TESTING THE TCFD FRAMEWORK –
AN EQUINOR AND STOREBRAND CASE STUDY

equinor

storebrand

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ABOUT THE CASE STUDY

Equinor and Storebrand both welcome initiatives to enhance transparency on business-related climate risk, such as the Task Force on Climate-related Financial Disclosure (TCFD). As investee and investor, both companies support the objective of generating better and more comparable information to help investors and financial markets to evaluate climate-related risks and opportunities.

In order to support the adoption and implementation of the TCFD recommendations, Equinor and Storebrand have carried out a case study that we are making available for the UN Principles for Responsible Investments (PRI) TCFD pilot group. The purpose of this exercise was threefold: (1) to demonstrate how an investee's (Equinor's) existing reporting is aligned to TCFD guidelines and identify gaps and areas for improvement, (2) to identify findings and areas for further investigation for the industry as a whole and (3) to demonstrate how an investor (Storebrand) uses such disclosures in security analysis.

The case study is based on a review of Equinor's 2016 annual report and sustainability report, as well as the capital markets update presentation from February 2017. Since then, Equinor has continued to strengthen its climate-risk related disclosures, including in its 2017 annual reports and SRI presentations for the financial community.

Equinor discloses the company's governance, risk management, strategy and metrics related to climate change. Since 2015 the company have stress-tested our project portfolio against the International Energy Agency scenarios and published the results in our annual report. Equnior has received recognition for our performance and disclosures from the Climate Disclosure Project (CDP) and the Institutional Investors Group on Climate Change, among others. While Equinor believes that the disclosures made in our Annual Report and Sustainability Report are already well aligned with the main principles outlined in the recommendations of the TCFD, it will continue to engage with investors and other stakeholders, including through the TCFD Oil & Gas Preparer Forum, in order to further evolve disclosures.

Storebrand works with sustainable investments to capture both risks and opportunities related to long term investments in financial analysis. At the core of this methodology is an internally developed sustainability rating, which measures companies' environmental, social and governance (ESG) risks and opportunities. Climate-related risks are at the forefront of risks addressed in this rating. Since Storebrand depends on relevant disclosures from companies to perform these analyses, it highly appreciates that companies like Equinor take the lead among peers to push the boundaries for climate-related disclosures in the energy industry.

The joint exercise facilitated a constructive dialogue between Equinor and Storebrand, identifying areas where there is demand for further clarity such as in making a quantifiable link between strategy and implementation and demonstrating the prioritization of risks within a company. The parties recognize that there are many ways by which investors can incorporate climate-related risks and opportunities in their investment analysis, and which may differ to the methodology employed by Storebrand.

Equinor and Storebrand intend to continue working together to help mature thinking around some of the topics identified above and engage with the PRI and TCFD on efficient and feasible ways to implement the recommendations. In particular, the companies encourage discussion on the following issues:

- *Use of metrics*: How to encourage more standardised use of metrics and quantifiable indicators, where relevant and possible, rather than relying on text describing intentions and processes
- Use of scenarios: How to present and use forward-looking information of high uncertainty
- Disclosure format: How to apply the TCFD guidelines without disaggregating climate risk from enterprise risk
- Materiality: How to ensure flexibility regarding disclosure of information that is not material
- Fit-for-purpose implementation: How to balance the desire for detailed information with considerations of adaptability and comparability across sectors and geographies.

Equinor is also engaged in a TCFD Preparer Forum for oil and gas companies to identify good practices and mature the industry's approach to the TCFD recommendations. A report from this Forum was published by the World Business Council for Sustainable Development on 17 July 2018 and samples of the improved disclosure are available here.

ABOUT THE COMPANIES

STOREBRAND

Storebrand has supplied occupational pensions to Norwegian employees since 1917, with a history reaching back to 1767. The company delivers value through safeguarding the sustainable investments of 700 billion NOK (USD 91 billion) in assets under management (AUM). More than 40,000 corporate customers and 1.9 million individuals have a customer relationship with Storebrand.

Storebrand is headquartered in Oslo, Norway and has 1,745 employees. It also has operations in Sweden.

https://www.storebrand.no/asset-management

EQUINOR

Equinor is an international energy company with a proud history. Formerly Statoil, the company has over 20,000 committed colleagues developing oil, gas, wind and solar energy in more than 30 countries worldwide. Equinor is among the world's largest offshore operators, and a growing force in renewables, on stream to deliver wind power to 1,000,000 households. Driven by their Nordic urge to explore beyond the horizon, and dedication to safety, equality and sustainability, Equinor is building a global business on the company's values and the energy needs of the future.

