistic future scenario -- energy scenario, the world will need significant volumes of oil and gas for decades. However, if the most carbon-intensive fossil resources are prioritized and produced, we have no chance whatsoever of reaching the goals of The Paris Agreement.

So that's why, coal, as I mentioned, needs to be replaced. And that's why, Statoil is not exploring for heavy oil. So our aim is to find, to develop and to produce new resources with ever-lower carbon emissions.

As we have set out in our climate road map, that Bjorn Otto will revert to in a minute, improving our operations -- our current operations is the most significant thing we can do right here now for climate, simply because of the scale and the impact of our industry.

We had a goal set for 2020 on the Norwegian continental shelf to reduce our annual CO2 emissions by 1.2 million tonnes. We have reached that goal in September 2017, which means that many of the low-hanging fruits have already been captured. Still our updated goal is another reduction of 3 million tonnes by 2030 and 2/3 of that is going to come from the Norwegian continental shelf. Now that increased ambition equals removing

1.5 million cars from the roads or almost 2 out of 3 cars from the streets of London, which I'm sure you wouldn't mind.

As you may know, we are also a leading company in operating some of the largest CCS projects worldwide, having captured and stored around 23 million tonnes of CO2 to date from the Sleipner field and the Snøhvit field on the Norwegian continental shelf.

In our view, CCUS is critical to meeting the ambitions from COP21. In fact, there is no -- I haven't seen any -- credible future scenarios that takes us below 2 degrees global warming without it. And the world is lagging seriously on new CCS projects. And more action is, therefore, urgent both from policymakers and from industry.

Statoil has decided to evolve from a focused oil and gas company to a broad energy company, where also renewables increasingly become an important part of our portfolio. And it is truly fascinating to see how the experience of our oil and gas engineers can be put to use in projects like the offshore wind floater, Hywind. Now Irene will talk more about this soon and also touch upon some other aspects of our focus on New Energy Solutions.

Renewables has opened up a whole new set of opportunities for value creation for our company, while also diversifying our portfolio, making it more resilient both strategically as well as financially. And our plan is unchanged -- to invest 15% to 20% of our capital expenditures into renewables by 2030, provided that we continue to access and develop sufficiently attractive projects.

I think the best way to illustrate our journey is with this slide and message. Statoil's Board of Directors has recently proposed to the AGM to change the name of the company to Equinor, which means, by the way, that this is probably one of the last major presentations I will do as the CEO of Statoil.

So why did we propose to change our name? It's not something you do easily. It is not because we are about to change our strategy, not because we are not proud of our legacy, our history or producing oil and gas. It is simply because we needed a name that in a better way -- in a much better way reflects our current strategy and what it means to be an integrated part of the energy transition.

“Equi” is the starting point for names like equal, equality and equilibrium, refers to how we see, how we respect people, communities, society and how we view energy and nature. “Nor” is signaling a company proud of its Norwegian origin. We are the same company, with the same people, same competence. And soon, we will have a new name that works for us, that helps us on the journey from a focused oil and gas company to a broad energy company.

To summarize, modern companies have to understand they have to engage with and be part of the societies in which they operate. Sustainability is at the core of our strategy, of our governance and our decision-making. We want to create solutions, not problems. And we want to shape

the future of energy and shape our future. I'm convinced that sustainability is not only here to stay, it is here to prevail. This is our first SRI Day, but I can assure you it is not going to be our last.

And now, I will leave the word to Bjørn Otto. So, thank you very much for your attention.

Bjørn Otto Sverdrup
Good morning, everyone. Environmental and social performance is good governance, is the key foundation for profits and long-term value creation. And today is also an invitation. It's an invitation to you for a dialogue about your expectations to us, and we can share with you both performance and targets.

So that's why I'm so glad to see so many of you here today. Welcome.

Like Eldar said, sustainability is part of the strategic priority for the group and the function that I'm leading is actually part of the Strategy and Business Development business area, so, signifying its importance. We recognize that Statoil, and businesses at large, have an important role to play to address the broader issues of our societies, to help find solutions to the UN Sustainable Development Goals and to help support the ambitions of The Paris Agreement.

In its simplest form, sustainability is about how we manage our relationship to society and to nature. Sustainability is an integrated part of the company's purpose, strategies, risk management and decision-making processes. It is, in short, part of our management system fundamentals.

We use systematic analysis of all significant environmental, social and safety-related aspects, set targets, implement measures to improve. We report openly, clearly and reliably on all material issues and impacts. It is indeed our ambition to continue to be an industry leader in the area of sustainability.

Today, I would like to share with you our performance and strategy. Firstly, I will talk about people and communities. Then I would move on to the environment and the emissions management. And finally, I will zoom in on our climate road map.

The starting point for all good performance is our own people and our own employees. We believe how we work and how we collaborate is a source for competitive advantage. We strive to be a great place to perform and a great place to develop, emphasizing empowerment and collaboration. Diverse team achieve better outcomes. Diversity in nationality, education and background. And we strive to increase the number of women across the workforce. In total, around 30% of our staff are women. 36% of the top 3 level leaders, senior leadership positions, are held by women. In the corporate executive committee, that number is 27%. 40% of our board members are women. We are not yet where we would like to be. The energy business and, I might add, banking is still too male-dominated.

Our commitment to people, however, goes beyond our own employees. Our operations affect people and can affect people's fundamental rights -- human rights. Statoil was among the first companies to commit to the UN principles on business and human rights. And our policy clarifies this commitment. Adverse impacts on human rights shall be avoided and grievance mechanisms should be in place. We engage with suppliers and communities to avoid violations. We run dedicated capacity and competence building among our own employees. Indeed, 3,800 of our employees have been trained, including the entire procurement organization.

Statoil creates large economic value and benefits for societies. We deliver affordable energy to millions of people every day. Our products play a key role in people's lives. And our business is the cornerstone in communities and countries.

Last year, we spent $18 billion on goods and services. And we create many quality jobs and positive ripple effects. Around 30,000 contractors work for Statoil, adding to the around 20,000 own employees. And the activity generates significant revenue for host governments. In 2017, we paid $9.6 billion to governments. We disclose openly our payments and have done so for more than a decade to promote transparency, a key currency for trust.

In 2017, dividends declared were $2.9 billion and the retained earnings were $2.4 billion, enabling us to develop the business further.

Let me now turn to how we strive to make sure that we do this, while showing environmental stewardship. In line with industry practice, we report all environmental data on a 100% basis where we are operator. We report all spills, including the smallest ones, in order to learn and to improve. Last year, the total volume of spilled oil was 34 cubic meters. That is around 214 barrels of oil, although more than 1 billion was produced. But still, it is 214 barrels too many.

