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EQNR.OL - Equinor ASA ESG Day

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PRESENTATION

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Good afternoon, everybody, and welcome to Equinor's ESG Day for investors and analysts. We have participants here in the room at Fornebu and also digital participants. You are all very welcome. My name is Bård Glad Pedersen. I'm heading up Investor Relations in Equinor.

Safety first. There are no fire drills planned for today. So if we do hear an alarm, we will evacuate through the emergency exits that are marked with the green sign around this side of the room. When you get out, please walk away from the building and spread out. Today, we will have 2 sessions on the program. First, we will have presentations from our CEO, Anders Opedal; and from Jannicke Nilsson, our EVP for Safety, Security and Sustainability. After those 2 presentations, there will be a Q&A session with Anders and Jannicke, and we will take questions both from the room and from digital participants.

Then we will have a break before the second session, where we will have presentations from Pål Eitrheim, who is EVP for Renewables. Irene Rummelhoff, our EVP for Marketing, Midstream and Processing and Philippe Mathieu, the EVP for Exploration and Production International and then there will be a Q&A also with Pal, Irene and Philippe. Then I think we are ready to start, and I give the floor to you, Anders.

Anders Opedal - *Equinor ASA - President & CEO*

Thank you very much, Bard. It's really good to see you all. I've been looking forward to this event. And many of us met during our capital market update. I'm pleased to see an even broader group here today, both at Fornebu and also virtually. We have called this day energy, sustainability growth. At our capital markets update in February, we said that we will grow our cash flow and become stronger, transition and become broader and cut emissions and become better. Today, we will further elaborate on how our growth plan, our energy production and our sustainability focus are integrated part of our strategy.

I will focus on 3 key messages. Safety and sustainability are key business enablers. Our integrated sustainability approach provide competitiveness and contribute to long-term value creation. Collaboration is key to progress in the energy transition. In Equinor, we always start our meetings with safety as a team. I will do so also today. The energy transition comes with new opportunities and new challenges. Also when it comes to our most important tasks, safety. In the pictures behind me, you see the administration building for our CO2 transport and storage facility, Northern Lights on the Norwegian West Coast.

Northern Lights Phase 1 is on track to be completed by end of 2024. It is the first commercial CO2 storage facility in Europe. When we design a new facility like this, we use the experience and expertise from our industry. We apply our framework for major accident prevention, building barriers to prevent incidents and to mitigate the consequences if incidents should happen. The administration building is, as you can see, built on stilts. Should a leak occur from the storage tanks, the cold CO2, which is heavier than air, will accumulate on the ground and move towards the sea beneath the building. This safety design avoids hazards, making it cheaper to build and safer to operate. We know that CCS will be key to cut emissions and reach climate ambitions. Many companies are now positioning to play a role in this area. We have almost 30 years of industrial CCS experience. We know how to manage the CO2, transport it and store it safely. This is an important qualification when developing new solutions.

We believe this gives us a competitive advantage. Safety is at the core of all our activities. Our energy transition plan is our action plan as we transition. It is part of our strategy and provide directions for Equinor. Our sustainability priorities, net zero, just transition and a major positive approach, our integrated principles across the portfolio and part of our decision-making processes. As we change, we provide visibility for cash flow growth from \$20 billion after tax last year to more than \$26 billion in 2035. We enter new value chains and markets with disciplined and value-driven approach. We are becoming an energy company with a broader energy offerings and lower emissions.

At our capital markets update, we demonstrated how our strategy will enable us to deliver an expected return on capital above 15% to 2030 and target around 15% all the way to 2035. This strategy also enables transition and competitive returns in a low carbon future. Today, we bring more granularity on the building blocks for reducing the net carbon intensity of our products by 40% in 2035. This includes Scope 1, 2 and 3. Solving for climate must also addressed the world's need for energy.

This metric measure how we deliver energy with gradually lower emissions. Pal, Irene and Philippe will go into more detail on each of the actions. We are optimizing our oil and gas portfolio to maintain high production of energy while lowering our emissions. We will develop and deliver renewable projects. Significant growth in this area will only be possible if we can achieve competitive returns. We will maintain discipline and have demonstrated in auctions that we are not willing to compensate -- compromise on value creation. Carbon capture and storage will enable our customers to lower their emissions. This will contribute significantly as the CCS industry commercializes.

Over time, we also aim to deliver decarbonized energy to the market, such as hydrogen, ammonia and gas to power with CCS. We also believe that in the future, a larger share of oil and gas will be used for nonenergy and not be burned. Since 2015, we have delivered a 30% reduction in our Scope 1 and 2 emissions while maintaining energy production at a stable level. We plan to deliver at least 90% of our 2030 ambition through absolute emission cuts. In 2023, 20% of our gross investments were invested in renewables and low-carbon solutions. Finally, on net carbon intensity, we have achieved a small decline towards our ambition. As our renewable projects come in operation towards 2030, we expect a significant drop in net carbon intensity. This will further decrease as we scale up CO2 transport and storage towards 2035.

Our transition will not be linear, but the direction is clear, and our strategy is firm. Our oil and gas portfolio is expected to deliver a strong cash flow from operations of around \$20 billion after tax all the way to 2035. This is based on a highly competitive portfolio, robust towards lower prices and possible decline in demand. Our oil and gas projects coming on stream for the next 10 years have an average breakeven of \$35 per barrel, payback time of 2.5 years and upstream CO2 intensity below 6 kilograms per barrel. Since 2015, we have cut around 5 million tons of our own emissions. Energy efficiency has been a large contributor along with portfolio changes and electrification of new fields such as Johan Sverdrup.

In 2023, we implemented 82 big and small CO2 reduction initiatives across the portfolio. This led to emission cuts of almost 400,000 tonnes equivalent to NOK 500 million in saved annual OpEx. Let me give you an example of our recent improvement project that will add to our results in 2024. Hunting energy optimization, a project initiated by our technology experts in POSCO, identified a potential for reducing emissions at Oseberg. They work together with operations at Oseberg and Costa, optimizing operational parameters. Together, they have demonstrated that it's possible to reduce CO2 emission at Oseberg by almost 40,000 tonnes, with a saved OpEx of approximately NOK 190 million per year.

We have a pipeline of projects to half emissions by 2030 like Hywind Tampen, that will have full effect in 2024. Troll West electrification that can reduce emissions by 450,000 tonnes per year from 2026. And Snøhvit future, which is expected to reduce 850,000 tonnes annually. In 2023, our CO2 intensity was 6.7 kilograms per barrel. This is significantly lower than the reported industry average of 16 kilograms per CO2 per barrel. Low CO2 emissions will be a competitive advantage as we will also hear from Jannicke. Philippe will tell more about how we work to cut emissions in our international portfolio. Carbon capture and storage will be important to reach the goals of the Paris Agreement. Equinor has safely stored CO2 for almost 30 years. On our capital markets update, we announced an increased ambition for CO2 transport and storage capacity through 30 million to 50 million tons annually in 2035. This is significant. 50 million tonnes are equivalent to the current total emissions of Norway.

We believe that the profitability and its competitiveness will strengthen as CO2 prices increase, regulations tighten and as CCS technology industrialize at scale. Irene will come back to this later, but please allow me a personal reflection. I grew up in Sauda, a small town on the West Coast of Norway, where everything was centered around the smelter factory, smelter (inaudible). In Europe, 3 to 4 million people work in industries where emissions are hard to abate as steel, concrete and chemicals. One of my personal drivers for succeeding with carbon capture and storage is the role it will play for value creation, for jobs, but also for families and local communities. This is important to make the energy transition fair, inclusive and more just.

And at this time, we will create value for Equinor and our shareholders using the competitive advantage we have. Last year, we added 8 gigawatts to our renewables project pipeline. This year, we expect to double the power generation. This is possible due to early access and projects in execution. We are firm on our strategy, flexible in execution and have adapted to market conditions. We pursue both onshore opportunities and offshore wind. Together with our partners, we develop own projects like the solar plant Mendubim in Brazil and the world largest offshore wind park Dogger Bank in the U.K. And we acquire projects and companies like Wento in Poland and Rio Energy in Brazil. We use our trading capabilities to enhance value from merchant projects and project financing to achieve higher return on equity. We showed at our update in February that both our solar projects in Poland and Dogger Bank can achieve 12 to 16 nominal return on equity.

Since then, we have progressed on Empire Wind. We got significantly improved terms in the New York fourth bid round. The next step, our final investment decision and project financing. And we now expect 12% to 16% nominal return on equity also for offshore wind at the U.S. East Coast. We plan to farm down again and bring in a new partner, and this can create further value uplift. Towards 2035, our ambition is to -- is more than \$6 billion in cash flow after tax from renewables and low-carbon solutions. Renewables are vital to transform the energy system but also comes with their own ESG challenges. We work to minimize impact on nature and do studies to facilitate coexistence. On Empire Wind, we have deployed voice with acoustic sensor to monitor whales to avoid ship to whale collisions in the construction phase. In Poland, at our offshore wind park Baltyk, we collaborate with partners to develop jobs and skill opportunities for local communities.