Equinor is listed on the New York and Oslo stock exchanges.

https://www.equinor.com/en.html

RECENT IMPROVEMENT IN EQUINOR'S DISCLOSURES

Equinor and Storebrand identified some areas in Equinor's 2016 reporting which potentially could have been improved, resulting in further alignment with the TCFD recommendations. These are outlined below.

Equinor implemented the suggested improvements in its 2017 Annual Report and 2017 Sustainability Report, available at the corporate website here *(published in March 2018)*

Storebrand finds these reports valuable due to the concise information on climate-related risk factors, which forms a good basis for TCFD-aligned reporting. CDP has incorporated TCFD metrics in their 2018 reporting, therefore disclosures to this initiative will also help investors to access relevant metrics and targets.

SECTION 1: GOVERNANCE

- Further enhance the description of how climate-related risks are part of the Board of Directors' agenda
- Review the instructions to the Board of Directors' Safety, Sustainability and Ethics Committee with regards to its role in governance of climate-related risk and opportunities
- Further enhance the description of how the Sustainability function is organised at Equinor and who is responsible at top management level

SECTION 2: STRATEGY

- Use terminology better aligned with the TCFD recommendations
- Be more specific regarding time horizons (e.g. what is short-term)
- Mature climate stress testing and disclosures to reflect available best practice for the sector

SECTION 3: RISK MANAGEMENT

- Be more specific on how climate risk is integrated into and part of the overall risk management in the annual report

SECTION 4: METRICS AND TARGETS

- Report exposure to water stress
- Mature reporting on methane emissions, including a scientific study examining methane emissions for
- Norwegian natural gas delivered to customers in the UK and Germany. The results from Equinor's efforts to track operated assets in the US were shared at the SRI Day (Socially Responsible Investor Day, 4 May 2018)

KEY FINDINGS AND RECOMMENDATIONS FOR INDUSTRY IMPLEMENTATION

On use of metrics and fit-for-purpose implementation:

- Storebrand sees potential to include standardized climate-risk metrics in financial analysis intended to map the probability of a firm's ability to deliver long term sustainable returns from its investments. In this regard, the "metrics and targets" section was most valuable and it is important to note that these metrics are additional to oil stock valuation metrics, such as dividend-adjusted return, share price performance and Free Cash Flow (FCF) yield. Strategic insights are of higher value when linked to quantitative key performance indicators to enable monitoring of a company's progress over time. Both companies agree that it is important to keep texts brief and focus on metrics as far as possible.

  Carbon intensity is a metric of increasing value for climate-related risk mitigation. Storebrand has signed the Montreal Pledge and Portfolio Decarbonization Coalition, which entails a commitment to disclose and take measures to reduce the carbon footprint of our portfolios. Storebrand is already reducing the overall carbon intensity per revenue of its funds and is considering specific carbon intensity reduction targets for each fund. The TCFD metrics will be valuable in this regard.

  Carbon intensity per production is one of the key metrics Equinor discloses, monitors and aims to further reduce. However, a key dilemma regarding carbon intensity for the oil and gas sector is that the current industry practice is to report emissions and other environmental indicators on a 100% basis as an operator. This means that the operators report emissions on behalf of non-operating partners. Some companies, including Equinor, also report CO2 emissions on an equity basis. Investors should be careful not to mix operated emission numbers with equity based financial numbers. Furthermore, dividing carbon emissions by revenue is not regarded as a meaningful KPI by the oil and gas industry due to the large fluctuations in oil and gas prices. While this indicator may be relevant for other sectors, carbon intensity divided by production is a better industry benchmark.

On materiality and disclosure format:

- The TCFD guidelines present a reporting dilemma for companies such as Equinor where the management of climate risk is fully integrated in the enterprise risk management process. This is because the TCFD guidelines specifically request detailed disclosures on the management of climate risk, whilst at the same time encouraging companies to take an aggregated view in their financial reporting. Equinor and Storebrand also agree that it is important to balance how much focus is given to climate risk governance versus governance of other risks and opportunities.

