

# 2018 Sustainability Report

# CEO foreword

## Dear stakeholders

Equinor's strategy – always safe, high value, low carbon – sets clear ambitions for the future and demonstrates how safety and sustainability are at the core of our business. Our name change from Statoil to Equinor in 2018 reflects the global energy transition and our development as a broad energy company.

For almost 50 years Equinor has created substantial value and contributed to the development of society. Now we supply energy to 170 million people – every day. How we produce and deliver this energy is crucial. This is about how we deal with climate change and also about our broader social responsibility. In this report we discuss our sustainability priorities and how we work with them at length.

**Always safe** – Safety and security is a prerequisite for our success as a company and a top priority. Everyone working in Equinor or for Equinor should come home safely. We have over the last decade improved our safety results and in 2018 it improved further, with a total serious incident frequency of 0.5. This serves as an inspiration for our future efforts within safety.

**High value** – We are preparing for ongoing market volatility. In 2018, we improved our cash flow and generated USD 3.1 billion in free cash flow and USD 6.3 billion in organic free cash flow. Adjusted earnings increased to USD 18 billion, and net operating income reached USD 20 billion. Our portfolio is becoming ever more robust – Equinor is now cash-flow positive below USD 50 per barrel. While oil consumption needs to decrease, this transition will take time, and throughout it, we need to be developing the most carbon efficient, high value resources.

**Low carbon** – The Paris Agreement created much-needed momentum to act on climate change, but as a society and collectively, we are not doing enough. At Equinor we will continue to turn natural resources into energy for people and progress for society. Providing energy to a growing population in a responsible way guides us as we work together towards a common future where energy is affordable and sustainable for all.



We all need to collaborate to speed up the pace and deliver solutions at scale. Our Climate roadmap explains how we plan to build a low carbon advantage, through concrete actions with ambitious targets.

In 2018, we continued to be one of the world's most carbon efficient oil and gas producers, with a carbon intensity half of the industry average. The Aasta Hansteen field started production, adding significant volumes of natural gas to supply the European market for years to come. Our renewable business supplied 1.3 TWh of clean energy to the grid. We also announced that we are ready to invest in the protection of tropical forests, that are so important to absorbing CO<sub>2</sub> from the atmosphere, underscoring our strong support for a global price on carbon.

Our actions are inspired and guided by the United Nations' Sustainable Development Goals, and our commitment to long-term sustainable value creation is in line with the principles of the United Nations' Global Compact.

We will continue our journey from a focused oil and gas company to a broader energy company, and we hope you will support us in this journey.

/s/ Eldar Sætre  
President and Chief Executive Officer  
Equinor ASA

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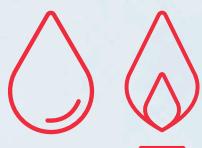
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# Equinor at a glance: 2018

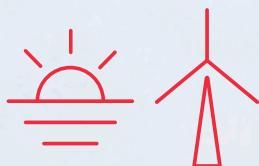
## Always safe, high value, low carbon

We are Equinor, an international energy company with a proud history. Formerly Statoil, we are 20,000 committed colleagues developing oil, gas, wind and solar energy in more than 30 countries worldwide. We are the largest operator in Norway, among the world's largest offshore operators, and a growing force in renewables.



770 mmboe

Oil and gas equity production  
(mmboe- million barrels of oil equivalent)



1.3 TWh

Renewable energy equity  
production



20,525

Number of employees



0.5 SIF

2018 Serious incident  
frequency  
(SIF - per million hours worked)



USD 18 Billion

Adjusted earnings



9

2018 CO<sub>2</sub> intensity for the  
upstream oil and gas portfolio  
(operated 100%. kg CO<sub>2</sub> per boe)

We energize the lives of 170 million people. Every day.

# About the report

## Reporting standards

This report has been prepared in accordance with the GRI Standards: Core option. A GRI Index is available at [equinor.com](http://equinor.com). We view this report to be our Communication on Progress to the United Nations (UN) Global Compact (advanced reporting level).

We also use reporting guidance from IPIECA, the global oil and gas industry association for environmental and social issues, and recommendations from the Task Force on Climate-related Financial Disclosures.

## Assurance

This report has been externally assured by KPMG, with reasonable level of assurance for selected climate, environment and safety indicators, and a limited level of assurance for the rest of the report. The independent assurance statement (see Appendices) concludes that the report is presented in all material respects, in accordance with the GRI Standards: Core option.

## Reporting boundaries

Defining consistent boundaries for sustainability reporting is challenging due to the complexity of ownership and operational arrangements, such as joint operating agreements. We strive to be consistent and transparent about variations in boundaries and report in line with industry practice.

- Environmental data is, unless otherwise stated, reported on a 100% basis for our operated assets, facilities and vessels, including subsidiaries and operations where we are the technical service provider, and for contracted drilling rigs and floatels ("operational control basis").

- Scope 1 CO<sub>2</sub> emissions and upstream CO<sub>2</sub> intensity are reported both on an operational control basis and on equity basis (financial ownership interest).
- Scope 3 greenhouse gas emissions are reported on the basis of equity (volumes of products sold).
- Health and safety incident data is reported for our operated assets, facilities and vessels, including subsidiaries and operations where we are the technical service provider. These include contracted drilling rigs, floatels, vessels, projects and modifications, and transportation of personnel and products, using a risk-based approach.
- Economic data is reported on an equity basis, unless otherwise stated.
- Workforce data covers employees in our direct employment. Temporary employees are not included.
- Human rights and social performance data is collected from assets under our operational control.

Operations acquired or disposed of during the year are included for the period in which we owned them, unless otherwise stated. Entities that we do not control, but have significant influence over, are included in the form of disclosures of management approach.

## Restatements

Historic numbers are sometimes adjusted due to for example changes in reporting principles, changes of calculation factors used by authorities, or re-classification of incidents after investigations. We restate historic numbers, and explain the changes if the adjustment represents a change of minimum 5% for indicators with reasonable level of assurance, and 10% for indicators with limited level of assurance.



# Find out more



## Other reports

The following reports provide additional context about our business activities and impacts:

- Annual Report and Form 20-F, including payments to governments report
- Energy Perspectives 2018
- CDP 2018 response
- GRI Index 2018



## Sustainability data hub

Performance data in this report and supplementary data are presented in our sustainability data hub.



## Equinor.com

For further information about how our sustainability performance is enabling implementation of our business strategy, visit our sustainability pages and follow us on social media.

## Feedback

We welcome your feedback. Please use the e-mail and social media channels linked below for comments and questions.



# Material topics and stakeholder dialogue

This report focuses on the sustainability topics that were most significant to us and our stakeholders in 2018.

The topics have been selected and prioritised through a systematic process, assessing how our business activities impact stakeholders, and how sustainability risks and opportunities impact Equinor. Material topics are defined as those that have, or may have, a significant impact on our stakeholders and on Equinor.

Stakeholder dialogue is an important part of the content selection process. At Equinor, we engage with our key stakeholders throughout the year, as part of how we conduct our business. Key stakeholder groups include employees, shareholders, governments, business partners and suppliers, customers, and society at large, including non-governmental organisations and academia. An overview of our key stakeholder groups and prioritised issues is available online.

Ongoing stakeholder dialogue, media analysis, investor roadshows, the Socially Responsible Investor Day in May 2018, and roundtable events with key stakeholders

to discuss our sustainability priorities, have all helped capture stakeholder views and concerns most relevant for this report.

When assessing impact on stakeholders, we considered global sustainability issues and relevant reporting standards.

To assess the importance of various sustainability topics to Equinor, we assessed our business strategy, sustainability priorities and business risks. We engaged our business areas to capture views from different parts of the business.

Our material issues have remained, to a large extent, consistent over the years. In 2018, compared to previous years, stakeholders put more emphasis on the United Nations Sustainable Development Goals. The topics consistently regarded as highly significant across stakeholder groups include climate change and the energy transition, safety and security. These are consequently the most prominent issues in this report.

An overview of our key stakeholder groups and prioritised issues are available online.



## Material topics

### Climate change and the energy transition:

Energy transition and business strategy; GHG emissions; New energy solutions; Low-carbon research and development

### Safety and security:

Personnel safety; Emergency preparedness; Health and working environment; Security and cyber security

### Creating shared value:

Economic impact; Local procurement; Employment; People development

### Responsible operations:

#### Environmental impact:

Emissions and discharges to local environments; Resource management (waste and water); Biodiversity and sensitive areas

#### Ethics and anti-corruption:

Revenue and tax transparency; Business integrity

#### Human rights:

Labour rights and working conditions (employees and supply chain); Diversity and inclusion; Human rights in communities and security arrangements

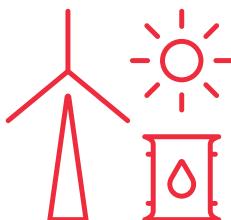
### Cross-cutting themes:

Transparency; Sustainable Development Goals

Our purpose is to turn natural resources into energy for people and progress for society.



# Sustainability at Equinor



Shaping  
the future  
of energy

Equinor's purpose is to turn natural resources into energy for people and progress for society. Our strategy – always safe, high value and low-carbon – positions us to deliver long term value in a low-carbon future. This is reflected in our vision: Shaping the future of energy. We are developing from an oil and gas company to a broader energy company.

Our three sustainability priorities – responsible operations; creating a low-carbon business advantage; and creating shared value – are embedded in our strategy.

## Always safe:

Safe and responsible operations are essential for our license to operate and an enabler of long-term value creation. We have set clear targets for continuous improvement of our safety records. Responsible operations include managing our environmental impact, respecting human rights, and promoting integrity and transparency.

## High value:

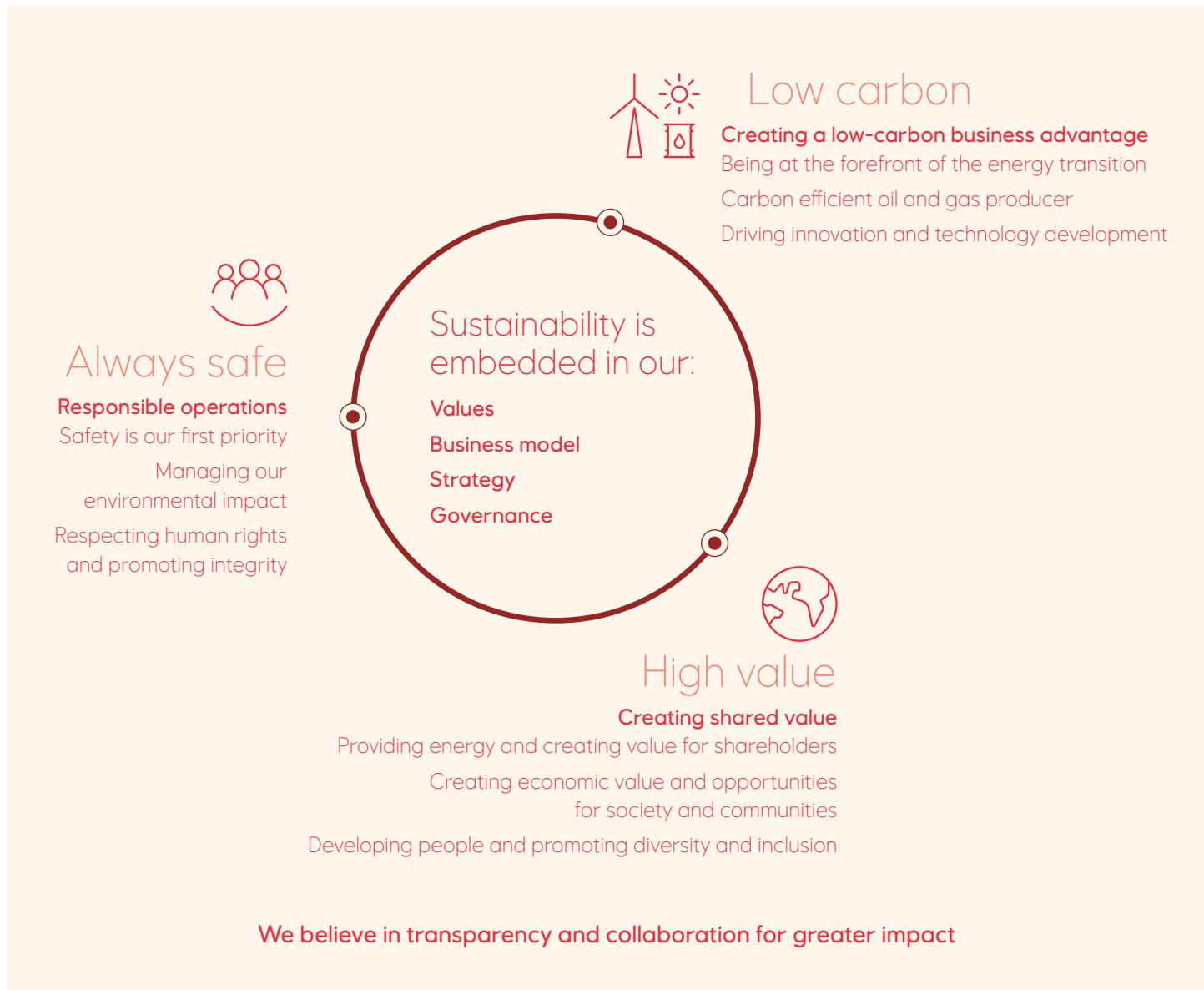
We deliver energy to millions of people and create value for our shareholders. Through our core business and supply chain, we create economic value and opportunities for society and communities. We create jobs and develop capabilities among our own employees and beyond our company.

## Low-carbon:

To thrive in the energy transition, we aim to maintain our position as an industry leader in carbon efficient oil and gas production and grow in new energy solutions.

We believe that our strategy and long-term perspective on value creation will make us more competitive in the long term. Our values "open, collaborative, courageous and caring" help us set direction and guide our decisions, actions, and the way we interact with others.

# Our sustainability priorities



## THE GLOBAL GOALS For Sustainable Development

### Our contribution to the UN Sustainable Development Goals

Equinor supports the UN Sustainable Development Goals (SDGs) and shares the view that business has a key role to play in the implementation of the goals. Our main contribution to the society is the energy we deliver, the economic value and jobs we create, the people we develop, our efforts to reduce greenhouse gas emissions, and pursuing safe and responsible operations.

We recognize that our business activities may have both positive and negative impacts on the SDGs. However, we seek to minimize negative impacts and contribute positively to the goals, and to be transparent about our impacts.

## 2018 milestones and impact on selected Sustainable Development Goals

Our priorities	Selected SDGs	2018 milestones	Examples of potential risks and impacts (not exhaustive)
Protecting our people	SDG 8: Decent work and economic growth	<ul style="list-style-type: none"> <li>Introduced «Life-Saving Rules»</li> <li>No fatalities</li> <li>Lowest ever Serious Incident Frequency</li> </ul>	<ul style="list-style-type: none"> <li>Providing good work places, with safety as our first priority</li> <li>Potential safety incidents</li> </ul>
Creating a low-carbon advantage	SDG 7: Affordable and clean energy SDG 13: Climate action	<ul style="list-style-type: none"> <li>One of the world's most carbon efficient oil and gas producers (operated 100%, 9kg CO<sub>2</sub>/boe)</li> <li>Invested around USD 0.5 billion in new energy solutions</li> <li>Low-carbon R&amp;D expenditure 21% of total (2020 target: 25%)</li> </ul>	<ul style="list-style-type: none"> <li>Providing energy, with significantly lower emissions than the industry average</li> <li>Investing in new energy solutions</li> <li>Emissions from operations, supply chain and use of our products</li> </ul>
Creating shared value	SDG 4: Quality education	<ul style="list-style-type: none"> <li>Provided 770 mmboe and 1.3 TWh</li> <li>Dividends declared USD 3 billion</li> <li>Purchases for USD 17.4 billion</li> <li>USD 16.4 million allocated to capacity building within science, technology and mathematics (STEM)</li> <li>Women in leadership positions increased to 44%</li> <li>Parental leave for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Providing energy</li> <li>Economic impact through taxes, jobs, supply chain and local content</li> <li>Supporting education in science, technology and mathematics (STEM)</li> <li>Promoting diversity and inclusion in our workforce</li> </ul>
Managing environmental impacts	SDG 14: Life below water	<ul style="list-style-type: none"> <li>Regular discharges of oil to water decreased</li> <li>Patron for UN Global Compact Action Platform for Sustainable Ocean Business</li> </ul>	<ul style="list-style-type: none"> <li>Managing environmental impacts</li> <li>Collaboration with research institutions</li> <li>Risk of potential spills</li> <li>Potential noise impacts on marine life</li> </ul>
Respecting human rights	SDG 8: Decent work and economic growth	<ul style="list-style-type: none"> <li>Human rights training mandatory for all employees with responsibility for contracts and procurement</li> <li>Co-established an industry initiative on human rights in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Promoting respect for human rights related to our operations and in our supply chain</li> <li>Exposure to human rights risks related to our activities and supply chain</li> </ul>
Promoting integrity and transparency	SDG 17: Partnerships for the goals	<ul style="list-style-type: none"> <li>Code of conduct e-learning mandatory for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Supporting initiatives to promote transparency and anti-corruption, e.g. UN Global Compact and the EITI</li> <li>Transparent reporting of payments to governments</li> <li>Exposure to integrity risks</li> </ul>



0.5 SIF

2018 Serious incident frequency  
(SIF - per million hours worked)



2018 target 0.5



2.8 TRIF

2018 Total recordable injury frequency  
(TRIF - per million hours worked)



2018 target 2.5

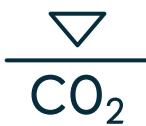


11

2018 Oil and gas leakages  
(number of leakage rate  
≥ 0.1 kg per second)



2018 target 13



9

2018 CO<sub>2</sub> intensity for the upstream oil and gas portfolio  
(operated 100%, kg CO<sub>2</sub> per boe)



2020 target 9, 2030 target 8

# Embedding sustainability in how we work

## Sustainability governance and performance framework

At Equinor, our approach to sustainability is embedded in how we work. This includes our corporate governance principles, performance framework and management system. These elements are described in the Equinor book, available at our web pages.