We use these initiatives to find the best solution for existing and future projects. Let me conclude with the following. To progress in the energy transition, society as a whole has to move in the same direction. We see progress in mindsets, policies, projects and technologies. And still, we have a long way to go. Progress is dependent on collaboration between many parties. No one is able to or responsible for taking on the task alone. It is hard work by many over time. We will need political will and stable framework conditions to ensure progress at scale. Customer most gradually demand projects that have less impact. Equinor will do its part. And as I go forward today, we are making progress. Our approach to sustainability provides both competitiveness and long-term value creation.

Jannicke will elaborate on this now, and we will take some questions afterwards. Then Pål, Irene and Philippe will provide deeper dives from their perspectives. So now Jannicke, the floor is yours.

Jannicke Nilsson - Equinor ASA - EVP of Safety, Security & Sustainability (SSU)

Thank you, Anders. It's really great to be here and good day to give Anders an applaud for a good message. Safety, security and sustainability are key business enabler and are integrated in everything we do. They are our license to operate and key to succeed in the energy transition. I will focus on 3 important topics today: one, the execution of the energy transition plan; and two, how we integrate ESG into governance and decision-making and; three, how we work with our suppliers and partners to deliver on the transition together. To deliver on our strategy, we must get the fundamentals right. We will only succeed in delivering on the net zero, the 50% reduction and a 40% reduction, if we manage to safeguard our people, protect all our assets and ensure adjust transition for people and nature.

On safety, we do have a positive trend, reducing the number of serious incidents with 25% the last 5 years. But last year, we also had a fatality and also this year. We can never rest. It requires continuous effort to further improve to make sure all of our people are safe every day. Equinor's gas supply has become vital for Europe energy security. And we are delivering around 20% of the gas to Europe -- gas [amount] to Europe and being a reliable energy provider is a role that we take very seriously. We have very close collaboration with authorities, and we have strengthened the security measure on our asset and also on the infrastructure. We also need to manage our impact on people and nature. How we conduct business is as equally important as what we do.

We have 50 years of experience working alongside fishery, complying with strict environmental regulation and creating value for societies. We will use this to our advantage when we move into new value chain and also into new countries. We have an extensive portfolio of ongoing projects, and I would like to highlight a few examples from 2023 also to underpin the message from Anders and how we are progressing on the energy transition plan. Last year, we reached several milestone as we have listed on this slide. We completed the Hywind Tampen, which is providing 1/3 of Gullfaks and Snøhvit Energy with floating offshore wind. Per year, this is saving 200,000 of CO2 emission, which is the same as 100,000 fossil fuel cost. We completed electrification of Gina Krog, and we also got approval to electrify the Snøhvit Future. This will deliver results for all of us.

We have already reduced 30% of our emissions since 2015. And with this new project, we will also continue to reduce our emission towards our ambition of the 50% reduction in 2030. In parallel, we are increasing our investment in renewable and low-carbon solution and we ended at 20% of our gross investment in 2023. I would like to highlight that these investments do not include electrification or other projects to reduce the scope 1 and 2 emissions. Last year, we're demonstrating our willingness to invest in the transition by also acquiring RioEnergy and BeGreen. Altogether in 2023, we added 8 gigawatts to our renewable pipeline. We also acquired 25% interest in the Bayou Bend, which is a large U.S. CCS project. So altogether, in 2023, we added a potential CO2 storage capacity of 9 million tonnes per year. We are starting to see the result of our investment over time.

And last year, we had the first power from Dogger Bank and the Northern Lights will be ready for operation this year. We are committed to deliver energy with lower emission. And our ambition is 40% lower net carbon intensity by 2035. But the energy transition is not a sprint. It is, for sure, a marathon. It takes time until we invest in renewable and low-carbon solution until it's materialized into new energy production or CO2 storage. And that's also why you see slower progress on this indicator. However, we do expect to grow tenfold in renewable towards 2030 and have a storage capacity between 30 million and 50 million tonnes CO2 per year by 2035. We do have a strong portfolio, and we will focus on value over volume as we deliver towards 2030 and beyond. We have a long-standing history as an industry leader on carbon efficiency with an upstream CO2 intensity, which is less than half of the industry average. We're also industry leader on methane intensity with 0.02%, which is around 1/10 of the industry average.

Scope 1 and 2 emissions from oil and gas production accounts for around 10% to 50% of the total oil and gas related emissions. And this is also why it is important for us to continue to reduce the emission from our own production. The International Energy Agency also recognized this. Last year, they had a new framework. To assess all the oil and gas companies, how we are aligned with their net zero scenarios. The first criteria for alignment are the company's performance on the Scope 1 and 2 emissions. And the second criteria are looking for the company's investment strategy. Investment in new oil and gas production are not fully aligned with IEA's net zero scenarios. But for the company that are continuing to investing in oil and gas production, the company are assessed based on the share of investment in the transition.

So these metrics are very well aligned with the metrics Equinor use to measure our progress. And as you can see on this slide, we are -- according to this framework, we are quite well positioned in the upper right corner, the green upper right corner here. I started my introduction by saying that safety, security and sustainability are integrated in everything we do. We understand the importance of integrated ESG at all levels, from strategy, risk and governance to performance and incentives. The Board have the overall oversight of environmental, social, governance issues and risks. The safety, sustainability and ethics committee review the policies, the risk, performance related to safety, security, ethics, sustainability and climate. Our Board members have a broad experience and competence, including ESG. That represent different nationalities and have a diverse background for both private and public sector.

In addition, we have employee selected board members representing the workforce. The Board annually assess its ability to follow up ESG issues and to understand climate-related financial risk and also opportunities. To deliver on our transition strategy, we need robust performance framework. On this slide, you can see key indicators that are linked to remuneration, including climate and safety indicators. Our CEO and the broader leadership

team are also assessed holistically on safety, security and sustainability. This is to assure alignment with our energy transition plan and commitment to creating a long-term value for our investors. Through our financial framework, we focus on value over volume and maintaining robustness also to lower prices. We do apply an internal carbon cost to all oil and gas investments. We also assess CO2 emission and breakeven to ensure robustness to climate risk. We have an attractive oil and gas portfolio.

Key project coming on stream within the next 10 years have low breakeven, short payback time and low CO2 intensity. By combining a robust oil and gas portfolio with high value growth in renewable and low-carbon solutions, we will be able to create value in many different scenarios. Since 2016, we have assessed transition risk by comparing the net present value of our portfolio based on Equinor's price assumption and comparing that to the price assumptions in the IEA's main scenarios. As you can see on the bottom part in the middle here, we do see a reduction in the portfolio value in two of the scenarios. And this is mainly due to a sort of a steep drop in commodity prices in the net zero emission scenario. Particularly towards 2030, where IEA are assuming a 50% drop in oil and gas prices. Our oil and gas portfolio low breakeven and short payback time combined with significant flexibility are positioning us very well to remain robust.

In this trust test, we do not adjust. So in reality, we would, of course, adjust and optimize in changes to the price situation. We also assess our portfolio if it's exposed to physical climate risk. The blue dots are representing our offshore portfolio, where wind, and therefore, also the wave is the main asset. The green dots represent our onshore asset, where wind, heat, wildfire and flooding are the main assets. But as you can see from this plot, we have very limited exposure to physical climate asset. Our goal is to build a resilient portfolio that can create value also in the case of challenging market condition and climate scenarios. To deliver on our energy transition we need to onboard our suppliers. We believe in strong relationship with high-quality suppliers. This is why we have set high suppliers' expectation on safety, on ethic and compliance, climate and human rights.

On climate, we expect our suppliers to have emission targets and also to report on emissions. We expect our suppliers to work with their suppliers, and we track and report how suppliers are meeting this expectation and you can see some examples on this slide. On human rights, we focus on the risk of forced labor in the supply chain. As illustrated here, you can see that the number of assessments and findings from 2023. Supply has helped us to maintain safe and efficient operation to realize new projects and create local employee opportunities. We will cooperate with suppliers that operate in line with our values and maintain high ESG standards. We believe that transparent reporting build trust among stakeholders. Our integrated annual report combined financial and sustainability reporting. This reflects the importance of ESG to Equinor and to our stakeholders.

Our energy transition plan was launched in 2022 and describe our decarbonization strategy. We report annually on progress, and we expect an update of the plan next year. On our website, in the ESG reporting center, you can also find policies, expectations to suppliers and our biodiversity position. The sustainability data hub include detailed data set for a wide range of ESG topics including asset-based climate data. Our sustainability performance and reporting are recognized by external rating and benchmark including CDP, MSCI and also ESG 100. To succeed in the energy transition, safety, security and sustainability must be at the heart of everything we do. We firmly believe that by working together and be transparent, we build trust and show our commitment to create value and a better future for all of us. So thank you.