- Disclosure of exposure to water stress is highly relevant since fresh water is an increasingly scarce resource. It would be useful if the industry could include information on where they experience water stress and how it affects capital flows. Similarly, reporting on methane emissions from the industry would be valuable.

On use of scenarios:

- Storebrand and Equinor acknowledge that forward looking scenarios are highly uncertain. The desire for quantification of risks is very challenging due to the wide range of uncertainty related to climate-related scenarios, and hence the difficulty of assessing the probability and scale of impact. On the other hand, scenarios can be a valuable tool to complement both internal and external discussions on a company's climate change strategy, given transparency in the uncertainty of the various assumptions. Isolated, scenarios will provide little insight, keeping in mind that companies can adjust and develop their portfolios over time. Equinor tests its portfolio against the IEA scenarios and presents annually the Energy Perspectives report, describing three possible development paths for the world economy, international energy markets and energy-related greenhouse gas emissions.

- Carrying out scenario analysis and sensitivity assessments is complex and resource demanding. To ensure that the TCFD recommendations are feasible for companies regardless of capacity, size and maturity, it would be useful to develop simple tools and guidelines and facilitate stepwise and cost-effective implementation. Focusing on the main recommendations rather than the extensive supplementary guidance ("TCFD Annex") would be important in this regard, as would the application of the concept of materiality. To ensure a fit-for-purpose adaptation, there is also a need to allow for flexibility in the implementation of the framework, to avoid overlap and repetitive disclosures on e.g. scenario analysis.

- Scenarios should aim to be as transparent as possible regarding the underlying assumptions related to future expectations, such as price fluctuations, disruptive technologies and negative emissions such as Carbon Capture and Storage.

Storebrand believes that the financial sector would benefit from a standardized development and rapid integration of scenario analysis across the energy industry. The industry should strive to include a scenario most compatible with the commitments in the Paris Agreement. For example, Storebrand regards the IEA 66% probability for 2 degree scenario as more in line with the Paris Agreement than the IEA 50% probability for 2 degrees scenario.

Equinor and Storebrand look forward to further dialogue on these issues.

APPENDIX:

Overview of Equinor's 2016 disclosures and how the information is used by Storebrand

SECTION 1: GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities.

a) Describe the board's overwsight of climate-related risks and opportunities.

EQUINOR'S DISCLOSURE

Disclosed in the Annual Report 2016 section 3.9: "The Work of the Board of Directors", extract:

The board is responsible for managing the Equinor group and for monitoring day-to-day management and the group's business activities.

The board has adopted a generic annual plan for its work which is revised with regular intervals. Recurrent items on the board's annual plan are: security, safety and **sustainability**, corporate strategy, business plans, quarterly and annual results, annual reporting, ethics, management's monthly performance reporting, management compensation issues, CEO and top management leadership assessment and succession planning, project status review, people and organisation strategy and priorities, **an annual enterprise risk management review, two yearly discussions of main risks and risk issues** and an annual review of the board's governing documentation.

Equinor's board has established three sub-committees, one of which is the safety, sustainability and ethics committee. The committee assists the board of directors in its supervision of the company's safety, sustainability and ethics policies, systems and principles with the exception of aspects related to "financial matters". Establishing and maintaining a committee dedicated to safety, sustainability and ethics is intended to ensure that the board of directors has a strong focus on and knowledge of these complex, important and constantly evolving areas. The committee acts as a preparatory body for the board of directors and, among other things, monitors and assesses the effectiveness, development and implementation of policies, systems and principles in the areas of safety, sustainability and ethics, with the exception of aspects related to "financial matters". The committee held six meetings in 2016, and attendance was 83%.

The risk map and risk issues radar are presented both to the Corporate Executive Committee, the Board of Directors and their respective committees. An in-depth overview of relevant health, safety and security risks and sustainability risks factors and risk issues (including climate-related risks factors) is presented to the Board of Directors' Safety, Sustainability and Ethics Committee.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

EQUINOR'S DISCLOSURE

Our approach to sustainability management is integrated into our overall management system, including our enterprise risk management process. Our enterprise risk management process provides a holistic, bottom-up and top-down framework for managing risks across the company. **Risk management is an integral part of all business processes; informing strategies, target setting, investment decisions and operations.** The corporate risk picture is built up from input across the organization, activity to country and business area and through a biannual process. Monetary, safety and integrity risk and potential reputational effects are assessed at all levels. The risks are described through identification of sources and causes (so called risk factors), including climate change related physical, regulatory, market and reputational risk factors.