The Equinor book, available online, describes our vision, values, commitments and performance framework.



### Governance

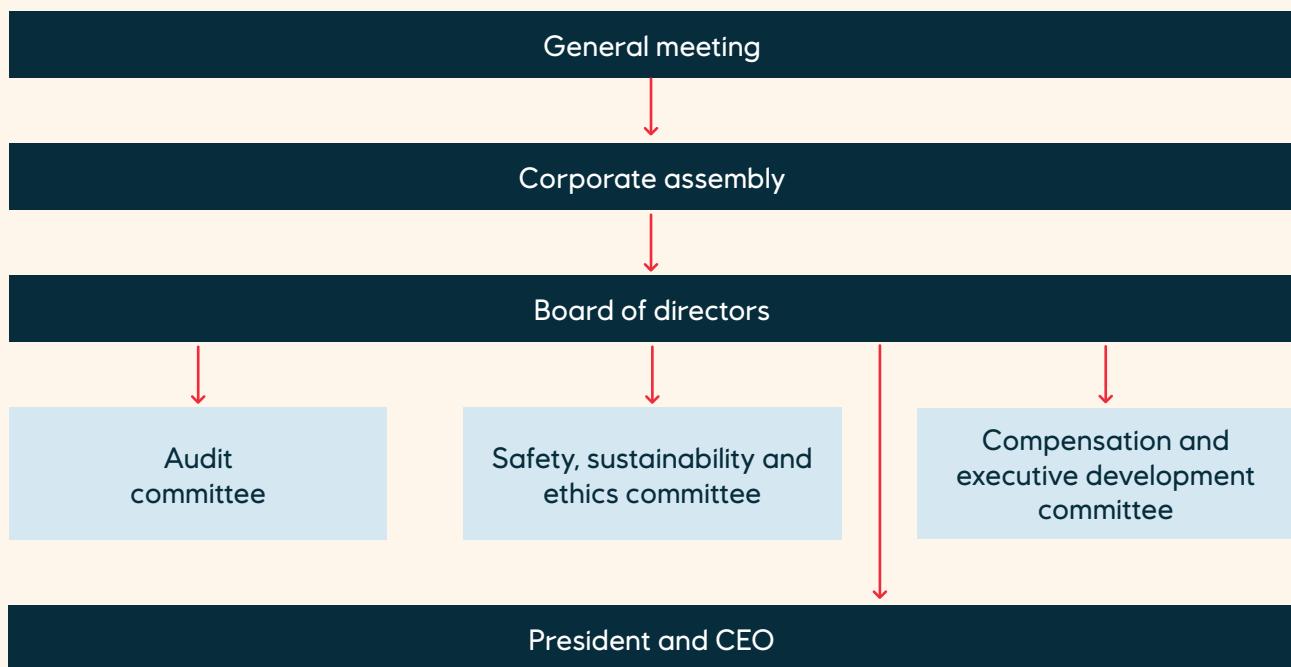
The corporate executive committee and Equinor ASA board of directors (BoD) review and monitor sustainability issues, including climate-related business risks and opportunities and climate and sustainability aspects related to investment decisions. In 2018, personnel safety, cyber security, human rights, anti-corruption and climate-related risk were extensively discussed in board meetings.

The BoD safety, sustainability and ethics committee assists the BoD in its supervision of the company's sustainability policies, systems and principles. This includes regular reviews of sustainability risk issues and sustainability performance and review of the sustainability report.

The company has a separate corporate risk committee chaired by the chief financial officer. The committee meets at least five times a year to give advice and make recommendations on Equinor's enterprise risk management, including climate-related risks.

Group level functions responsible for sustainability-related issues include safety and security, sustainability, people and leadership and legal. The heads of these functions are responsible for setting strategic direction and reporting on risk and performance at group level within these topics to the corporate executive committee and board of directors, including relevant committees.

## Sustainability integrated in our governance



The corporate sustainability function is responsible for overseeing climate change (including climate-related risk), environment, human rights and social issues, and the function head reports to the executive vice president for Global Business Strategy and Business Development. The corporate safety function is responsible for safety, health & work environment and security, and the function head reports to the chief operating officer. The chief compliance officer is responsible for business ethics and compliance and reports to the senior vice president for Legal.

Executing the company's sustainability ambitions is a business line responsibility, and sustainability issues are regularly discussed by the corporate executive committee.

#### Performance framework

The performance framework translates our vision, values and strategy into actions and results. We measure progress and results in a holistic way, using key performance indicators when relevant, allowing for sound judgement. How we deliver is as important as what we deliver.

We have sustainability targets and indicators in place to measure progress and incentivise performance across the

company – starting at the top. Key performance indicators have been established to measure climate and safety performance (CO<sub>2</sub> intensity upstream; serious incident frequency; total recordable injury frequency; and oil/gas leakage). SIF and CO<sub>2</sub> intensity impact the remuneration for the CEO and other members of the executive committee.

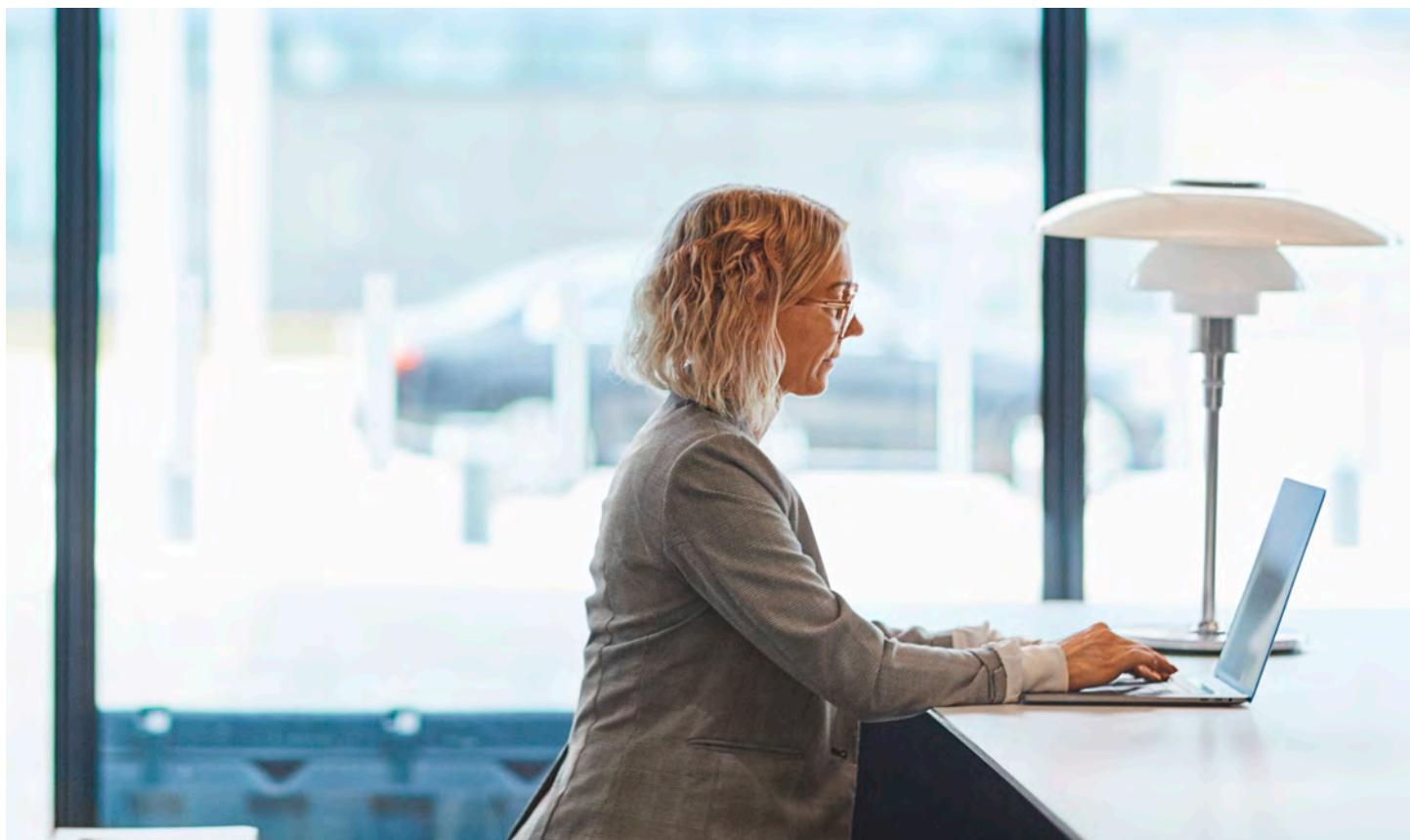
#### Risk management

Management of sustainability and climate-related risks is embedded in our enterprise risk management process.

All our activities carry risk, and risk management is therefore an integrated part of our performance framework. We identify, evaluate and manage risk to create sustainable value and avoid incidents.

The risk process provides a standardised framework which allows for risk comparison and efficient decision making. Both upside and downside risks are assessed.

Our management system includes our policies, requirements and guidelines. Together with our corporate governance principles and performance framework, this forms the basis for how we are embedding sustainability in our business activities.



The world needs energy producers  
that can deliver affordable energy,  
with lower emissions.



# Creating a low-carbon advantage

## Climate change and energy transition



In 2018, Equinor was rated as the oil and gas company most prepared for energy transition by CDP in their report "Beyond the cycle".

### Energy transition – a call for action

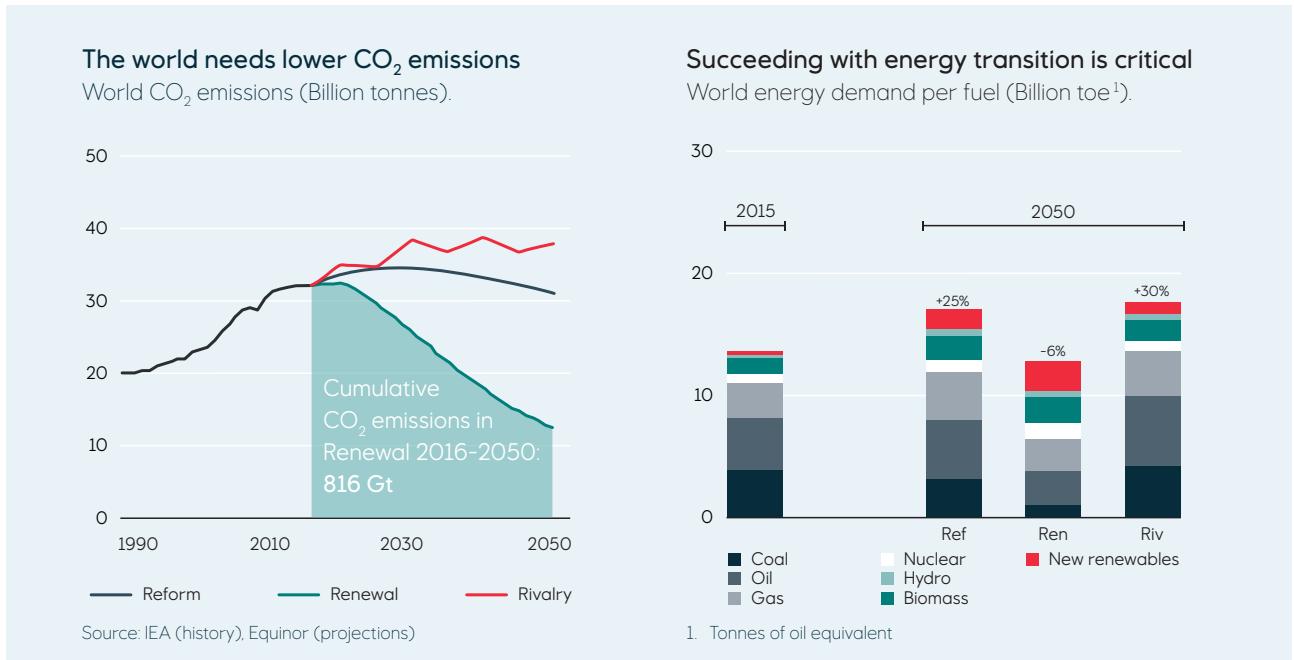
The world needs affordable and reliable energy to meet the energy demand from a growing population. At the same time, it needs to reduce greenhouse gas emissions. The decoupling of energy use from emissions represents a fundamental challenge to all of us. The World Economic Forum's Global Risk Report 2018 highlights climate change as one of the main social and economic risks facing the world.

Achieving the ambitions of the Paris Climate Agreement will require significant efforts from governments, companies and wider society – significantly more than the current pledges made by countries. The urgent need for climate action has been highlighted by the Intergovernmental Panel on Climate Change's Special Report on Global Warming of 1.5°C, launched in 2018.

We see many signs of the energy transition in the electricity generation sector. Renewables are becoming competitive without subsidies in many markets. According to our Energy Perspectives 2018 report, new renewables are expected to grow significantly by 2050, in all scenarios, from a share of around 2% of the world's energy mix today. This is a business opportunity for Equinor, and we are scaling up investments in new energy solutions.

We also see signs of rapid growth in the sales of electric vehicles. However, the decarbonisation of heavy transport and industry, aviation and petrochemicals, is expected to be more challenging. While energy-efficiency improvements and innovative low-carbon solutions can lower the emissions also here, we believe these sectors will need oil and gas for decades to come.

Without new investments in oil and gas, supply from fields currently in operation would decline by around 3-6% per year. Even in our Energy Perspectives 2018 Renewal scenario, which is broadly aligned with limiting global warming to a maximum of 2°C, there is a need for new supply to meet the future demand for oil and gas. In this scenario we assume significant energy efficiency gains, a rapid growth in renewable energy, natural gas replacing coal to a large extent in the short to medium term, and breakthroughs of carbon removal technologies such as carbon capture and storage.



Hence, we continue to explore for and invest in high value, lower carbon oil and gas projects. As not all oil and gas resources will be developed, Equinor is exploring to find the most competitive barrels, determined by production cost, energy prices, technology and carbon intensity. We believe there is a significant correlation between low cost and low carbon intensity – and that minimising both cost and carbon is crucial to ensuring that our portfolio is resilient as we move towards a low-carbon future.

Natural gas as a replacement for coal in electricity generation is a critical part of a credible low-carbon strategy. The natural gas we currently supply to Europe is helping countries reduce their emissions.

At the same time, we are growing significantly in renewable energy. Climate considerations are embedded in our strategy, decision-making, incentives and reporting.

There are many uncertainties in the energy transition, including the scale and pace of the transition. Game-changing technologies, stricter climate policies and new entrants may disrupt the energy industry. We cannot predict the future, but we believe that nothing prepares us better than our ability to adapt.

Our Energy Perspectives 2018 report sets out different scenarios for how the future energy mix could develop towards 2050, and our Climate roadmap is our strategic response to the risks and opportunities that the energy transition represents.

## Climate policy and transparency

Equinor promotes transparency and aims to be at the forefront of transparent reporting. Our climate policy positions are available on our website. We disclose our main affiliations with industry associations and other relevant organisations as well as how we relate to their climate policy work in our annual submission to the CDP. This is also available on Equinor's website. We do not make any political contributions.

We welcome initiatives to promote transparency, such as the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). Over the past few years, we have taken significant steps to develop our disclosures on climate-related business risk. We believe that our disclosures made in the Annual Report and Form 20-F and this report are in line with the TCFD recommendations.

During 2018 we have supported the implementation of the TCFD recommendations to drive convergence of disclosure practices across the industry. We joined the TCFD Oil and Gas Preparer Forum in 2017 to identify efficient and feasible ways to implement the recommendations. The Forum's report was launched in 2018. Throughout 2018, we also prepared a joint case study on TCFD implementation together with asset manager Storebrand and the UN Principles for Responsible Investment (PRI).

The TCFD Oil and Gas Preparer Forum's report "Climate-related financial disclosure by oil and gas companies: implementing the TCFD recommendations" is available on the World Business Council for Sustainable Development's web pages ([www.wbcsd.org](http://www.wbcsd.org)).



# Climate-related business risk and portfolio resilience

Our business needs to be resilient to the multiple risks – both upside and downside – posed by climate change. These include potential stricter climate regulations, changing demand for oil and gas, technologies that could disrupt our market, as well as physical effects of climate change.

## Governance and risk management

Climate-related risks and opportunities, and our strategic response to these are discussed frequently by our corporate executive committee and board of directors. In 2018, the board of directors specifically discussed climate-related issues in four of their eight meetings, as well as related to relevant investment decisions. The board of directors safety, sustainability and ethics committee discussed climate-related issues in all committee meetings in 2018.

Management of climate-related risk is embedded in Equinor's enterprise risk management process. We use internal carbon pricing, scenario analysis and sensitivity

analysis to assess and manage climate-related risk. We monitor technology developments and changes in regulation and assess how these might impact the demand for oil and gas, the cost of developing new assets and opportunities for low-carbon technologies.

Climate-related risk factors are identified by considering main sources of change – market, policy and regulatory, technology, physical and reputational. Climate-related risk factors are assumed to indirectly influence Equinor's cash flow risk via effects on revenues or cost. This relationship is integrated into our risk assessment of revenues and costs and corresponding actions. As an example, climate-related risks could influence oil, gas and carbon price assumptions. Risk adjusting actions are evaluated, decided and implemented as relevant. An overview of relevant risk factors and how we manage these, is provided below. For more information about governance and risk management, see Sustainability governance and management in this report.

Sources of change	Risk factors (upside and downside potential)	Management actions
Market	Oil and gas demand Renewable energy demand	Scenario analysis Climate-related principles in investment decisions 2030 CO <sub>2</sub> upstream intensity target Scaling up investments in new energy solutions Enhancing profitability
Policy and regulatory	Carbon costs and taxes Specific regulations (e.g. air quality, emission standards and fuel directives)	Monitoring policy and regulatory development Internal carbon price applied Portfolio stress test Energy efficiency initiatives
Technology	Electrification of transport Renewable energy and battery technology CCS, hydrogen and other low carbon technologies Digitalisation	Monitoring technology development Scaling up investments in new energy solutions Digitalisation roadmap
Physical	Chronical effects (e.g. sea-water rise, increased scarcity of water) Acute effects (e.g. more frequent extreme weather events)	Regular updates of meteorology and oceanography data used in project and operational planning Technical design criteria for offshore platforms and drilling rigs
Reputational	Talent attraction and retention Investors' perception of oil and gas investments Climate-related litigations Licence to operate	Transparency and disclosures of performance, governance and targets External engagement and communication

For more information see the risk section in our Annual Report and Form 20F.