The international industry association, IOGP, each year publishes benchmark on performance on a number of environmental indicators such as SOx, NOx, waste management, greenhouse gases. Statoil is among the leading on nearly all, and you will see that in our sustainability report. The foundation for responsible operations is solid risk awareness, deep understanding of the environment, biodiversity and physical conditions. We combine this with technology, training and strict operational procedures. And we have even supported new science, for instance, in mapping cold water corals, sampling, testing and understand the fish and bird populations. Indeed, the picture here is from a seabed monitoring laboratory Statoil has established, which helps scientists to increase the knowledge of life in the oceans with live stream on data, and you can follow that online from your computer. It's open and accessible.

We care about the oceans and we are proud to be invited to lead the new UN Global Compact action platform on the oceans. We have a strong tradition of coexistence with fishermen and fishing communities in Norway, Brazil and in the U.K. In particular, on seismic operations. This give us license to operate. It does also allow us to run effective operations. A more novel example is the installation of the offshore wind

farm outside Germany where we've used new air curtain technology to remove sound waves while we did the piling, showing care for life below water.

Statoil operates 38 offshore installations and has drilled more than 1,500 wells on the Norwegian Continental Shelf without any discharge with significant negative impact on the environment.

Let me pay particular attention to activities in the Barents. We realize that in the northern parts of the Barents, year-around oil and gas operations are not feasible or commercially viable for now. We do not operate there. We do, however, operate at the southern part of Barents Sea where you will find typically ice-free waters. That's the top area on this map. An area, which is actually less challenging in terms of weather and waves than many other parts of the Norwegian Continental Shelf. We operated here for 40 years, drilled more than 100 wells and never had any accidents or discharges to see a significant negative impact. Contrary to the commonly held view, the area does not need to be high cost. The Barents wells we completed in 2017 were actually among the cheaper ones we drilled in 2017, and the new Johan Castberg field will have a breakeven of $31.

Statoil is a large offshore operator. In the last decade, we have also developed sizable onshore activity, particularly in the U.S. And the shale has been a fantastic resource story, providing cheap, secure and cleaner energy to the U.S., helping U.S. emissions down. Yet the onshore has its own challenges. We work with other companies to develop standards and practices for responsible shale operations. We work to improve well pad design, fewer above ground oil tanks to remove the risk of spills, more pipelines to limit trucking and avoid flaring, and use solar panels when feasible. A particular concern has been fracking and the use of chemicals and water. We openly disclose the chemicals we use and develop technical solutions to reduce the use further.

Statoil operates no oil and gas production in areas with high or extreme water stress. Communities and regulators are involved early in the planning of activities and local water districts regulate the water usage. We do not use drinking quality water in our operations.

Finally, flaring. In the Bakken in particular, we struggled in the first years in flaring. Over the last years, we have been able to bring flaring down with around 70%. We are also now exploring new and exciting technologies to use and store CO2 in the reservoirs in Bakken. Early tests have shown increased recovery, less water usage and permanent CO2 storage.

As the world demands more energy, it also demands that more energy is produced, delivered and consumed in new ways with fewer emissions. To change patterns of emissions and to drive energy transition, that takes time. And it requires a long-term perspective, dedication and leadership. We believe that our strategy always safe, high value, low carbon will make Statoil more resilient towards future regulations, give us better opportunity sets and help us attract the talents we need.

We have been on this journey for quite a while. We have been subject to a CO2 tax since 1991. We supported the 1997 Kyoto agreement. 10 years ago, we committed to become an industry leader in carbon efficiency and set actually ambitious targets that Eldar referred to. Yet I think it's right to say, the corporate strategy and the climate road map presented in 2017 was a step change, setting clear targets and new ambitions for how Statoil is approaching the energy transition.

Our climate road map is about reducing our own footprint, growing New Energy Solutions and capture growth opportunities, and making sure that we embed climate considerations in all our decision-making.

But the climate road map is more than targets and ambitions. It is part of a broader and deeper change. Our employees are enlightened and empowered to drive technological, commercial and operational innovations. We have trained leaders on climate science, raised awareness of employees and run group-wide climate ambassador programs.

So we run energy-efficient operations. Carbon intensity that is kg CO2 per barrel of oil equivalent produced is the most meaningful metric to express performance. It's the number we disclose in our quarterly financial results. Last year, our carbon intensity for Statoil operated production was 9. Industry average is nearly twice as high. On an equity basis, the number is 12. It is good, but we know we can do even better. Our 2030 target is 8 kg CO2 per barrel. It's a very ambitious target given we have many aging fields.

We are on track to achieve our 2030 target of reducing overall emissions with 3 million tonnes, and last year we achieved 12% of that alone. We seek operational improvements in new technology steps, both small steps and bigger leaps. We have exited oil sands operations and stopped exploration for heavy oil. Hans Jakob will share more about the performance.

And we have developed low carbon power solutions for Troll A, Johan Sverdrup and many of our plants, allowing them to be mainly on renewables. Recently, we have searched for new value-creating power solutions for other installations. And we have been encouraged by the findings. And we now work with our partners to mature several new projects, that's if successful, we will save costs, improve value and remove significant volumes of CO2 each year.

Good climate performance also depends on limited flaring. We are committed to zero routine flaring by 2030, and we're getting very close. So last year flaring was at 0.002 tonnes per unit produced -- around the fifth of the industry average.

Natural gas has an important role to play in decarbonization. Natural gas emits half of the CO2 burned compared to coal and has much less particles and other pollutants. Statoil is a significant supplier of natural gas. Since we're in London, I think it's worth celebrating that Britain CO2 emissions have been reduced by more than 30% since 1990. Actually, it's at the level of 1894.

Natural gas has enabled less use of coal and the introduction of intermittent renewables. And Statoil take great pride in this, as we're both the most dominant exporter of gas to the U.K. and also have contributed to develop offshore wind.

As Eldar mentioned, CCS is another key technology. At the Sleipner and Snøhvit field we have for many years now, captured CO2, giving the industry valuable CCS experience. Irene will talk more about our offshore wind as well as the long-term outlooks for natural gas and CCS.

To ensure the climate benefits on natural gas, methane emissions must be limited. Statoil is committed to work towards near zero methane emissions from the gas value chain. Let me share with you some numbers. As you see from the chart, for the upstream and midstream part of the value chain of piped gas to Europe, which we control, the methane leakage rate is very low, only 0.02%. Significantly lower than the industry average. The main reason: strong safety focus and subsea pipelines. If included total value chain, the number is 0.23%. 90% of the emissions then occurred downstream, after this left our fence. So we worked with the Oil and Gas Climate Initiative (OGCI) and distributors to invest in that challenge. The numbers show the benefit of gas from Norway compared to coal, way below the 3.2% threshold leakage. For operations in the U.S., the leakage rate is 0.08%. Here our teams have removed the largest methane emission sources, and now we use sophisticated infra-red camera and laser technology that we put on drones, that allow us to combat emissions and establish a very precise baseline.