QUESTIONS AND ANSWERS

Bård Glad Pedersen - Equinor ASA - SVP of IR

Thank you, Jannicke, and thank you, Anders. We are now ready to start the Q&A. Before we move in, let me just say that there is a QR code on all the tables. If you scan that, it gives access to the presentations from today. We will take questions both here in the room and from virtual participants. Here in the room, it's easy. You raise your hand, and you will be on my list, and then you will get the microphone to ask your question. And I ask that you also introduce yourself when you ask. For virtual participants, you have received an e-mail with a separate link to click on if we want to be in the queue to ask a question. We also take questions in writing, but obviously, prefer that you ask yourself, so we will prioritize those. So then I think we are ready to start. And I think Teodor, you have your first hand. Teodor Sveen-Nilsen.

Teodor Sveen-Nilsen - Sparebank 1 Markets AS, Research Division - Research Analyst

Teodor Sveen-Nilsen, Sparebank 1 markets. So 2 questions from me. I just wonder when you set out your energy transition strategy, how much do you actually look at your European peers? And if there's any particular companies you're following more than others? Which companies are that? And then maybe a personal question to you, Anders. Of course, most of you in the management group have been in the oil and gas business for many decades. Maybe not so much working on renewable projects. So I just wonder where do you seek advice when you set out the energy transition strategy and yes, and also make business decisions?

Anders Opedal - Equinor ASA - President & CEO

Thank you. Good questions. European peers. Actually, I think when you work a strategy, you have to start with the position you are at as a company, as copying someone else is never a good recipe to succeed. So with the climate change and the need for energy today and oil and gas for a long time, at the same time, there is a need for more decarbonized energy in the future. We have looked at where can we play a role, where we do have competitive advantage, where do we have expertise. And that's why we ended up with offshore wind, as we have started for a long, long time. I worked with my first offshore wind projects. I think it's 30, 40 years ago now, and at the same time, also with hydrogen and particularly CCS.

So then we have looked at how can we develop our business out of this expertise. That is also then lowering the emission from our own production of oil and gas. At the same time, we grow new business within new business areas. So that's how we have developed it. That's why you will see that the energy transition plan from company to companies are different and also by some of the American companies that are using their competitive advantage. So I think that is really kind of how we have worked as a group in a corporate executive committee together with the Board. When it comes to renewables and seeking advice, we work very closely. We're actually with many partners like we have done in the oil and gas business working with other CEOs in the oil and gas business to develop oil and gas projects.

It's the same meet regularly with utility companies, pure-play renewable companies, discussing industry trends, discussing how supply chains evolve, et cetera. At the same time, using other sources like experienced people and particularly banks, investment banks, et cetera. So a broad set of external companies and institutions are what I and my rest of my team on a daily basis discuss with and bringing ideas into the company.

Jannicke Nilsson - Equinor ASA - EVP of Safety, Security & Sustainability (SSU)

Can I just add a little bit on the energy transition plan. So we had a process late '21 and beginning of '22 before we launched ETP, and of course, at that time, we had a lot of dialogue with all our peers to see how they were doing, how we were doing. Should we go under Scope 1 and 2, should we go for the operated emission or should it be our own emission or should it be more like related to the equity and the net carbon intensity, the definition, you will see from the different peers is not exactly the same. So we do compare notes in a way to help each other so that we are progressing together. And now when we -- everybody is doing -- not everybody, but several companies are doing an update, of course, we may discuss and see how we can also learn from each other. But we have a different strategy, and we have different portfolio. The sort of some of the fundamentals in the ETP. We see how we can compare notes and help each other.

Teodor Sveen-Nilsen - Sparebank 1 Markets AS, Research Division - Research Analyst

Could I have one final question.

Bård Glad Pedersen - Equinor ASA - SVP of IR

If you -- I think to cover as many as possible. So let's do the round and then raise your hand, we will return to it. The next I have on my list is Arild Skedsmo from KLP.

Arild Skedsmo - KLP

You mentioned average breakeven cost and payback time. I'm not sure if you meant average on both of them are just on the matter of half year payback time. But I was interesting in your thinking on those projects are above the average. What's the strategy, what's the thinking? What's the criteria for moving into higher cost, longer-term projects? And if that's an entry point to sort of longer-term infrastructure investments that will tie into production in the longer period as well, particularly are both abroad and for Norwegian conventional shelf, particularly if this relates to your thinking for the Barents Sea?

Anders Opedal - Equinor ASA - President & CEO

Thank you. Yes, as I said, this is the average portfolio of 35 in breakeven and 2.5 years in payback time. Obviously, some are better and some are higher. Even if a project is better, we have the mindset of ensuring that how can we make it even better than as well. How can we find new ways of the concept, can we reduce the breakeven, shorten the payback time, taking down the emission from this project. That goes for those that are below the average and those also that are high higher. Then as you have probably seen that we have postponed some projects and FIDs our projects Bay du Nord and Wisting. We clearly saw that the cost was moving towards higher level due to cost increases in the supply chain.

And then we said, this is not good enough, not robust enough at the current time. So let's see what we can do to improve those projects in terms of cost breakeven and payback time. So this is what we do for the whole project portfolio, not only oil and gas project, but all projects that we do have, and that's kind of a toolbox we have developed after 2014. And the Step project that Jannicke was actually accountable for. So this is applicable for all projects, including projects also in the Barents Sea.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Thank you. I think the next one is from Xander Urbach from MN/CA110+.

Xander Urbach

Thank you also for providing the granularity on getting to the 2035 CO2 intensity target because it was one thing we've been asking for, and thank you so much. Now diving into that, looking at how much CCUS will contribute to that target. And currently, the framework that greenhouse gas protocol does provide and kind of international standards do not let you account that fully in your Scope 3 target. So looking ahead, guidance is going to be provided. How confident are you that this guidance will kind of suit your needs in getting to that target? And also looking at, for example, Shell who has now dropped their 2035 target, your industry leading now with the target, I think. They dropped it because carbon removals, they weren't able to include that they thought or one of the reasons at least. Maybe some reflection on that.

Anders Opedal - Equinor ASA - President & CEO

Yes. As I mentioned earlier, we have 30 years of experience in transport and storage, particularly storage of CO2. And if you compare our ambition to the emission we are responsible for, 11.6 million tonnes in 2023. We have a much bigger scope of storing CO2 because we believe this is actually a business and wanted to develop this as a business, not as a business to abate our own emission. So building on all of that experience and all the progress, we -- actually I'm taking all the points for Irene's Presentation later now. So I might stop here. But basically, it's because we are not seeing this as abatement, but as a building a business, and we have seen the progress. That's why we increased the ambition and it then will be very firm on our belief that we will achieve this ambition.

Jannicke Nilsson - Equinor ASA - EVP of Safety, Security & Sustainability (SSU)

I will not steal Irene's point, that on the pathway to net zero. And if you look at the world, we need to store CO2. So whether it's calculated or not, if you get sort of a big score because it's done or not, that's another discussion in a way. And we will have to work, of course, to see how this can be part of the net carbon intensity going forward because we believe this is part of the solution.

Bård Glad Pedersen - Equinor ASA - SVP of IR

I'll take one more in the room and then we'll take a couple of questions virtually. Natasha Landell-Mills from Sarasin.

Natasha Landell-Mills - Sarasin & Partners - Analyst

I'm going to zoom out a little bit and just ask the kind of bigger picture question, if I may, which is very much rooted in the commitment to support the procurement goals, which Equinor has commendably made, and we're very supportive of that. But what we see when we look at the transition plan, targets are targets that set for short of that, and that's in your own transition plan that you have that, but then when we look at the CapEx proposals that you've also touched on today, they fall short in our view of even the targets that you've set, which fall short of the Paris goal. So the question really is, how does the Board and senior executive reconcile its commitment with those CapEx plans?

Anders Opedal - Equinor ASA - President & CEO

A broad question. So basically, we allocate CapEx according to our project portfolio. Really, it's really about making sure that we're able to develop the project, both within oil and gas, renewables and low carbon solutions, building the optionality in the portfolio. So -- and then back to the previous question, really ensuring that these projects are executionable in terms of profitability, breakeven, IR, biodiversity and all of those elements that are embedded in any project decisions. Then we also have the energy transition plan that we have 97% approval at the AGM in 2022 and trying to balance is such that we are delivering on the energy transition plan by building profitable business. So that is the basis for how we do allocate capital.

So we need to be a part of this affordability, sustainability and energy security. Trying to solve for the energy trilemma, the energy transition plan and also the demand for energy at this point in time. At the moment, we see an increasing expectation to us as a company and the Norwegian continental shelf to ensure that stable flow of oil and gas is delivered to Europe while transitioning.