## Our strategic response to climate-related risks

Our strategy and Climate roadmap forms the basis for how we respond to climate-related risks and opportunities. As part of this we have embedded climate considerations into our incentives, reporting and decision-making, and have targets in place to measure progress and incentivise performance across the entire company – starting at the top. CO<sub>2</sub> intensity (upstream) is a key performance indicator and influences executive pay.

**Investment principles** – Our investment principles take climate into account. We require all potential projects to be assessed for carbon intensity and emission reduction opportunities, at every decision phase – from exploration and business development to project development and operations. We apply an internal carbon price of at least USD 55 (real 2018) per tonne of CO<sub>2</sub> in investment analysis. In countries where the actual or predicted carbon price is higher than USD 55, we apply the actual or expected cost, such as in Norway where both a CO<sub>2</sub> tax and the EU Emission Trading System (EU ETS) apply.

**Energy scenarios** – Our energy scenarios inform the economic planning assumptions used in our investment decisions and the formulation of our strategy. Our Energy Perspectives 2018 report illustrates that there is significant uncertainty around the future energy mix and the exact pace and scale of the energy transition. In that report we also assess sensitivities to our Renewal scenario related to potential disruptive technologies, CCS and climate policy action.

**Portfolio stress test** – Equinor annually conducts a price sensitivity analysis for our project and asset portfolio against the assumptions regarding commodity and carbon prices in the range of energy scenarios of the International Energy Agency (IEA), as presented in their World Energy Outlook report. This analysis is used to assess energy transition-related risks. The practice is in accordance with a shareholder resolution passed in 2015, suggesting that stress testing should be done against third-party scenarios to allow for comparability.

The “project and asset portfolio” entails equity production, excluding exploration activities<sup>1</sup>. However, our investment decision criteria, including the internal carbon price and discount rates, apply also to exploration projects.

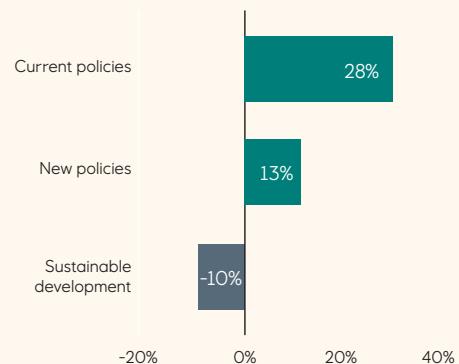
In 2018 we tested our portfolio against the IEA’s Current Policies, New Policies and Sustainable Development scenarios. The scenarios and assumptions are presented in the World Energy Outlook 2018 report (IEA). Equinor has not tested our portfolio against a 1.5°C scenario, as the IEA has so far not published such a scenario with corresponding oil, gas and carbon price assumptions. The four illustrative model pathways presented in the International Panel on Climate Change’s special report on the impacts of global warming of 1.5°C<sup>2</sup> indicate that oil and gas demand would have to be significantly lower than in a 2°C scenario, and as such the potential downside for Equinor in a sensitivity analysis could be expected to be more significant. However, our sensitivity analysis does not take into account the fact that our portfolio would change to be more robust as the different scenarios unfold and materialise.

1. Exploration activities are not included due to significant uncertainty regarding discoveries and development solutions. This is a change from previous years’ analysis, which have included exploration activities.

2. IPCC (2018): Special Report: Global Warming of 1.5°C.

## Net present value of portfolio

NPV impact on base case



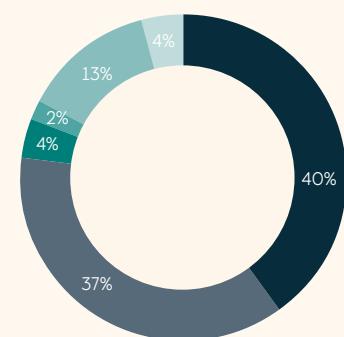
The sensitivity analysis in 2018 demonstrated that our portfolio continued to be robust in the various IEA scenarios (World Economic Outlook 2018). The chart illustrates changes in the net present value (NPV) of Equinor’s asset and project portfolio when replacing our own assumptions regarding oil, gas and carbon prices with those of the IEA scenarios.

## Capex per maturity



Equinor has significant capex flexibility to shape our future portfolio. The share of non-sanctioned projects is significant already in 2021 and rapidly increasing towards 2028. Producing and unconventional assets are also to a large extent flexible.

## Oil and gas production in 2025



■ Conventional oil ■ Conventional gas ■ Heavy oil  
■ LNG ■ Shale gas ■ Tight oil

A major part of our forecasted production in 2025 is within conventional oil and gas, and shale gas, which have a relatively low carbon intensity compared to heavier oil segments. These production segments represent around 90% of our forecasted production in 2025.

# Our Climate roadmap

Our Climate roadmap describes how we plan to maintain a low-carbon business advantage by reducing our emissions, growing new energy solutions and collaborating to amplify our impacts. The roadmap sets out ambitions, targets and an action plan towards 2030.

## Our Climate roadmap: Creating a low-carbon advantage

### Build a high value and low-carbon oil and gas portfolio

CO<sub>2</sub> emission reductions of 3 million tonnes per year by 2030<sup>3</sup>

Upstream portfolio carbon intensity of 8kg CO<sub>2</sub> /boe in 2030

Maintain a very low methane intensity (upstream and midstream) and continue to explore emissions reduction opportunities

### Create a material industrial position in new energy solutions

We expect around 15-20% of our investments to be directed towards new energy solutions in 2030, assuming we can access and mature profitable projects.

Up to 25% of research funds to new energy solutions and energy efficiency by 2020

### Accountability and collaboration to amplify climate action

Portfolio stress testing and transparent reporting

Climate embedded in strategy, decision-making and incentives

<sup>3</sup> We aim to achieve, by 2030, annual CO<sub>2</sub> emissions that are 3 million tonnes less than they would have been, had no reduction measure been implemented between 2017 and 2030. This includes our offshore operations in Norway (Konkraft target, 2 million tonnes of CO<sub>2</sub> per year by 2030 compared to 2020).



Equinor is one of the world's most carbon efficient oil and gas producers.

# Building a high value and lower carbon oil and gas portfolio

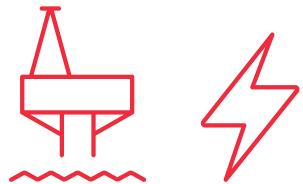
## Reducing our emissions

To achieve our emission reduction target, we pursue energy efficiency measures, electrification and other low-carbon energy sources at our installations. In 2018 we implemented several emission reduction measures, largely through better energy management, technical design and flaring reductions. In addition, we decided to explore opportunities for electrification of offshore fields Troll C, Sleipner and Gudrun, which could potentially reduce CO<sub>2</sub> emissions with more than 600,000 tonnes per year.

We have set a company-wide upstream flaring intensity target of 0.2% by 2020 for our operated assets. This was set in 2012 as part of our commitment to the Sustainable Energy for All Initiative. Our aim is to stop routine flaring in our operations by 2030 at the latest, in line with the World Bank Zero Flaring by 2030 initiative. In Norway, we do not have routine flaring in our operations.

## An industry leader in carbon intensity

We aim to remain an industry leader in carbon efficiency by emitting as little carbon as possible from each barrel produced. Our 2030 ambition is based on forecasts, sensitivity testing and emission reduction targets for each business area. The target is ambitious as we have a portfolio with many ageing fields,



More electrification potential: Three platforms that are currently powered by gas turbines, may be powered from shore. This could cut CO<sub>2</sub> emissions from Troll C, Sleipner and Gudrun by more than 600,000 tonnes per year.

## Natural gas –

## part of the climate solution



During energy production,  
gas emits only half of the  
CO<sub>2</sub> of coal<sup>1</sup>



Gas provides stable base  
load to support new  
renewables



A significant and reliable  
provider of natural gas  
to Europe

1. Source: National Energy Technology Laboratory.

Equinor's methane intensity  
is around 1/10 of the  
industry average  
(OGCI 2018 Annual report).

particularly in Norway. The carbon intensity of a field increases as it gets older, since more energy is required to produce smaller amounts of oil and gas. To achieve our ambition we continued in 2018 to work on emission reductions on existing fields, designing energy efficient solutions for development projects, as well as considering the climate impact of our investment decisions. Oil sands does not have a place in our strategy and we do not explore for heavy oil.

### Minimising methane emissions

Methane is the second most important greenhouse gas contributing to human induced climate change<sup>1</sup>. Methane has a shorter lifetime in the atmosphere than CO<sub>2</sub>, but it has a higher warming potential. While gas releases significantly less CO<sub>2</sub> than coal when combusted, methane emissions during production and distribution reduce this advantage. Minimising methane emissions is therefore essential.

We have estimated Equinor's methane intensity for the upstream and midstream part of the value chain which we control to be as low as approximately 0.03%. We aim to maintain a low methane intensity.

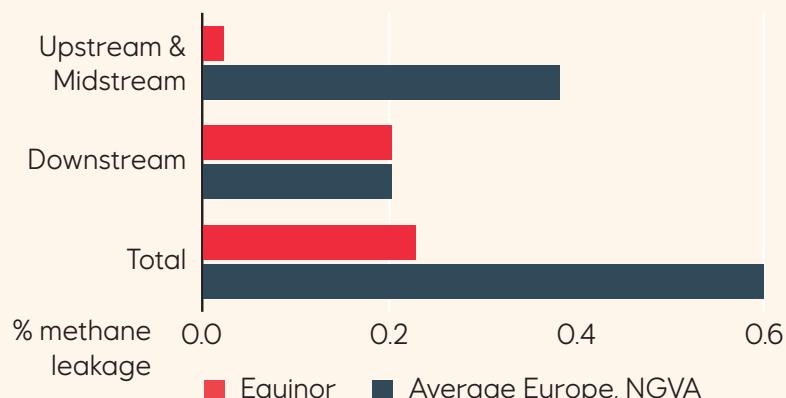
A review of Equinor's reported emissions and third-party studies<sup>2</sup> has demonstrated that methane emissions in the gas value chain from Norway to Europe (including transportation and distribution) are at a level where the advantage of gas compared to coal from a climate perspective is significant and indisputable.<sup>3</sup> Emissions related to distribution to the final consumer represent over 90% of the emissions to European customers. The uncertainty in the numbers is high and we are working with industry associations and initiatives, including the Oil and Gas Climate initiative (OGCI), to obtain higher quality data.

We will continue to develop and implement technologies and procedures to detect and reduce methane emissions, support industry efforts to reduce methane emissions across the oil and gas value chain, increase the quality and transparency of reported data, and support the development of sound methane policies and regulations.

1. A global warming potential for methane that is 25 times higher than CO<sub>2</sub> in a 100-year perspective is commonly used, aligned with the IPCC Fourth Assessment Report.
2. Exergia (July 2015); DBI (October/December 2016); Markogaz (February 2016).
3. Statoil (2017): Minimizing greenhouse gas emissions. Greenhouse gas emissions of the Norwegian natural gas value chain 2016 (available online).

## Methane intensity in the gas value chain

Norwegian piped gas to Europe



Sources: Equinor, NGVA/Thinkstep 2017

# Growing in new energy solutions

We expect around 15-20% of our annual investments to be directed towards new energy solutions in 2030, assuming we can access and mature profitable projects.

In 2018 around 4% of the USD 9.9 billion in organic investments was related to investments in new energy solutions.

## Scaling up investments

Equinor believes that our oil and gas competence can be leveraged to create business opportunities in the energy transition. Our ambition makes sense industrially because we have a strong safety culture; capabilities to deliver large and complex projects; experience from maritime operations and maintenance; and a focus on technology and innovation. It also makes sense financially because we see potential for profitable opportunities with an acceptable risk profile, diversifying our portfolio.

## Offshore wind

Currently we focus on developing offshore wind parks (bottom fixed and floating). Our operated wind farms in the UK (Sheringham Shoal, Dudgeon, and Hywind Scotland) provide renewable energy to ~750.000 households. We are a partner in Arkona offshore windfarm in Germany, which will deliver energy to ~400.000 households when fully operational. The Arkona windfarm started production in 2018.

In 2018, we deepened our position in offshore wind in Poland and the USA through accessing three licenses in the Baltic Sea and securing the winning bid for a Massachusetts lease area. We expect our offshore wind portfolio to continue to expand. Costs are decreasing while efficiency is increasing through larger wind turbines, better design and streamlined operations. We believe that offshore wind, over time, increasingly will become commercial without support schemes. With Hywind Scotland, the world's first floating wind farm, Equinor seeks to unlock the vast potential of floating offshore wind. We believe this is the next wave in renewable energy, as we can reach larger depths—further away from shore, which is ideal for our innovative solution, Hywind.

In 2018 Equinor installed Batwind, the world's first battery for offshore wind, at Hywind Scotland. When in operation the concept will offer the opportunity to optimise when to store and when to sell power, mitigating the intermittency in offshore wind.

To further develop floating offshore wind technology, reduce costs and make the solutions more competitive, Equinor, together with the Snorre and Gullfaks licence partners, decided the concept for the Hywind Tampen floating wind project in 2018. This project, if realised, is aiming at partially powering Snorre and Gullfaks offshore oil and gas fields with floating wind that could reduce CO<sub>2</sub> emissions by more than 200,000 tonnes per year.

## Solar power

We are also exploring opportunities in solar power. In 2018, we made investments in two solar projects in Brazil and Argentina, together with Scatec Solar ASA. The Apodi solar plant in Brazil started production in 2018. Equinor also acquired a 10% share in Scatec Solar ASA to increase our exposure to a fast-growing renewable sector, further complementing our portfolio.



## Offshore wind

### Bottom fixed<sup>1</sup>

### Floating<sup>1</sup>

#### In operation

Sheringham Shoal  
UK

317 MW

Dudgeon  
UK

402 MW

Arkona<sup>2</sup>  
Germany

385 MW

Hywind Scotland  
UK

30 MW

#### Non-sanctioned opportunities

Dogger Bank  
UK

3.6 GW

US East Coast  
USA

~4 GW

Baltic I<sup>3</sup> II & III  
Poland

~2.5 GW

Hywind Tampen  
Norway

88 MW

## Solar

#### In operation

Apodi<sup>4</sup>  
Brazil

162 MW

#### Under development

Guanizul 2A<sup>4</sup>  
Argentina

117 MW

1. Figures: Installed capacity, 100% basis.

2. Operated by E.ON.

3. Transaction subject to closing.

4. Operated by Scatec Solar ASA.

# Investing in low-carbon research and technology

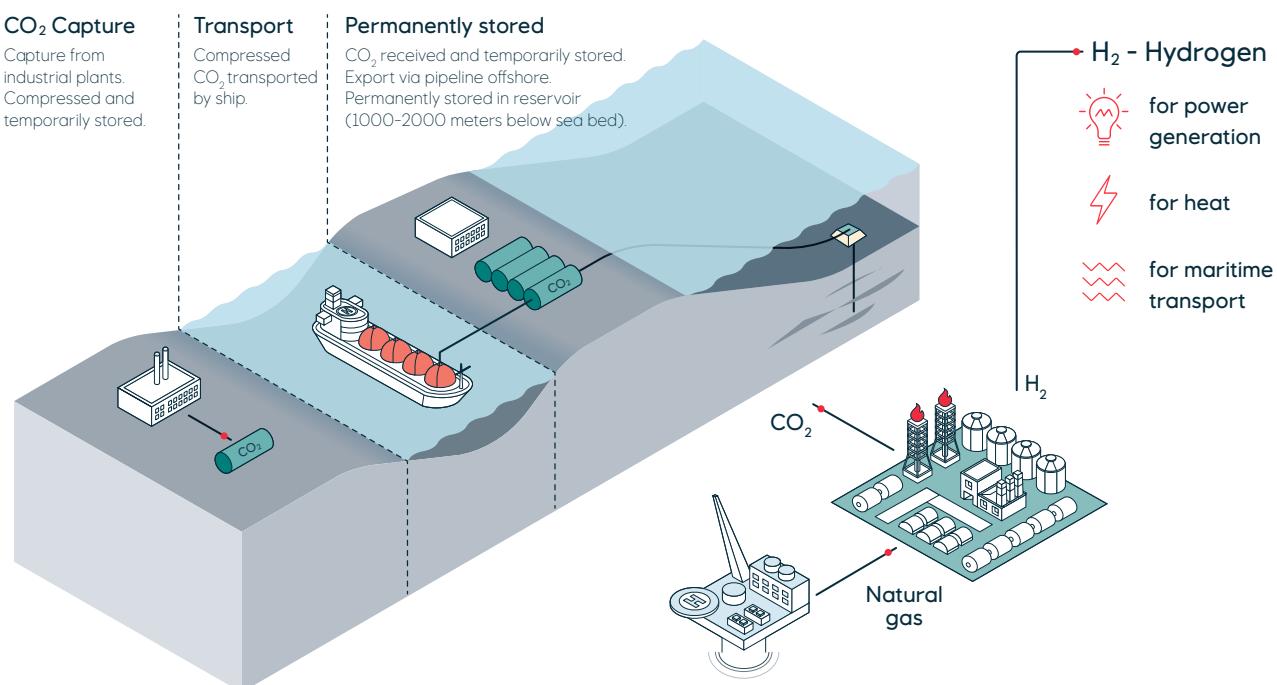
Leveraging our R&D and innovation capabilities will be key to developing new energy solutions at a competitive cost. We are focusing on options to maintain the competitiveness of oil and gas in a low-carbon future, with efforts in the area of storage and utilisation of CO<sub>2</sub>, decarbonisation of natural gas through hydrogen value chains, and low carbon fuel transportation solutions. These solutions can help significantly reduce the emissions from our products (scope 3 emissions). By 2020, we expect to be devoting around 25% of research and development expenditure to new energy solutions and energy efficiency.

