equinor

# Tax contribution report 2022

# Introduction

## About this report

Equinor is committed to conducting our business activities in an open and transparent manner, promoting transparency in our industry, and supporting efforts to improve openness and accountability worldwide. This tax contribution report forms part of a long history of tax transparency initiatives we have undertaken which demonstrates our commitment to these objectives.

This report has been prepared to give more insight to our stakeholders; to allow Equinor to engage constructively, and to enable greater understanding and knowledge about Equinor's contributions to society. As our business has a significant presence in over 30 countries worldwide, we believe that transparency is vital to ensure that the wealth derived from the energy we produce is put to effective and equitable use in the societies where we operate.

This is our second tax contribution report which we're pleased to announce has been produced in accordance with the GRI 207 tax standard. This demonstrates our ongoing progress towards greater levels of transparency and builds upon our other published materials, such as our Payments to Governments report, our Annual Report and Form 20-F, to go beyond the requirements of mandatory initiatives as we work to contribute to the better understanding of our approach to taxation and the way it impacts investment in the transition to a net zero-carbon world.

# Key financials 'at a glance' 2021

**Always safe, high value, low carbon.**

We are Equinor, an international energy company.


## $8.9 billion

paid in corporate income tax to tax authorities

## $8.5 billion

in capital expenditure and other investments

## $2.9 billion

paid in host government entitlements, royalty payments and fees to local and national governments

## 21,000+

people employed across the globe

# Message from Torgrim Reitan, CFO

**We publish our second Tax Contribution report during unprecedented times. The evolving energy crises and the security situation in Europe following Russia's invasion of Ukraine has not only tragically impacted the lives and livelihoods of those directly affected, but has caused much uncertainty for people and businesses globally. Our main priorities in the current situation continue to be the safety and security of our people, and safe and reliable deliveries of energy.**

In the current situation, stable deliveries of gas to Europe and energy to the world has a lot of attention, but we remain firm on our strategy. Our aim is to create value as a leader in the energy transition and we've made significant progress over the last year. In 2021, we continued to lead the way in the development of renewables, launching our updated strategy to accelerate high value growth and shape new markets within low carbon solutions. Our ambition is to reduce our group-wide emissions by 50% by 2030, and to be a net-zero company by 2050 in-line with the goals of the Paris Agreement.

We understand that tax plays a vital part in helping us achieve this ambition. Greater transparency around our tax contributions helps build trust with stakeholders and demonstrates the progress we are making on our journey to become a leader in the energy transition and meet our net-zero ambitions. Building on our history of progressively increasing disclosure, we have taken steps to enhance this year's report by expanding on last year's sustainability disclosures and providing more information on our environmental taxes profile.

In 2021, Equinor group companies paid $8.9 billion in corporate income taxes and $2.9 billion in royalty payments and fees to local and national governments including host entitlements. Of this total, $8.3 billion was paid in Norway. Taxes paid for 2021 have increased significantly compared to 2020. This is largely attributable to increased economic activity and growing demand for energy following the end of public health measures introduced during the COVID-19 pandemic.

This is a significant contribution to countries and provides government and authorities with the opportunity to strengthen societies and invest in green initiatives. As the employer of 21,000 people globally, Equinor also makes contributions to government revenues through employment and other people taxes. We invested $8.5 billion in operations and projects during 2021. Our annual gross capital expenditure in renewables and low carbon solutions has grown - as a percentage of total capital expenditures - from 4% in 2020 to 11% in 2021. We expect this to rise to 30% in 2025, and above 50% in 2030.

Tax transparency is not about numbers in isolation. It is also about providing an overview of how we conduct our business, our corporate structure and of our presence in different jurisdictions. Where possible, our company's structure and legal entities correspond directly with the location in which we have operations.

We do not engage in artificial corporate structures or transactions with no connection to our commercial operations. With this report we aim to provide further insight to all stakeholders about the taxes we pay, where we pay them, and why we pay those amounts. We also explain our tax objectives, our policies and approach to tax that helps us meet our objectives.

2022 marks 50 years since Equinor was founded. Throughout our history we have contributed to the societies where we operate through taxes and other payments to governments, as well as supporting local economies via direct investment and employment. Openness is one of Equinor's values and has been a central approach to our business throughout our history. We have welcomed initiatives to strengthen revenue transparency and other related legislation, both in Norway and internationally, and have been a supporter of the Extractive Industries Transparency Initiative (EITI) since its inception.

We welcome further tax transparency initiatives as we journey towards 2050 and a net-zero future. Increased transparency is an important element in the fight against climate change, corruption and financial mismanagement. It is a cornerstone of good governance allowing businesses to prosper, promoting accountability and fostering dialogue with stakeholders contributing to progress for society.

This report is a description of our efforts to provide transparency about our tax policies and taxes paid. We hope that it provides greater insights into how transparency underpins our values and our purpose here at Equinor.

We welcome feedback from our stakeholders on this report and its contents.

# Our business

## Transparency timeline

Equinor has a long history of transparency initiatives.

**2001**
We published our first Annual Sustainability Report. The company stated that it is committed to transparency and recognised the dilemma of limited transparency in many oil rich countries.

**2002**
Information was given on signature bonuses. We welcomed the international transparency initiative (later called EITI) in cooperation with Transparency International.

**2003**
Active support for EITI; we attended the first meeting in London.

**2004**
We voluntarily disclosed our country-by-country overview of taxes paid, with other relevant information.

**2006**
More detailed information was provided on signature bonuses (including operator's share).

**2009**
We became an Extractive Industries Transparency Initiative (EITI) Board Member.

**2011**
Signature bonuses and profit oil in kind were included in the country-by-country overview.

**2014**
In a separate publication, we reported under Norwegian mandatory rules that require project level reporting. These Norwegian rules go beyond those of the EU. Norway was the first country to bring these rules into effect. Norwegian rules also mandate contextual information, including a listing of economic impact by country and a listing of all the Group's subsidiaries with the number of employees and intercompany interest payments.

**2016**
We incorporated the Payments-to-Government report in the Annual Reporting package.

**2017**
We reported under updated Norwegian rules. These were put in place to combat tax planning that lead to tax avoidance and include detailed information on revenue, tax and earnings for all subsidiaries.

**2018**
We published our global tax strategy on our website.

**2021**
We published our first tax contribution report.

# Overview of taxation and "government share" in the energy Industry

## Summary

Energy companies typically share extracted resources with the host governments of the jurisdictions in which they operate. Because petroleum is considered a national resource, the design and implementation of a particular jurisdiction's petroleum fiscal system is a critical and sometimes complex matter.

There are generally two types of fiscal regimes:

1. A concessionary regime is one where the petroleum company applies or bids for license concessions, takes title to the petroleum it extracts and pays taxes on profits and other levies, either under the ordinary corporate tax regime or under a special petroleum tax regime,

2. A contract regime, most often a production sharing or risk sharing contract, where the government generally retains legal title to production and enters into a contract with a petroleum company to extract the hydrocarbons in exchange for a share of production, plus, in many cases, ordinary tax and other levies.