The risk map and risk issues radar are presented both to the Corporate Executive Committee, the Board of Directors and their respective committees.

In addition, corporate level HSE perspective objectives, KPIs and actions have been set for 2017, including the upstream CO2 intensity KPI and target in 2017.

STOREBRAND'S RESPONSE

TCFD Alignment and Current Use

Equinor's disclosures in the governance section are valuable for Storebrand's portfolio managers because they help us to include climate-related risks in our financial analysis.

Equinor has won prizes for its overall reporting on risk and internal control, according to the Norwegian Corporate Governance Board's recommendations, a commendation for quality which Storebrand shares. We also support the development of climate risk integration in both the annual and sustainability report.

Storebrand will use the disclosures of how different risk factors are being treated and balanced by the board of directors, to assess Equinor's prioritized risk management. Key information and metrics are more valuable than long sections of text.

SECTION 2: STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

EQUINOR'S DISCLOSURE

Disclosed in the Annual Report 2016 section 2.10: "Risk factors: Climate change"

Extract:
Climate change influences Equinor's business strategy in two distinct ways. First by addressing climate-related business risk, whether physical, political, market or reputational. Second by identifying business opportunities that could arise from the transition to a low carbon future.

The transition to a low-carbon energy future poses fundamental strategic challenges for the oil and gas industry. Equinor expects and is preparing for policy and regulatory changes targeted at reducing greenhouse gas emissions. This could impact Equinor's financial outlook, whether directly through changes in taxation and regulation, or indirectly through changes in consumer behaviour. There is continuing uncertainty over climate policy developments in various jurisdiction, and hence the long-term implications to costs and constraints. Equinor expects greenhouse gas emission costs to increase from current levels beyond 2020 and to have a wider geographical range than today. Climate related policy changes may also reduce access to prospective geographical areas for exploration and production in the future. Regulatory changes encouraging the development of low-carbon energy technologies such as renewable energy or other potentially disruptive technologies, could impact the demand for oil and gas. As an example, development of battery technologies could allow more intermittent renewables to be used in the power sector. This could impact Equinor's gas sales, particularly if subsidies of renewable energy in Europe were to increase. Changes in physical climate parameters could impact Equinor's operations, for example through restrained water availability, rising sea level, changes in sea currents and increasing frequency of extreme weather events.

Equinor incurs, and expects to continue to incur, substantial capital, operating, maintenance and remediation costs relating to compliance with increasingly complex laws and regulations for the protection of the environment and human health and safety, including:
- higher price on greenhouse gas emissions
- costs of preventing, controlling, eliminating or reducing certain types of emissions to air and discharges to the sea

Compliance with laws, regulations and obligations relating to climate change and other environmental regulations could result in substantial capital expenditure, reduced profitability as a result of changes in operating costs, and adverse effects on revenue generation and strategic growth opportunities.

The Paris Agreement on climate change entered into force in November 2016. Norway, collectively with the European Union, intends to deliver 40% reductions in greenhouse gas emissions by 2030. Additionally, Norway has set an ambition to achieve close to net zero emissions by 2050. The implications for the industry are not clear, however requirements to reduce emissions could result in increased costs.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

EQUINOR'S DISCLOSURE

Disclosed in the Annual Report 2016 section 2.1: "Strategy and Market Overview" and in the 2016 Sustainability Report.

Extract:
"High value, low carbon" is at the core of our sharpened strategy. We believe the winners in the energy transition will be the producers which can deliver at low cost and with low carbon emissions. We believe a low carbon footprint will make us more competitive in the future. We also believe there are attractive business opportunities in the transition to a low-carbon economy. Equinor intends to be part of this transformation in order to fulfil our purpose of turning natural resources into energy for people and progress for society. Our Climate roadmap explains how we plan to achieve this and how we will develop our business, supporting the ambitions of the Paris climate agreement.