**Carbon capture, and storage (CCS) and hydrogen**  
Investment in CCS is vital to reduce emissions from oil and gas and other sectors. Equinor has been a pioneer in CCS. We have as an operator captured and stored more than 23 million tonnes of CO<sub>2</sub> to date, and we have since 2012 operated a technology centre (Technology Centre Mongstad) for testing and developing carbon capture technologies. Now

we are trying to develop new business models to make CCS commercially viable. Together with Total and Shell, Equinor is carrying out studies on behalf of the Norwegian authorities to develop full-scale CCS in Norway. The concept includes capturing CO<sub>2</sub> from onshore industry, transporting it by ships and injecting and permanently storing it 1,000-2,000 meters below the seabed.

We are looking into early stage opportunities for converting natural gas to clean hydrogen, while capturing and storing the CO<sub>2</sub>, as a potential way to help customers in the power, heating and transportation sectors to reduce their emissions. It is still early days for hydrogen, but we see this as an exciting opportunity for natural gas in the future. In 2018 Equinor contributed to the Northern Gas Networks' report H21 North of England, launched in 2018. The report sets out how 3.7 million homes and 40,000 businesses in the north of England, currently heated by natural gas, could be converted to hydrogen and made emissions-free by 2034.

## Long term potential: CCS as enabler for hydrogen production



# Collaboration

We engage with business partners, suppliers, customers and society to find solutions for the low-carbon future, including innovative and commercially viable ways to reduce emissions across the oil and gas value chain.

We have teamed up with peer companies in the Oil and Gas Climate Initiative (OGCI) to help shape the industry's climate response. To spur technology development, we are a partner in the USD +1 billion investment fund OGCI Climate Investments.

To enhance our work on reducing methane emissions, we have joined the One Future Coalition, the Climate and Clean Air Coalition Oil and Gas Methane Partnership and the Guiding Principles on Reducing Methane Emissions Across the Natural Gas Value Chain.

## Working with suppliers and customers to reduce emissions from our products

We are exploring ways to work with companies that use our products, since over 90% of the total emissions from oil and gas comes from their use rather than their production. Our pilot projects on hydrogen and CCS are examples of this low-carbon research and technology.

Through our green logistics programme, we collaborate with suppliers to reduce the emissions from our maritime operations in Norway.

## Supporting a price on carbon

We work with governments and organisations to support carbon pricing and complementary climate and energy policies. Through these measures, we encourage fuel switching from coal to gas, growth in renewables, the deployment of carbon capture, utilisation and storage (CCUS) and other low-carbon solutions, as well as promote efficient production, distribution and use of energy globally.

## Investing in innovation

Our Academia programme entails long-term collaboration between key universities and Equinor to stimulate research, competence development and education within areas of strategic importance for both parties. In 2018, it was decided that a substantial part of the activities for the next five years will be addressing the energy transition and new energy solutions.

We support innovation through corporate venturing and accelerator programmes, to test new ideas and help progress new sustainable solutions. Examples of investments made by Equinor Technology Ventures in 2018 include SeekOps (drone based methane detection technology) and Fos4X (wind turbine sensors and software platform).

Equinor and Techstars have co-established the Techstars Energy Accelerator, which aims to develop disruptive solutions within oil and gas, renewables, new business models and digitalization. The companies can accelerate their work by tapping into a global network of experts from Equinor, Techstars and our partners Kongsberg and McKinsey & Company. Ten global companies were selected for a 13-week programme in 2018.

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More information about Equinor Technology Ventures and Techstars is available at [equinor.com](http://equinor.com).



## Natural climate sinks – a part of the solution

In 2018, Equinor announced that we are ready to invest in the protection of tropical forest as soon as a well-functioning jurisdictional forest carbon market is in place for the private sector. We anticipate that this may happen in 2019. The investments will be a supplement to our Climate roadmap. Protecting and restoring forests and lands is an effective global climate measure which also contributes to preserving biodiversity and livelihood for local communities, aligned with the UN Sustainable Development Goals.

Equinor has set ambitious emission reduction targets. Most of the emissions from our operated portfolio are subject to a carbon tax and part of EU's emission trading system. Over time, we plan to invest in reduced deforestation corresponding to the emissions (operated) not covered by any CO<sub>2</sub> price, aligned with our strong support for a global price on carbon.

Equinor is ready to  
invest in tropical forest  
protection.

# Our performance

## Emissions and emission reductions

In 2018 Equinor maintained a carbon intensity of 9kg CO<sub>2</sub> per barrel of oil equivalent (boe) for our operated upstream production, in line with our 2020 target of 9kg CO<sub>2</sub>/boe. This is considerably lower than the industry average of 18kg CO<sub>2</sub>/boe.

The methane intensity (upstream and midstream, operated) remained very low at around 0.03%.

Our scope 1 greenhouse gas emissions (GHG) decreased to 14.9 million tonnes of CO<sub>2</sub> equivalents. The reduction in emissions was mainly caused by reduced flaring levels at Hammerfest LNG and a power outage followed by a temporary shutdown at our Mongstad refinery.

We delivered 264,000 tonnes of CO<sub>2</sub> emission reductions in 2018, mainly due to many smaller energy efficiency projects. So far we have achieved around 0.6 million of the 2030 target of 3 million tonnes of CO<sub>2</sub> emission reductions per year.

Our 2018 flaring intensity (upstream, operated) was around 0.2% of hydrocarbons produced, aligned with our 2020 target. This is significantly lower than the industry average of 1.2%. Still, the flaring intensity increased from 2.1 to 2.4 tonnes/1,000 tonnes compared to 2017. The increase was mainly caused by flaring increase at Bakken due to pipeline capacity constraints, as well as reduced production at the Norwegian continental shelf.

## Renewable energy and low-carbon research and development (R&D)

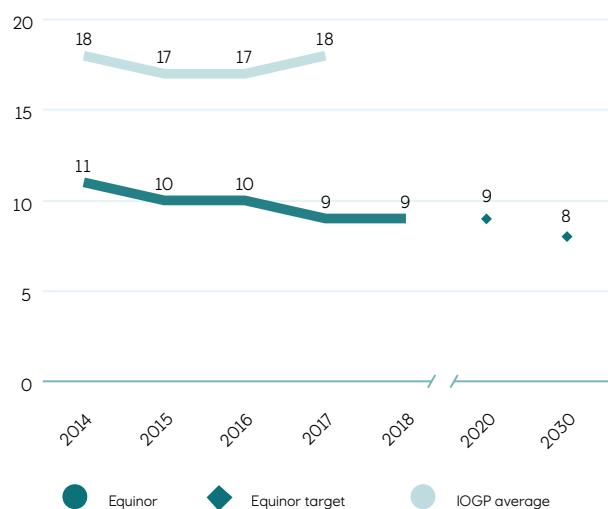
In 2018 Equinor's renewable energy production increased from 830 to 1,251 GWh. The increase was due to a full year of production from Dudgeon and Hywind Scotland in addition to start-up of Arkona and Apodi.

The capital expenditure on new energy solutions in 2018 was around USD 0.5 billion.

Our low-carbon R&D projects, including energy efficiency projects and projects with energy efficiency as a secondary effect, increased to around 21% of our total R&D expenditure. The total low-carbon R&D expenditure was around USD 66 million. R&D projects on CCS and renewables represented around 10% of the total R&D expenditure

## Upstream CO<sub>2</sub> intensity (KPI)<sup>1,2</sup>

(kg CO<sub>2</sub> per boe)

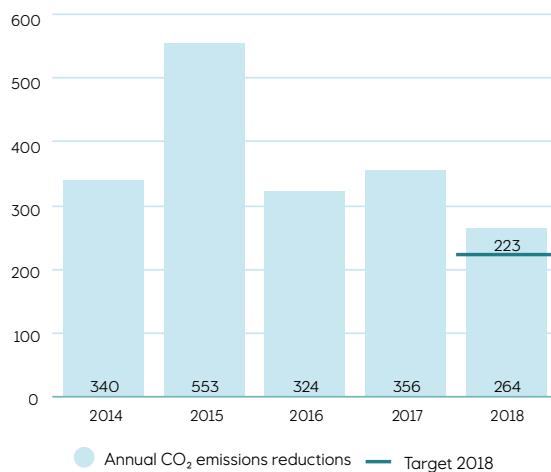


1 Source: IOGP (2018), Environmental Performance Indicators report (results are lagging by one year).

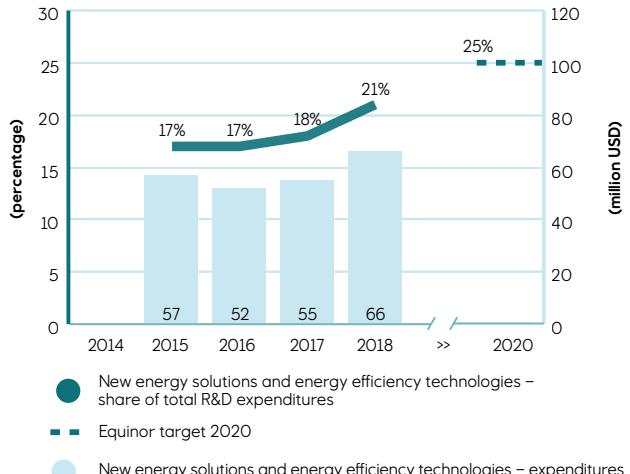
2 2018 Equinor target: Top quartile of the IOGP CO<sub>2</sub> intensity benchmark (achieved).

## Annual CO<sub>2</sub> emissions reductions

(thousand tonnes)



## Low-carbon and energy efficiency R&D<sup>3</sup>



3 Includes energy efficiency projects and projects with energy efficiency as a secondary effect.

Indicators	Boundary	Unit	2018	2017	2016	2015	2014
Oil and gas production	OC	mmboe	1077	1099	1030	1073	997
Oil and gas production	Equity basis	mmboe	770	759	723	719	703
Renewable energy production	Equity basis	GWh	1251	830	423	475	536
Energy consumption	OC	TWh	71	70	73	75	74
Scope 1 GHG emissions	OC	million tonnes CO <sub>2</sub> e	14.9	15.4	15.4	16.3	16.3
CO <sub>2</sub> emissions (Scope 1)	OC	million tonnes	14.4	14.9	14.8	15.4	15.3
CO <sub>2</sub> emissions (Scope 1)	Equity basis	million tonnes	11.6	12.0	12.7	12.3	12.4
Scope 2 GHG emissions (location based)	OC	million tonnes CO <sub>2</sub> e	0.2	0.2 <sup>(a)</sup>	0.3 <sup>(a)</sup>	0.3 <sup>(a)</sup>	0.2 <sup>(a)</sup>
Scope 2 GHG emissions (market based)	OC	million tonnes CO <sub>2</sub> e	3.0	2.8 <sup>(a)</sup>	2.6	2.5	NR
Scope 3 GHG emissions	Equity basis	million tonnes CO <sub>2</sub> e	314	310	296	295	288
Upstream CO <sub>2</sub> emissions intensity	OC	kg CO <sub>2</sub> per boe	9	9	10	10	11
Upstream CO <sub>2</sub> emissions intensity	Equity basis	kg CO <sub>2</sub> per boe	10	10	13	NR	NR
CH4 emissions	OC	thousand tonnes	20.0	19.3	24.2	36.3	40.6
Methane intensity	OC	%	0.03%	0.03%	0.04%	0.06%	0.07%
Hydrocarbons flared	OC	thousand tonnes	396	406	443	440	570
Upstream flaring intensity	OC	tonnes of gas flared per 1000 tonnes of hydrocarbon produced	2.4	2.1	2.5	2.7	3.9

OC = Operational control. NR = Not reported. BOE = Barrel of oil equivalent.

For more data, visit our online sustainability data hub.

(a) Historical data has been updated to reflect changes in CO<sub>2</sub> emissions factor.



# I AM SAFETY

Accountable, visible and engaged

1



# Protecting our people

## Safety and security



0.5 SIF

2018 Serious incident frequency

(SIF - per million hours worked)

2.8 TRIF

2018 Total recordable injury frequency

(TRIF - per million hours worked)

### Business context and our approach

Equinor's strategy defines "Always safe" as one of three elements of our strategy, and our ambition is to be an industry leader in safety and security in the energy industry. Comprehensive reviews of the performance and best practices from a broad set of companies were done in 2017 and 2018 to accelerate the improvement pace and achieve the ambition of industry leadership. Afterwards, a series of strategic safety initiatives were defined and implemented at all levels of the company.

Health and working environment is an integrated part of the safety work, with attention to risks such as chemicals, noise, ergonomic workplace and psychosocial factors. Continuous improvement and digital transformation requires an adaptable organisation, and management of psychosocial risk factors is therefore important both to mitigate downside risks and capture upside potentials.

As our international presence develops, the company is presented with different sets of security risks that we need to manage. The security threat landscape has evolved significantly since we launched our five-year security roadmap in 2015. Equinor faces a high threat of targeted terrorist attacks in some locations. Furthermore, criminal violence is a concern for staff at some of the assets and offices. Worldwide there is a high threat of cyber-attacks, and this is expected to continue to grow as new digital technologies imply sharing data more broadly. Against this backdrop, we continue to address these threats through a strengthened security culture and organisation which seeks to manage all security risks to our people, assets and information.

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For further information see the risk section in Equinor's 2018 Annual Report and Form 20F.



# Actions to improve safety and security

During 2018 development of strategic safety initiatives were continued, and a corporate improvement project was launched: "Safety beyond 2020". The goal of this project is to further strengthen the safety culture and performance in Equinor through embedment of safety thinking and proactive behavior at all organizational levels. Four main areas for improvement are identified: safety visibility, leadership and behavior, safety indicators and learning and follow-up.

*Safety visibility* will be improved through the implementation of a broad set of actions in all locations. This includes "Life-Saving Rules" based on the industry standard from International Oil and Gas Producers that are being rolled out throughout the company. Their overall purpose is to improve safety performance by raising awareness to critical actions for a safe work place and confirming that everyone has the right to stop unsafe activity.

*Leadership and behaviour* will be strengthened through implementation of safety expectations for behaviour at all organisational levels and engagement of everyone for more active risk management.

*Safety indicators* that improve proactivity, leading indicators, will be given higher priority through increased attention to and follow-up of known underlying causes behind incidents.

*Learning and follow-up* will be enhanced through establishment of an improved process for learning, and a more comprehensive scope and approach for safety verification activities.

Utilization of new technologies is important for improving safety performance. Examples include our onshore located integrated operation center for offshore activities, which was established in 2018, and a digital operational planning tool for improved risk management. The latter provides decision makers with key information on technical and operational conditions, risks associated with carrying out activities and past experience.

Another example of how application of new technologies can strengthen safety performance is the use of drones. In 2018 drones were used to inspect wind turbine blades on Sheringham Shoal. This approach significantly reduces the risk associated with such activity, as drones replace the need for people conducting inspections in challenging physical conditions.

## Emergency preparedness and response

Equinor is a member of a recently established international emergency management work group and has established an international agreement with selected peers regarding joint training and exercises to increase our emergency response capability and competency.

## Life-Saving rules

### BYPASSING SAFETY CONTROLS

Obtain authorization before overriding or disabling safety controls

### CONFINED SPACE

Obtain authorization before entering a confined space

### DRIVING

Follow safe driving rules

### ENERGY ISOLATION

Verify isolation and zero energy before work begins

### HOT WORK

Control flammables and ignition sources

### LINE OF FIRE

Keep yourself and others out of the line of fire

### SAFE MECHANICAL LIFTING

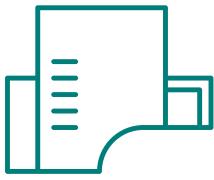
Plan lifting operations and control the area

### WORK AUTHORIZATION

Work with a valid permit when required

### WORKING AT HEIGHT

Protect yourself against a fall when working at height



239

Number of accidental  
oil spills



4.6

2018 Sickness/absence  
(percentage of planned work hours)

Equinor personnel routinely train and exercise on their roles and responsibilities in emergency response situations, to be sufficiently prepared if, and when, incidents occur. An important training session in 2018 was a week-long exercise in Brazil, including the Equinor Brazil response organisation, the Global Incident Management Assist Team (GIMAT), the Equinor Crisis Management Team and the local Brazilian authorities. The training scenario was oil spill response and the exercise simulated the response to a complex offshore incident. Peer companies were also included to share experiences and plan for cooperation in real situations.

#### Health and working environment

A healthy work environment is important for people to perform and thrive, and to secure safe and efficient operations.

We systematically monitor trends related to sickness, and particularly work-related illness. A significant contributor to the latter has been psychosocial risk factors and therefore these have been actively managed over many years. Our annual global people survey is used to gather information from employees about their perception of these factors through selected issues. The average score for these issues showed a slight increase in 2018 compared to 2017, which indicates a healthier workforce and organisation. Our workforce is also exposed to risk factors such as noise and chemicals, these areas are given attention as part of our continuous improvement initiatives. For example, in 2018 we established and started implementation of a roadmap with specific focus on benzene exposure. During the last year we updated governing documentation, started to map which positions are most exposed to benzene (e.g. process operators), tested the barrier efficiency of personal protective equipment and increased risk understanding through awareness campaigns.



## Security and cyber security

In 2018 we reached year three of the five year Security roadmap covering physical, personnel and cyber security. Security awareness and competency development have been given priority in 2018, while also maintaining progress with the holistic approach to security risk management.

**Awareness – Building a stronger security culture** is an important component of the awareness development. In 2018 this was prioritised by promoting and reinforcing the company's security rules which include business travel, protecting sensitive information, preventing unauthorized access, intervening and reporting incidents. Communication activities are developed to support leaders in promoting and reinforcing security rules and behaviors throughout the organisation.

**Competence development – new travel security courses** were added in 2018 to increase security awareness.

Cyber security threats continue to grow in number and severity. Safeguarding information and technical systems is seen as one of the foundations to meet the company strategy. Email is the most commonly used attack vector against the company, followed by infected websites. To avoid successful attacks, all employees are being trained to identify and respond correctly to sophisticated phishing emails.