The climate roadmap is an invitation to suppliers, customers, governments and peers to help shape the future of energy. We know that when you cooperate, amazing things can happen. For instance, in the large-scale maritime operations that we run. 2 examples. Statoil have around 40 to 50 supply vessels in operations every day. In 2017, we contracted 7 new supply vessels, all with batteries and hybrid engine systems, running very much like your own hybrid car, plug it in. We have now also embarked on the cargo vessels, around 90 are sailing each day, every hour of the year for Statoil. And recently, we contacted 6 new tankers, 4 will be run on LNG and 2 on LPG, the first of its kind. Both initiatives reduced fuel costs, reduced emissions and we contribute to greener shipping. That is good.

The energy transition will depend on companies, citizens and governments to show leadership by working together. We believe dialogue and continuous engagement is important to help shape the future of energy. Statoil will continue to call for effective carbon pricing as the best tool to achieve emission reductions on the large-scale and in a cost-effective way. We have teamed up with peer companies, including in the OGCI to help shape the industry's climate response. And we've worked closely with the Taskforce on Climate-related Financial Disclosures (TCFD), and then welcome their ambitions. Indeed we believe our practices since 2015 are very much in line with the spirit of the TCFD. And we worked with NGOs, local communities, national governments and international institutions such as the UN. We work systemically with sustainability and we have a strong performance and high ambitions. Yet, we know that we do not have all the answers, and it is that the dialogue

that with you and others, that would be important for us to help continue to improve. I would now like to leave the floor to you Irene. And thank you for your attention.

Irene Rummelhoff
Thank you so much, Bjørn Otto. And good morning, everyone. You heard from both Bjørn Otto and Eldar that the world is changing, and so is the Statoil. I would like to spend some time initially trying to demystify this energy transition that everyone had talked so much about. Energy is quite often misunderstood. A lot of people talk about energy as if it is the same as power. But energy is so much more.

In a simpler way, you can say that we use energy to transport people, cars, goods. We use energy to heat our homes and industries, and we use energy to come up with power.

In today's environment, we see sure signs of a revolution within the power sector. Solar and wind cost reductions are coming down and are being installed at record pace. We also see some, I would say, short hints and signals that there will be a similar revolution within the transport sectors when it comes to electric vehicles. These 2 trends are happening not because they are driven by politicians or regulations. I would argue they are happening because it is the cheapest and quite often the best solution. Take battery cost reduction, for instance, they've come down tremendously and within the 5 to 10 years. Anyone, anywhere in the world can probably buy an electrical car that is cheaper than a traditional car.

That commercial tipping point, I would argue, is so much stronger than peoples' environmental consciousness that it would probably lead to exponential growth. Within the power sector, solar and wind are already beyond this commercial tipping point. We've seen costs come down by 70% since 2010. Some people argue it's 90%, but in either case, it's tremendous. And in market after market, solar and wind is the cheapest way to produce electricity.

And even in the U.K., we have now seen the first unsubsidized solar park. In the last few years, we've also seen tremendous cost reduction within offshore wind. Take our own 2 projects, from Sheringham Shoal in 2012 to Dudgeon in 2017, we saw reduction in the levelized cost of energy, of about 40%. Further cost reductions have been very clear in recent offshore wind auctions. Confirmed, I think, by 4 zero-subsidy bids in the Dutch offshore wind auctions in December 2017 -- among one of the bidders was Statoil. As a result of these cost reductions, renewable energy is making serious inroads on a global basis. Over the last couple of years, 2/3 of all new net power generation capacity on a global basis were either solar and wind. The same number in Europe was actually 90%.

In 2017, we also saw a new record for installed offshore wind capacity of 3-gigawatt in Europe. So what is Statoil doing about this? There is no doubt in our mind that oil and gas will be in demand for the next decade, but we also strongly believe that renewables, such as solar and wind will be the fastest-growing source of power generation, going forward.

So as I alluded to, you could look upon this as a threat, or we could choose to see it as an opportunity to transition a lot of the competence that we've developed in the oil and gas sector into a new source of value creation for Statoil. As one of the largest offshore oil and gas operators in the world, offshore wind was a natural step out for Statoil. We also saw that this was a segment with complex projects, which led to high entry barriers and robust returns. And we have a lot to contribute to this sector. The oil and gas sector over the last 50 years, spent a lot of time developing a very sound safety culture, which Eldar alluded to. This is equally important in the offshore wind sector. The projects in this sector are complex and our marine installation capacity, operation capacity, modification capacity really serves us well.

But I'd like to dwell a little bit on how we can take advantage of our global presence and also corporate capabilities. Take U.S. for instance, a growing and emerging hotspot for offshore wind. We've had people in Houston for more than 15 years, working with the supply industry, preparing ourselves for this. We've had people in Stanford selling gas to the same utilities that we will buy our power for over 30 years. I think that clearly gives us an upper hand. Also, the New Energy Solutions and team is currently only 200 people, but we draw upon a fantastic flexibility of the larger Statoil system.

Last year, we had 1,500 individuals outside the New Energy Solutions, but still within Statoil, contribute to our projects, part-time. And we have specialists on everything in Statoil. I'm even getting surprised, but if I need someone to help me with HVDC lines, I call the Johan Sverdrup team. If I need an expert on the German power market, I do call the gas traders -- they know that. So that flexibility is quite unique, I think, to Statoil and it's hard to see the same thing in a small renewables company.

I'd also like to dwell a little bit on our history of bringing new technology and innovation into our projects. And I think the Hywind Scotland project is probably the best example for that. It took us 17 years from the original idea to when we actually had the first part in production. And I'd like to see the startup, that could actually afford such patience. So I strongly believe this industry needs large companies like ourselves. And with the move towards more and more merchant risk, financial robustness will play an ever more important role.

2017 was a very exciting year for Statoil. We exited the year as an operator of 3 wind farms in the U.K, adding up to a total of 750 megawatt, with the capacity of supplying about 650,000 households with clean energy in the U.K. We're also establishing ourselves in Germany with one of the world's most experienced offshore wind operators, E.ON, through our Arkona project. All of these projects were sanctioned with internal rate of returns in the order of 9% to 11%. Given the risk-reward, picture, we see these as really attractive investment opportunities.

In October 2017, we put in place the Hywind project, the first floating wind park in the world. Currently we are adding battery capacity to that, in the project that we call the Batwind project. This will give us unique

insight and ability to develop the commercial and the technical solutions to allow us to add full-scale battery parks to huge projects going forward.

But we also have a significant pipeline that we're quite proud of. Dogger Bank is the largest consented offshore wind park in the world. And the strategic importance of that project to the U.K. and to Statoil cannot be overestimated. It has the potential to deliver more than 5% of the electricity that, actually, the UK needs. We're working this together with our partner SSC really hard and aiming to bring this forward for the next CfD auctions in the U.K. in 2019.