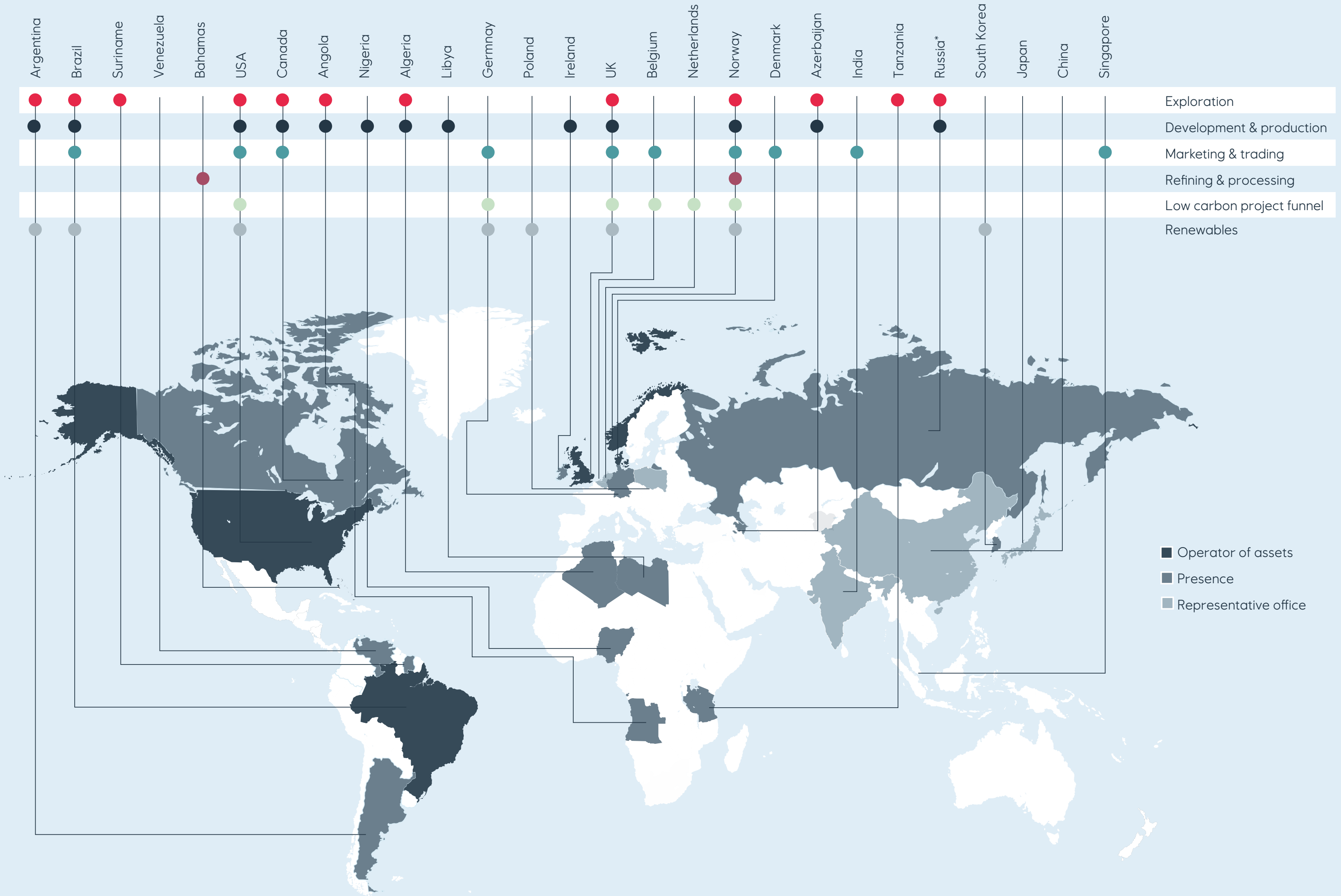
**Concessionary regime.** In a concessionary regime, license holders are generally subject to ordinary corporate income taxes and other levies, and, in some cases, extraordinary taxes specifically charged on petroleum income. For example, in Norway, Equinor is subject to ordinary corporate income tax at a rate of 22%, plus a supplemental tax on petroleum income of 56%, resulting in a statutory tax on petroleum income of 78%. Special provisions for accelerated depreciation and "uplift" (bonus depreciation for capital investment) result in an effective tax rate on Norwegian production of 70-75%.

**Taxation of renewables.** Taxation of renewable projects is roughly similar to concessionary taxation for oil and gas companies. Generally, investors in renewable projects such as wind or solar, are given concessions to establish operations by a local or national authority and are subject to ordinary corporate income tax. The various incentives, if any available to investors – tax credits, accelerated depreciation, etc. – do not change the fundamental nature of these investors as corporate income taxpayers according to local laws.

**Production Sharing (or risk sharing) Contracts.** In this type of fiscal system, material terms of the government share of project revenues are usually negotiated with governments at the license, field or development area level. In addition, in many cases, petroleum contractors are obliged to make direct (income) and indirect tax payments to governments in addition to people and environmental taxes and bonuses. Production sharing and royalties generally begin when oil production commences, rather than when project profitability is achieved.

## Our business model

We have included an overview of our business model to explain how our tax profile interacts with our operations at different points in the business cycle. The chart shows the different phases of our business model around the world.




Equinor has made public its position that we support and will advocate for the public disclosure by host countries of their petroleum contracts and licenses.

*In September 2022, Equinor completed its exit process from Russia.

# Upstream operations

**Exploration phase:** This part of our model refers to the acquisition of prospecting contracts and exploration and proof of resource deposits.

During this phase, which generally lasts several years, relatively large capital investments are incurred by petroleum license holders. In spite of the fact that revenues will not be earned, potentially for several years after a commercial discovery, there are significant payments to governments by the license holder and its sub-contractors, including bonus (signature, resource discovery) payments when certain criteria are met, certain lease or rental payments for areas of exploitation, tax payments on behalf of employees, excise duties, various indirect tax (VAT) collections and payments. In addition to financing its share of exploration expenditures, companies like Equinor are often required to finance (at low or no interest) the investment in the field representing the share owned by the state.

Corporate income tax payments are generally not made during this phase of our business. If a discovery is ultimately developed, Equinor is often able to recover expenditure incurred during this phase via various reliefs and incentives. For more information please see 'Relief for Capital Expenditure' under the section 'Our Key Tax Issues'. However, in cases where a prospective well drilled is not commercial in a jurisdiction where Equinor has no other income generating activity, the costs of drilling are generally not recoverable which increases Equinor's effective tax rate on a company level.

**Development:** This phase of our business model involves the construction and installation of production facilities and extraction of resources via drilling wells.

Development and construction of facilities for production is capital intensive and requires significant investment including, as noted above, the share owned by the state. During this period, our suppliers are generally subject to tax in the jurisdictions in which development occurs, whereas, in many cases, Equinor's recovery of its investment is deferred until production begins or when accumulated income becomes positive.

**Production:** When oil or gas is first produced in a well, significant payments are made to governments, including production sharing, bonus payments, royalties and other indirect taxes. In cases where the state owns a share of the field directly, it also starts receiving its returns from production. When accumulated income exceeds expenditure, production sharing rates generally increase, and income tax payments are made.

Revenues are also highly exposed to external market conditions and price fluctuations during this period; this can adversely impact overall profitability and increase the period of time it takes to recover investment during the exploration phase.

**Decommissioning:** This is the final phase of a project lifecycle which involves the removal of infrastructure and site restoration once a resource deposit has been exhausted.

The main payments during this phase relate to site restoration which can be significant. In many jurisdictions, costs for decommissioning are recovered against income from other activities in the same country, can be offset against prior period income or are deductible as accrued or as pre-payments are made. However, there are instances where substantial decommissioning costs are not recoverable for tax purposes, contributing to an increase in Equinor's global tax rate.

## Downstream operations

**Refining and Processing:** This phase of our operations involves the industrial processes required to refine products derived from crude oil and natural gas.

The main tax liabilities for Equinor at this stage are corporate income tax on profits and indirect taxes. These include product taxes such as VAT, sales taxes, and customs duties as materials and products are transported across the world; people taxes including employer social security payments and wage/payroll taxes which can be significant at manufacturing locations owing to the intensity of our operations during this phase; as well as planet taxes such as carbon or emissions taxes.

**Marketing and Trading:** The main function of this phase in our operations is the purchase and sale of crude oil, natural gas, and other fuel-related products in international markets.

The principal tax paid by Equinor during this phase is corporate income tax on the profits made from trading activities. Other payments to governments include customs duties, VAT or related sales taxes, and fuel duties.

## Renewable operations

**Renewable sources of energy:** This section of our business model refers specifically to the phases required to produce energy from renewable sources.