Digitalization of work processes increases the digital surface that can be misused to perform a cyber-attack. As a response, increased capability to understand the threat and implement relevant mitigating actions is being developed.

## Our performance

In 2018, we experienced no major accidents or incidents with fatalities<sup>1</sup>.

In November 2018 the Norwegian Armed Forces' frigate HNoMS Helge Ingstad and the tanker Sola TS collided close to the Sture terminal north of Bergen, Norway. Although Equinor was not directly involved in the collision<sup>2</sup>, the incident had a major accident potential and is being followed up for future risk reducing measures.

### Serious incident frequency

We have over the last decade improved our safety results and in 2018 the total serious incident frequency (SIF) came down to the lowest level ever reported. The total SIF, including incidents with potential consequence, ended up at 0.5 incidents per million work hours in 2018, down from 0.6 in 2017. This serves as an inspiration for our future efforts towards zero injuries and accidents.

### Personnel health and safety

For 2018, the total recordable injury frequency per million hours worked (TRIF) remained unchanged compared to the 2017 result of 2.8. We are not satisfied with this performance and will further increase our efforts to improve the result. The safety of our workforce is a high priority and to support improvement we will further strengthen awareness and execution of activities through guidance from the four main areas of the "Safety beyond 2020" project.

We have seen a continuous decline in the number of

work-related illness cases (WRI) since 2014. Psychosocial factors including workload are the most important contributors to this positive development. The average score in our global people survey for issues related to psychosocial risk factors improved slightly in 2018 compared to 2017, which indicates a healthier workforce and organisation.

The 2018 sickness absence rate for our Equinor ASA employees remained stable at 4.6%.

### Process safety

We continued to see a reduction in the number of serious oil and gas leakages (with a leakage rate  $\geq 0.1$  kg per second) for the fourth consecutive year. The number of leakages decreased by 27% compared to 2017<sup>3</sup>. This is the lowest number of leakages since 2012.

The number of oil spills per year and the corresponding total volumes increased from 2017 to 2018. In both years, close to 90% of the total number were spills with volume less than a barrel. The largest spill, a 70m<sup>3</sup> naphtha leak at the Mongstad refinery in Norway, accounts for about half of the total volume. The leak occurred during loading of naphtha from the refinery to a ship. The underlying causes were related to technical conditions, as well as understanding and implementation of work processes.

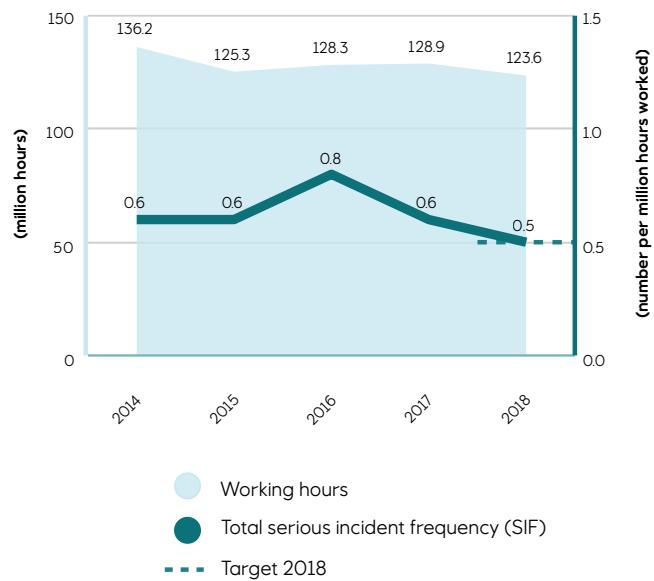
No serious well control incidents were recorded in 2018.

<sup>1</sup> A sub-contractor employee died while working on a construction project. The authorities have not concluded on the cause of death in their investigation. However, the employing company has concluded that the fatality was not work related.

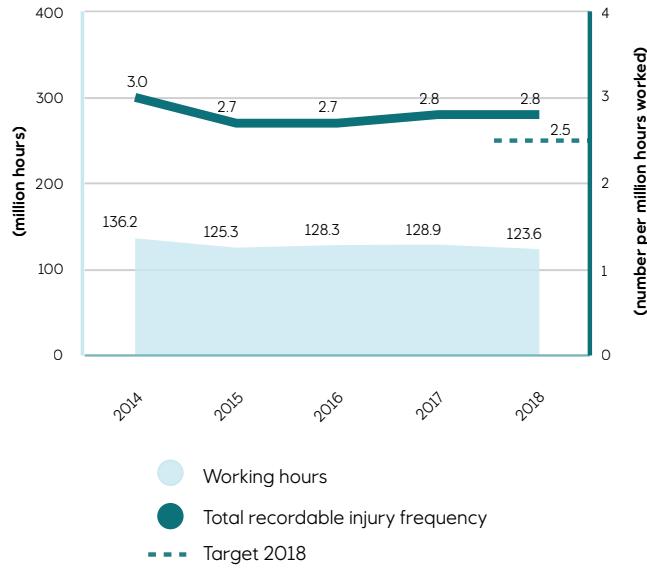
<sup>2</sup> Included in our statistics in accordance with current reporting boundaries.

<sup>3</sup> A 2017 incident has been reclassified in 2018 and the percentage reduction takes this into account.

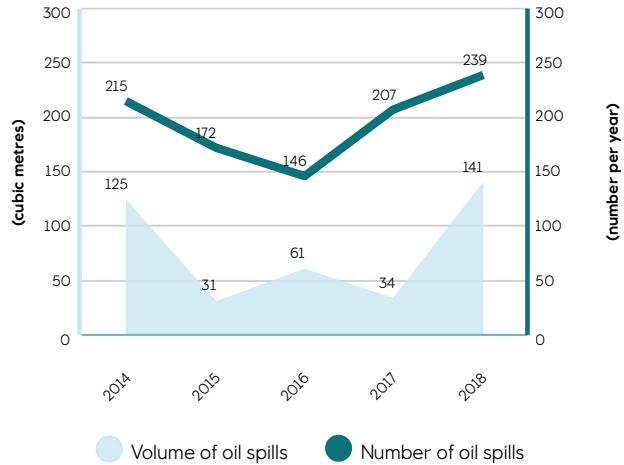
### Total serious incident frequency (SIF) - (KPI)



### Total recordable injury frequency (TRIF) - (KPI)

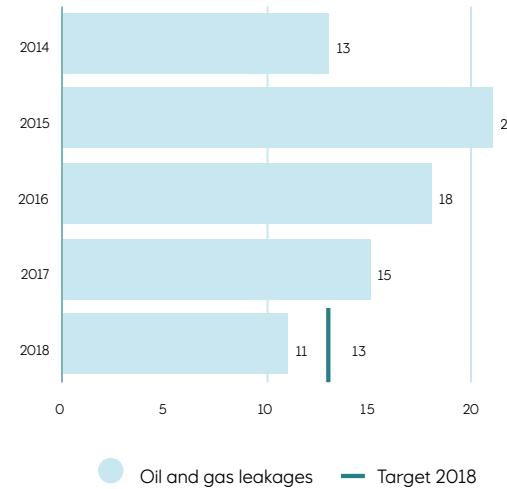


### Oil spills



### Serious oil and gas leakages - (KPI)

(number per year)



For more data, visit our online sustainability data hub.



KPI: Key Performance Indicators at corporate level are subject to change annually.

## Economic value creation and distribution

79.6 bnUSD  
Revenues

7.5 bnUSD  
Net income



Purchase of goods  
and services



Payments to  
governments



Employee wages  
and benefits



Dividends  
declared



Social investments  
sponsorships &  
donations

17.4 bnUSD

13.4 bnUSD

4.1 bnUSD

3.0 bnUSD

19 mUSD

Equinor operates primarily in OECD countries. Hence, our economic contributions to society are primarily in the form of taxes and other payments to governments, purchases of goods and services, wages and employee benefits and dividends to shareholders, rather than social investments.

For definitions see "Appendix – Definitions and abbreviations".



# Creating shared value

## Business context and our approach

We aim to contribute to the development of communities where we have long-term operations. We work together with our stakeholders to find mutual benefits and lasting solutions to common challenges and engage in dialogue with local communities and stakeholders to explain our actions and manage expectations.

To us, creating shared value means:

- Providing energy to people and industry and creating value for shareholders
- Creating economic value and opportunities for society and communities through taxes, jobs, innovation, ripple effects and management of social impacts
- Developing people and promoting diversity and inclusion

We contribute to local economic development in many ways, through the energy we provide, the services and goods that we buy from local suppliers; the staff that we hire and develop; the investments we make in our host communities and the taxes and other contributions we pay to governments.

One of our most significant contributions to society in terms of monetary value is our purchase of goods and services. Suppliers also represent a significant part of our indirect economic impact, as they create jobs and generate activities beyond our companies. Ensuring support to local industries and suppliers without compromising quality, safety, cost efficiency and other sustainability and business requirements remains a priority.

As part of our long-term commitment to creating shared value, building skills and capacity in the communities where we have activities is important. A large part of our sponsorships, donations and social investments is allocated to capacity building within science, technology, engineering and mathematics (STEM), based on partnerships with academic institutions and support to science centers. Through our Heroes of Tomorrow programme, we give children and youth the opportunity to develop their talents within the areas of sports, culture and education.

Equinor's transition to a global energy company requires systematic development of competence and access to new talent. We empower our people to execute on business ambitions, while promoting personal growth and development. Through learning and development activities we prepare for increased digitalisation and new ways of working.

We also create value for society through research, development and innovation. In 2018, our R&D expenditure was USD 315 million. Examples of how we collaborate with others to find new, innovative solutions are provided throughout the report.

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We report payments to governments per project and country in the Annual Report and Form 20-F.



## Our actions:

### Engaging with local suppliers to prepare for projects and support operations

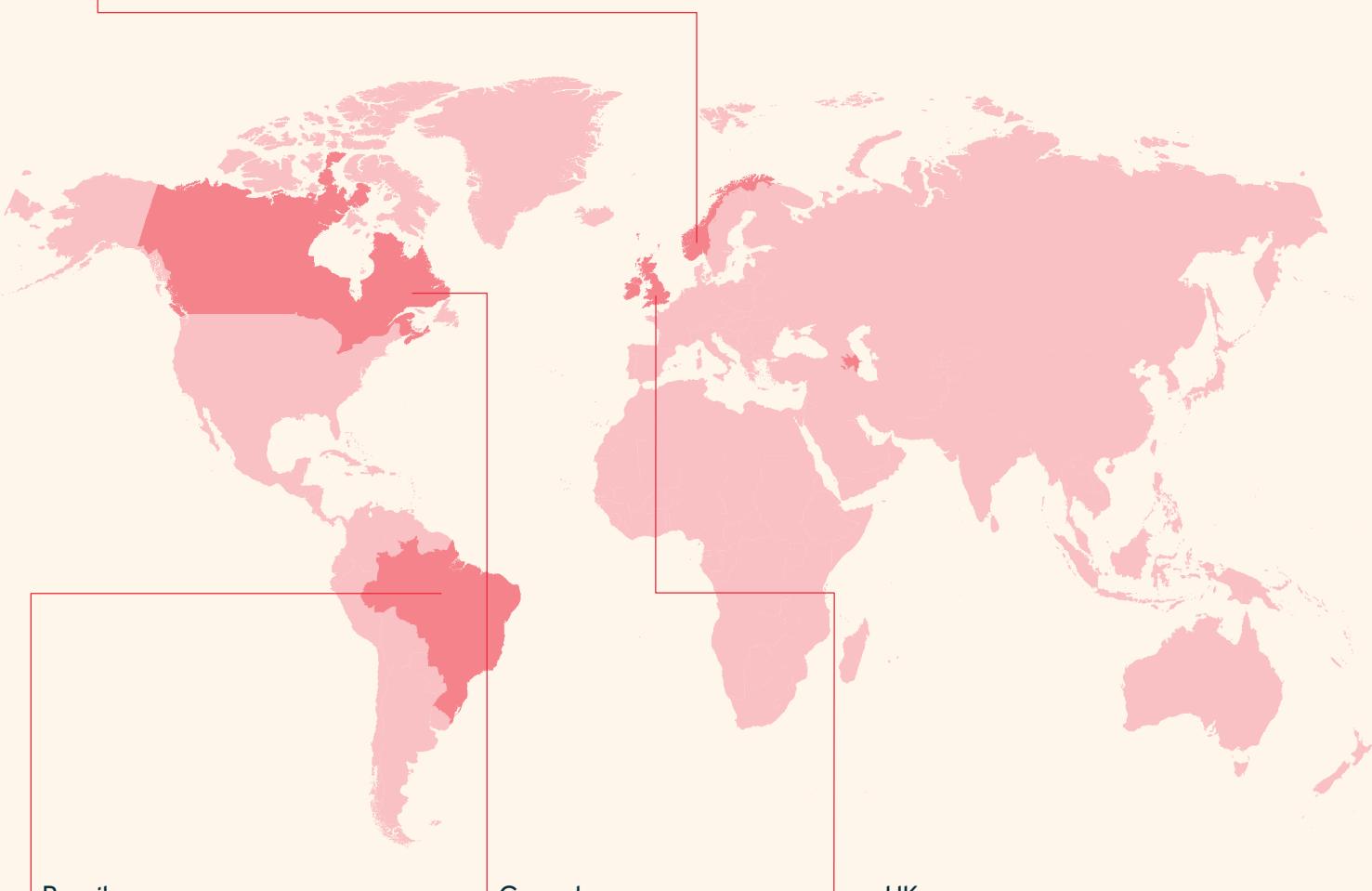
During 2018 we have engaged with local industries and suppliers to support major project developments in core areas.

#### • Norway

The Northern Norway Local content initiative investigated how Equinor will meet local content expectations and identified opportunities related to local products and services, in addition to reducing environmental footprint.

The Johan Castberg project continued to promote and enable suppliers in Northern Norway, resulting in several

contracts being awarded to local suppliers. Main contractors are requested to further identify sub-suppliers in Northern Norway and must include these in pre-qualification activities, including invitation to tender. Bodø science park has been engaged to document the ripple effects, and the result will be available in 2019.



#### • Brazil

We engaged in dialogue with the government, that has resulted in a revision of local content requirements for the industry, in order to align expectations with local capabilities. To prepare for future activities, we have mapped local supply chains to identify local opportunities, including conducting a study of potential supply base locations along the shoreline of the Campos and Santos basins.

#### • Canada

To mature the Bay du Nord project, a study was conducted in 2018 to better understand the capabilities of local suppliers. Local content is a key element of the framework agreement with the government of Newfoundland and Labrador signed in 2018.

#### • UK

The Mariner project employed approximately 1,500 contractors during development and installation in 2018. Between 80-90% of the scopes for the offshore work and production phase were awarded to UK based suppliers. Equinor worked closely with local suppliers and peers, focusing on collaboration and digitalisation to improve industry performance.

## **Creating shared value with communities**

The last few years, Equinor has explored a shared value approach to social contributions through pilot projects in Nigeria, Angola and Azerbaijan. The pilots aimed to identify commonalities between business priorities and the host countries' inclusive economic growth agenda. In 2018 we implemented projects in Brazil and Nicaragua, further aligning the shared value approach with the UN Sustainable Development Goals (SDG). As a result, a framework and toolbox for strategic social contributions have been established to help country offices to develop shared value projects and monitor impact.

**Supporting science, technology, engineering and mathematics:** In 2018, we continued to support capacity building within science, technology, engineering and mathematics (STEM), based on partnerships with academic institutions and support to science centers.

**Strengthening local content management:** During 2018 we conducted a review to identify improvement areas in our local content management outside of Norway. While local content projects respond to local regulations and expectations, the assessment indicated that we can increase the sharing of best practices across countries. The review also recommended strengthening the methodology for country specific local content strategies. The implementation plan will be delivered in 2019.

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More information about sponsorship programmes and social investments is available on [equinor.com](#).



## **Our actions: Developing our people**

A key part of our people and leadership strategy is to increase the level of flexibility by encouraging employees to move across business areas and the value chain. This enables the company to leverage existing experience in new business areas and use resources more effectively. Through the internal job market, we provide opportunities for deployment and learning.

We focus on continuous feedback and ongoing development that leverages individual's strengths. In 2018, we provided tools, leadership training and internal communication campaigns to further build our values-based performance culture.

### **The Digital Academy**

Equinor established the Digital Academy in 2018, offering relevant courses and training. Many of the courses are offered as webinars to reach our global workforce. The academy is also enhancing its offerings to build more specialised digital competence within data science, programming, machine learning and artificial intelligence to complement existing technical expertise. Several thousand employees have participated in these offerings.

### **Attracting new talent**

In 2018, we continued to systematically position Equinor as an attractive employer and to attract more diverse competence profiles, including digital skills. Throughout 2018 we increased our presence at career fairs, in schools and at universities. We also strengthened our entry level talent programmes, such as the graduate programme and intake of apprentices. In recruitment of graduates

specifically, Equinor has set an ambition to achieve a 50-50 balance on gender and international background in 2019.

### **Workforce diversity and inclusion**

We aspire to be an inclusive workplace where all individuals can share their perspectives, be themselves, develop and thrive in a safe working environment. This includes working actively to ensure that everyone has equal opportunities at Equinor.

During 2018, we continued to focus on strengthening the diversity in Equinor – emphasizing age, gender, nationality, experience, competence, education, cultural background, religion, ethnicity, sexual orientation and disabilities – everything that helps shape our thoughts and perspectives. We monitor diversity in our workforce, at all levels and locations. Equinor developed a team diversity index and an inclusion index that make up the diversity and inclusiveness KPI. The KPI will be implemented during 2019.

We work towards eliminating biases in recruitment and deployment and launched unconscious bias training in 2018. The corporate executive committee and their leadership teams attended this training in 2018. The plan for 2019 is to train all leadership teams throughout the organisation.

Another focus area has been to increase awareness around sexual harassment. In 2018 training sessions were conducted for leaders within the People and leadership function, to enable them to facilitate awareness discussions across the organisation. In addition, this topic has been addressed in internal communications. Sexual harassment is in breach with Equinor's code of conduct and is not tolerated.