Also very excited about our project in the U.S. that we call the Empire Wind. It's an offshore wind license with the potential to produce about 1 gigawatt of offshore wind. New York has set themselves extremely ambitious targets with respect to renewable generation capacity -- 50% in 2030. And they've said that they are going to solicit their first offshore wind power in 2018, and good news, we have the only offshore wind project in New York right now. So that should put us in a good position to commercialize this project.

We recently made an entry into Poland through 2 projects with a total of 1.2 gigawatt equity to Statoil. Poland is not a well-established offshore wind market, but it's a very interesting market because it's one of the few markets in Europe where we expect to see energy demand grow. It also has a tremendous potential to develop a significant supply industry that we aim to take advantage of.

Then I'd like to dwell a little bit on floating. Why are we so excited about floating? It is because bottom-fixed offshore wind has its limitations. You can only use bottom-fixed offshore wind turbines in water depths down to 50 meters. And if you look at where the world's wind resources are, 80% of the wind resources that you can reach from shore are in water depths deeper than 50 meters. So with the floating concept, you basically open up every single coastline in the world for offshore wind.

We're working very hard to mature our offshore floating projects. We have an exciting one that we're working on in Norway, trying to combine floating offshore wind with oil and gas installations, helping reduce the 3 million target. But we also see exciting opportunities in countries like France, Ireland, West Coast U.S. and not the least Japan, where we recently opened a country office.

I'm also happy to share with you that the operations of our existing fields are doing really well. Actually totally outperforming -- totally was maybe a strong word -- our expectations when we sanctioned these projects.

So far availability on Dudgeon and Sheringham Shoal has been 97.5%, and the capacity factor on the Hywind Scotland project has been 65% since startup. And as you might know, typical capacity factor for onshore wind is in the 30%, if it's a good project then 40% to 50%, if it's a good offshore wind project. So that's quite an astonishing achievement,

knowing that the project has been through 2 hurricanes in that same period.

Last fall, we also entered the solar business. And you might ask why? I think, the simple answer is that, we've been watching the development in the solar space for quite some time and what's happening is quite amazing. The costs are coming down, outcompeting any other technology, and solar will be a very, very important part of the energy mix going forward. So being a broad energy company, we just cannot afford to ignore it. We've chosen a careful entry strategy. We've said, we're going to go with established players and focus on regions where Statoil is already present. And that's exactly what we did in the Apodi project in Brazil. We went to Scatec Solar -- a Norwegian, very experienced solar developer. And we heavily relied upon our local resources in Rio to help us do all the due diligence and also help us develop this project. We have, for instance, the safety manager from our Rio office up there overlooking the operations right now.

We're going to continue to look for solar opportunities in Latin America, but also in other Statoil regions. Going forward, we strongly believe that these bundled solutions, where developers are being asked to put together different technologies to provide a more predictable power flow and an affordable power flow, will be important. I think Statoil is uniquely positioned to actually combine gas and renewable right now. Adding battery competence and solar competence to our tool box will further strengthen our value proposition in such a future scenario.

Renewables are a fantastic means to decarbonize the power sector. However, it cannot be the only solution because of the intermittent nature of solar and wind. Gas, as of today at least, is the perfect companion for renewables, due to the intense flexibility that you have in gas power generation.

Gas -- take another segment, the heat segment. Gas offers tremendous flexibility, when it comes to seasonal demand patterns. Quite the telling example is the seasonal flexibility that gas provides to the U.K.. If you were to replace that flexibility with batteries, you had to install 500,000 of the currently the largest battery parks that have been installed in the world. 500 times the battery park that Elon Musk has installed in Australia. That's says something about the challenge we're facing to use renewables as the only means to solve and decarbonize some of the energy segments. I'm not going to argue that we have all the solutions, but we're trying to take responsibility also for the longer term and look into how we can actually green the gas or decarbonize the gas, because that will be needed at some point in the future.

Eldar and Bjørn Otto talked about carbon capture and storage. We have a long history, and we aim to continue that history. And currently we're working together with Total and Shell to do a feasibility for the first full-scale CCS project that will capture CO2 from industry.

An industry such as steel works, cement factories, waste management, they don't have an alternative. They cannot get rid of the CO2 if they switch to renewable energy, because the CO2 is coming from the chemical

processes. So as of today, there is no other solution for 25% of the CO2 that is being emitted in the world than carbon capture and storage. So we're very excited to be part of that.

With a CO2 storage in place, we have the ability to convert our natural gas into hydrogen. You can split the natural gas into hydrogen and CO2 using steam methane reforming, a well-known technology. And if you store the CO2, you have converted your gas into an emission-free gas. And the beauty of hydrogen in a gas form is that you can basically use it in all the same segments as you're currently using natural gas.

One of the projects that we're working together with Nuon and Gasunie on -- in Netherlands is to convert CCGT, gas fire power plant, to run that on hydrogen. And it is very simple, you just have to change the boiler. And this project has a tremendous -- and similar projects has a tremendous impact, when it comes to CO2 emission reductions. That 1 project can take away the equivalent amount of CO2 as 2 million cars. 1 CCGT, if we succeed. We're also looking at using the gas distribution network in the city of Leeds here in the U.K., convert that to be run on hydrogen, and we do believe that liquid hydrogen would be and is a viable solution to decarbonize the heavier parts of the transportation segments, such as shipping, for instance.

Large companies might not, at least not always, be the best incubators for new ideas. Recognizing this, we set up what we call the Statoil Energy Venture Fund. A USD 200 million fund, that intends to help startups with equity injections in the order of 1 to 20 million, and we intend to spend that over 4 to 7-year period. So our goal is to be a good partner with startups, entrepreneurs, disruptors and innovators, and help them and ourselves to shape the future of energy.

So summing up, renewable energy is and will continue to be an integrated part of Statoil's business. We have an expectation to spend about NOK 100 billion toward 2030, given that my team can come up with the right opportunities. So please wish us luck. With that, I like to introduce our CFO, Hans Jakob.

Hans Jakob Hegge

Thank you, Irene. Ladies and gentlemen, good morning. It's good to see you all. We have a clear direction, always safe, high value, low carbon. Moving towards becoming a broad energy company. Sustainability is at the core of what we do and it makes sound commercial sense. We have a portfolio, which is both low cost and low carbon on our existing production and even more so, on our next generation portfolio. This was reconfirmed last week, when we presented our solid first quarter results, very strong cash flow of $6 billion after-tax, the strongest quarter since the first quarter 2014, then with an oil price of $100. We clearly see the results of our improvement work.

From a lower cost base, we create more value at higher prices. At the same time, we're making progress on our safety performance with the lowest recorded serious incident frequency to date.