So Europe has the very ambitious energy transition plan, but are also very clear on the expectation that Norway needs to play a role also for delivering oil and gas. And we are the ones that are able to do a lot of that. So all of these elements, meeting the energy transition plan, the profitability criteria, the expectation to be a reliable supplier of oil and gas. All of these are put together when we are making the final capital allocation plan.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Thank you, Anders. We'll try to take one from the Internet. Catherine Birkevold Liem from Nordea, please.

Anders Opedal - Equinor ASA - President & CEO

Do you have that question in writing?

Bård Glad Pedersen - Equinor ASA - SVP of IR

I don't. And we'll take one in the room and we'll see if we are able to sort that out. I think I saw John Olaisen, ABG Sundal Collier.

John A. Schj. Olaisen - *ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research*

This is John Olaisen from ABG Sundal Collier. You've shown a tremendous discipline over the last few years and not overbidding in offshore wind auctions. And that trend continues by the renegotiations you had in the U.S. and also now lately in this (inaudible) In Norway. And last week in Holland, pulling out because prices was [not] attractive enough. But I just wonder how should we think about that when it comes to your CapEx guidance and your 2030 renewable targets of 12 to 16 gigawatts when offshore wind is not as profitable as it should be. Will you continue to replace offshore wind with onshore investments or given the apparently very low profitability offshore wind, does that mean that your ambitions would be lower because it's less obvious to achieve, i.e., when you every week that you pull out of offshore auctions. Would that mean lower ambitions for 2030 when it comes to renewables? Or will it automatically be replaced with onshore solar and onshore wind, somewhere in the world?

Anders Opedal - *Equinor ASA - President & CEO*

Well, the overarching target for us is to build a profitable renewable business. And that's why you saw when we were early into this business when fewer competitors than everyone felt that they could do something in offshore wind and the price sky rocketed, and we stayed disciplined during that point in time and diverted some of the capital into the onshore business because we really want to build a profitable power production. So it's not automatically like we kind of we need to reach the 12 to 16 gigawatts and so on. That is the driving part.

What we -- and it's not either our priority for us to scale down any ambitions. What we are scaling up is our efforts to continue developing this business in a profitable way. That's like we have demonstrating in Sheringham Shoal, Dudgeon, Hywind, Scotland, Dogger Bank and now also Empire Wind. So Pål and his team will work extremely hard to kind of constantly improve the business and be able to be more competitive. At the same time, we're seeing that probably the market is hovering a little bit up in terms of how forward-leaning companies will be in auctions going forward. I generally think that the time is not to kind of go away from ambitions. It's not the time to scale up ambitions either. This is really a time where you scale up your efforts to constantly improve your competitiveness, and we do that working very closely with our suppliers. So that is where our focus would be.

John A. Schj. Olaisen - *ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research*

And on the competitiveness, is it -- could you possibly comment on how much higher your last bid was relative to the winning bid in the Sørlige Nordsjø II?

Anders Opedal - *Equinor ASA - President & CEO*

I cannot.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Let's try online again. We have Alex Vigil from Santander.

Alejandro Vigil - *Banco Santander, S.A., Research Division - European Equity Analyst*

And have saved a lot of CO2 emissions not staying -- making the questions from Madrid, Spain. Now the question is about CO2 prices because we have seen a significant correction in European CO2 prices, which are the implications of this environment for your CCS strategy?

Anders Opedal - Equinor ASA - President & CEO

Well, as any other prices that are traded, they go up and down. Of course, when we look into this, we look into kind of long-term prices and pricing scenarios. That is based on that the ETS prices are predicted to increase over time due to kind of less and less quotas are being there. So when we plan for long-term investments, we also need to take a long-term view on how we see the CO2 prices will develop and not necessarily looking at the price week by week. But this is something Irene kind of elaborate a little bit more into when she is on stage a little bit later.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Thank you. I'm looking towards the back of the room to see if there are more people on the list. No. I think we have covered it, and we are a bit on over time. So that sounds good. So thank you, Anders and Jannicke and thank you all for engaging in this first session. We will now take a break for approximately half an hour and start 14:25 CET, again, back in this room with the 3 EVPs presentation. So for those in the room, there will be refreshments outside for Alex and others who participate virtually, you have to fix your own refreshments and then we'll see you soon.

(Break)

PRESENTATION

Bård Glad Pedersen - Equinor ASA - SVP of IR

Yes. Welcome back to the second part of Equinor's ESG Day for investors. I hope you enjoyed the break. In this session, we will have introductions from first, Pål Eitrheim, our EVP for Renewables, then Irene Rummelhoff, the EVP for Marketing, Midstream and Processing before finally, Philippe Mathieu, the EVP for Exploration Production International. After the presentations, there will be a Q&A as well. And for those following virtually, there is a separate link in the e-mail that you got that you can click on if you want to register for questions. If you just want to follow on and watch, you use the webcast link. So then we'll start and Pål, I'll leave the floor to you.

Pål Eitrheim - Equinor ASA - EVP of Renewables (REN)

Thank you, Bard. Good afternoon. So I think more or less since 2021, we have consistently delivered against our ambitions. We have a strong pipeline to underpin both the volume that we have put out there, but also the returns that we foresee. The strategy, as Anders said, remains very much firm and we'll continue to place value over volume. And in offshore wind, and as many of you know, there has been a couple of really challenging years. But hopefully, now we could begin to see that the tide is turning. And in markets like the U.K. and the U.S. we are actually seeing better returns on offer than what we have seen in the past.

In the onshore, we're going to continue to acquire multitech platforms in select markets. We buy specialized local platforms we turn to Irene MMP and Danske Commodities for route to market and also for value uplift. But as Anders said earlier today, we have made adjustments to the market realities that we see. We are building a flexible and increasingly merchant portfolio. There is more onshore renewables in the portfolio than what we may have foreseen a couple of years ago, simply because in the short term, we see better returns in onshore in combination with storage than what we see short term in offshore wind. However, we are not changing the long-term belief that we have in offshore wind, but we will remain both selective and disciplined. We have built a solid foundation for profitable growth. Last year, we increased renewables production by 18%, and we added around 8 gigawatts to our pipeline. We expect to more than double our renewables production again this year.

And towards 2030, we expect to install between 1 to 2 gigawatts of new capacity every single year. So we are building the pipeline that we need in order to develop and deliver on the ambitions that we have set out for 2030. In store capacity of 12 to 16 gigawatts, production in the range between 35 and 65 terawatt hours in 2030 and real base returns for projects within our guided range of 4% to 8%. But we also have now an opportunity pipeline that is allowing us to high grade. We can afford to be disciplined, and we are not chasing certain volumes by certain dates. As an example, we would have loved to develop offshore wind in Norway. But when we set bid mandates, we set them based on value creation

and not based on the volume ambitions. And going back to one of the questions that was raised from the audience earlier, do we automatically infill with onshore volumes if we fail in an offshore wind auction? No, we don't. We are working on several offshore wind options in parallel.

And when one option falls away, we have additional options in our portfolio that we can backfill. That type of prioritization you will have seen in our behavior in Sørlige Nordsjø 2, and you will also have seen it in the Netherlands where we, together with Eneco decided not to participate in the auction.

We also have pretty good optionality now in the portfolio between the onshore and the offshore. And the ultimate CapEx levels that we will see to 2030 will be a consequence of the decisions and priorities that we make and ultimately, the mix between the onshore and the offshore. Last year, we introduced the production outlook for the first time. And currently, we find ourselves at the lower end of the range of 35 to 60 terawatt hours that we guided on last year. And then based on the investment plan that we currently have, we expect to deliver an operating cash flow after tax of around \$2 billion in 2030 from renewables. We have a robust offshore wind pipeline in execution. And if we sum it all on this, as we've done on this slide, we have 3.4 gigawatts of gross offshore wind capacity under construction or up for final investment decision in 2024.

These are profitable projects with double-digit nominal equity returns, as Anders alluded to earlier today. I want to comment on 3 specific projects that are in our pipeline. Dogger Bank, the U.S. East Coast and the Baltyk II and III in Poland. When Dogger Bank is completed with all phases, it will be the largest offshore wind farm in the world. It will generate around 18 terawatt hours of power per year when in full operation. And just for comparison, for those of you who are used to Norwegian Continental Shelf, that number is basically would cover electrification of the NCS. It's that type of a scale. So it is pretty significant.

Dogger Bank A is currently in the middle of execution of the installation and commissioning. Installation and ramp-up has gone slightly slower than planned, and we expect full operation from Dogger Bank A now in the first quarter of 2025. The offshore platform for Dogger Bank D, sailed from Abelin Haugesund, the yard there to the field last week, and we expect to see first power from Dogger Bank D in the first quarter of 2025. And then on Dogger Bank C, the top side for Dogger Bank C left Thailand 2 weeks ago and is now on its way to Haugesund. And one interesting observation looking at building these back-to-back are the learning effects from, A, to B to C. They are significant and that is the importance of having scale and consecutive projects in your portfolio.