The main tax payments related to the production of renewable energy are similar to those required under upstream oil and gas operations under a concessionary regime. Corporate income tax on profits is the most common payment we make to governments in this part of our business. However, Equinor can also be required to pay a variety of other taxes at different stages of a project, which can include; product taxes such as VAT and customs duties, and employment-related taxes on people.

Renewable sources of energy are a key part of Equinor's corporate strategy and are examined in more detail in the section 'sustainability' below.

### In summary

Taxation of oil, gas, and renewable sources of energy is complex and there must be a fair balance of risk and reward between governments and energy companies. As this section shows, the contribution does not arise at every point in the business model.

# Sustainability

## We will continue to engage with governments and other stakeholders in ensuring that the fiscal regimes used for renewable energies are fit for purpose and support the capital required for the industry to flourish.

Our vision and commitment to a low-carbon world can be seen coming to life by our contract to develop the world's largest offshore wind farm in the Dogger Bank region of the North Sea. Awarded to Equinor in September 2019, the project will supply enough electricity to power the equivalent of 4.5 million homes in the UK. In addition, our commitment to sustainability is safeguarded by our support for the United Nations Sustainable Development Goals (SDGs), a set of 17 goals developed to "build a better world". Equinor believes that its contributions to society through the taxes and other payments to governments – and greater transparency around tax in general – is a critical element of the sustainability agenda.

For more information concerning our sustainability strategy and our progress, please see our latest sustainability report[1].

[1] Equinor 2021 Sustainability Report

## Taxation in the renewables energies sector and environmental taxes

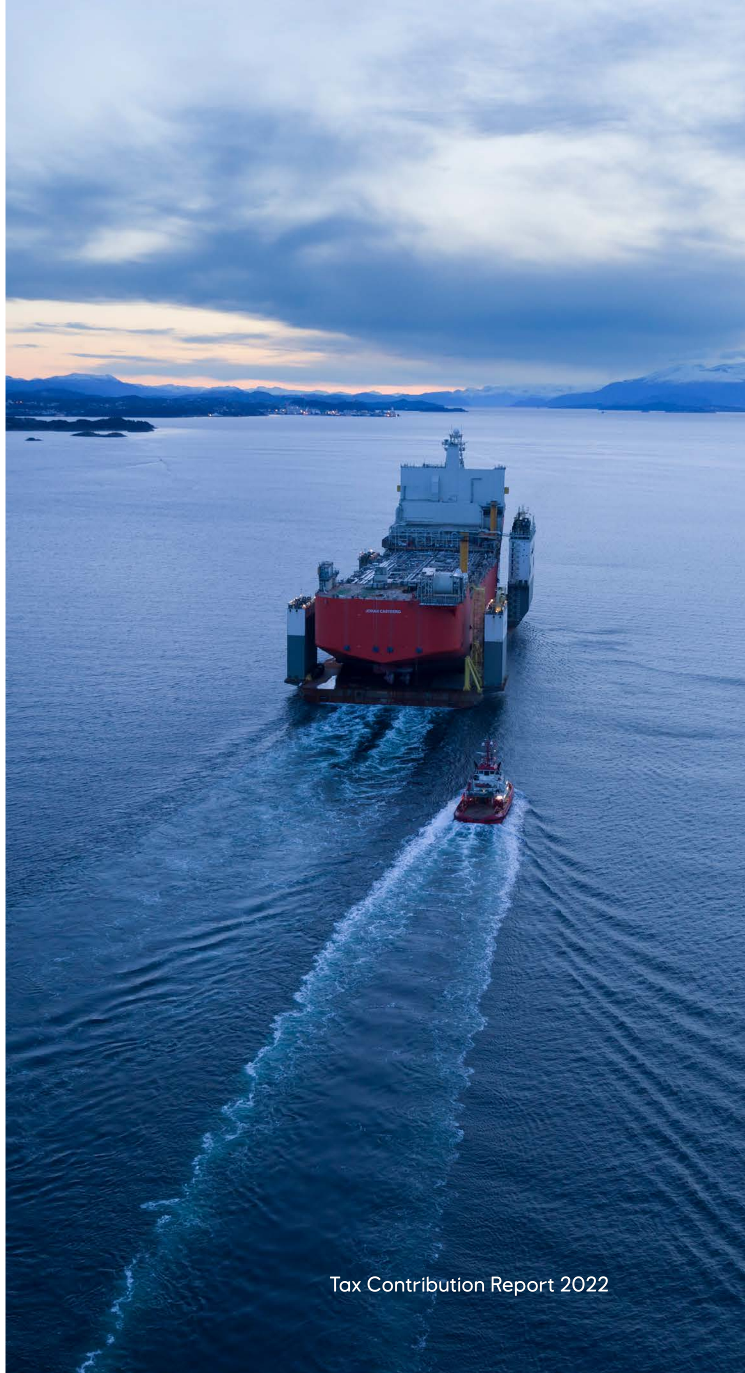
As opposed to the development of fiscal systems in the petroleum sector, bespoke tax regimes are relatively less developed in the renewables sector. Rather, renewable energy projects are generally taxed through corporate income and indirect taxes and, in some jurisdictions, there are targeted, limited scope tax incentives. In order for renewable production to contribute to global objectives for carbon neutrality, demand for intensive capital investments will ultimately be similar to that required for upstream oil and gas production. Therefore, fiscal systems around the world should be developed that foster and support these capital requirements. We will continue to engage with governments and other stakeholders in ensuring that the fiscal regimes used for renewable energies are fit for purpose and support the capital required for the industry to flourish.

## Environmental and carbon taxes

The development of environmental taxes in recent years has had an impact on Equinor's international tax profile as increasing attention is focused on incentivising the transition away from fossil fuels to more renewable sources of energy. Environmental taxes refer to a wide range of taxes and levies which differ on a country basis, but which mostly relate to taxes on $CO_2$ or other emissions from industrial processes including petroleum extraction.

Carbon taxes and other carbon pricing initiatives make up the largest part of our environmental tax profile. In its most general sense, carbon taxes refer to initiatives or levies that put an explicit monetary value on greenhouse gas emissions measured specifically by reference to the volume of carbon dioxide or an equivalent gas emitted during operations.

In 2021 Equinor paid close to $1 billion in environmental taxes and other fees. Of this total, over 98% were paid in Norway.



| Country | Environmental Duties ($m) | Carbon Quotas ($m) | Total environmental taxes and fees ($m) |
|---|---|---|---|
| Norway | 511 | 454 | 965 |
| Denmark | 0.4 | 8.2 | 8.6 |
| Brazil | 7.7 | 0 | 7.7 |
| United States | 3.9 | 0 | 3.9 |
| United Kingdom | 0 | (6.5)* | (6.5) |
| Total | 523 | 456 | 979 |

*This represents an excess of purchased carbon allowances via the EU ETS which was refunded from the emissions trading market. This is not a direct refund paid from the government.

Environmental duties refers to taxes paid by Equinor directly to governments and tax administrations as a result of our business operations. Carbon quotas refers to the costs associated with the EU Emissions Trading System (ETS). The purchase of carbon quotas via this marketplace ensures that Equinor is able to offset the equivalent carbon dioxide emitted from our business operations by funding initiatives across the EU designed to tackle climate change and reduce greenhouse gasses.

# Our approach to tax

## Equinor is committed to being a responsible corporate citizen and tax is a core part of this commitment.

Our guiding principles to achieve this mission are safeguarded by professionally executed tax compliance and tax planning which is aligned with our business strategy; ensuring we pay the right amount of taxes in the right places at the right time. Equinor does not engage in artificial transactions which have no connection to our business activities and whose only purpose is to avoid tax.

Transparency is a vital principle in our approach to tax as demonstrated by this report. We believe that transparency goes beyond the provision or disclosure of the information to tax authorities which is required legally and extends to proactive consideration of other stakeholders. We believe that greater transparency around our tax strategy, tax compliance, and how we manage tax risks contribute to building trust in the way we do business, enhance our reputation, and strengthen our relationship with key stakeholders.