Let me now take a longer-term perspective and elaborate on how we integrate sustainability in all our business decisions.

We are shaping our portfolio to be resilient, balanced and distinct, guided by 4 strategic principles. First, our ability to generate cash at all times. We have reduced our cost base significantly, and we are top quartile on unit production costs. At the same time, we have improved their regularity at our installations. As a result, we are free cash flow positive at well below $50 per barrel. And we have long life assets like, Troll, Marcellus and Sverdrup, which all will generate considerable cash flows for decades to come.

Second, the CapEx flexibility. Our onshore assets in the U.S. can be scaled up and down, depending on macro and market conditions. Our large share or operated projects allow for timely sanctioning of investments.

Third, we have used our capacity to act countercyclically, and have actively managed our portfolio, pursuing value-enhancing transactions, such as acquiring a 25% stake in the Roncador field in Brazil, and targeting a larger share and operatorship of Martin Linge in Norway.

We've also captured and locked in market effects and awarded $40 billion in contracts since 2015, all with contract structures that enhance performance.

Finally, we are building on our low carbon advantage, growing our renewables portfolio and actively working on reducing emissions for more oil and gas business. By applying these principles, we are shaping a high-value sustainable portfolio with a low carbon footprint.

First, let me start with our oil and gas fields that are in production. Not only do these assets provide resilient and valuable cash flow, but piped gas is the lowest emitting hydrocarbon source and an important contributor to replacing coal. About half our production and half our reserves are gas. In addition, we continuously work to reduce CO2 emissions. And during last year, we brought emissions per barrel down by 10%. Currently, the CO2 intensity is 9 kilos CO2 per barrel of oil equivalent, half the global average, and our target is 8 kilos in 2030.

Secondly, we have one of the best opportunity sets in the industry with our next-generation portfolio. And with a large operated share, we can shape low cost and low carbon solutions in the design of the projects. This portfolio consists of 3.2 billion barrels of oil equivalent net to Statoil, of which 35% is gas, with a breakeven on average of $21 per barrel, including CO2 taxes both on the NCS and internationally. And this is the number of the day, I think, the CO2 intensity is only 3 kilos per barrel, less than 1/5 of the global average.

Thirdly, we are leveraging our core competencies within oil and gas to build a profitable New Energy Solutions. Our offshore wind portfolio has an attractive risk reward profile and competitive real returns on 9% to 11%. By 2030, we expect that 15% to 20% of our CapEx will be within the New Energy Solutions, given continued access to attractive returns.

Our ability to generate cash at all times is fundamental in enabling us to invest in new projects. And due to the robustness we have achieved, we expect to generate $12 billion in free cash flow after investments and after dividends in the period until 2020, at $70 oil price. Let me share a few examples on how we have been reducing CO2 emissions in our portfolio.

As an oil and gas field gets older, the natural pressure in the reservoirs drops. To recover more hydrocarbons and get this to the platform, compression is required. The closer to the well the compression takes place, the more oil and gas can be recovered. This was the situation we faced at Åsgard some few years back in the Norwegian Sea. And compressing gas on the existing platform was not an option due to weight limitations. Building a new platform will have increased the CO2 emissions by 90,000 tonnes per year. Instead, we developed technology to compress the gas at the seabed, close to the well head. And 3 years ago, I'm proud to say, we installed the world's first subsea gas compressor. More than 40 technology qualifications have developed and been put to use. These technologies have extended the reservoir's life to 2032, boosted recovery by 300 million barrels and reduced the carbon intensity by almost 50%. This project is the first step to realizing an energy efficient subsea processing plant.

I have a special affinity for our Hammerfest LNG plant as I used to run it as Head of Operations North in Norway. And I'm pleased to say that, Hammerfest was awarded the CEO sustainability award this year, together with the safety award going to the team that the development of ear plugs that alert you before your hearing is damaged. These are examples of very good performance that is being rewarded by management.

At Hammerfest, during the turnaround at the plant last summer, several energy efficiency measures were implemented. We managed to reduce the power consumptions by 20-megawatt hours, saving Statoil NOK 50 million annually, and we've also reduced flaring, saving gas for future export. In total, we achieved 120,000 tonnes reduction of the annual CO2 emissions. And we see further potential for improvements.

Another example close to my heart is Norne, also at the NCS. Optimizing an improved cooperation between the reservoir and facility departments led to the shutdown of 1 water injection pump, resulting in a reduction of 26,000 tonnes of CO2 per year.

We are also at the forefront of reducing methane emissions. In our Bakken asset in the U.S. we have reduced flaring through among other things, building infrastructure to capture associated gas resulting in over 620,000 tonnes of reduced CO2 emissions.

It's tempting to only look at the large projects with the immediate impact. But in our world, every kilogram counts. Our results so far are the sum of many smaller energy efficiency projects. It is a matter of culture, awareness and priority. That is why we think it's so important to engage our employees on climate matters.

On the NCS, we have a network of energy coordinators, collaborating closely with our operational engineers, systematically identifying big and small improvements in energy efficiency and CO2 reductions. These are all put into a funnel where the ideas with highest impact meet and if they meet the investment hurdles and those that have an immediate value will be prioritized. Since 2008, we have implemented 300 of these projects, contributing to total CO2 reductions of more than 1.4 million tonnes of CO2. That's the equivalent of removing 700,000 cars from the roads. This has accelerated our engagement and focus on the organization, and the organization is eager to do more. And bear in mind, almost all of these projects are NPV positive with a payback time of 3 to 4 years. Some of our U.S. projects have a payback time of 1 to 2 years.

Climate considerations are integrated in our vision, strategy and performance management. Both our Corporate Executive Committee and our Board of Directors frequently discuss the business risks and opportunities associated with climate change, including regulatory, market, technological and physical risk factors. We stress test our portfolio against IEA's World Energy Outlook scenarios on an annual basis. The analysis covers all accessed acreage from exploration licenses to fields in production over the lifetime of the assets.

The latest stress test we've conducted demonstrated that the main driver for differences were assumptions around oil and gas prices in the different IEA scenarios. And 2/3 of our portfolio is already subject to CO2 tax. And we use a carbon tax of $50 for all investment decisions, whether they're subject to CO2 taxes or not. The test shows that we have a robust portfolio, even in a low carbon future, and in a 2-degree scenario. We also have significant flexibility in our future portfolio, with 60% of the forecasted CapEx in 2025 related to projects that are yet to be sanctioned. There is a substantial potential for continued investments in high-value, low carbon oil and gas projects and Renewable Energy.

Statoil openly report on sustainability priorities and performance. Our products include the Annual Report 20-F, which includes payments to governments, our Sustainability Report, which is externally verified, the Energy Perspective scenarios and the Climate Roadmap. We support the Task force on Climate-related Financial Disclosures and we joined a preparer forum for oil and gas companies in 2017 focusing how to present forward-looking information of high uncertainty. We will continue to engage with stakeholders on our reporting and be in the forefront on transparency in line with our value of being open.