## Women in our workforce

We aim for a balance of gender diversity in all leadership activities such as talent and succession reviews, leadership assessments, leadership development courses and top tier leadership deployment. We pay close attention to male-dominated positions and discipline areas.

## Global parental leave

A global parental leave policy will be effective from January 2019. Consistent with our values and to strengthen the employer brand and attractiveness, a minimum of 16 weeks paid leave will be given to all employees in the group. The parental leave benefit will be combined with any entitlements from social security/insurance schemes or equivalent in the employment country. We believe that introducing this benefit for all employees becoming parents through birth or adoption supports our agenda on diversity and inclusion.

## Health insurance

In 2018 we introduced a health insurance scheme for all employees in Equinor ASA, effective from January 2019, to supplement public health services. The insurance offers access to private specialists, medical examinations and

treatments, and is similar to local health insurance already provided in other subsidiaries. We expect the scheme to have a positive impact on our sick leave frequency and enhance our position as an attractive employer

## Employee relations

We believe in involving our people in the development of the company. In all countries where we are present we involve our employees and/or their appropriate representatives according to local laws and practices. This varies from formal bodies with employee representatives to employee engagement and involvement through team or townhall meetings.

In 2018 we maintained close cooperation with employee representatives in Norway. In November we held a collaboration conference, in which members of our works councils were invited to participate. In our European Works Council, we conducted two meetings, where strategic matters, such as Equinor's strategy, safety improvement work and digitalisation were high on the agenda. Data on union membership figures is available in the sustainability data hub.



# Our performance

## Diversity and inclusion

We increased the percentage of women reporting to the corporate executive committee from 37% to 44% in 2018. In 2018 the proportion of female engineers remained stable at 27% in Equinor Norway, due to reduced hiring and natural attrition. We will work actively to increase these numbers in 2019 through our apprenticeship and graduate programmes and the investment in female capacity building in STEM.

## Developing our people

By the end of 2018, a total of 28,000 digital trainings were registered across the company from 50 different digital courses and activities including Digital Basics for All, Build your Expertise and Digital for Leaders. Digital market sessions ( $\frac{1}{2}$  day events) have been arranged in main locations, gathering more than 1,000 participants to learn about Equinor's digital roadmap.

## Investing in talent and education

Our number of graduates increased from 69 in 2017 to 153 in 2018. We accepted 165 apprentices. The number of apprentices being offered permanent employment after concluding their apprenticeship in 2018 increased.

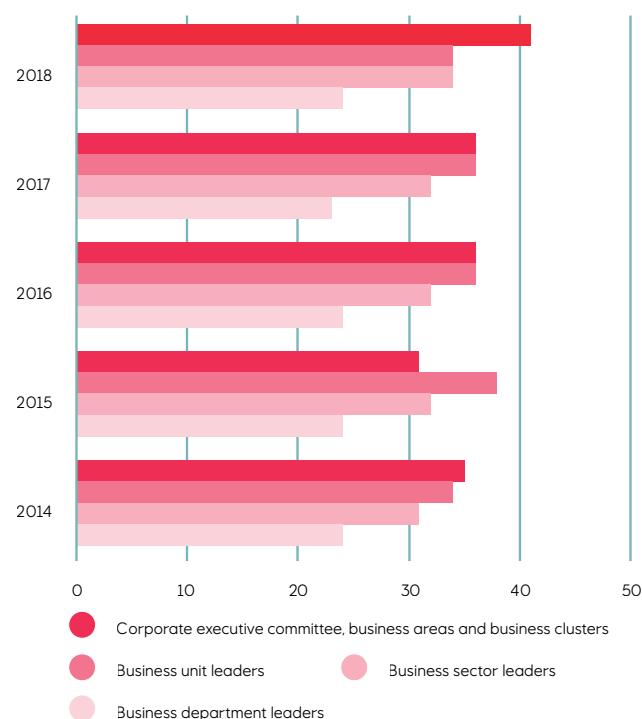
In 2018, USD 16.4 million was allocated for capacity building within science, technology, engineering and mathematics (STEM), based on partnerships with academic institutions and support to science centers

More data is available on equinor.com and in the Payments to governments report/Annual Report on Form 20F.



## Women in leadership positions 2018

(percentage)



## Employment, recruitment and workforce diversity

Indicator	Unit	Boundary	2018	2017	2016	2015	2014
Total number of permanent employees	Number	Equinor group	20,525	20,245	20,539	21,581	22,516
Total number of permanent employees in non-OECD countries	Number	Equinor group	701	599	641	769	927
Consultants	Number	Equinor group	1,141	788	504	648	1,411
Contractor personnel <sup>1</sup>	Number	Equinor group	36,006	30,000	30,000	30,000	40,000
Total new hires	Number	Equinor group	905	705	251	331	501
Apprentices at year end	Number	Equinor group	314	291	271	282	315
Permanent employees female (share of total)	%	Equinor group	31	30	31	30	31
Female:male earnings ratio <sup>2</sup>	%	Equinor ASA	97	98	98	98	98

1. Contractor personnel are excluded unless indicator is specific to contractor personnel.

2. Female/male earnings ratio is calculated as an average of female/male earnings for all comparable positions.

Managing our environmental impact, respecting human rights and promoting integrity and transparency are key elements of responsible operations. We believe these are also essential for our licence to operate and long-term value creation.



# Responsible operations

## Managing our environmental impact

### Business context and our approach

As one of the world's largest offshore oil and gas operators, and a significant offshore wind provider, ocean sustainability is of great importance to Equinor. Key challenges in managing our environmental impact on the marine environment relate to treatment of produced and processed water and minimising the biodiversity impacts of our operations. We are strengthening our efforts within sustainable management of the oceans, in line with the increasing political and public interest and initiatives, and the importance it has to our business.

In Norway, where we have the majority of our operations, an increasing number of our offshore fields have reached the decline phase in their producing life. Such fields typically require more chemicals and energy to uphold production due to an increasing share of water produced with the oil and gas. The produced water needs to be cleaned prior to discharge to sea, reinjection or disposal, as it contains dispersed oil, natural contaminants and chemicals. The main objective for proper management of produced water is to uphold very low levels of dispersed oil and keep the use of chemicals at low levels, as well as replacing some chemicals with more environmentally friendly substitutes.

Equinor needs a robust understanding of the environmental and social context and impacts of our activities, including biodiversity and ecosystem impacts. We use collaborative research projects, environmental baseline studies and impact assessments to understand impacts and put in place actions tailored to local conditions. Our environmental work is guided by our commitments to prevent harm to the environment, aim for outstanding natural resource

efficiency and to comply with all applicable environmental laws and regulations.

As we increase our presence onshore, we face new environmental risks and opportunities related to water management (e.g. use of water in water-stressed areas and disposal of waste water) and land management (e.g. disturbance from road traffic and managing biodiversity impacts). An area of continuous attention is related to emissions to air of gases containing sulphur oxides, nitrogen oxides and non-methane volatile organic compounds, which are inherent to energy production, processing and transport in the oil and gas business.

### Our actions

During 2018 we have focused our attention on:

- Improved management of produced and processed water and chemicals for our operations in Norway
- Minimising the use and disposal of water US onshore operations
- Strengthening our efforts on sustainable management of the oceans and becoming a patron of the UN Global Compact Platform for Sustainable Ocean Business
- Assessing and managing impacts and protecting biodiversity when preparing for new exploration and development activities, including the exploration drilling campaign in the Barents Sea
- Continued development, testing and application of new sensor technologies for environmental surveillance

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Impact assessment studies are available online.



## Water management and resource efficiency

For our Norwegian operations, improving work processes and strengthening communication across business units was a focus area in 2018. The purpose has been to ensure that risk assessments and evaluations of solutions to further improve produced water management, are based on a holistic approach across business units.

In our US onshore shale operations, water sourcing and usage is accomplished through careful planning and coordination with landowners, regulatory agencies and local water authorities. The aim is to manage water responsibly during the life span of our activities. We aim to use only what is needed, to minimise impacts to surface and groundwater sources and to minimise volumes for disposal. We assess water stress, where relevant. In our Bakken and Eagle Ford assets, the use of freshwater is minimised both through replacement by brackish water whenever possible and through the implementation of freshwater optimisation measures.

Injection of CO<sub>2</sub> along with water in well fracturing operations provides an opportunity for reduced use of water. During 2018 fracking tests with use of CO<sub>2</sub> were successfully performed, and we plan further applications of this technique going forward.

We follow rigorous technical and operational standards for well design and operations, including standards for the types and volumes of chemicals used in drilling and hydraulic fracturing fluids. Well site activities are continuously monitored to prevent leaks and spills and assure the safety of our personnel. We disclose the chemicals used in hydraulic fracturing through FracFocus.

To minimise surface disturbance in our onshore operations, we assess existing infrastructure and use existing lease roads and share right-of-ways, where possible, as well as avoiding sensitive areas.

## Sustainable management of the oceans

In 2018 Equinor became a patron of the UN Global Compact Action platform for sustainable ocean business.

The platform is a three-year global programme which aims to bring together business, civil society, the UN and governments to advance the ocean economy and sustainable development. This unique opportunity to collaborate in developing innovative approaches and solutions gathers participants with decades of experience across maritime industries. The initiative's first delivery is expected to be a set of principles for sustainable oceans business and a report on key opportunities for business to contribute to the UN Sustainable Development Goal 14 (SDG14), life below water.

A binocular system developed by Equinor will produce the exact GPS position of mammals at sea, to provide input to seismic survey programmes to help minimise disturbances to the animals.



## Protecting biodiversity

Some of our operations take place in or in the proximity of areas of high biodiversity value. We strive to be transparent about and minimise our biodiversity impacts through environmental impact assessments, monitoring and research activities. Through 2018, we experienced stakeholder interest in our actions to minimise biodiversity impact of our activities in the following areas:

**The Barents Sea, Norway** – Equinor has exploration and development activities and ongoing operations in the Barents Sea. In 2018, the field development of the Johan Castberg project continued. The project has committed to minimising the impact of seismic surveys to marine mammals. Sound recorders are used to collect data regarding mammal species diversity, distribution and migration patterns, and the results are used in environmental risk assessments and planning of exploration drilling and field development activities.

Through 2018, Equinor continued to participate in the SEATRACK project, which is a part of the SEAPOP programme – a collaboration between Norwegian authorities, research institutions and the oil and gas industry. The project has developed light-logging sensors that enable improved mapping of seabird wintering areas and migration routes for important populations of seabirds in the North Atlantic waters. This information is needed to manage these populations.

In another collaborative research project<sup>1</sup> co-funded by Equinor, observation data for marine mammals and sea birds in the Barents Sea are used and correlated with factors such as water temperature, salinity and distance to land to create habitat maps. This provides a basis for modelling of relevant species presence in a dynamic environment.

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1. Marine Animal Ranging Assessment Model Barents Sea.

**Empire wind, USA** – Equinor's New York offshore wind project, currently under development, has engaged in a pioneer partnership with conservation scientists to protect the endangered North Atlantic right whale. Through 2018, our marine biologists and oceanographers collaborated with the Wildlife Conservation Society to deploy high-tech whale monitoring equipment in the lease area, more than five years prior to potential construction. The data will allow Equinor to stop construction if a right whale enters the area and proceed safely when the whales are not present. The technology will also provide the scientists with significantly more data, which will be helpful to identify the best way to protect the species.

**The Great Australian Bight, Australia** – Equinor continued its extensive stakeholder outreach programme in preparation for exploration activities in the Great Australian Bight (see also the Respecting human rights chapter). During 2018 a formal consultation process started. Work continued to develop robust emergency response strategies in collaboration with all coastal states in southern Australia. A key request raised during stakeholder meetings was to allow local and regional representatives to review environment plans before submission to the National Offshore Petroleum Safety and Environmental Management Authority. Equinor has committed to publish the draft environmental plan for the first exploration well for public commenting.

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Read the environmental plan on [equinor.com](http://equinor.com).



# Our performance

## Ocean sustainability, water management and resource efficiency

Equinor's NOx emissions increased by about 5% in 2018 compared to 2017, mainly due to increased levels of drilling and well activities, both within the exploration segment and related to preparation for start-up of new fields offshore Norway and UK. The same activities caused a similar increase in SOx emissions, but some of the SOx increase can also be attributed to lower levels than normal in 2017, as a consequence of a turnaround at Peregrino. Emissions of non-methane volatile compounds increased by 2% mainly due to changes in emission factors for oil loading. Discharges of oil to water decreased by about 10%, mainly due to improved water treatment performance after turnarounds.

Hazardous waste quantities continued to decrease as large process water volumes from our Norwegian offshore fields are remediated at our facilities rather than being shipped to external contractors as waste. There has also been a decrease in non-hazardous waste, which is associated with disposal of large quantities of polluted soil at Kalundborg in 2017. As these quantities were sent to landfill, the decrease has also contributed to the overall improved recovery rate for non-hazardous waste.

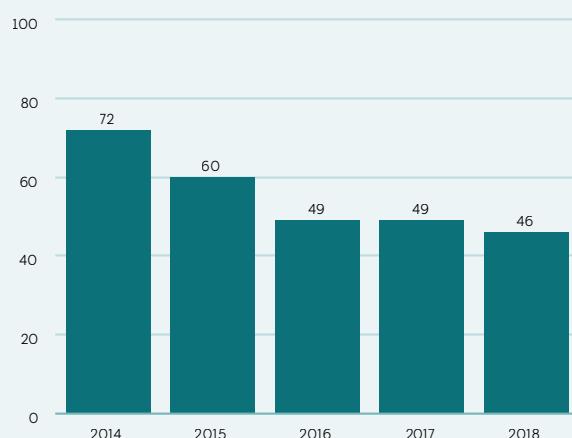
The volume of drill cuttings from our US onshore operations, classified as exempt waste, decreased significantly in 2018. Large volumes of cuttings that were previously dried up on site and disposed of as solids, are now disposed of as liquids and included in produced water and flowback waste. Freshwater withdrawal increased to 16 million cubic metres in 2018 mainly due to a more water-intense fracking method being used in the shale gas segment, increased well activity in the tight oil segment and increased use of water for cleaning of tanks and pressure testing of pipelines at our refineries.

Most of Equinor's operations are offshore or in areas of abundant water availability. However, the main part of our Eagle Ford asset and a smaller part of the Bakken asset onshore USA are located in areas with high or extremely high water stress, according to the baseline water stress indicator defined by the World Resources Institute Aqueduct® tool. Our production in Eagle Ford and from the relevant well clusters in the Bakken constituted 2.1% of our operated oil and gas production in 2018.

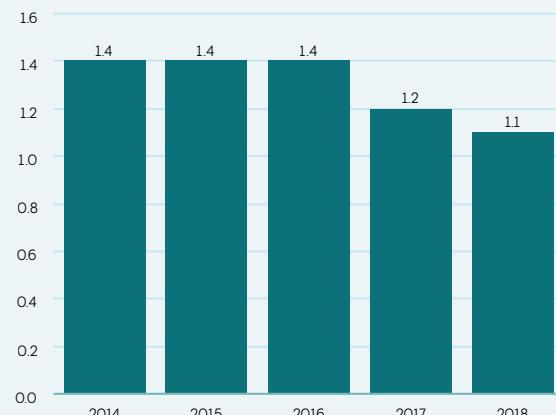
### Biodiversity

Equinor did not have operations in protected areas in 2018. Six subsea pipelines operated by us are adjacent to protected areas on islands in Norway. In normal operations there will be no interaction between the pipelines and the protected areas. More information is provided on [Equinor.com](#).

**Non-methane volatile organic compounds  
NMVOC (thousand tonnes)**



**Regular discharges of oil to water  
(thousand tonnes)**



Indicators	Boundary	Units	2018	2017	2016	2015	2014
<b>Acid gases and non-methane volatile organic compounds</b>							
Sulphur oxides (SOx)	OC	ktonnes	1.8	1.7	1.8	2.5	2.2
Nitrogen oxides (NOx)	OC	ktonnes	42	40	39	42	47
Non-methane volatile organic compounds (nmVOC)	OC	ktonnes	46	49	49	60	72
<b>Waste and discharges to water</b>							
Hazardous waste generated [1]	OC	ktonnes	244	296	438	309	339
Hazardous waste recovered [1] [2]	OC	%	82	83	84	16	13
Exempt waste generated: cuttings and solids [1]	OC	ktonnes	55	105	81	117	203
Exempt waste generated: produced water and flowback [1]	OC	million m³	6	5	4	5	4
Non-hazardous waste generated	OC	ktonnes	31	34	50	40	57
Non-hazardous waste recovered	OC	%	79	71	56	63	52
Regular discharges of oil to water	OC	ktonnes	1.1	1.2	1.4	1.4	1.4
<b>Chemicals use</b>							
Hydraulic fracking chemicals use	OC	ktonnes	41	47 [4]	17	28	26
<b>Freshwater use</b>							
Total freshwater withdrawal	OC	million m³	16	15	14	15	15
Share of production in areas of high water stress [3]	OC	%	2.1	1.6	NR	NR	NR

OC = Operational control. NR = Not reported.

1. Drill cuttings, and produced and flow-back water from our US onshore operations are exempt from regulation as hazardous waste. These are therefore not included in the hazardous or non-hazardous waste and waste recovery figures.
2. In 2016 a change was made in the categorisation of recovered waste, allowing for the inclusion of treated oil contaminated water.
3. The assessment of baseline water stress for 2017 was based on the Aqueduct® 'Overall Water Risk' indicator. For 2018, we have used the Aqueduct® "Baseline water stress" indicator for the first time. This explains the change in assessed level of water stress from 2017 to 2018.
4. The 2017 figure has been updated from 40,000 tonnes due to a changed routine for time allocation of data.



# Respecting human rights

## Business context and our approach

The safety of our employees and others affected by our operations, including workers of our contractors, are at the very heart of our business. Our strategic commitment to "always safe" also translates into an expectation to respect the internationally recognised human rights of people affected by our operations as described below. Since human rights are under increasing pressure across the world, we recognise that our commitment to respect human rights becomes more challenging to uphold.