## Our tax strategy

Our tax strategy exists to support our business strategy. We emphasise strict compliance with tax laws in order to preserve and maintain value for our stakeholders. Our tax planning is driven by the objective to match income with expenses so as to obtain a tax deduction for all valid business costs and to avoid double taxation according to the principles of domestic laws and guidelines provided by, inter alia, the OECD. Given that resource deposits are dispersed globally without regard to national borders, we often incur costs in a jurisdiction where an exploration campaign is unsuccessful and where Equinor has no other commercial activity. This results in stranded costs that are not deducted for tax purposes, making our planning objectives challenging to achieve.

Paramount to our tax strategy is to manage tax risk. Our Global Tax Strategy document outlines our main tax objectives and our mission. The strategy is applicable globally, and compliance with the strategy is supervised by the corporate board of directors annually.

The Global Tax Strategy is owned, overseen and approved annually at Board level.

[2] Equinor Global Tax Strategy

## Our tax compliance

Professionally executed tax compliance is a fundamental part of our tax function. This means paying the right amount of taxes where they are due and where our business generates economic value. We are committed to strict compliance with tax law. We benefit from fiscal incentives and exemptions where these benefits are legally justified and are integral to our underlying commercial circumstances.

Every year our tax and finance staff across the globe file tax returns and initiate tax payments with the relevant local authorities in a timely and accurate manner. Our tax compliance function is underpinned by a culture of openness and transparency. To maintain this culture, we actively develop our people to ensure the highest possible quality of work, review, and professionalism within the tax and accounting function. Errors and omissions are reported and escalated when identified. If necessary, we re-evaluate our methodology and documentation systems carefully, ensuring strict record keeping rules are followed in the process. Where specialist knowledge is required and is not available inhouse, Equinor seeks the appropriate technical expertise from external advisors.

Equinor ensures efficient compliance with tax rules and regulations by engaging openly with tax authorities around the globe concerning uncertainties or tax disputes which may arise. We handle tax correspondence proactively and pursue an open dialogue with tax authorities. Equinor seeks to enter into co-operative arrangements and other advance agreements with tax authorities where we are able to do so. These arrangements reduce the risk of uncertainties and disputes arising with tax authorities alongside demonstrating the robustness of our processes and the controls which safeguard our commitment to professionally executed tax compliance.

We do not tolerate or support the facilitation of illegal tax evasion. We have zero tolerance for corruption and all Equinor personnel must familiarise themselves with and adhere to our Code of Conduct through a confirmation statement. Our Code of Conduct is based on our values and reflects our commitment to high ethical standards. Stakeholders are encouraged to report concerns about unethical behavior through our Ethics Helpline which allows for anonymous reporting.

## Our tax risk control framework

Managing tax risks through a robust control framework is a fundamental part of Equinor's approach to tax and is central to supporting our business strategy. Rather than defining specifically what is an acceptable level of tax risk in a country, Equinor takes a portfolio approach and assess the resulting risk from our operations in multiple tax jurisdictions.

The tax risks associated with our business strategy are monitored with material changes or developments in our risk profile being escalated to senior management as appropriate. Our approach to tax risk management is in line with wider group policies regarding risk management and which assess risks based on their group level impact and likelihood of occurrence.

We monitor tax exposures on a quarterly basis as a core element of our tax risk management framework. This framework provides a standardised mechanism for reporting tax risks throughout the corporate group and at all levels of management.

We also keep an updated Tax Governance Manual, which thoroughly sets out, using a "RACI" (Responsibility, Accountability, Consultation, and Information sharing) model, how we manage tax matters at Equinor across the corporate functions and business areas. The Governance Manual also documents our risk management procedures for the escalation of material tax risks to the Group Head of Tax.

# Governance

## Our relationships with governments and communities

Equinor has activity in more than 30 countries around the world. Open and honest engagement with our stakeholders, including governments, is critical in maintaining our strong reputation as a good corporate citizen, but also in ensuring we continue to deliver long-term sustainable value.

We recognise that only through collaboration and partnerships with governments and local communities can we achieve success and create lasting value in the places where we work. We aim to build long-term relationships based on trust with governments and local communities. These relationships are built on four key pillars:

### Revenue

We contribute to local economic development through the taxes and other contributions we pay to governments and the services and goods we source from suppliers. Our commitment to revenue transparency is to allow businesses to prosper and enable citizens to hold governments to account.

### Competencies

We contribute to the development of local community investments, largely focussing on building local capacity and supporting science, technology, engineering, and mathematics education.

### Infrastructure

We invest in local infrastructure.

### Jobs

We aim to recruit locally and provide attractive training opportunities that build local capacity and skills.

## Our interactions with tax authorities including disputes and negotiations

Building and maintaining good relationships with tax authorities is a fundamental part of our tax strategy and how we manage tax risk. It also forms part of our commitment to professionally executed tax compliance.

Equinor seeks to avoid disputes with tax authorities and to minimise uncertainty by maintaining a good relationship with tax authorities and governments wherever we have operations.

Owing to the size and scope of our operations, the complexity of our business and the tax legislation, uncertainties and disputes can arise where we interpret tax laws and their application in ways that differ from tax authorities. We look to engage pro-actively with tax authorities in order to resolve any uncertainties at the earliest opportunity and find resolution before a dispute arises. This is often achieved upfront via advance tax agreements and rulings or similar cooperative approaches which aim to minimise the risk of future disputes.

Where appropriate, Equinor works with its peers or within industry associations to establish best practices in interpreting tax laws and to create sustainable frameworks for the resolution of disputes. In some cases, Equinor joins peers directly to amicably settle or, where necessary, to resolve the dispute through litigation.

## Industry representation and stakeholder engagement

Equinor is open to dialogue with all stakeholders and we welcome the opportunity to work with our peers and those with common interests at an industry level. We believe in the value of collective action to actively promote objectives such as anti-corruption and revenue transparency. We have long-standing relationships with the UN Global Compact, the World Economic Forum's Partnering Against Corruption Initiative (PACI), and Transparency International (TI).

We have supported the Extractive Industries Transparency Initiative (EITI) since its inception, and we respect and promote the EITI principles. As a longstanding supporter of the EITI, we have participated in several EITI multi-stakeholder groups at national level. Equinor's representative was re-elected in June 2019 as a member of the international EITI board. Equinor representatives also take an active part in various EITI networks and working groups considering a range of topics.

We also seek to engage constructively with tax authorities, governments, and other tax policy makers on the development of effective tax legislation through industry associations and other similar bodies. The development of stable regimes is beneficial for all parties as they reduce uncertainty for governments, companies and other stakeholders.

Through active involvement in these organisations and continuous engagement with our stakeholders more broadly, we seek to promote responsible tax principles through exchange of knowledge and experience. We welcome stakeholder feedback on our approach to tax and encourage greater levels of communication with stakeholders both directly and indirectly through regular dialogue, media analysis and investor meetings. We believe these initiatives demonstrate our continued commitment to good governance and increased transparency.

# Our key tax issues

**This section of the report seeks to address areas of our tax profile and strategy which may attract particular interest.**

Our engagement with stakeholders concerning these issues is a fundamental aspect of our commitment to transparency. We hope that this section of the report prompts constructive dialogue around these topics which will lead to greater trust in how we do business.

## Effective tax rate

The Equinor group's reported effective tax rate is mostly driven by the composition of taxable income earned in various jurisdictions (with their differing tax rates) around the world - with the Norwegian petroleum tax (at a statutory rate of 78%) having the most significant influence on the average reported rates for the group. Various financial factors can also affect the group's reported effective tax rate such as foreign exchange rate movements and other financial accounting effects.

The effective tax rate is calculated as income taxes divided by income before taxes. Fluctuations in the effective tax rates from year to year are principally the result of non-taxable items (permanent differences) and changes in the relative composition of income between Norwegian oil and gas production, taxed at a marginal rate of 78%, and income from other tax jurisdictions. Other Norwegian income, including the onshore portion of net financial items, is taxed at 22%, and income in other countries is taxed at the applicable income tax rates in the respective countries.