In Statoil, we believe the winners in the energy transition will be the producers that can deliver low cost and low carbon emissions. Our own preparedness is important. But we also see we are being recognized by external parties. We are a constituent of the FTSE4Good index. And last year, we achieved a score of A minus on the Carbon Disclosure Project’s report on climate change. And we are ranked #1 on climate risk preparedness in the Investor Climate Compass.

Let me then briefly comment on our 2018 guidance. We are free cash flow positive below $50 per barrel and have a cumulative free cash flow of $12

billion 2018-2020 and a return on average capital employed at 10% this year, growing to 12% in 2020 at $70 per barrel. And we are doing all these things within our financial guidance and the financial guidance is unchanged.

Then let me sum up on behalf of us all.

Safety is and will always be our priority #1. The improvements we're seeing in our safety results serve as an inspiration to continue the relentless efforts on improving our safety performance every day. Safety is consistent with focus on efficiency. So is low cost and low carbon. Always safe, high-value and low carbon mutually support each other and this makes sound commercial sense. With that, I hand it over to Peter, and thank you for the attention.

Peter Hutton
Thank you, everybody. I'd just like to let you know that we are absolutely on schedule. If I can ask all the speakers to come back up, and we've got the first mic.
We'll open up for the first question and we will take it from there. Saw the first hand go up at the back and then it will be Maria and then Anna.

Q&A
Rob Wilson - Reuters
I have 2 questions. First of all, about your targets for the carbon intensity. I understand they only include essentially scope 1 and 2. What are Statoil's ambitions or goals or targets for including the Scope 3 aspect of your emissions? And on the reserves, I'm very curious to know, how much of your current reserves are heavy oil and other barrels that you think you won't be able to use in your current scenarios?

Eldar Sætre
Okay. So our main focus is on our own operations, adhering to the emitters pay principles, which is also clearly stated in the Paris Agreement. That is the starting point, what we can influence directly through our operations or our own activities. We also engage with Scope 2 and 3. And when it comes to the supply-chain, we have examples here how we approach this supply-chain with requirements, how we would like our supplies to look like. We also, when it comes to carbon footprint. Increasingly, we will do so.

On the usage of our products, we focus on that a lot, but we also look into what is the most impactful ways we can influence that. First of all we need alternatives to oil and gas. So that's why we engage in Renewable Energy because that is really what can eventually replace oil and gas in the energy mix alternatives that compete also from a cost efficiency perspective. So that is one of our focus areas. Decarbonizing is one of them. And CCS is, therefore, high on our agenda. It's also an agenda that we share with the OGCI where carbon capture and storage represents approximately 50% of our efforts into when it comes to investments from the fund. And the hydrogen is also a dimension that is a little bit further down the road, but which we see as really interesting part of the decarbonization, mainly from natural gases. So these are the ways that we

engage into that part of the value chain. So we take sort of the whole perspective, but our main focus is still consistent with the emitters pay and we will fix sort of our own operations in the first hand. Your second question, just remind me.

We say that we're not exploring for heavy oil. Now we do have heavy oil in our portfolio, and we continue to take responsibility for what we have in our portfolio. And through exploration, we might also find heavy oil in our portfolio. Then we will have to consider how to deal with that. But when consciously looking for resources into our portfolio, we don't explore for it. And we will not inorganically look for it or access these kind of resources like, for instance, oil sands. We made a conscious choice to leave oil sands because that is really not the resource where we have the skills or the competence to be the best to take out carbon from that business. But we do as much as we can to decarbonize or reduce the carbon footprint from heavy oil resources that we have in our portfolio, which is basically the Peregrino operation in Brazil, the Mariner Field in Scotland. So these are sort of the main heavy components in our portfolio. And we do a lot of activities to reduce the footprint, both in Brazil on the Peregrino and at Mariner. In terms of reserves and percentages, I haven't got that for you here right now.

Maria Elena Drew - T.Rowe Price
I had a question on the next-generation oil and gas portfolio, the one you said that's 3 kilograms per BOE. Can you just talk about the oil and gas split of that portfolio and how different it is from the current mix? And then also what is the IRR that you would project with that portfolio? You talked about new energies being 9% to 11%. What do you expect for the oil and gas side? And how do you balance those 2 as you try to make investment decisions going forward?

Hans Jakob Hegge
Thank you for the questions. So the oil and gas bit is 65-35 and the IRR is twice the level of renewables plus. So it's very profitable. It has an average break-even of 21 and IRR about 20. So it's a highly attractive portfolio. That's why we call it the best opportunities that we have seen.

Eldar Sætre
So 30% IRR at $70 per barrel.

Anne Gjøen - HB Capital Markets
First I must say the new portfolio is really impressive, so is your overall achievement compared to peers. But what strikes me is that is a pretty long time since Sleipner CCS, and of course, you say that CCS is key for Sleipner and Snøhvit as we know it, now you also talking about pilot when it comes to CO2 injection in the U.S. But CCS in general is a bit expensive, but of course, it's been a broad base cost reduction all over the place. So where are we? How much will we eventually need to see kind of a step change so that for example, CCS can be implemented on a much broader scale in Norway, and not only pilot of the permanent in the U.S.?

Eldar Sætre
So I will just give a few reflections. Of course when it comes to Sleipner yes, it is sometime back -- Gina Krog will actually also be tied into that system should also be tied to that injection system. So there will be new capacity coming in. I think when it comes to CCS, my perspective is that there's no silver bullet on climate change. And Irene pointed to sort of the -- how much of our energy systems are actually, there is only -- it's so hard to decarbonize and you're basically left with CCS. And the EIA tells us that 14% of the reductions in CO2 emissions towards -- below 2 degrees has to come from CCS. And if you talk about well below, you're actually at 30%. So increasingly we depend on CCS to make this work. The cost has to come down. We need a commercial model. We need basically cost on carbon emissions to make it work. Now I Irene.

Irene Rummelhoff
I think, that's a really fair reflection that it hasn't really happened at the speed that the world needs to see it happening. And the major reason is because there is no income stream in CCS. There is basically only cost. So the way we think about it now is more on CCUS, is there a way to actually utilize the CO2 and get some income from the CO2. It's not obvious, but these are things we are pursuing through the IOGC Corporation. And I talked about this hydrogen plant -- potential hydrogen plant in the Netherlands. And we see that we can probably produce power from that at similar levels to where offshore wind subsidies were 3, 4, 5 years ago. And that's really what has driven down cost on solar and wind. It's been public, private cooperation deploying in the technology. So every time you build a new project, you learn something, you implement that and then export it. I think, what we need is deployment, deployment, deployment. And it needs to take the form of public, private, corporation as it is today. And that's why we are excited that the Norwegian government is leaning forward willing, seemingly willing, to pursue this full-scale CCS project in Norway.