Our human rights policy has been created to be consistent with the United Nations Guiding Principles on Business and Human Rights (the UNGPs). The policy addresses the most relevant human rights issues pertaining to our operations and role as an employer, business partner and buyer, and to our presence in local communities. We express our commitment to provide a safe, healthy and secure working environment, and to treat those impacted by our operations fairly and without discrimination. More information on how we work with these topics in relation to our own employees can be found in the sections regarding people and safety in this report. Our specific efforts to prevent modern slavery are described in our annual UK Modern Slavery Statement, available online.

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Our human rights policy is available on [equinor.com](http://equinor.com).



## Our actions

Implementing and adhering to our human rights policy is a journey of continuous improvement. The process is overseen by our corporate human rights steering committee, which reports bi-annually to the corporate executive committee and the board of directors' safety, security and ethics committee.

In 2018, our implementation activities included:

### Human rights risk assessments

We formally introduced human rights as a risk in our risk management framework. The approach assesses the risk to individuals, where the risk levels are based on the severity criteria set forth in the UNGPs. We expect that this tool will strengthen our ability to identify potential human rights effects of our operations and business partners' conduct.

### Awareness raising and training

During 2018, we saw an increased focus in our company

In 2018, Equinor, BP, Shell and Total established a joint initiative to create a collaborative industry approach to human rights supplier assessments. The purpose is to align expectations to suppliers and to establish a mechanism for sharing assessments. This will allow suppliers to be more efficient in their demonstration of respect for human rights and at the same time support the human rights efforts of the companies.

around human rights. We have delivered awareness sessions reaching more than 500 prioritised employees and leaders. On two occasions, the executive committee welcomed high-level guest speakers to discuss issues of modern slavery and the importance of respecting human rights throughout our value chain. In a dedicated seminar, training by external experts and case studies provided the basis for discussions on how Equinor can strengthen its human rights efforts.

All contract owners and employees responsible for establishing contracts over NOK 10 million are requested to do human rights in supply chain training. This training was supplemented by targeted training for projects and regional organisations.

### Human rights in the supply chain

Understanding high-risk areas of our supply chains was a focus area for 2018. We have developed new approaches to how we assess risk, raise awareness, and conduct site inspections and supplier verifications, including how we address findings. Work is ongoing to map risk levels in our procurement sub-categories, deepening risk evaluation and awareness in our procurements teams. In 2018, Equinor's corporate audit team performed a review of activities related to the supply chain, to ensure that systems and processes are supporting a meaningful implementation of our human rights policy.

### **Stakeholder engagement and grievance mechanisms**

Stakeholder engagement is important to inform our operations and business plans. Grievance mechanisms forms an important part of our stakeholder engagement process, and our human rights policy states that we will provide, or cooperate in providing, appropriate remediation if we have caused or contributed to adverse human rights impacts.

We have established local community grievance mechanisms in Brazil, Tanzania and for our offshore wind project Empire Wind in the USA. The purpose is to receive, investigate and respond to grievances about potential adverse impact on communities or individuals related to Equinor's or our contractors' activities. Grievance mechanisms have been set up for all seismic surveys and are in the process of being finalised also for our renewables projects. Additionally, Equinor has an Ethics Helpline available to all our employees and third parties who want to communicate concerns. (See Promoting integrity and transparency).

Impact assessments are important to understand and respond to our projects' impact on nearby communities and the environment. Completed assessments can be found online. Ongoing assessments include our Norwegian CCS project, due for consultation in the summer 2019, and ripple effect studies which will be completed for Gina Krog in 2019 and Aasta Hansteen in 2020.

Other consultations with affected peoples include our exploration activities in the Great Australian Bight, Australia. Since becoming the operator of exploration permit EPP39, Equinor has met with stakeholders across Western Australia, South Australia, Victoria, Tasmania and New South Wales. We have conducted over 100 meetings with more than 60 organizations including local, state and national governments, fisheries, communities and Aboriginal representatives. These meetings have allowed us to listen to affected communities and to learn about local issues and

concerns, as well as creating the opportunity to support local events and initiatives. (See Environment section for more information).

### **Security and human rights**

Equinor is committed to conducting our security activities in line with our commitment to the Voluntary Principles on Security and Human Rights (VPSHR). We expect the public and private security providers and law enforcement authorities we utilize to ensure that their security personnel are aware of, have been trained in, understand and adhere to the principles underlying the VPSHR – the UN Principles on the Use of Force and Firearms by Law Enforcement Officials, and the UN Code of Conduct for Law Enforcement Officials. We report in more detail about our efforts through our annual report to the Voluntary Principles on Security and Human Rights initiative.

### **Collaboration**

Through 2018, Equinor continued engagement on human rights-related themes with associations and initiatives such as IPIECA, the United Nations Women Global Innovation Coalition for Change, the World Business Council for Sustainable Development, the Voluntary Principles for Security and Human Rights, as well as working with employee representatives through various networks and forums, including IndustriALL Global Union. To continue building our internal capacity, we remained members of Shift's Business Learning Programme.

### **Plans for 2019**

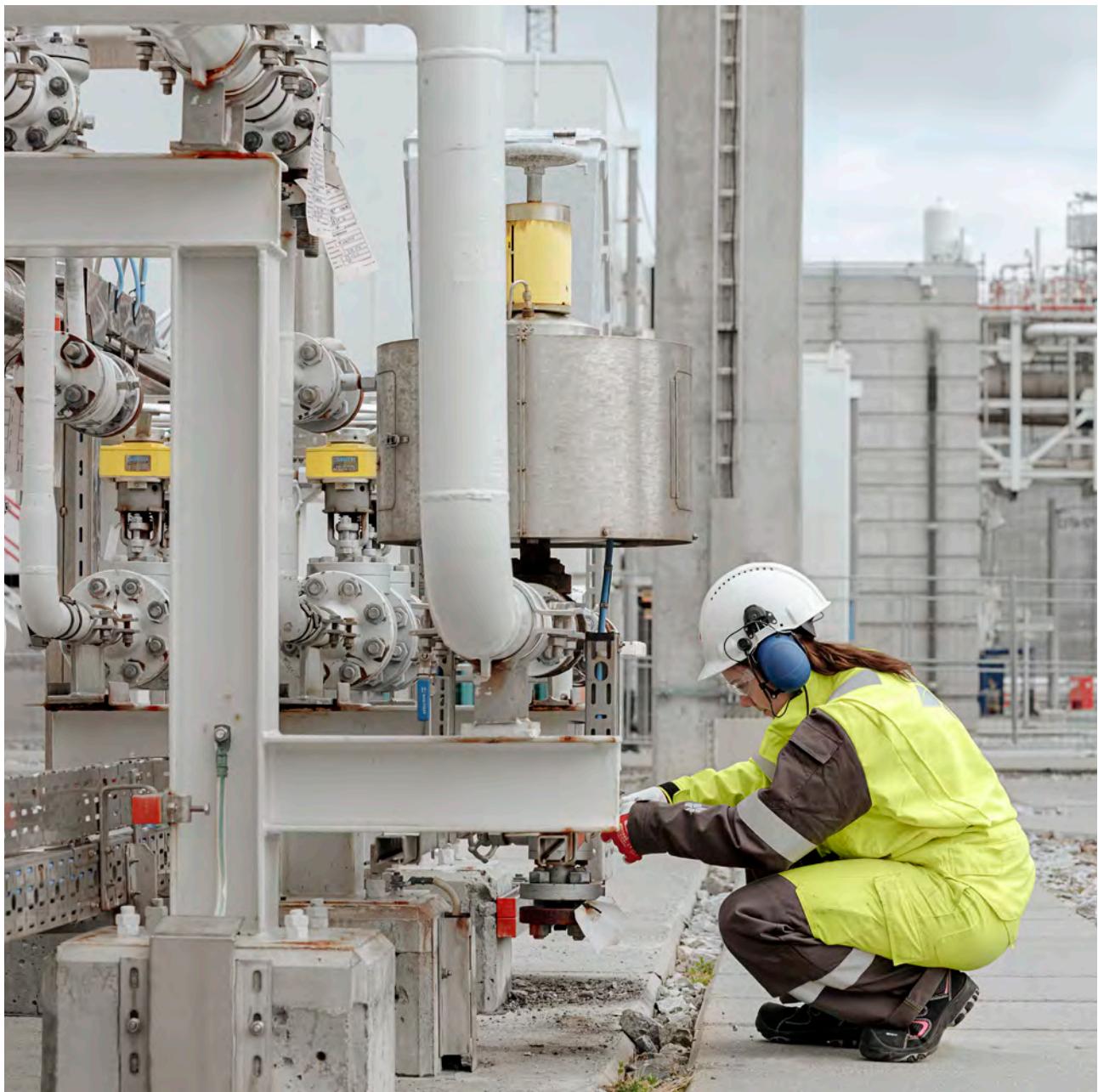
During 2018, we conducted a company-wide review of progress on implementing the human rights policy. The review resulted in the establishment of a corporate project with the aim of strengthening human rights processes and capabilities in our company. The project will report to a steering committee consisting of a select group of members of the corporate executive committee.

# Our performance

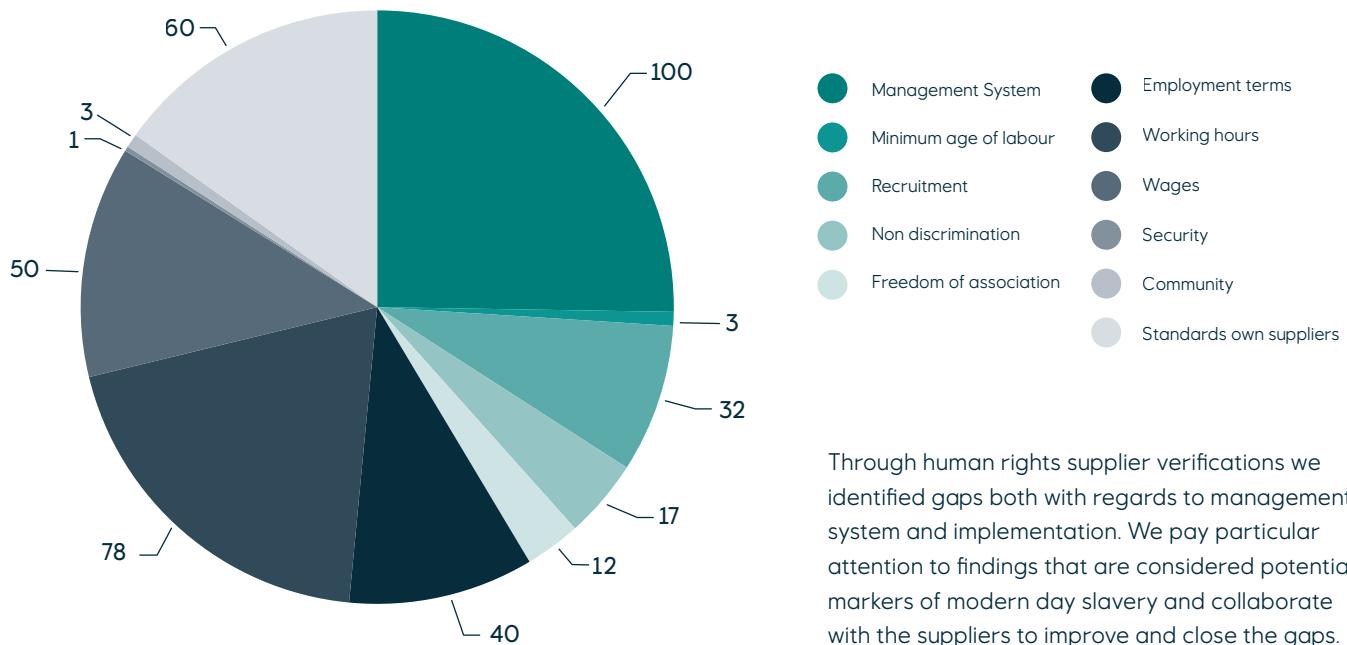
In 2018 we conducted the highest number of supplier verifications performed during a year to date, covering select suppliers in our first and second tier supply chain identified as being particularly exposed to potential breaches of workers' human rights. For one construction site we trialled a new form of direct supplier engagement, which is based on in-depth interviews with select workers. To date, this has resulted in a concrete action plan to prevent and remediate identified challenges regarding with the workers' situation, which we are supporting for instance by providing external expert resources and capacity building. During 2018 we conducted 75 supplier verifications, interviewing more than 1,000 workers.

The human rights steering committee held four meetings during 2018.

In 2018 none of our business activities involved involuntary resettlement or relocation of people.



## Findings - human rights verifications 2018



Indicators	Boundary	Units	2018	2017	2016	2015	2014
<b>Employee training (internal learning)</b>							
Class room course training days per employee	Equinor group	average number	4.2	3.9	3.2	2.8	3.3
E-learning training days per employee	Equinor group	average number	4	2.8	2.6	3.0	2.2
<b>Labour rights and working conditions in the supply chain</b>							
Supplier human rights (HR) verifications conducted	Equinor group	number	75	41	65	40	NR
Countries in which supplier HR verifications undertaken	Equinor group	number	20	16	21	11	NR
Employees working with our suppliers trained (class room course)	Equinor group, (OC)	number per year	514	260	800	NR	NR

# Promoting integrity and transparency

## Business context and our approach

With a global footprint and new business development opportunities constantly being evaluated, 2018 represented a year of continued focus on ethics and anti-corruption.

**Anti-corruption compliance programme** - Equinor has a zero-tolerance policy towards all forms of corruption, a policy which is embedded across the company through our values, Code of Conduct and anti-corruption compliance programme. Equinor's anti-corruption compliance manual summarises the standards, requirements and procedures implemented to comply with applicable laws and regulations and maintaining our high ethical standards. We work with partners and suppliers to ensure that ethics and anti-corruption is embedded in our business relationships.

**Training** - Equinor provides regular training across the organisation to build awareness and understanding of our Code of Conduct and anti-corruption compliance programme. In addition to in-person workshops, we have a mandatory Code of Conduct e-learning. Our in-person workshops are often customised and are designed to facilitate meaningful in-depth discussion on specific issues. This allows our experts and compliance officers to interact with the businesses on the challenges that the company may face and allows participants to ask questions that are specific to their work.

**Reporting and handling of concerns** - The Code of Conduct imposes a duty to report possible violations of the Code or other unethical conduct. We require leaders to take their control responsibilities seriously to prevent, detect and respond to ethical issues. Employees are encouraged to discuss concerns with their immediate supervisor or other leader, or use internal channels which are available to provide support. Concerns may also be reported through our Ethics Helpline which is available 24 hours a day for two-way communication. The helpline allows for anonymous reporting and is open to employees, business partners and the general public. Equinor has a strict non-retaliation policy for anyone who reports in good faith.

Our code of conduct and anti-corruption compliance programme are available on [equinor.com](http://equinor.com).



## Tax transparency and payments to governments

**reporting** - We believe that through disclosure of payments to governments we promote accountability and build trust in the societies where we operate. We have reported our payments to governments on a country-by-country basis for more than a decade. Since 2014, we have reported such payments on a project-by-project and legal entities basis. This reporting represents a core element of transparent corporate tax disclosure. In 2018, we published our global tax strategy, available online. These disclosures are in line with our commitment to conduct our business activities in a transparent way.

## Our actions

**Anti-corruption compliance programme** - In 2018, we updated the anti-corruption compliance manual to reflect our evolving compliance programme. We maintain a global network of compliance officers responsible for ensuring that ethical and anti-corruption considerations are integrated into Equinor activities no matter where they take place.

**Code of Conduct update and mandatory e-learning** - An update of the Code of Conduct will be finalized first half 2019. A requirement for all Equinor employees and hired contractors to take a mandatory Code of Conduct e-learning was implemented in September. In the period from the roll-out until the end of the year approximately 83% of all Equinor employees completed the course.

**Joint venture anti-corruption compliance programme** - To strengthen our management of third-party corruption risk in non-operated joint ventures, we updated our joint ventures' anti-corruption compliance programme. The updated programme includes revised working requirements, in-depth guidelines and tools for everyday follow-up.

**Employee Fraud Prevention Programme** - We continued working to improve the implementation of the Employee Fraud Prevention Programme in the organization. Discussions were held in the ethics committees of all business areas during 2018, focusing on fraud risk awareness and the organisation's role in maintaining a sound business culture.

**Working with partners and suppliers** – During 2018 we continued our interaction with suppliers and partners on ethics and anti-corruption, focusing on high-risk countries, and initiated dialogues with several of our partners on the risks that we jointly face and actions that can be taken. We continued working on the vendor anti-corruption verification programme that was started in 2016-17.

**Training** – Our ethics and anti-corruption training efforts during 2018 included both general and targeted training sessions through a combination of e-learning and workshops.

**The Ethics Helpline** – In 2018 we continued to raise awareness of the Ethics Helpline through training. To encourage continued use of the helpline, we are reviewing the reporting and processing of concerns, to ensure confidence in the Ethics Helpline is maintained. The number and types of cases from the Ethics Helpline are reported quarterly to the board of directors.

**Collaboration and stakeholder engagement** – Equinor believes in the value of collective action to actively promote anti-corruption and transparency. Equinor has long standing relationships with the UN Global Compact Anti-Corruption Working Group, the World Economic Forum's Partnering Against Corruption Initiative, the Extractives Industries Transparency Initiative (EITI), Transparency International and Transparency International Norway.

**EITI** – Equinor has been a supporter of the EITI for many years, through board and committee representation and active participation in working groups. Through this work we exchange experience and demonstrate our commitment to foster improved governance and greater transparency in our sector. In 2018, we were present in ten EITI-implementing countries: Colombia, Germany, Indonesia, Mexico, the Netherlands, Nigeria, Norway, Suriname, Tanzania and the UK. In Norway, we actively took part in the national EITI multi-stakeholder group. We provided USD 60,000 in financial support to the international EITI and USD 5,000 towards the beneficial ownership conference in Jakarta.