We are also beginning to develop a fourth phase, Dogger Bank D. This will add up to 2 gigawatts of capacity inside of the lease area of Dogger Bank C, and we expect to sign an agreement with the U.K. Crown Estate to this effect during this quarter and the rental terms for Dogger Bank D are the same as for Dogger Bank C. Moving from the U.K. to the U.S. The offtake wind in New York 4 was crucial to restore commerciality to Empire Wind. We have now won on a price level that is significantly above what we had in the original contracts. And prices will be public at the point in time when the power sales agreement with New York has been negotiated and announced, and I'm really looking forward to that coming out. We now have full ownership to a mature large-scale project in a key market. Empire Wind 1 is one of the biggest renewable assets in the U.S. with all federal permits now secured.

New York is an attractive market and is one of the markets where we think that offshore wind will actually work. It's a market that wants and needs offshore wind to decarbonize its power sector and also meet its climate goals. Current focus areas for the U.S. East Coast is that we are moving Empire Wind 1 towards an FID during the third quarter of this year. We intend to farm down and bring in a partner at the right time. That will allow us to take the project off balance sheet, reduced exposure and also create a bit of a value uplift upside for us. We are working on project financing to improve financial flexibility and the equity returns in the project. We have the option of bidding Empire Wind 2 in a later offtake auction. We will only do that when we have a commercially robust project.

And then finally, Equinor is already a broad energy supplier to Poland. We're a significant gas supplier. We have a strong presence in renewables, both in the onshore as well as in the offshore. Onshore, we have a rich pipeline in wind, solar, batteries through rental and also Danske Commodities. And in the offshore, we are developing a strong portfolio together with Polenergia, which is our partner in Poland. In total, we are working on a power portfolio of around 5 gigawatts offshore and onshore. We're developing Baltyk II and III together with a total capacity of 1.44 gigawatts. It's one of the biggest offshore wind developments in Poland and it's a key building block for the country's energy transition ambitions. These projects have a 25-year inflation-adjusted CFD at robust levels and a real base project returns or above 5%, and the plan is to move it forward towards FID during the year.

We plan joint project finance for Baltyk II and III with financial close by the end of this year. On the ESG side, we are taking action across the value chain to improve our ESG performance. We are mapping net positive and biodiversity for all renewable projects. We are facilitating coexistence with nature and with other users of the areas and the seas. Mapping -- we are mapping and designing to avoid conflict areas that we can face both in the offshore as well as the onshore. We have been conducting studies in the U.K. on reducing noise pollution, while installing monopiles. And we have been active in monitoring birds through targeted programs in Hywind Scotland. We are also working with our ventures division to identify opportunities to work on recycling of blades, which is an industry challenge and has been so for a while.

With ventures, we are looking at opportunities to mature new supply chains for recycling the main blade components in Norway. Renewable projects are also facing new challenges in human rights. All the EVPs that are present here today sit on the Human Rights Steering Committee in Equinor. And the purpose of that committee is to help drive policy developments and managing it as we would any other business-related risk. For example, we are really trying to avoid sourcing from areas with the highest human rights risk. We are also working with our solar supply chain to increase transparency and traceability. That is the supply chain that is known to have human rights challenges, and it is difficult to fully mitigate all of these risks.

We are working with partners and peers in the solar industry to advance human rights performance in our joint supply chain for solar. We are also working with the construction yards in offshore wind to address known challenges, and Jannicke referenced some of them earlier today, typically living conditions and different issues associated with wages. We have people on the ground, building on the experience from other parts of Equinor, where we are monitoring and actively engaging yards on human rights issues. And then finally, we see that sustainability is becoming a competitive factor in auctions where we participate in many of the markets. And typically, with more qualitative criteria now coming in, sustainability is becoming a differentiator between winning and losing offer wind auctions in different geographies. So it's definitely one of the areas where we need to boost our performance as well. So with that, happy to yield the floor to Irene, who will take the next session. Thank you very much.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

Thank you, Pal, and good afternoon to all of you. Rapidly increasing customer interest, combined with the CO2 storage potential on the Norwegian continental shelf and Equinor's 30-plus years of experience makes CCS rather obvious new business opportunity for Equinor. And already later this year, Northern Lights, the first third-party CO2 storage in the world will be ready for operations fully booked. Also in 2024, we plan to take an FID together with our partners on the Endurance CO2 transportation and storage project outside the industrial Humber region in the U.K. But our biggest and most ambitious and exciting plans center around the Smeaheia license on the Norwegian continental shelf. Two wells will be drilled later this year to confirm the storage potential and FID for a shipping solution is expected late in 2025. But we also intend to make Smeaheia the anchor storage of a large-scale CO2 pipeline from Northwest Europe to the NCS called the CO2 Highway Europe.

Such a pipeline will most likely start in the (inaudible) Ghent area, where there is a very high concentration of CO2 emissions from industries such as steel, cement and chemical processing. Fluxys are developing the domestic Belgian infrastructure and GRTgaz are developing a French connection into Dunkirk. And we are also maturing a later tie in into the German market. Such a pipeline solution will actually reduce the transportation cost of CO2 with approximately 50%. We're doing a landfall and seabed survey along the pipeline route as we speak. And we are maturing and applying for more licenses to underpin the potential. And FID for such a pipeline is expected in '26, and we expect the pipeline to take 20 million to 30 million tons annually.

We've also acquired our first CO2 license in the U.S. where the IRA tax incentives now makes it cheaper to store CO2 than making it. These activities, combined with the growing recognition that CCS is a necessary tool to net zero gave us the confidence, I guess, to increase our CO2 ambitions to 30 million to 50 million tonnes annually at the recent CMU in 2035, that was a tough one. CCS can also be an enabler for clean energy and clean feedstock by transforming natural gas to hydrogen. Natural gas from Norwegian continental shelf comes with very low CO2 emissions and allow us to produce hydrogen with as low as 1 to 1.5 kilo per kilo hydrogen, and this compares to the 3-kilo that EU has suggested into their taxonomy.

In Europe, heavy industries are clearly under pressure to decarbonize. CO2 fee, CO2 quotas are being phased out and customers are actually requesting cleaner products. And hydrogen is emerging as a key tool to decarbonize hard to bat sectors, such as steel, chemical industries as well as refineries. The hydrogen is also seen as an important element in the decarbonized energy system. And hydrogen-ready gas fire power plants are emerging as the preferred solution to back up the intermittent nature of renewables in all Northwestern European countries.

Policies are also shaping up for hydrogen, particularly, I would argue, in Germany. Germany has recently announced plans to develop 10,000 kilometers of hydrogen infrastructure and it comes with the budget, which is important. And they will conduct 2 carbon contracts for different auctions, adding up to EUR 23 billion already in '24, which will support the development of hydrogen market. And several steel producers have received \$1 billion-plus funds to build new furnaces that can run on hydrogen rather than coal. We, in Equinor are well positioned to serve the German markets through our Eemshaven projects through our Rostock project to our to Norwegian hydrogen projects. And we are also developing hydrogen projects in Belgium and the U.K. By combining our offerings of natural gas, CO2 management, hydrogen and renewable power. We believe we are uniquely positioned to be the decarbonization partner towards industrial customers in Northwestern Europe.

I'd also like to spend a few minutes on how Equinor is driving the shipping industry towards a more sustainable agenda because I think this has gone a little bit under the radar. We are positioned throughout the maritime value chain as a fuel provider and as an active global charter. We charter approximately 100 deep sea tankers at any given time to support their global trading activity.

In addition, we are contracting around 100 supply and service vessels serving our oil and gas installations. Equinor's ambition is to become a broad supplier of emerging low carbon shipping fuels. And already today, we offer our customers bioblend and biomethanol and we were a proud supplier of biomethanol to masks, groundbreaking cargo vessel last year. On the charter side, we've been an early mover in the deployment of alternative fuels, but also technical and operational measures, like hole cleaning, route optimization, speed reduction and energy efficiency measures. Since 2008, we have reduced our yearly well to wake greenhouse emissions for maritime activity from 4.4 to 3.8 million tons of CO2 equivalents.

Important measures in that respect has been introducing dual fuel LNG vessels already in 2004, running 25 of these vessels currently. We were pioneering battery hybrids from 2016, and we have 28 of those vessels today and 30 plus of our vessels can now use power from shore. We were also a first mover on dual fuel LPG vessels in 2021 and are currently running 10 such tankers. Going forward, we will start using bio blends. And today, it was announced that we have contracted 4 dual fuel methanol tankers with sales -- actual sales. Wing sales, I call it, and also has a very, very early mover in this space. And we are in the market for the first-ever dual-fuel ammonia supply vessel. With the introduction of the EU ETS and the fuel EU Maritime regulative, this is a huge competitive advantage. And I think this is what we're trying to achieve all over that place.