## Deferred tax

Our effective tax rate is driven by our income tax expense during the year - this is the amount of corporate income tax we expect to pay on our taxable net income. A key element in determining our tax liabilities is our deferred tax position which refers to the recognition of an obligation to pay (or recover) tax at a future date. This is often the result of temporary or timing differences which arise between the different tax bases of assets and liabilities. It can also arise where we carry forward unused tax losses or credits (see Tax Incentives - Deferred Tax Assets).

Our deferred tax position is primarily driven by accelerated depreciation rates on our capital infrastructure. This reflects the significant level of expenditure required to have the necessary equipment and machinery in place to operate our business successfully at the outset of a project.

These accelerated rates of depreciation differ from the financial accounting depreciation rates used to determine our net income position for the year. The differences in depreciation rates support Equinor as we seek to recover our initial investment costs over a shorter payback period (see Tax Incentives - Accelerated Depreciation Rates). However, in turn, these create deferred tax liabilities which reflect the fact that future tax liabilities will be greater as the financial accounting depreciation rate exceeds the tax depreciation rate. In our case these can be very material; at 31 December 2021 our net deferred tax liability on fixed assets was $26.4bn (2020 $27.5bn).

## Tax subsidies

We define a tax subsidy as a provision in tax (or other) law which provides conditions where post tax returns exceed pre-tax returns for a given project. Generally, we do not regard use of tax subsidies as sustainable fiscal policy. At the same time, we see that certain tax incentives - such as excess allowances for capital expenditures, limited scope tax exemptions on capital gains and for indirect taxes on imports - are necessary to attract investments in capital intensive industries such as energy.

## Tax incentives and relief for capital expenditure

Our business model requires significant capital expenditure, especially during the initial exploratory and development phases of a project when we generate little or no revenue. This level of investment is required to ensure we have the necessary assets, materials, equipment and people in place to locate resources and construct the infrastructure needed to produce energy over a number of years. Many governments offer tax reliefs and incentives which support us by reducing our payback period and they form an integral part of contract negotiations between energy companies and governments prior to resource exploration or production. As explained above, these reliefs differ depending on the fiscal regime employed by governments and the individual agreements under which Equinor operates in a particular jurisdiction.

**Accelerated Depreciation Rates:** Given the level of capital investment, the rate at which that expenditure can be deducted for tax purposes is a key element in determining our tax liabilities. Many governments offer accelerated depreciation rates for tax purposes and therefore help Equinor to recover our initial investment costs over a shorter payback period. For more information on how accelerated depreciation rates impact our deferred tax position please see 'Deferred Tax'.

**Deferred Tax Assets:** Equinor is usually not liable to pay corporate income tax during the exploratory phase of a petroleum project. This is because it is an investment driven phase of a project and prior to the recognition of revenue or profit. In other words, only costs are recognised generating a loss. In most jurisdictions, businesses are able to carry forward these losses and set them against future profits. Subject to certain conditions given by International Financial Reporting Standards (IFRS) those losses are recognised in our accounts as a deferred tax asset.

## Transfer pricing

As a multinational enterprise in the energy sector we are engaged in operations and have activities in more than 30 countries. The business operates across many countries and includes a number of inter-company crossborder transactions. These internal transactions mostly cover provision of management, technical and financial services, as well as marketing and trading. The transfer prices applied to inter-company transactions are based on the OECD's arm's length principle.

As an example, our upstream business and operations are determined by the location of resources; this commercial reality for our business means we have operations spread across the globe. These specialised upstream operations require standard business support in the form of finance, human resources, information technology, communications, and legal services among many others. In some cases, the skills and experience required to meet these business needs are not available in the locations. As a result, Equinor relies on a centralised service hub in Norway, where we are headquartered, and provides the necessary technical services and business support to our global operations.

Central support hubs enable Equinor to bring together the required skills and expertise in one or several hubs. Streamlining our business support operations in this way also reduces our administrative costs. Providing this form of direct support to our entities incurs significant costs which are borne in the first instance by our service companies. However, as our operating entities are the primary beneficiary of these activities, we seek to ensure the cost of such support is fairly charged to the group where appropriate. For its oil and gas operations, Equinor operates mainly under a 'no gain no loss' principle when charging for intra-group service transactions.

## Our approach to tax policy

In our dialogue with stakeholders on fiscal and tax reform, given the long-term nature of our business, we use the following principles to define sustainable fiscal policy.

1. **Capture an appropriate share of the return from the exploitation of the resources.** The fiscal regime should ensure that the state receives a sufficient share of the benefit realised from its resources and that the investor is compensated for its investment and risks.
2. **Neutral.** The fiscal regime should not distort investment decisions by being over-burdensome or through subsidisation.
3. **Stable.** The state and investors should be able to plan ahead and rely on terms being adhered to.
4. **Responsive.** The regime should respond in a progressive manner to changes in underlying economic conditions.
5. **Administratively simple.** Rules should be clear, enforceable and non-discriminatory, with an effective mechanism for dispute resolution.
6. **Competitive.** The regime should be competitive with other jurisdictions, taking account of the attractiveness of the geology and other factors.

## Case study: Delaware

The US state of Delaware is often characterised as a tax haven by commentators due to the relatively low (or no) income tax charged for incorporation in the state and to the possibility of anonymity for shareholders in Delaware legal entities. Equinor regularly incorporates its US operations in Delaware companies based on many factors including a well-developed legal system for corporations.

In addition to federal income tax, all of our US operations are fully subject to state income tax, generally according to an apportionment system which allocates income based on the existence of assets, employees and revenues located in the various states where value is created, and not being taxed simply based on the act of incorporation itself. We are opposed to unnecessary corporate secrecy and are pleased that the US Congress passed legislation at the end of 2020 mandating all states, including Delaware, to publish details of beneficial ownership and thereby prevent the opportunity for certain actors to use shell companies incorporated in Delaware to hide illicit activities.

## Controversial tax jurisdictions

Some of the countries in which Equinor is present have significantly lower tax rates than other countries. Although there is no commonly accepted definition for a low tax jurisdiction or a tax haven, Equinor seeks to avoid investments in countries which are widely regarded as attracting investment only by virtue of their exceptionally low tax rate. However, several of these jurisdictions still remain in our corporate structure for the following reasons:

1. **There are production, manufacturing or processing activities in those countries.**
2. **These structures were created several years ago by our joint venture partners in consortium with several other parties-including governments.**
3. **The companies hold investments in other jurisdictions where the profits are taxed in the country of operation.**
4. **Where we have acquired an investment, and the seller's corporate structure includes a presence in a low tax jurisdiction.**
5. **Where companies are inactive but cannot be liquidated owing to the existence of contingent liabilities.**

Equinor closely controls investments in these jurisdictions, and actively seeks to liquidate or re-locate investments from these jurisdictions as efficiently as possible.

## COVID-19

The COVID-19 pandemic caused unprecedented health and humanitarian challenges for people and societies globally. The crisis also led to economic challenges for many businesses as governments around the world introduced public health measures such as lockdowns, social distancing, and travel restrictions which were aimed at containing the spread of the virus. The economic disruption caused significant volatility in the price of energy commodities.

Equinor continued to operate normally under these unprecedented macroeconomic conditions. We maintained critical energy supplies to businesses and households across our international supply chain whilst taking the necessary measures to protect the safety and wellbeing of our people. Our tax and finance functions continued to file tax returns in a timely manner and pay taxes due on time. We did not take advantage of any measures such as payment deferrals or filing deadline extensions which many governments introduced to support affected businesses.

Our contributions to governments were lower in 2020 than in previous years, but remained significant at $4.5bn (2021: $11.8bn). Much of our contributions are driven by royalties and other payments which are not levied on profits (for more information please see 'Our business model'). Equinor recorded a total loss before tax of $4.3bn for 2020.

The COVID-19 crisis and subsequent geopolitical events has caused unprecedented levels of volatility in the global energy markets and led to much uncertainty for businesses and people. We will continue to engage constructively with governments, tax authorities and tax policy makers on the development of stable tax regimes which will help reduce uncertainty for all parties.