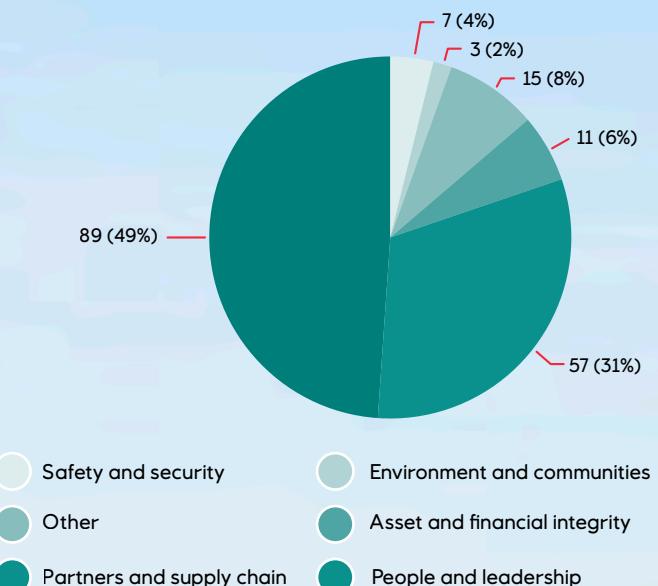
The EITI encourages implementing countries to publish contracts and license agreements governing oil, gas and

mining operations. Equinor has adopted the following public position on transparency in host country extraction contracts that have been issued by a government or an institution acting on its behalf: "For Equinor transparency is the cornerstone for good governance and trust. Transparency supports the responsible management of natural resources, fair competition and a good business environment. We support and will advocate for the public disclosure by host countries of their petroleum contracts and licenses."

## Our performance

The number of cases received through the Ethics Helpline increased from 107 in 2017 to 182 in 2018. A contributing factor to the increase could be the promotion of the Ethics Helpline through training and communication efforts during 2018. We also experienced an increase in cases regarding our suppliers. The cases received included 68 reported concerns relating to harassment, discrimination and personal misconduct.

### Ethics helpline cases 2018



For more data, visit our online sustainability data hub.



# Appendices



Abbreviation	Definition
Actual serious incident frequency (SIF)	The number of serious incidents (per million hours worked). An incident is an event or chain of events that has caused or could have caused injury, illness and/or damage to/loss of property, the environment or a third party. All undesirable incidents are categorised according to the degree of seriousness, based on established categorisation matrices.
BOD	Board of Directors.
BoD SSEC	Board of Directors' Safety, Sustainability and Ethics committee.
boe	Barrel of oil equivalent.
Capex	Capital expenditure.
Carbon dioxide (CO <sub>2</sub> ) emissions	CO <sub>2</sub> released to the atmosphere as a result of our processes and activities, including CO <sub>2</sub> emissions from energy generation, heat production, flaring (including well testing/well work-over), and remaining emissions from carbon capture and treatment plants. Separate data compiled for Equinor operated activities and equity basis.
Carbon dioxide (CO <sub>2</sub> ) equivalents	Carbon dioxide equivalent is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO <sub>2</sub> that would have the same global warming potential.
CO <sub>2</sub> intensity upstream	For upstream assets, the total amount of CO <sub>2</sub> released to the atmosphere (kg) divided by net hydrocarbon production (boe).
Dividends declared	Includes cash dividend and scrip dividend.
ETI	Extractives Industries Transparency Initiative.
Employee wages and benefits	Salaries, pensions, payroll tax and other compensations.
Energy consumption	Energy used for power generation and heat production in combustion processes, unused energy from flaring (including well testing/work-over and venting), energy sold/delivered to third parties and gross energy (heat and electricity) purchased.
EU ETS	European Union Emissions Trading System.
FracFocus	The US national hydraulic fracturing chemical registry.
Fresh water	Naturally occurring water with a low concentration of salts, or generally accepted as suitable for abstraction and treatment to produce potable water. Includes water from public installations, wells (including groundwater reservoirs), lakes, streams, rivers and purchased fresh water. Fresh water produced from salt water on facilities/installations is not included.
GICC	The United Nations Women Global Innovation Coalition for Change.
Greenhouse gases (GHG)	For Equinor, the relevant GHGs are CO <sub>2</sub> and methane (CH <sub>4</sub> ). Other GHGs are not included as they are assessed to be non-material for Equinor. Equinor uses a global warming potential that is 25 times higher than CO <sub>2</sub> in a 100-year perspective for methane, aligned with industry reporting practice.
GRI	Global Reporting Initiative.
Hazardous waste	Waste is considered to be hazardous waste according to the regulations under which the activity operates or where the waste can pose a substantial hazard to human health and/or the environment when improperly managed.
IEA	International Energy Agency.
Injected CO <sub>2</sub>	The total quantity of CO <sub>2</sub> injected into the subsurface for the purpose of storage or improved/enhanced oil recovery.
IOGP	The International association of Oil & Gas Producers.
IPIECA	The global oil and gas industry association for environmental and social issues.
KPI	Key Performance Indicator.
LNG	Liquefied natural gas.
Lost-time injury frequency (LTIF)	The number of fatalities and lost-time injuries per million hours worked.

Abbreviation	Definition
Low carbon and energy efficiency R&D expenditure	The share of annual research expenditures, in percentages of total R&D expenditures, used on new energy solutions and energy efficiency technologies, including energy efficiency as secondary effect.
Methane (CH <sub>4</sub> ) emissions	CH <sub>4</sub> released to the atmosphere including emissions from energy generation and heat production at own plants, flaring (including well testing/well work-over), cold venting, diffuse emissions, and the storage and loading of crude oil.
Methane intensity	Methane emitted divided by hydrocarbon production. Equinor's 0.03% is calculated from total operated methane emissions (upstream and midstream) divided by operated marketed gas.
Net income	Net profit after all revenues, income items and expenses, including tax, have been accounted for.
New energy solutions capex	New Energy Solutions' (NES) gross capital expenditure, before including the effect of project financing.
Nitrogen oxides (NOx) emissions	NOx released from power generation and heat production, flaring (including well testing/well work-over) and process.
Non-hazardous waste	Waste that is not defined as hazardous waste. This excludes drill cuttings and produced and flow-back water from our USA onshore operations which are exempted from regulation and are registered separately as 'exempted waste'.
Non-methane volatile organic compounds (nmVOC) emissions	nmVOC released to the atmosphere from power generation and heat production, flaring (including well testing/well work-over), process, cold venting and fugitives.
OGCI	Oil and Gas Climate Initiative.
Operations	Temporary or permanent sites, activities and assets used for exploration, extraction, refining, transporting, distributing, and marketing petroleum products.
Other spills	Unintentional spills of chemicals, produced water, ballast water and polluted water reaching the natural environment.
Payments to governments	Payments made directly by Equinor to governments, such as income tax, host government entitlements (value), bonuses, royalties and fees, related to exploration and production activities. Includes environmental fees and taxes. Payments made on behalf of other license partners, e.g. area fees, are included.
Produced water	Water that is brought to the surface during operations which extract hydrocarbons from oil and gas reservoirs.
Purchase of goods and services	Part of the cost is charged to partners in activities we operate.
Psychosocial work environment	The psychosocial work environment concerns aspects of the design and management of work and its social and organizational context that could have an impact on the employee's health and well-being.
Recovered waste	Waste from Equinor operated activities that has been delivered for reuse, recycling or incineration with energy recovery.
Regular discharges of oil to water	Oil discharged in regulated or controlled discharges to the aqueous environment from Equinor's operated activities. This includes produced water, process water, displacement water, ballast water, jetting water drainage water and water discharged from treatment plants.
Revenues	Total revenues including income from sales of liquids on behalf of the Norwegian state's direct financial interest.
Safety and environmental fines	The monetary charge or payment imposed on a Equinor entity for failure to comply with safety and environmental laws and regulations. Only fines paid by Equinor as an operator are included. Fines are reported for the financial year when the actual payment is made.
Scope 1 GHG emissions	Direct GHG emissions from operations that are owned and/or controlled by the organisation.

Abbreviation	Definition
Scope 2 GHG emissions	Indirect GHG emissions from energy imported from third parties, heating, cooling, and steam consumed within the organisation. We use IEA (physical) and RE-DIIS (market-based) as sources of scope 2 emissions factor, expressed as kg CO <sub>2</sub> /kWh. A location-based calculation method reflects the average emissions intensity of grids (using mostly grid-average emission factor data). A market-based calculation method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contracts between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. (Source: Greenhouse gas protocol).
Scope 3 greenhouse gas (GHG) emissions	All GHG emissions that occur as a consequence of the operations of the organisation, but are not directly controlled or owned by the company, such as use of sold products (equity basis). Emissions are calculated from standard combustion factors in API (Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Natural Gas Industry) and KLIF (guidance to Norwegian annual authority emission reporting).
SDGs	The United Nations' Sustainable Development Goals.
SEAPOP	A monitoring and mapping programme for Norwegian seabirds (SEAbird POPulations).
Serious incident frequency (SIF)	The number of serious incidents (including near misses) per million hours worked. An incident is an event or chain of events that has caused or could have caused injury, illness and/or damage to/loss of property, the environment or a third party. All undesirable incidents are categorised according to degree of seriousness, based on established categorisation matrices.
Share of production in areas of high water stress	The share in % of Equinor's operated production in areas of high or extremely high baseline water stress, versus Equinor's total operated production. World Resources Institute's Aqueduct® tool is used to determine baseline water stress, which is the ratio of total annual water withdrawal from a catchment to average annual available water to the same catchment. The Aqueduct® tool classifies stress into five levels, Low, Low-medium, Medium-high, High and Extremely high. (Aqueduct® indicator: Baseline Water Stress).
Sickness absence	The total number of sickness absence hours as a percentage of planned working hours (Equinor ASA employees).
Social investments	Includes voluntary and contractual payments. Part of the cost is charged to partners in activities we operate. Contractual social investments include the contributions that we are required to pay under the terms of the production sharing agreements (PSA) or contracts or host government agreements or national laws.
STEM	Science, technology, engineering and mathematics.
Sulphur oxides (SOx) emissions	SOx released from power generation and heat production, flaring and process.
TCFD	Task Force on Climate-related Financial Disclosures.
Total recordable injury frequency (TRIF)	Number of fatal accidents, lost-time injuries, injuries involving substitute work and medical treatment injuries per million hours worked.
UNGPs	United Nations Guiding Principles on Business and Human Rights
Upstream carbon dioxide (CO <sub>2</sub> ) emission intensity	Total scope one emissions of CO <sub>2</sub> (kg CO <sub>2</sub> ) from exploration and production, divided by total production (boe).
VPSHR	Voluntary Principles on Security and Human Rights.
Waste	Materials are defined as waste when; they are classified as such according to the regulations under which the activity operates or where the material is contained and intended to be transported for further handling and/or re-use or disposal by a 3rd party. Residual materials from industrial activity, which are discharged, recycled, injected or reused at the place of generation as part of the consented operations, are not included.
Work related illness (WRI) frequency	Number of WRI incidents that result in death, serious WRI, WRI that results in treatment from authorized health care personnel and other WRI per million of hours worked. For Equinor employees and contractors.

## Task Force on Climate-related Financial Disclosures (TCFD) reference index

TCFD recommendation	Reference to Equinor disclosure
<b>Governance – Disclose the organisation's governance around climate-related risks and opportunities</b>	
a) Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>▪ AR 3.9 – The work of the Board of Directors</li> <li>▪ SR – Governance</li> <li>▪ SR – Climate-related business risks and portfolio resilience</li> </ul>
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>▪ AR 3.10 – Risk management and internal control</li> <li>▪ SR – Governance</li> <li>▪ SR – Climate-related business risks and portfolio resilience</li> </ul>
<b>Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material</b>	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<ul style="list-style-type: none"> <li>▪ AR 2.11 – Risk review</li> <li>▪ SR – Climate-related business risks and portfolio resilience</li> <li>▪ Equinor's CDP response</li> </ul>
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> <li>▪ AR 2.12 – Safety, security and sustainability – Portfolio stress test</li> <li>▪ SR – Climate-related business risks and portfolio resilience – Portfolio stress test</li> <li>▪ Equinor's CDP response</li> </ul>
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> <li>▪ AR 2.12 – Safety, security and sustainability – Portfolio stress test</li> <li>▪ SR – Climate-related business risks and portfolio resilience – Portfolio stress test</li> <li>▪ Equinor's Energy Perspectives</li> </ul>
<b>Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks</b>	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>▪ AR 2.11 – Risk review – Risk management</li> <li>▪ SR – Climate-related business risks and portfolio resilience</li> <li>▪ Equinor's CDP response</li> </ul>
b) Describe the organisation's processes for managing climate-related risks	As above
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	As above
<b>Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>▪ AR 2.12 – Safety, security and sustainability</li> <li>▪ SR – Climate performance</li> <li>▪ SR – Climate-related business risks and portfolio resilience – Portfolio stress test</li> <li>▪ Equinor's sustainability data hub</li> </ul>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> <li>▪ AR 2.12 – Safety, security and sustainability</li> <li>▪ SR – Climate performance</li> </ul>
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	As above

AR = 2018 Annual Report 2018

SR = 2018 Sustainability Report.

## Independent assurance report

To the readers of Equinor ASA's Sustainability Report 2018

We have been engaged by management of Equinor ASA ('Equinor') to provide reasonable assurance in respect of the Safety, Climate and Environmental Performance Indicators identified below and limited assurance in respect of the information as disclosed in Equinor's Sustainability Report for the year ended 31 December 2018 ('the Sustainability Report').

Our reasonable assurance engagement covers the following Safety, Climate and Environmental performance indicators for the year ended 31 December 2018:

- Safety indicators: Total recordable injury frequency (TRIF), Serious incident frequency (SIF), Fatalities, Oil spills, Serious oil and gas leakages;
- Climate and Environmental indicators: Greenhouse gas emissions scope 1, control based CO<sub>2</sub> emissions, CH<sub>4</sub> emissions, NO<sub>x</sub>, Energy consumption and SO<sub>x</sub> emission.

The Sustainability Report is covered by our limited assurance engagement. The scope excludes future events or the achievability of the objectives, targets and expectations of Equinor.

### Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

### *Reasonable Assurance Safety, Climate and Environmental Performance Indicators*

In our opinion, the Safety, Climate and Environmental performance indicators, as defined above, are, in all material respects, prepared and presented in accordance with the GRI Standards; Core option and the applied reporting criteria as disclosed in the section 'About the Report' of the Sustainability Report.

### *Limited Assurance on the Sustainability Report*

Based on the limited assurance procedures performed, as described below, and the evidence obtained nothing has come to our attention that causes us to believe that the Sustainability Report is not presented, in all material respects, in accordance with the GRI Standards; Core option and the applied reporting criteria as disclosed in the section 'About the Report' of the Sustainability Report.

### The chief executive officer and management's responsibility

The chief executive officer and management are responsible for the preparation and presentation of the Safety, Climate and Environmental Performance Indicators and the Sustainability Report in accordance with the GRI Standards; Core option and the applied reporting criteria as disclosed in the section 'About the Report' of the Sustainability Report.

#### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Satstauriseret revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mosjøen	Stavanger
Alta	Firmsnes	Mulde	Stord
Arendal	Hamar	Trømsø	Straume
Bergen	Haugesund	Trondheim	Tynset
Bodø	Knarvik	Skiens	Sandefjord
Drammen	Kristiansand	Sandnessjøen	Alesund

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Safety, Climate and Environmental Performance Indicators and the Sustainability Report that are free from material misstatement, whether due to fraud or error.

#### Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the preparation and presentation of the Safety, Climate and Environmental Performance Indicators included in the Sustainability Report and a limited assurance conclusion on Equinor's preparation and presentation of the Sustainability Report.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

ISAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Safety, Climate and Environmental Performance Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Information is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements in Norway.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reasonable assurance over the Safety, Climate and Environmental Performance Indicators  
The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Safety, Climate and Environmental Performance Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Safety, Climate and Environmental Performance Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of Equinor's internal control over the preparation and presentation of the Safety, Climate and Environmental Performance Indicators.

Our engagement included assessing the appropriateness of the Safety, Climate and Environmental Performance Indicators, the suitability of the criteria, being the GRI Standards; Core option, used by Equinor in preparing and presenting the Safety, Climate and Environmental Performance Indicators.

Our specific procedures for reasonable assurance on the Safety, Climate and Environmental Performance Indicators information as outlined above involved:

- Obtaining an understanding of the compilation of the Safety, Climate and Environmental Performance Indicators to the sources from which it was obtained;
- Evaluating the reasonableness of estimates made by Equinor, and re-computation of the calculations of the Safety, Climate and Environmental Performance Indicators;

- Interviews with relevant staff at corporate, business and local level responsible for providing the information in the Sustainability Report, carrying out internal control procedures on the data and consolidating the data in the Sustainability Report;
- Two visits to production sites aimed at, on a local level, validating source data and to evaluate the design and implementation of internal control and validation procedures;
- Evaluating the design and implementation, and tests of the operating effectiveness of the systems and methods used to collect and consolidate the data;
- An analytical review of the data and trend explanations submitted by all sites for consolidation at corporate level.

#### Limited assurance of the Sustainability Report

The procedures selected depend on our understanding of the Sustainability Report and the indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our procedures for limited assurance on the Sustainability Report included, amongst others:

- A risk analysis, including a media search, to identify relevant sustainability issues for Equinor in the reporting period;
- Interviews with senior management and relevant staff at corporate, business and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries of management to gain an understanding of Equinor's processes for determining material issues for Equinor's key stakeholder groups;
- Interviewing relevant staff responsible for providing the information, carrying out internal control procedures on and consolidating the data in the Sustainability Report;
- Reviewing relevant internal and external documentation, on a limited test basis, in order to determine the reliability of the Sustainability Report;
- Reading the Sustainability Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained through our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for Equinor for the purpose of assisting the board of directors in determining whether the Sustainability Report is prepared and presented in accordance with the GRI Standards; Core option and for no other purpose or in any other context.

Stavanger, 5 March 2019

KPMG AS



Dave Vijfvinkel  
Partner



Anette Ronnov  
Director

## **Photography**

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