We're trying to be an early mover when the cost of CO2 really hits us then we're going to benefit from all the investments that we do over time. Safety is a priority in Equinor, and we've been working very closely with the ship owners through our working safely with supplier programs since 2007. And we're thoroughly vetting all the vessels that we take on contracts. We report and we follow up incidents similar to what we gave on oil and gas. And through our chartering process, Equinor sets extensive human rights requirements on the shipowners. And some of them have been quite surprised by the aggressiveness. But we're getting there. These requirements are based on international standards and other relevant laws and regulations. But we do go significantly beyond the contract scope and we follow up with the [brine] sessions, guidance and tools for driving implementation at the shipyards, protecting worker health and safety.

In a nature perspective, Equinor is hole cleaning all our tankers regularly and all our vessels have ballast water treatment system, which reduces the risk of transferring organism form one ecosystem to another. Equinor recognizes that the implementation of sustainability measures in the shipping sectors require collaboration. And so we actively engage in the strategic innovative partnerships, involving shipowners, technology, suppliers, governments and international organizations. And on that note, I'm trying to make a bridge here. I hand it over to my good colleague, Philippe.

Philippe Mathieu - Equinor ASA - EVP for Exploration and Production International

Good afternoon. Let me start by underlying the importance of safety, security and sustainability for the international business in all decisions we're taking, albeit related to operations, project under development or business development activity. And this with a strong focus on emissions and human rights. In recent years, we've been working to high grade the international oil and gas portfolio with a clear strategy to focus and deepen the portfolio, focused on fewer countries where we believe that we can create more value through deepening. And as a result, we have exited 15 countries since 2020 and deepen in these core areas. And we have continued to deliver on this strategy in 2023 with exit processes, which have been triggered in Azerbaijan and in Nigeria but also deepening in the U.K. with the acquisition of the Suncor U.K. portfolio as well as deepening through FIDs with the 3 project development that we have internationally.

The aim of the strategy is to secure cash flow longevity, but also to secure short-term cash flow and EPI is, therefore, an important contributor to financing the energy transition for Equinor. In 2023, the business has delivered solid and stable earnings throughout the year, driven by high liquid prices, but also a very solid operational performance. We have produced an average of just above 700,000 barrels of oil equivalent per day with an overall CO₂ intensity of 11 kilos per -- of CO₂ per barrel, 12, if you look at operated assets. And as a reminder, the average for the IOGP is over 16. We are working hard to reduce emissions from each of our operated assets, and we have progressed with some key measures in 2023. At the Peregrino field in Brazil, we are swapping diesel for gas as a fuel, which will lower CO₂ intensity, and we expect thereby to avoid some 100,000 tons per year when this is fully implemented.

Still in Brazil, we have also installed a vent gas recovery unit on the FPSO at Peregrino to address our single biggest source of methane emission. In the U.K., at Mariner, we are systematically implementing the measures that we have identified from our Emission Reduction Action plan. They are a series of small but yet significant improvements. In the U.S. onshore, on the Appalachian Basin gas asset, which is one of the lowest emission fields in the Equinor portfolio. We are also still looking to make some improvements. We have also completed biodiversity site-specific inventories in all our operated assets as well as all our sanction projects and we are working to find ways to make a net positive impact on and across the portfolio.

Let me turn to our projects under development, our next-generation assets. As mentioned, in 2023, we have taken 3 final investment decision on Rosebank in the U.K., Raia in Brazil and Sparta in the Gulf of Mexico. And this project represents the next-generation fields. They are designed with emission-reducing technologies to make them some of the most carbon-efficient facilities of their type. The Bacalhau and Raia fields in Brazil will incorporate combined cycle gas turbines, CCGTs. While at Rosebank, we are modifying the repurposed FPSO to make it electrification ready from day 1. And these new projects will have a combined CO₂ intensity of less than 5 kilos per barrel in 2023, and they will drive down the overall CO₂ intensity of our operated international portfolio by -- to less than 7 kilos per barrel in 2030.

In terms of cash flow, we also see that the quality of these projects are contributing and will help to grow cash flow from operations from our international portfolio by more than 50% between 2024 and 2030, while production will increase by 15%, 1-5, during the same period. This project also contribute to make the international business cash flow positive at \$30 per barrel in 2030. So these are robust projects, both on economics but also in terms of emissions. In addition, these projects will bring jobs. They will bring substantial investments to the host communities as well as strengthening the energy securities in the countries they are developed and globally. And last but not least, in all our projects under construction, we are actively working to drive improvements in working conditions albeit on our supply chains or construction facilities.

Let me now say a few words about the way we work with our partners. Because, as you know, a large portion of our international production comes from non-operated assets, and we work hard to support both operators and partners towards achieving the same goals that we have for ourselves on our operated assets. And there, we focus on 3 things: first, improve data and quality and transparency; second, reducing flaring and methane emissions; and third, driving emission reductions through both operational and technological measures. We have seen some quite big improvements in 2023 on that front, and particularly in Block 17 in Angola and on the Agbami Field in Nigeria, which both have reduced flaring by more than 50%. At the Roncador field in Brazil, where we have a strategic technical alliance with Petrobras to revitalize the field.

We're also looking at jointly reducing significantly emission from those operations. Additionally, we also support NOC partners, national oil companies to decarbonize their operations. And to that effect, we have signed a series of MOUs with these national oil companies to basically compare not share our experience and help them decarbonize. And the aim, of course, is for us to make sure that we are supporting the implementation of the oil and gas decarbonization charter, which we have signed at COP 28, as you know, alongside around 50 other companies all determined to keep 1.5 degree within reach. So in conclusion, we are taking actions to create a robust international oil and gas portfolio. Through these actions, we believe that the Equinor portfolio internationally is of high value and will generate robust cash flow to fund our transition.

Last but not least, our position as a long-term trusted partners in some of the core areas where we are present, is helping us to build on our transition business moving from only oil and gas activities to add renewable power and low-carbon solutions. And these are things and opportunities that we're pursuing in countries like, for instance, the U.K., the U.S. or Brazil. Thank you for your attention.

QUESTIONS AND ANSWERS

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Thank you to Philippe, Irene and Pal. We will now do the Q&A session and the system is the same. You can raise your hand in the room. And if you are following the webcast, there is a separate link that you click on, and that will put you in the queue for questions. So we'll start in the room, and I'll start over there Natasha Landell-Mills from Sarasin.

Natasha Landell-Mills - *Sarasin & Partners - Analyst*

I have a quick question for Philippe, if I may. In terms of the resilience of the portfolio, you -- I think, had some figures around growing the international terms or growing international cash flow returns by 50% between 2020 and 2030 if I'm correct. But can I ask what underlying assumptions you have there for the oil price, which sort of underpins this return calculations? Is it the \$75 that you're using? And then linked to that, how resilient are those returns to lower prices? And at what point do you get to cash flow breakeven?

Philippe Mathieu - *Equinor ASA - EVP for Exploration and Production International*

Good. So the figure is on cash flow from operations growing 50% between 2024 and 2030 and that is the result of, well, new generation -- next-generation project, as I mentioned, that are designed to be more competitive, both on breakevens, but also on CO2. These projects are going to bring \$5 per barrel more of CFFO in 2030 compared to today. Yes, \$75. This is the assumption for all the numbers that we have communicated today and at CMU. The robustness of these projects under development will have a contribution to the improvement of the robustness of the overall portfolio on the international side and the breakeven is going to be also of \$35 per barrel as for the overall project portfolio -- sorry, oil and gas portfolio across Equinor.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Thank you. The next question is Teodor Sveen-Nilsen from Sparebank 1.

Teodor Sveen-Nilsen - *Sparebank 1 Markets AS, Research Division - Research Analyst*

A question for Pål. You mentioned the Empire farm down. What should we expect in terms of timing and how much you expect it to farm down to like 50%, like you did in the BP deal or more? And second question, that's maybe to Irene on CCS, of course, very interesting and promising business here. But I think it's a little bit hard to model in the financial model. So how should we think about this after 2030, is this like a volume and margin game? Or is there some other way to model this? Will it be like MMP earnings, which is basically a black box or any discussions around that would be really useful for trying to modeling earnings after 2030.

Pål Eitrheim - *Equinor ASA - EVP of Renewables (REN)*

Okay. So on Empire and timing. So the next milestone now is that we are planning towards a final investment decision during the third quarter. We are working already in parallel on project financing, getting that in place. And I think that is one of the enablers in terms of a farm down. But we are not sort of constrained by time. We're not pushing towards a certain deadline. We will farm down and bring in a partner when the time is right, where we think that it's optimum from both selecting the right partner for the next phase, but also in terms of what type of value and risk reduction that we can see in the project. So we don't have a specific timing, but we will -- we have the flexibility to do it early, and we have the flexibility to do it later. We are not pushed by schedule.

Teodor Sveen-Nilsen - Sparebank 1 Markets AS, Research Division - Research Analyst

Will you keep the operatorship?