## Other taxes

Equinor pays many other taxes in addition to corporate income tax and profit-based taxes. They often receive little attention and can be easily overlooked by external stakeholders and the wider public. However, they can have a material impact on our overall tax profile and the tax risks we face. We hope that greater transparency around the other taxes Equinor pays will increase awareness among our stakeholders and offer further insights into our international tax profile beyond corporate income tax. Other taxes encompass a wide range of taxes which includes:

**Taxes on products and services:** Indirect taxes on the production and consumption of goods and services which range from value-added tax (VAT), sales taxes or customs duties. Indirect taxes of this kind can be significant for Equinor during all stages of a project lifecycle as goods, materials, and equipment are transported around the world and economic value is generated through the business cycle.

Indirect taxes can present a significant financial and administrative burden for Equinor in particular jurisdictions when additional complexities are factored in. For example, it is not uncommon for VAT refunds, which are owed to Equinor by tax authorities as a result of overpayments, to be outstanding for long periods of time or be repaid in the form of government bonds which can take many years to mature. Many governments may also challenge the status of VAT refunds, disputing whether Equinor is entitled to receive the refund and in effect rendering the VAT overpayment irrecoverable.

## These added uncertainties can impact our tax profile and tax strategy:

**Employment taxes:** Taxes on employment includes both those taxes that are borne by Equinor as an employer, such as employer social security payments, and those taxes collected on behalf of governments, such as income taxes. Equinor employs over 21,000 people globally meaning that people taxes are a significant portion of our total tax profile.

**Property taxes:** Taxes on the ownership, sale, transfer or occupation of property. Equinor can also be liable to pay rental or lease payments to governments for the occupation of land or territory during the various phases of a project lifecycle.

**Environmental taxes:** Taxes and duties levied on the supply, use or consumption of goods and services that are considered to be harmful to the environment. Environmental taxes can include fuel duties, emissions duties, carbon taxes and other climate change levies. Carbon taxes are a cost for Equinor, particularly in Norway. The profile of environmental taxes differs by country and their implementation by governments is becoming more widespread and increasingly impacting Equinor's tax profile. For more information on the taxation of renewable energies and environmental taxes, please see the 'Sustainability' section of the report.

# Our contribution

## Payments to governments

Equinor paid $11.8 billion in taxes, fees, bonuses and other payments to host governments in 2021 in respect of extractive activities. While the largest payment of $8.3 billion was in Norway, almost a third of the contribution through taxes was in territories classified as lower or upper middle income[2]. Excluding Norway, our global contribution for 2021 totalled $3.6 billion. This map below shows payments relating to Equinor's extractive activities and which government received the payment.

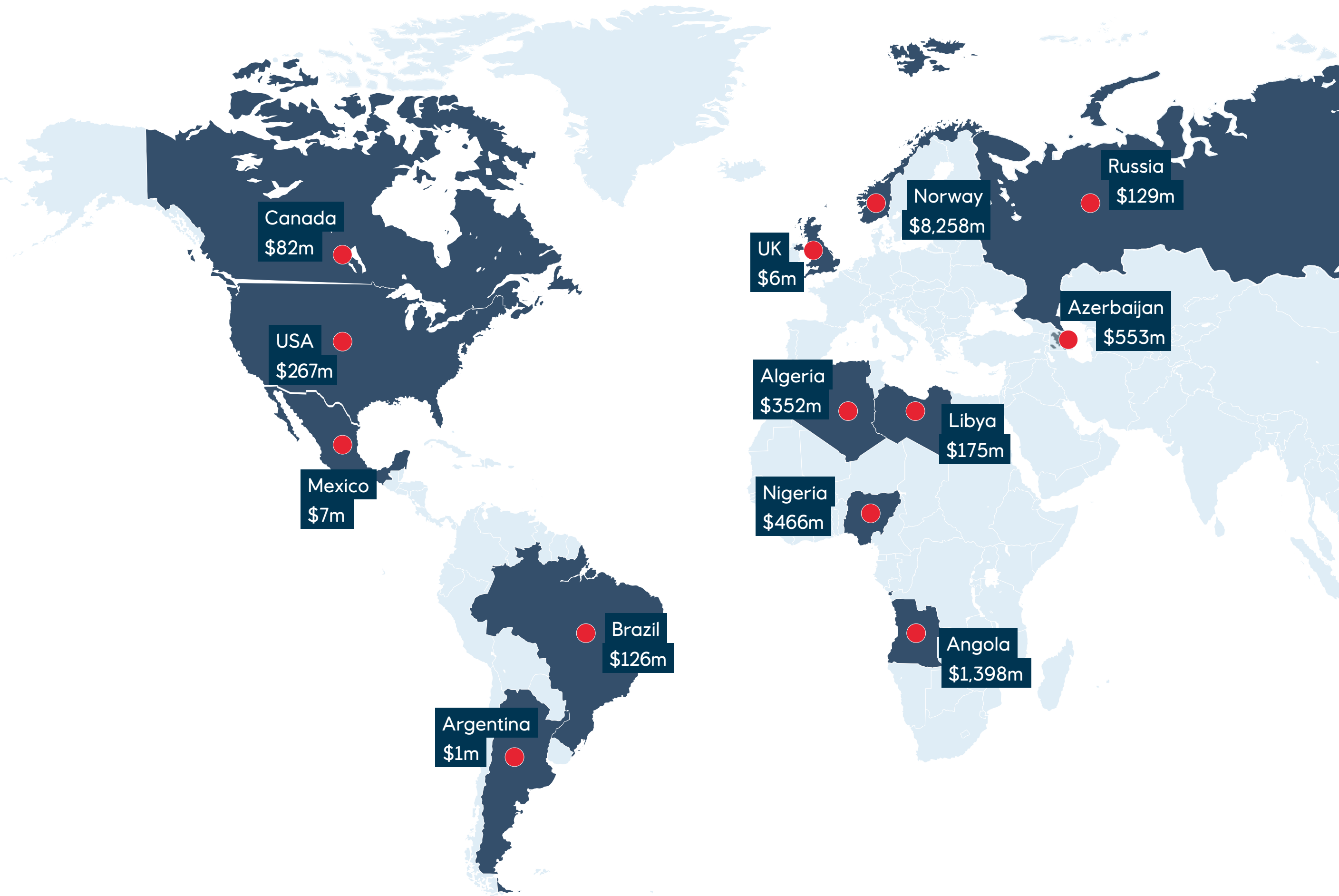
Our largest contributions outside Norway were in Angola, Azerbaijan, and Nigeria where we paid $2.4 billion in taxes and other payments, representing 20% of our total global contribution. These payments to governments are largely driven by corporate income tax; however, this is not always the case and we contribute to governments and local authorities through many other forms of payment:

Equinor contributed $11,820m in taxes, royalties and fees globally during 2021.

- We paid $391 million in royalty payments; our largest contributions were in Brazil, Canada and the United States.
- We paid $173 million in government fees and bonuses; our largest contributions were in Norway, Brazil and Nigeria.
- We paid $2.3 billion in government entitlements; over 90% of these contributions were paid to governments and local authorities in Algeria, Angola, Nigeria and Azerbaijan.

In accordance with Norwegian regulation, Equinor prepares annually a consolidated report on payments to governments for activities related to exploration, prospecting, discovery, development, and extraction of oil and natural gas ('extractive activities'). Payments reported include taxes levied on the income, production or profits of companies, royalties, bonuses and rental fees for the right to use a geographical area. Taxes levied on consumption, such as value added taxes, personal income taxes, sales taxes, withholding taxes, property taxes and environmental taxes, are excluded.

[3] As classified by the World Bank based on the level of gross national income (GNI) per capita. Lower and upper middle income are defined as countries with a GNI per capita of $1,046 to $4,095, and $4,096 to $12,695, respectively.