Eldar Sætre
So 40 million tonnes being stored today is far too little. Only 1 project since 2014, we need a Norwegian project as to demonstrate. We simply need projects and scale to take cost out and you're seeing it as we said. I think the U, CCUS is important, but it doesn't crack the code. It's part of it. But I think, the illustration of what we are trying to do in Bakken is a very good one. Actually instead of water, use CO2 to frac. And then it stays there, at least the big part of it, it stays there. And we haven't got all the solutions, but it's one of these type of -- part of the puzzle that I think, we need to work on.

Irene Rummelhoff
We pursued CO2 or with IOR with CO2 on a Norwegian continental shelf several times, but they always fail because we didn't have CO2 available because there wasn't 1 single source of CO2. Again potentially with this new project in Norway, we will have enough CO2 in 1 place that we can potentially use it for IOR in the Norwegian continental shelf as well.

Chris Hobson - Recharge News
Could I ask Irene, you mentioned a figure there of $100 billion on new energies by 2030. Could I ask you perhaps to quantify that a bit between fixed versus floating? You mentioned Dogger Bank that going to be a priority? And what proportion also will the spend be on solar, which you talked about in the end? Could you give us a little bit of a split down the technology point of view?

Irene Rummelhoff
I guess, it's almost impossible to give that kind of split. We are talking about 2030, but the primary focus has been on offshore wind as I hope I shared with you in the presentation. We see growing potential for floating and we expect about 13 gigawatts of offshore floating wind to be installed by 2030, not Statoil, but on a global basis. And we hope you take a fair share of that. And then solar, we are carefully testing it to see if we can really add competence and capability to that space. And so far, we see a lot of opportunities to apply -- our engineers -- and make sure these projects are developed in a safe and efficient way. But we have not decided to go all in on solar yet. And those 100 billion could also be spent on carbon capture and storage projects, we haven't been specific on that. And it is an expectation given that we can compete for the best projects out there.

Eldar Sætre
I often get this question. How do you allocate your money? So basically, this is the direction. This is what will try to do. But we don't allocate money because then that is -- I like projects to compete to come up with the best proposition where the risk/reward and you need to relate reward to risk of an individual project. And then in the end, it's hard work but we will hopefully get to $100 billion -- but it's really the quality of the project that will define that there.

Tina Saltvedt - Nordea
Thank you for an interesting and important report and not at least about being so open and transparent about this important work. I hope this will set a standard.

I do have a question about the stress testing. You said you are stress testing from the IEA scenarios and then the carbon price. But then, I was wondering if you also stress test your portfolio using different scenarios, for example, seeing growing skepticism about investments, for example, in shale production and in Arctic areas, do you stress test the portfolio against these kind of risks. And also just curious about how, for example, when you are moving into Brazil, how do you -- other corporate -- or for example, companies you work with or governments receive this message you're coming with now?

Bjørn Otto Sverdrup
So on the stress testing we've been working with that for over the last 3 years and developed some kind of experience on how to best do that to really see to what extent the value at risk -- the volume Statoil at risk if you were to enter 2 degrees future. And here we follow pretty much the guidance that has now been put out by the task force. And we have decided to, in a simplest way, the testing we're doing is we are actually

replacing our own planning assumptions with that of the price expectations from the IEA the value scenarios for gas outlooks, oil outlooks, and also the expectations when it comes to CO2 price.

And what we have seen is that the resilience of Statoil is very good in all those scenarios. And actually you showed this year it goes down 30% in a very aggressive 2 degrees, but last year actually the value was 6% higher than when we used our own planning assumptions. So it's -- it varies over time. We don't -- we use that scenario testing also because our shareholders asked us to use a standardized format so the IEA. If over time there we should use other established scenarios, we'll be happy to do that. In general, to the second part of your question on collaboration and how are we standing out. I think, most energy companies are actually on the journey, we are not alone, maybe, but I think, it's fair to say that we get inspiration from others and maybe others get some inspiration from us. And it's quite a fast-moving field. So I think, that's very interesting time actually to see how quickly the companies are moving ahead, but not everybody is moving in as fast as everyone and also slightly taking different choices.

Eldar Sætre
Brazil if I may. So the last company to join the OGCI, that was actually Petrobras. So Brazil is also in the journey. Pemex is part of the same initiative now. So we see that in our dialogues with Petrobras in Brazil in the oil and gas industry that we is more receptive to these kind of measures, the importance of carbon efficiency. We work on that on the Peregrino field, which is a heavy oil field. How can we reduce the footprint, because the impact can be pretty significant and that's what you're looking for. In the Roncador field we feel bought into now, 35% operated by Petrobras. We are -- our intension is to have an impact on that 35%. In climate, energy efficiency is definitely one of the components where we will try to impact. So this is how we will also in the context like Brazil.

Irene Rummelhoff
I just wanted to add to that because we were recently in Argentina with the Norwegian Trade Delegation and had a lot of meetings with national oil and gas company in Argentina, YPF, and I shared some of our slides and climate roadmap, they show us theirs. And it was amazing how similar 2 companies on the opposite sides of the world are actually thinking about this agenda. And I think, it strengthens our case. We have been a role model for a lot of these NOCs through the oil and gas business. But I think, we are also becoming a role model more as broad company and we have a lot of incoming calls from India, from Argentina, from Malaysia and even Indonesia. These NOCs wanting to know more about offshore wind and so on. And so I think, it's good news.

Hans Jakob Hegge
And then on the NCS we have very constructive climate in the licenses for decision-making that contributes to the lowering of the emissions. For instance, in the Åsgard license where we cut the CO2 emissions by 50% through applying new technology, very supportive partners. I think the most curiosity is when we introduce the concept of road maps and the long-term thinking of continuously improving the fields over their

lifetime because that's a long horizon. And in Brazil, with Petrobras, we are the 2 biggest subsea operators, the number subsea wells in the world. So we also share a long-term relationship on technology development and exchanging experiences.

Elyria Piani - UBS Asset Management
I have 2 questions. 1 related to the scenario testing. As you have been testing your portfolio against the IEA scenario, can we assume that your targets are science-based? And the second question is more on the incentives plan that you've mentioned that is integrated and is considering climate change, and I was curious to understand if it's related to short-term or long-term incentives? And it's something that you also have across the workforce or if it's only for the Board members and Executive positions?