Our climate roadmap defines three key strategic objectives and an action plan to 2030:

- **Building a high value, lower carbon oil and gas portfolio**. The energy transition cannot happen overnight – we therefore need to ensure that we are producing the right hydrocarbons and that they are produced as efficiently as possible. That means we focus on developing carbon efficient and high value oil and gas projects. We also reduce greenhouse gas emissions from our own operations through accelerated initiatives to increase energy efficiency and minimise flaring and methane emissions.
- **Creating a material industrial position in new energy solutions.** We aim to provide energy for a low carbon future which means that renewables and other new energy solutions are a core activity for us. We will develop renewables at scale, expanding our already sizeable offshore wind business, while exploring new opportunities. We are also focusing on key low carbon solutions such as hydrogen value chains and leveraging our experience in carbon capture and storage to reduce emissions from the use of oil and gas.
- **Accountability and collaboration**. In order to sustain momentum, we are embedding our aims in our decision-making processes, performance incentives and partnerships with governments, peers and research institutes. Our aim is to engage and mobilise our employees and other stakeholders to accelerate our own long-term transformation and that of our industry. We believe this shift will add to the longevity and resilience of our portfolio and help us reap meaningful returns in the medium and long term as we build up our business in new energy solutions.

Equinor is one of the world's most carbon efficient oil and gas producers, and our ambition is to maintain this position, both in the short term (2020) and the long term (2030 and beyond). This shapes one of our Strategic Principles – Low carbon advantage: Maintaining competitive advantage as a leading company in carbon efficient oil and gas production, while building a low carbon business to capture new opportunities in the energy transition.

The New Energy Solutions business area reflects Equinor's aspirations to gradually complement its oil and gas portfolio with profitable renewable energy and other low-carbon energy solutions. Offshore wind and carbon capture and storage have been key focus areas in 2016. In 2016 Equinor launched Equinor Energy Ventures, a USD 200 million venture capital fund dedicated to investing in attractive and ambitious growth companies in renewable energy. Equinor has also continued to explore new business opportunities in carbon capture and storage as well as other potential new energy markets.

C) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.

EQUINOR'S DISCLOSURE

Disclosed in the Annual Report 2016 section 2.10: "Risk factors: Climate change" and in the 2016 Sustainability Report

Extract:
In 2016, we made further steps to systematically incorporate climate aspects in all investment decisions. We use tools such as internal carbon pricing, scenario planning and stress testing of projects against various oil and gas price assumptions. Equinor routinely tracks technology developments and changes in regulations, including the introduction of stringent climate policies, and assesses how these may impact the oil price, the costs of developing new oil and gas assets, and the demand for oil and gas.

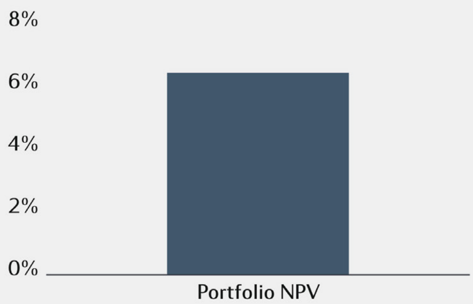
STOREBRAND'S RESPONSE

TCFD Alignment and Current Use

The information provided in the questions 2a) and b) was less useful from an investor perspective than 2c). Quantifiable reporting is often more useful in financial analyses than text. Section 2c) is interesting, again emphasizing the importance of a numerical approach. Strategy gives little value in the investment decision unless the information is quantifiable and translatable to long-term monitoring of progress on specific metrics. This gives the opportunity to compare the development of Equinor's investment priorities and core business activities with the strategy.

Equinor's current use of scenarios as described in Section 2c) is regarded by Storebrand as best practice within the industry and in alignment with TCFD recommendations.

Portfolio sensitivity in a two degree scenario (IEA 450 scenario)



The graph demonstrates the effect on NPV of changes in oil and gas prices and CO_2 cost as set out in the IEA 450 scenario. The base case (0%) represents the NPV using Statoil's planning assumptions.

The stress test demonstrates that our portfolio is resilient to the IEA's energy scenarios, aligned with our strategic focus on lower carbon, high value projects. The impact varies somewhat between different projects and production segments.

Average break-even ~

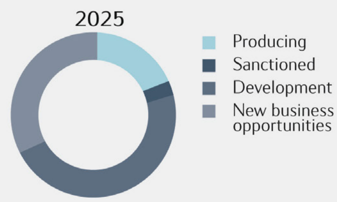
27

USB/bbl

'Statoil- and partner-operated projects, sanctioned since 2015 or planned for sanction, with start-up by 2022. Volume weighted.