Pål Eitrheim - Equinor ASA - EVP of Renewables (REN)

We intend to be the operator of the development, yes. And that's one of the reasons why we agreed with BP that they would do Beacon and we would do Empire because we have that organization up and running on the ground in New York, ready to go whereas BP would need something that is a bit further out in time, and Beacon was a good option for them to work for the longer term.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

I think with respect to the value creation from CCS, there's going to be 2 phases. One phase where you're dependent on subsidies basically from governments. And in Europe, we estimate that, that phase is going to be between now and maybe 2030. In that period, we've said at the CMU and also today that we expect to get returns in the order of 4 to 8 wheel return similar to what Pål has said. It's hard to see that the government will give you more than that. But then as we go closer to 2030, we expect the EU ETS prices to increase and hit 100 at least, and we see some countries are already playing around with 200 CO2 prices. And then we know that the cost in that period also will have come down to that sort of level.

Then you're in sort of a commercial game and returns can actually be quite higher, then it depends on how many competitors you have and what the demand for this is. In the U.S., we are already in a situation where given the IRA 45Q incentive of USD 85 per tonne stores where you can actually -- you no longer need any additional incentives or subsidies from the government. And there, you could expect to see higher returns. But we've said in this phase, early phase, we're not going to go crazy and promise anything, but we do see room for commercial phase, posts 2030 in Europe and already now in the U.S.

Teodor Sveen-Nilsen - Sparebank 1 Markets AS, Research Division - Research Analyst

Okay. So you actually expect positive EBIT contribution by 2030 assuming that the government will provide subsidies corresponding to 4% to 8% return on capital.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

Yes. We shared, I guess, some of our cash flow expectations at the CMU. And we indicated a little shy of a billion I guess, in 2030. But a lot of the projects are coming on stream just before or after 2030. So but it's in that order of magnitude.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Okay. I think I saw your hand, John Olaisen ABG Sundal Collier?

John A. Schj. Olaisen - ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research

Yes, John Olaisen, ABG Sundal Collier again. I think very few investors are questioning your competitive position when it comes to Northern European CO2 transportation and storage or offshore wind for that matter, both those businesses, you were early movers and the nature of the projects are very similar to your core competence from the oil and gas experiences. But when it comes to onshore solar and wind, there's a lot more questions, arguably you're late mover into that market, more mature markets and also the projects are very, very different by nature to the core of your Equinor's usual oil and gas business. So maybe this question is for Pål. Pål, could you tell us what do you think are the key competitive advantages that Equinor has relative to the other 100 players onshore in Northern Europe, please?

Pål Eitrheim - Equinor ASA - EVP of Renewables (REN)

There are probably more than 100 as well. So it is a very crowded competitive space. And that's exactly why we are not doing it the traditional Equinor way. So we're not moving in as Equinor and sort of doing everything ourselves and using our balance sheet to invest in the regular way that we would do on the oil and gas side or on in Irene's midstream area. So what we've decided to do is to go into -- we start with the markets. So we are quite selective on the markets where we go in and we need more risk in the onshore than in order to get the returns to be acceptable than what the hundreds of players that you referred to, John, usually would have.

So we are working with local platforms to bring a combination of opportunity pipelines and people who are embedded in the local market and know that market inside out that can generate opportunities. But what we bring to the table is the balance sheet to actually allow them to invest because typically, these are companies that flip assets and are not sort of generating production and cash at the end of the day. And secondly, we are supercharging them. We're linking into Irene MMP Stability and Danske Commodities ability to provide route to market. And we see uplift on the commercial side of what we bring to the table which are far bigger than what we would be able to do by cutting cost. We do not have a competitive advantage, and this is not the technology game. It is very much of a commercial and logistics game.

And the added value we bring is the ability to take merchant risk and bring these volumes to market in alternative ways at higher prices. And we indicated again and I, when we presented in London, that we see in some markets an uplift of between EUR 5 to EUR 9 per megawatt hour in prices. That's what we bring in. We would not be a player that will go in and compete on sort of very simple stuff where you are paid as produced, that is a game for others. And we are trying to scale it up and add the ability to warehouse risk is what we bring to the table. But Irene, what do you want to -- we're very much relying on you and your capabilities.

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

I think you alluded to it. We need more risk than the traditional launch of players and the risk we'd like to take on is the market risk and we have developed Danske Commodity into one of the largest and best, I would argue, trading houses in Europe, and they are currently trading something like 12 gigawatt of power from third-party sources and utilizing that muscle to really trade around the business, but also combining Pal's renewable power production with batteries, hydrogen-ready, gas-fired power plants and building an integrated power portfolio is part of what we are looking to do. And that can create significant value and you alluded to the EUR 5 to EUR 9 and that's in the order of 10% at least uplift on the wholesale price. And if you compare it to what we traditionally do on the trading side in the oil and gas business, then we're talking maybe 1% to 2%. So this is an area where you can add more value, as a trader in the power sector than we traditionally have seen in the oil and gas side. So we're as excited as Pal, I guess.

John A. Schj. Olaisen - ABG Sundal Collier Holding ASA, Research Division - Co-Head of Research

And Pal, in Equinor's executive committee, that's 12 members. And you're the only one, pure renewable person. And Equinor is planning to invest more than USD 50 billion between now and 2030. Does the responsibility weight on your shoulders? Do you sometimes -- and do you sometimes feel lonely in the executive committee on the renewable side?

Pål Eitrheim - Equinor ASA - EVP of Renewables (REN)

No, I don't. So that was a good question, John, by the way. No, I don't feel lonely because partly, I like everybody else on the CEC, I own the full strategy. I'm as engaged in (inaudible) And Philippe strategy on the oil side and they are engaged in my strategy. The energy transition plan that we've spent quite a bit of time as a team developing together, moving it through the board, moving it ultimately through the AGM. That is the platform that we all stand on. So no, I don't feel alone. And it's not as if our projects in renewables are being treated any differently than the Irene's projects or Philippe's projects. They are part of the same business plan. We need to fight for survival like everybody else.

And it's not as if I have a cup launch check where I can just go off and do renewable projects. That's not the way it works. I am convinced that renewables needs to demonstrate discipline and the ability to build a business around this. That is what is going to earn us the right to grow and that is no different than what Philippe is having on his agenda or Irene on her agenda. So no, I don't feel alone. But I'll admit that the last 2 years have been tough. I've been in this role now for 6 years, first 4 years. Sun was shining, and there was a tailwind and the sky was the limit. And then the last 2 years, a pretty tough downturn, but we spent a lot of time managing well.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Was there a hand over here, Yes, please?

Henry Repard - *DNB Asset Management - Analyst*

Henry Repard from DNB Asset Management. Actually, I have a question for you, Irene's regarding your slide about ship owners. And it was really great to see the work that you're doing with the transportation of crude. A number of the shipowners that we speak to, they highlight the challenges associated with offering low carbon vessels. They say that there's -- I say generalization, there's sort of low demand and really high significant build costs. I'm interested to understand how Equinor is shoring up supply these low-carbon vessels for the future? And so that you can charter them? And also, how is this impacting profitability? Because the message we're hearing from a number of the shipowners themselves is it's expensive to build this. So interested to hear that.

And if I can, Pål, as well, jump in. You mentioned the issues to do with human rights within the solar supply chain. We saw first solar impact to last year in Malaysia because of some issues that they identified themselves. It's interesting -- it would be interesting to understand how Equinor is looking at your supplier selection strategy and how you're balancing cost with this human rights risk with low-carbon trajectory as well?

Irene Rummelhoff - *Equinor ASA - EVP of Marketing, Midstream & Processing*

Maybe I'll start with shipping. And when I took on this job, I guess, 5 years ago after having that lonely job that Pål is now having I thought we needed to compromise between sustainability and cost on the shipping side and having a trader organization, of course, they are dead set on. I think the fact that we are both a supplier and buyer I guess, of fuel is helping. But the big breakthrough, I guess, has been the EU ETS being implemented in the shipping side and also the EU maritime fuel coming, which creates significant advantages to those with low emissions and for this last deal that we announced today with the 4 vessels, there was a tremendous competition. And I don't know I haven't seen the press release yet. I don't know if they have the rates there, but we had a long list of shipowners that wanted to participate and some of them also had come with some domestic subsidies on their back. So they were willing to offer us very, very attractive domestic subsidies on their back. So they were willing to offer us very, very attractive rates.

Pål Eitrheim - *Equinor ASA - EVP of Renewables (REN)*

On your human rights question on the solar supply chain, this is an industry-wide issue. And we are spending extensive efforts into understanding where things are coming from. What lies behind in that supply chain, partly through ourselves, partly through industry associations and intermediaries. And we're doing quite extensive IDD's of our supply chain. But there are transparency limitations in that supply chain, which is making this difficult. So if you push me against the wall and say, can you guarantee that there are no issue in that supply chain, no I can't. Can I promise you that we've done everything that we can to sort of get to the bottom of the supply chain? Yes, I can.