## Other contributions

Our payments to governments are an important part of how we contribute to the communities and environments where we operate; however, we also contribute through investment into projects which support local economies by generating employment and local content. We invested $8.5 billion into our operations and projects globally in 2021. A quarter of this investment supports our operations located in territories classified as lower middle to upper middle income. In many countries we also work closely with domestic state-owned energy companies where we engage in knowledge and experience sharing.

## Country-by-country reporting

Country-by-country reporting is the requirement to disclose data on revenues, profits, tax, number of employees and other financial information to tax authorities for every country in which the group operates. Since 2016, we have provided this information to tax authorities but we recognise that there is a focus on corporate income tax in the tax transparency debate and disclose details of our revenues, profit, income tax charge and paid and number of employees in the countries where we operate. We do this with the recognition that greater transparency over our corporate income tax helps to build trust with our stakeholders. The table includes Equinor's extractive activities (as shown on the map) together with all other parts of the group's business model.

## Entity Overview

For an overview of all legal entities in the Equinor group please refer to our annual report. The table presents entities by country of incorporation which for all entities is the same location for tax residency purposes.

## Summing up

We hope that this report is useful to our various stakeholders. We welcome comments on its content and are committed to ensuring that we are transparent on the taxes we pay and the work that we undertake to ensure that we pay the right amount of tax at the right time and in the right places.

Contextual information at Equinor group level based on country of operation[1]

| (in USD million) | Number of employees[2] | Net Intercompany interest | Third-party revenue | Related-party revenue | Total revenues | Income before tax | Income tax expense[3] | Income tax paid[4] | Retained earnings | Tangible assets | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Albania | - | - | 24 | (24) | 1 | - | - | - | - | 0 | |
| Algeria | 26 | 0 | 400 | 194 | 593 | 336 | (202) | (157) | 154 | 689 | |
| Angola | 12 | 0 | 3 | 1,480 | 1,483 | 995 | (474) | (214) | (68) | 945 | |
| Argentina | 3 | 0 | 1 | 0 | 1 | 0 | (4) | (1) | (108) | 8 | |
| Australia | - | (0) | 5 | (5) | 0 | (13) | (0) | (0) | (271) | 0 | |
| Azerbaijan | 12 | 0 | -2 | 303 | 302 | 122 | (32) | (38) | 1,047 | 1,362 | |
| Bahamas | 30 | (2) | 0 | 0 | 0 | 18 | - | - | (769) | 1 | |
| Belgium | 61 | (0) | 0 | 0 | 0 | 0 | (1) | 107 | (315) | 0 | |
| Bosnia and Herzegovina | 1 | - | 0 | 0 | 0 | 0 | (0) | (0) | 0 | 0 | |
| Brazil | 673 | (170) | 79 | 856 | 935 | (395) | (13) | (2) | (5,144) | 8,161 | Effective tax rate reduced by currency effects. |
| Canada | 69 | (1) | 16 | 516 | 532 | 573 | (94) | 3 | (1,953) | 952 | Effective tax rate reduced by tax exempt income. |
| China | 10 | 0 | 0 | 0 | 0 | 0 | (0) | (0) | (20) | 2 | |
| Colombia | - | 0 | 0 | 0 | 0 | (1) | 0 | 0 | (122) | 0 | |
| Denmark | 667[7] | (1) | 4,428 | 568 | 4,996 | (63) | 2 | (39) | 81 | 6 | |
| Germany | 14 | (1) | 3 | 45 | 48 | 26 | (7) | (5) | 69 | 11 | |
| Greenland | - | 0 | 0 | 0 | 0 | 0 | (0) | - | (3) | 0 | |
| India | - | 0 | 0 | 0 | 0 | 0 | 0 | (0) | 37 | 0 | |
| Indonesia | - | 0 | 0 | 0 | 0 | (0) | 0 | - | 3 | 0 | |
| Iran | - | 0 | 0 | 0 | 0 | (2) | 0 | (0) | 3 | 0 | |
| Iraq | - | 0 | 0 | 0 | 0 | (1) | 14 | 14 | (187) | 0 | |
| Ireland | - | (1) | 314 | 44 | 357 | 301 | 97 | 0 | 426 | 294 | |
| Kazakhstan | - | 0 | 0 | 0 | 0 | (0) | (0) | - | (1) | 0 | |
| Libya | 4 | 0 | 141 | 0 | 141 | 111 | (85) | (82) | 56 | 86 | |
| Macedonia | 1 | - | 33 | (33) | 0 | 0 | (0) | (0) | (0) | 0 | |
| Mexico | 1 | (0) | 0 | 0 | 0 | (7) | (0) | (0) | (149) | 0 | |
| Mozambique | - | (0) | 0 | 0 | 0 | (0) | (0) | (0) | (1) | 0 | |
| Netherlands | 18 | 2 | 418 | 2 | 419 | 692 | (14) | (14) | 944 | 1 | Effective tax rate reduced by tax exempt income and unrecognized deferred tax assets. |

Contextual information at Equinor group level based on country of operation[1]

| (in USD million) | Number of employees[2] | Net Intercompany interest | Third-party revenue | Related-party revenue | Total revenues | Income before tax | Income tax expense[3] | Income tax paid[4] | Retained earnings | Tangible assets | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand | - | 0 | 0 | 0 | 0 | (0) | 0 | 0 | (76) | 0 | |
| Nicaragua | - | (0) | 0 | 0 | 0 | (7) | 0 | 0 | (64) | 0 | |
| Nigeria | 10 | (4) | 115 | 350 | 465 | 637 | (91) | (163) | 395 | 96 | |
| Norway | 18,197 | 416 | 72,661 | 23,041 | 95,702 | 33,328 | (23,237) | (8,293) | 59,200 | 39,236 | Uplift on capital expenditures reduces effective tax rate, combined with revenue composition between offshore and onshore tax regimes. |
| Poland | 8 | - | 2 | 0 | 2 | (4) | 0 | (0) | (32) | 11 | |
| Republic of Kosovo | - | - | 13 | (13) | 0 | - | - | - | - | 0 | |
| Russia | 72 | (0) | 150 | 1 | 150 | 326 | (15) | (16) | 38 | 220 | |
| Singapore | 44 | 0 | 0 | 0 | 0 | 6 | 2 | (0) | 19 | 0 | |
| South Africa | - | 0 | 0 | 0 | 0 | (0) | 0 | 0 | (93) | 0 | |
| South Korea | 7 | - | 1 | 0 | 1 | (15) | (0) | (0) | (17) | 0 | |
| Suriname | - | (0) | 0 | 0 | 0 | (8) | 0 | 0 | (62) | 0 | |
| Sweden | - | (0) | 0 | 0 | 0 | 1 | (0) | (0) | 7 | 6 | |
| Tanzania | 10 | 0 | 0 | 0 | 0 | 5 | (1) | - | (1,017) | 2 | |
| Turkey | 1 | - | (21) | 22 | 0 | (1) | 0 | 1 | (0) | 0 | |
| United Arab Emirates | - | (0) | 0 | 0 | 0 | (1) | 0 | 0 | (29) | 0 | |
| UK | 601 | (33) | 513 | 631 | 1,144 | (1,446) | 1,057 | (1) | (99) | 1,148 | Tax-free divestment of renewable assets, uplift for loss carry forwards and uplift on capital expenditures increases the recognised deferred asset and the effective rate of the tax benefit. |
| Uruguay | - | 0 | 0 | 0 | 0 | (0) | 0 | 0 | (74) | 0 | |
| USA | 567 | (206) | 12,722 | 8,778 | 21,501 | 2,104 | (30) | (60) | (21,487) | 10,120 | Effective tax rate reduced by unrecognised deferred tax assets |
| Venezuela | 7 | 0 | 0 | 0 | 0 | (8) | (1) | 0 | (983) | 0 | |
| Sum before eliminations | 21,126 | (2) | 92,019 | 36,755 | 128,774 | 37,611 | (23,127) | (8,960) | 29,340 | 63,359 | |
| Consolidation eliminations[5] | - | 2 | - | - | - | (6,027) | 120 | (4) | 2,098 | - | |
| Equinor group | 21,126 | 0 | 92,019 | 36,755 | 128,774 | 31,583 | (23,007) | (8,964) | 31,438[6] | 63,359 | |