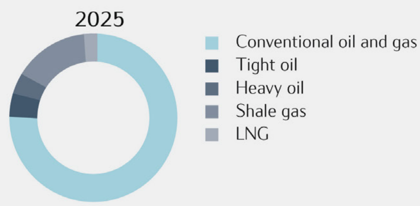
Capex flexibility

Forecast investments by maturity, share of total



Forecast equity production of oil and gas

by category, share of total (boe)



SECTION 3: RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks.

- Describe the organization's processes for identifying and assessing climate related risks.
- Describe the organization's processes for managing climate related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
-

EQUINOR'S DISCLOSURE

In addition to the processes, controls and tools described in the Governance section, we provide below further details relating to sustainability management, which has responsibility for climate change management.

Our approach to **sustainability management is integrated into our overall management system**, which includes our policies and requirements, operating model and governance. **Our Integrated Environmental & Social Impact Management** process helps us to **identify the source and nature of potentially adverse and beneficial environmental, climate, social and economic impacts for Equinor and our stakeholders.** Based on this, we **develop plans** to **manage potential adverse impacts and benefits. It is one of the company's main tools for informing sustainable performance.**
For Equinor-operated activities, our requirements for **impact management are based on laws and regulations set out in the countries we operate and international good practice**, such as the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability and the International Standard Organization's (ISO) Standard 14001 for environmental management systems for our operations., We also **endeavour** to **promote Equinor's principles** for integrated impact management in **joint ventures or partner-operated assets.**

STOREBRAND'S USE

TCFD Alignment and Current Use

Storebrand will mainly use consistent and comparable risk metrics and values information that shows how climate-related risks are considered, compared with other areas of risk management.

The main value of the risk section is to understand how climate risk is systematically assessed and managed at appropriate levels in the company.

The information in Risk Management can be repetitive considering the integration in the company's overall risk management sections in the annual report, as is the case with Equinor. This is also reflected in the TCFD Oil & Gas Preparer Forum report, which suggests that these disclosures can be kept concise, when it is clear that climate-related risk is integrated in enterprise risk management processes.

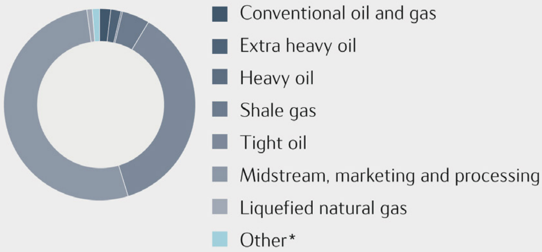
SECTION 4: METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

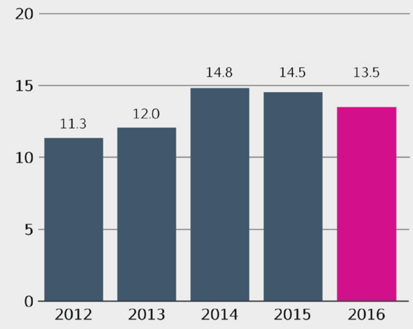
EQUINOR'S DISCLOSURE

Fresh water per segment
(cubic metres)



*Exploration, new energy solutions and global business services

Fresh water consumption
(million cubic metres)



Statoil's approach: METRICS 6 TARGETS

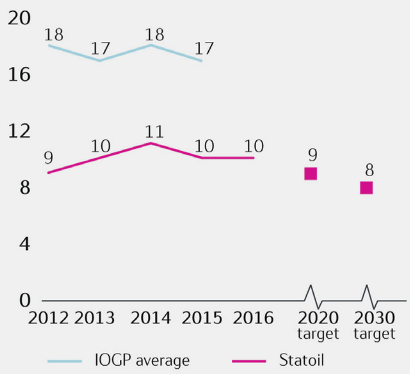
Oil and gas

Top performer in CO_2 intensity
· 2016 - 10 kg CO_2/boe
· 2030 target - 8 kg CO_2/boe