But it is really, really tough. It is an industry that is still very much dominated from parts of Asia in terms of supplies, and there are transparency issues in getting sort of all the way into the sharp end of that supply chain that we have on our plate all the time. But we are spending on the IDD side, I think we are doing everything we can but still, we will probably have wanted to do even more than what we're able to do today.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

I have a question in writing and as in the room, it's more than one question camouflaged in one part. You mentioned \$3 billion in cash flow from operations from renewables and low carbon energies in 2030, split between \$2 billion from Renewables and \$1 billion other. Can you further delineate the REN renewables cash flow from operations between onshore and offshore and low carbon energies between CCS and other and how is the split in 2035 for the \$6 billion?

Pål Eitrheim - *Equinor ASA - EVP of Renewables (REN)*

I can start and you can build on me. It's a bit difficult to be specific in 2030 because there are things that are in the portfolio today that won't be there in 2030. And then there are things which are not in the portfolio, which will probably contribute in 2030. So there is a generic element to the profile. We gave an indication on at Capital Markets Day and what is in there, and it's a mix of the big offshore wind projects that are coming on stream over the next few years and then it's the effect of the platforms. And just as an indication, the cycle times of these 2 industries are very, very different. This year alone, we are looking at more than 10 FIDs onshore, big and not so big projects, whereas in offshore wind is typically longer cycle times, more capital-intensive projects, and also much longer cycle times. So that's a long way of saying, I can't give more specificity or whatever is called in English than what we gave in February.

Irene Rummelhoff - *Equinor ASA - EVP of Marketing, Midstream & Processing*

I thought I'd just say no. But as I alluded to earlier, 2030 is a bit early for my -- I have a lot of projects that are coming in '29, '30, '31. So -- but we do expect to see, I guess, CCS moving a bit faster than hydrogen and then hydrogen-ready CCGTs, I guess, or CCGTs with carbon capture and storage is also part of that mix.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Thank you. I forgot to say that the question was from Jason Gabelman in TD Cowen. In the room, I have Arild Skedsmo from KLP.

Arild Skedsmo - *KLP*

Philippe, it's been mentioned several times that you have taken down the international portfolio substantially. And you mentioned 5 or 6 sort of priority countries, I think, roughly. But there is the 10, 15 countries left. Can you say something about your strategy there? What's the sort of criteria for you to leave them or to engage more substantially? And also, how do you engage (inaudible) with Governments of those countries with respect to your interest?

Philippe Mathieu - *Equinor ASA - EVP for Exploration and Production International*

Thank you. So I guess the criteria is simply about the possibility we see to further deepen and create more value around the existing positions that we have. If these are less mature areas where we maybe are not so big yet, we need to see line of sight for having material positions. The criteria are the ones that I've mentioned in my speech, which is basically trying to make sure that we build a set of projects and a portfolio in these countries, but also across EPI, which is as robust as possible, both in terms of economics, breakeven, but also in terms of CO2 footprint and emissions. So that's the way in. And to be able to have that strategy and that robustness long term. This is why we're engaging with national oil companies. This is why we're engaging with governments to try to make sure that we're doing our utmost and bringing our experience to decarbonize the operations that we have operated and non-operated and also contribute to further knowledge transfer to help them decarbonize other operations across the country.

Arild Skedsmo - KLP

Dialogue with governments, lobbying and also political risks, how do you deal with this in these countries?

Philippe Mathieu - Equinor ASA - EVP for Exploration and Production International

What we need is to have stability and visibility in terms of the frameworks that we have across. This has been the mantra for the industry. This has been one of the success factors of developing the oil and gas industry in Norway. And this is exactly what we need across in all the jurisdictions in all geographies.

Bård Glad Pedersen - Equinor ASA - SVP of IR

We have a question over here on this table. And then if there are additional questions in the room or virtually, I ask that to use the opportunity while this connects asked to raise your hand.

Morten Gjesdahl - BNP Paribas

Morten Gjesdahl, BNP Paribas. Irene, on hydrogen, the various projects, do you plan to do project financing on those?

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

We have not decided yet, but I think these projects will be right for project financing because there's very limited risk in them when we have contracted long-term supply, and we have the cost but I think we also should look at farming down as we've done and create additional value from that. So I think both opportunities are there, but we don't have any current plans yet and developing these new value chains in huge partnerships or with many stakeholders are kind of hard. So we like to control them a little bit longer and then make that decision.

Bård Glad Pedersen - Equinor ASA - SVP of IR

Thank you. I have 1 more from Natasha Landell-Mills in Sarasin.

Natasha Landell-Mills - Sarasin & Partners - Analyst

I'm trying to bring down the carbon intensity of each of my questions. So having flown here. So thank you again, Irene. I wanted just to follow up on a point that you made just for clarity. I think you said something around subsidies being important around until certainly in 2030. And at that point, you could see commercialization numbers like \$200 a tonne being potentially quite attractive. First of all, is that the number at which it becomes attractive? And what sort of return would you get at that number? And secondly, of course, if you got to that level, which is well above, I think, the management's long-term assumption for carbon prices of [\$123] by 2030 per tonne of carbon. What would that mean for the rest of the business?

Irene Rummelhoff - Equinor ASA - EVP of Marketing, Midstream & Processing

I'm glad I had the chance to clarify that. If you saw, I was expecting \$200 because I'm not expecting \$200, as you rightly point out. But there are countries like Netherlands, Denmark, Sweden, talking about \$150 potentially \$200 carbon prices. So beyond, I guess, the EU ETS. Our assumption, when I say, we think there is a trigger point in around 2030 is that we expect the EU ETS prices to be at around \$100 in that period and also the cost of capturing, transporting and storing should be at that level as well. And that's when you no longer need that direct negotiation with government that will not allow you to have super profits, obviously. And then it comes down to, as I said, the competition. And good news in this business is that the entry barriers are quite high. This is the big company's game. It's not the onshore mom-and-pop shop that we're competing

against. We're talking big pipelines and lots of drilling of wells, et cetera. So I'm actually quite excited about the potential, but realistic, I guess, in the shorter term.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Okay. Xander?

Xander Urbach

Thanks you. If you have time, maybe 2 questions On CCS, and kind of thinking about CapEx going to 2030, is it a big CapEx kind of business? Do you think right now, 10% of CapEx went to CCS? And do you see that moving kind of upwards to, I don't know, to 2030? And on hydrogen, thinking about kind of technicality of the hydrogen readiness of power plants. We see -- I see very different stories from companies utilities on that actually being able to be commercially viable or kind of you need very, very high CO2 prices to even make that happen. How do you see that moving? And also kind of your investment levels then going into 2030, I don't know 2025?

Irene Rummelhoff - *Equinor ASA - EVP of Marketing, Midstream & Processing*

Again, we haven't been specific on what CapEx is going to come from what project but obviously, what I alluded to was that we might take an FID on this pipeline in 2026, and that comes with a significant amount of CapEx that by that time, we could have farmed down or brought in a partner or project finance, but these are CapEx-heavy projects, and that's also why I say the entry barriers are quite significant. So when we get closer to 2030, my project is going to start to weigh quite heavily on this 50% between oil and gas and renewables and low-carbon solutions. And then you talked about the hydrogen ready CCGTs and there's a technological aspect of it. Are there turbines there that can do it today.

I think we're on the brink. We are in a lot of R&D partnerships with turbine suppliers. And currently, we haven't seen anyone concluding that they can take 100% hydrogen, but we're right there of getting there, but there are certainly blending opportunities that are available already today. I think the biggest constraint is going to be hydrogen availability. And obviously, quite a few host countries, I guess, would like to see green hydrogen being available, but that's a bit of a long shot. So I think we expect at least these to be invested in, whether they're going to run on hydrogen significantly before 2030, I doubt. But they're least ready. And even when they're being built, they might not then -- and technology is there and the market is there, they might not be used that often. Because this is back up. This is back up for the growing intermittent.

And the way they will be commercialized is more likely through capacity fee mechanism from a governmental source that pay you to be available whenever there's no wind or solar in Germany or neighboring countries. So the economics are going to be dependent on that. It's going to be dependent on ancillary services that you're going to provide to the grid than it's going to be on the spark spread. But this is definitely going to be more expensive. And you would not run it on hydrogen if you have EUR 100 UTS price, you need more support mechanism. But as I said, this is definitely the choice for almost every government today.

Bård Glad Pedersen - *Equinor ASA - SVP of IR*

Good. I think we have been able to take most questions and we are spot on time. So that is perfect. I want to thank you all for attending and for engaging and asking your questions. The presentation and other material is available on equinor.com, and as always, if you remember tomorrow that you have additional questions, and want to discuss further, the IR team remains available for you. So thank you, and have a great rest of the afternoon and goodbye.

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