1. The above country-by-country reporting table includes all territories where the Equinor group has active operations
2. Number of employees is reported based on the company's country of operation.
3. Income tax expense as defined in note 2 and 10 of the Consolidated financial statements.
4. Income tax paid includes taxes paid in-kind of USD 376 million.
5. All intercompany balances and transactions arising from Equinor's internal transactions, have been eliminated in full. The relevant amounts are included in the consolidation eliminations line. Income before tax column: eliminations of intercompany dividend distribution and share impairment as well as foreign exchange gain on intergroup loan. Income tax expense column: tax effects of certain elimination entries. Retained earnings column: eliminations are mainly related to foreign currency translation effects in the consolidation process. Translation of results and financial position to presentation currency of USD is significantly affected by the investment in subsidiaries which has NOK as functional currency. In turn, those subsidiaries include the results and financial position of their investments in foreign subsidiaries, which have USD as functional currency.
6. Retained earnings at Equinor group level includes currency translation adjustments and OCI from equity accounted investments as presented in Consolidated statement of changes in equity in the Consolidated financial statements.
7. Kalundborg was divested with an effective date 31 December 2021.

# Glossary of terms

**Accelerated Depreciation:** See our key tax issues

**Arm's Length Principle:** This is a valuation principle which is applied to transactions between related entities in the same group. The principle says that transactions should be valued as if they had been carried out between unrelated parties.

**Concessionary Regime:** See overview of taxation and "Government Share" in the oil and gas industry

**Corporate income tax:** Payments to governments (net of refunds) based on taxable profits.

**Country-by-country reporting (CbCR):** CbCR refers to the reporting of financial, economic and tax-related information for each jurisdiction where an organisation has operations.

**Deferred Tax Assets:** See our key tax issues

**Double taxation:** Double taxation is a tax principle referring to income taxes paid twice on the same source of income. Double taxation can occur in international trade or investment when the same income is taxed twice in different countries.

**Downstream activities:** Downstream activities are the processes involved in converting oil and gas into a finished product. This includes refining crude oil into gasoline, natural gas liquids and diesel.

**Effective tax rate:** See our key tax issues

**Employment taxes:** Tax on employment (including income tax and social security payments). Taxes levied on the employer are considered the people taxes borne and those levied on the employee are considered taxes collected.

**Environmental taxes:** Environmental taxes are levied on the supply, use or consumption of goods and services considered to be harmful to the environment. Examples include taxes on emissions and fuel duties.

**Government:** Any national, regional or local authority of a country and includes any department, agency or undertaking controlled by such authority.

**GRI 207 Tax Standard:** This refers to the Global Reporting Initiative - an organisation responsible for setting sustainability-related standards. In 2019 the GRI released the 207 tax standard. This report has been prepared in accordance with the 207 standard.

**Host entitlement:** Host government production entitlements paid by the licence operator. The size of such entitlements can in some cases constitute the most significant payments to governments.

**Irrecoverable VAT:** Businesses can usually recover the VAT payments made to suppliers by charging VAT on their own product sales; it is usually borne by the final consumer in the supply chain and this is where the payment is made over to governments. If a business who is not the final consumer is unable to recover the VAT paid over to suppliers, this is known as irrecoverable or non-recoverable VAT. This can occur where VAT recovery is not permitted or available.

**Payment:** An amount paid whether in money or in kind.

**Petroleum Fiscal Regimes:** The petroleum fiscal regime of a country is a set of laws, regulations and agreements which govern revenues and payments derived from prospecting, exploration and production of oil and gas. Each country has a distinctive legislative, and as a result the fiscal regimes for oil and gas companies vary greatly between countries, with a range of tax bases being used. The most common taxes are corporation income tax, bonuses, royalties, host government entitlements and fees.

**Production Sharing Agreements:** See overview of Taxation and "Government Share" in the oil and gas industry

**Project:** A project is defined as the operational activity governed by a single contract, license, lease, concession or similar legal agreement and that forms the basis for payment obligations to a government.

**Property taxes:** Taxes on the ownership, use or transfer of tangible or intangible property. This includes taxes borne on the ownership and use of property, and capital gains tax on the acquisition or disposal of assets. Stamp duties related to the transfer of real estate. Taxes collected such as (rental of business duty collected by the lessor and paid to the government).

**Revenue:** This can include sales and other operating income, interest income, proceeds from the sale of fixed assets, and dividend income from company shareholdings. Revenue is split between third-party and related-party revenues. Third-party revenue refers to the income derived from external parties. Related-party revenue refers to income derived from Equinor group entities.

**Royalties:** Payments to the government in respect of revenue or production related to extraction of oil and gas resources.

**Statutory tax rate:** The tax rate set by law in a country.

**Tangible assets:** Includes property, plant and equipment. Excludes cash and cash equivalents.

**Tax incentives:** A tax incentive is an aspect of a country's tax code designed to incentivise or encourage a particular economic activity by reducing tax payments for a company in that country.

**Taxes on products and services:** Indirect taxes and duties levied on the production, sale or use of goods and services, including taxes and duties levied on international trade and transactions. It includes taxes borne by companies in relation to their own consumption of goods and services. Also, taxes collected in the form of VAT, goods & services tax.

**Transfer Pricing:** Internal pricing of goods and services between entities of the same group.

**Upstream activities:** Upstream activities is a term for the operations stages in the oil and gas industry that involve exploration and production. Upstream refers to points in production that originate early in the process. Include such activities as exploration, drilling, and extraction.

**VAT:** Value-added tax (VAT) is an incremental tax levied on the consumption of goods and services at different stages throughout the production and distribution lifecycle. Recoverable by intermediaries in the supply chain, VAT is usually borne by the final consumer.

# Cautionary statement

This report contains certain forward-looking statements that involve risks and uncertainties. In some cases, we use words such as "aim", "ambition", "continue", "expect", "may", "strategy", "will", "in line with", and similar expressions to identify forward-looking statements. Forward-looking statements include all statements other than statements of historical fact, including, among others, statements regarding Equinor's ambitions, plans, intentions, aims and expectations.

These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and are beyond Equinor's control and are difficult to predict. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including societal shifts in consumer demand and technological advancements, levels of industry product supply, demand and pricing in particular in light of recent significant oil price volatility triggered, among other things, by the changing dynamic among OPEC+ members and the uncertainty regarding demand created by the Covid-19 pandemic; the impact of Covid-19 or other pandemic outbreaks; health, safety and environmental risks; price and availability of alternative fuels; the political and economic policies of Norway and other jurisdictions where we have assets; general economic conditions; political and social stability and economic growth in relevant areas of the world; global political events and actions; changes in, or noncompliance with, laws and governmental regulations; the timing of bringing new projects on stream; an inability to meet strategic objectives or exploit growth or investment opportunities; adverse changes in tax regimes; the development and use of new technology; geological or technical difficulties; operational problems; the difficulties involving transportation infrastructure; the actions of competitors; the actions of counterparties and competitors; the actions of governments (including the Norwegian state as majority shareholder); natural disasters, adverse weather conditions; climate change and other changes to business conditions; the effects of climate change; an inability to attract and retain skilled personnel; relevant governmental approvals; labour relations and industrial actions by workers and other factors discussed elsewhere in Equinor's publications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that future results will meet these expectations.

Additional information, including information on factors that may affect Equinor's business, is contained in Equinor's latest Annual Report and Form 20-F, filed with the U.S. Securities and Exchange Commission (and section Risk review – Risk factors thereof), which is available at Equinor's website ( HYPERLINK "http://www.equinor.com" www.equinor.com). You should not place undue reliance on these forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements for many reasons. Equinor does not assume any responsibility for the accuracy and completeness of any forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made. Unless required by law, we will not necessarily update any of these statements.

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