Bjørn Otto Sverdrup
This goes slightly back to the Scope 3 life cycle perspective. So we have now shared with you today how we focus, address our own emission being a very responsible user and consumer of energy. And then also as I mentioned the overall life cycle. So we have been discussing very closely with the CDP and other business on the science-based targets. We are curious about that. But for now we have actually, been quite clear that the methodology doesn't fit with companies that help provide energy for others, because we're supposed to be held accountable for actually taking reductions of all the use of the energy that all of us are using, when you travel by car or by plane or what have you. So it's bit of a challenge with the emitter pay principal. So we would like to continue to have a dialogue with them. But as of for now, we don't see us, like any other companies, moving into -- energy, oil or energy companies -- moving into using science-based targets.

Eldar Sætre
So I would guess, all KPIs have as a component both short-term and long term. So when it comes to my case, I have 6 in my contract that actually goes into the variable pay. Value creation returns as part of it, carbon intensity is one. So in this last year, we reduced that by 10%, from 10 or 9. And I think the way we think is kind of the roadmaps. So next target is 8 kilos per barrel. So basically, we look at longevity, but specifically what I'm measured against is the achievement, the current achievement, the data tied to a longer-term target, longer-term roadmap. Our safety, for instance, my KPI is related to the serious incident frequency and we also have long-term ambitions on those. But specifically, it's the short-term achievement that we can document that is what goes into the reward, but all these have long-term ambitions attached to them.

Rafal Gutaj - Bank of America Merrill Lynch
Just coming back to your target on next generation portfolio being CO2 intensity of 3 kilograms per barrel. I was curious to hear how much of that is captured by Johan Sverdrup being powered offshore -- from shore given that, I think, the number on that is about half a kilogram per barrel. I wondered as we get past first oil on Johan Sverdrup in Q4 next year what might happen to that number ex Johan Sverdrup.

Hans Jakob Hegge
I think the short answer to that is that we haven't disclosed anything beyond saying that it's close to 0 on Johan Sverdrup, right. So overall on that portfolio, there are someone above and someone below, obviously the 3. And even the 8 target. But on a portfolio level that comes out very strongly with the 3 kilos. The important part is that we try to optimize the project on the decision point on the sanctioning of the projects, right? But we also include future activities to improve further. Technology, operational philosophy, based on the performance from the wells. We have a lifelong perspective on reducing these emissions and develop even better solutions. One practical example, 79% of all emissions on the NCS is related to turbines. So we have a huge incentive to drive technology development together with the suppliers to improve the CO2 footprint from the turbines. That's why, we have this huge saving on Melkøya and Hammerfest when we actually closed down one of the turbines, the so called 5th turbine, and saved 120,000 barrels. But going forward, we will work in collaboration even stronger with the suppliers to put on new measures that could improve this even further.

Kathryn de Coninck-Lopez - Invesco

I had 2 questions, 1 on decommissioning, kind of in that long-term scenario planning, and so on, how have you, I guess, thought about the climate, but also wider environmental considerations for decommissioning? And then my second question was around technology, and I think, on your website, you talked about Roberta, Roberta and how -- that, that's a pretty powerful tool. I wonder whether -- to what extent your health and safety and CO2 emission reduction but also other efficiencies have come from that, and what we could expect in future?

Eldar Sætre
So on decommissioning, that is one of the really high focused areas in our R&D portfolio. So this is really about simply new technologies that in a much easier way instead of removing everything, is there are other ways of actually not plugging the wells, for instance. That has much lower energy and carbon footprint, the whole new toolbox. So we some pretty amazing resource and also have even higher ambitions on how to do that before this will impact us at a larger scale. Then on this Roberta which I haven't heard about.

Hans Jakob Hegge
It’s one of my favorites. They're related, Rob and Roberta, but they're not officially in a relationship. On paper -- they do manual tasks, including reporting of statistics to Statistisk Sentranbyrå in Norway. They do a lot of manual tasks and they're speeding up the processes, they do less mistakes and it's part of the automation that goes on. We are also a digital front runner not only on lowering the carbon, but also increasing the efficiency. So how and where can we apply this to even have a lower carbon footprint. That is why we have disclosed this as a futuristic also part of the toolbox.

Bjørn Otto Sverdrup
I think your point is excellent, and it's an important question to raise, because probably digitization is going to radically change how all of us consume energy, including Statoil. It will allow us to put sensors around, and it will allow us to do kind of optimizing our operations in an unprecedented way. We're starting to see that in our saving patterns, with chips optimizing that, cutting emissions. And you're going to see -- you mentioned The Sverderup field we'll put thousands of sensors into that, allowing us to optimize every part of that operation. So for sure digitalization is a very, very important part of decarbonization journey.

Could I just say on decommissioning, because fortunately we haven't been so experienced we've been able to extend the life times of our fields. But of course, the decommissioning will come with a lot of sustainability challenges. It will be run in close dialogue with the government authorities and done within strict regulations and procedures.

Irene Rummelhoff
I just wanted to pick up on what I think your question was because there's a clear connection between safety and digitalization. And one example, from last year, we actually won the U.K. Renewable Award for it. We did drone inspections of our wind farms rather than having manual inspections. So normally you'd have people out there in climbing gear slowly and moving and making their way down the blades. This time we used drones and we did the same exercise in hours rather than days so it was much more efficient and definitely much safer. So I think, there is lots of untapped potential within digitalization and also to improve safety.

Hans Jakob Hegge
So I have a growing interest for unconventionals. And in the U.S., we have applied a lot of sensors so we capture the data. We do less driving - that is more safe, but it's also reducing the emissions. And we will try to speed up this going forward.

Peter Hutton
I think we've got covered everybody unless there is any that I missed. There is also an opportunity afterward to ask any questions one on one. With that, my side is done. I'd just ask Eldar to round off for the day.

Eldar Sætre
Okay. So thank you very much for coming. I will not try to summarize all the things that we have talked about, but except for 1 or 2 things, actually. I think, the starting point for us is to be an integrated part to understand what is going on in society and bring that on board and engage. And not only look at sustainability from distance, but actually integrate it fully, totally, into the strategy, into our business decision making, into the government system, that is the only way we can embed it in our DNA and behave accordingly. Always safe, high value, low carbon. You think about that as 3 separate things. My mind doesn't work like that. To me, this is totally integrated. And I started in my introduction to explain how safety and value and cost is actually attached to each other. And I hope we have been able to show how low carbon and sustainability is also actually attached to high value, and value is not only about the short-term, it's really also about the long

term. So to me, this is a totality and we have to integrate these perspectives into how we run our business. So I leave it with that. Thank you very much for coming. Thank you for all the engagement and the questions. To have dialogues as this with you, obviously, also many other stakeholders, is really the only way we can move this forward. So it's really important for us to have these type of event, and I can assure you we will repeat this next year as well. So thank you very much for coming and take care, and go back to your offices in a safe, safe manner.

Irene Rummelhoff
A sustainable manner.

Eldar Sætre
Sustainable manner as well. Sorry. Thank you very much.