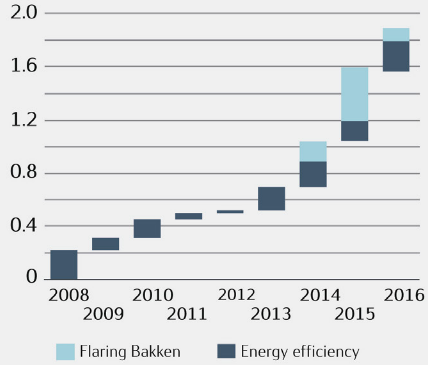
High level of transparency
· Scope 1, 2 and 3 GHG emissions
· Carbon price used: Minimum 50 USD
· Climate related KPI linked to CEO remuneration

Reduced targets
· Annual reduction of 3 million tonnes CO_2 by 2030
· Zero routine flaring by 2030

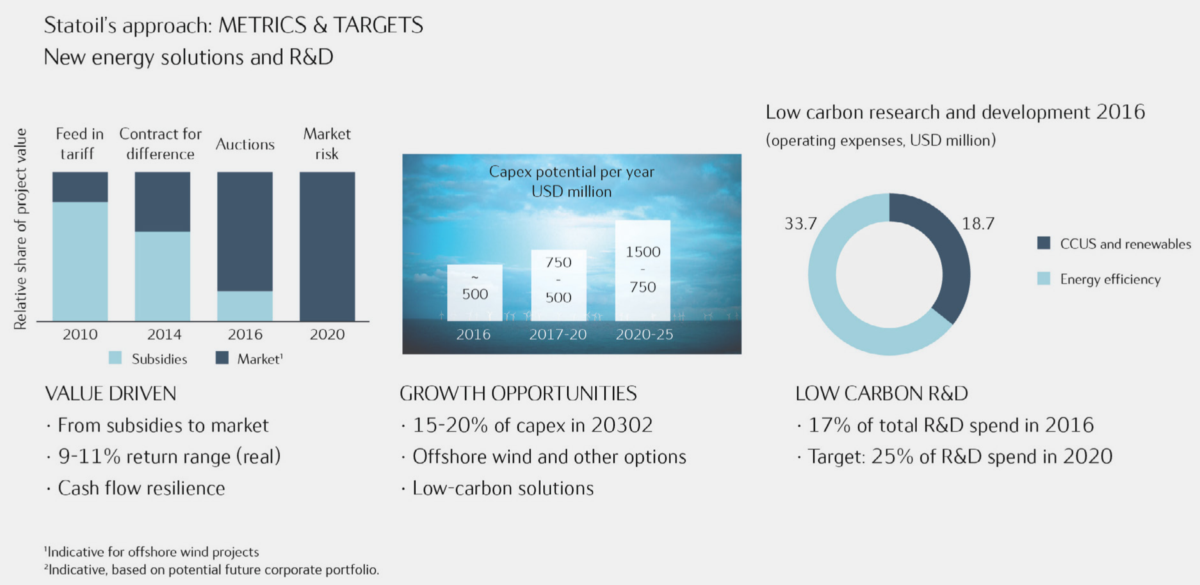
CO_2 intensity (upstream)
(kg CO_2 per boe)

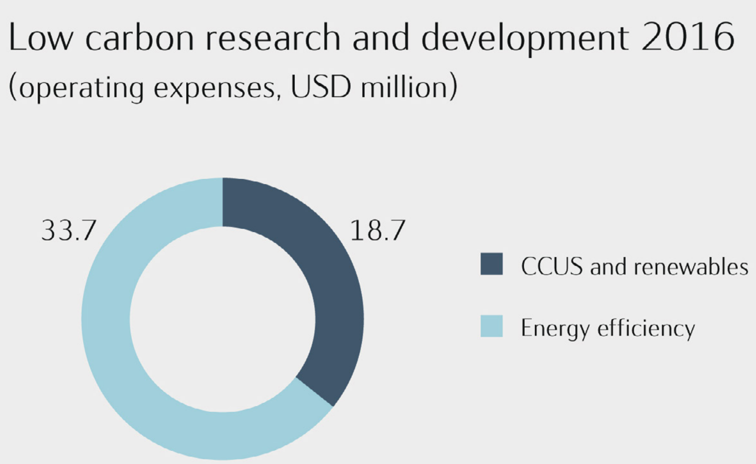


CO_2 emissions reductions*
(million tonnes)



*Accumulated effect of CO_2 emissions reductions measures (tonnes CO_2 per year)





EQUINOR'S DISCLOSURE

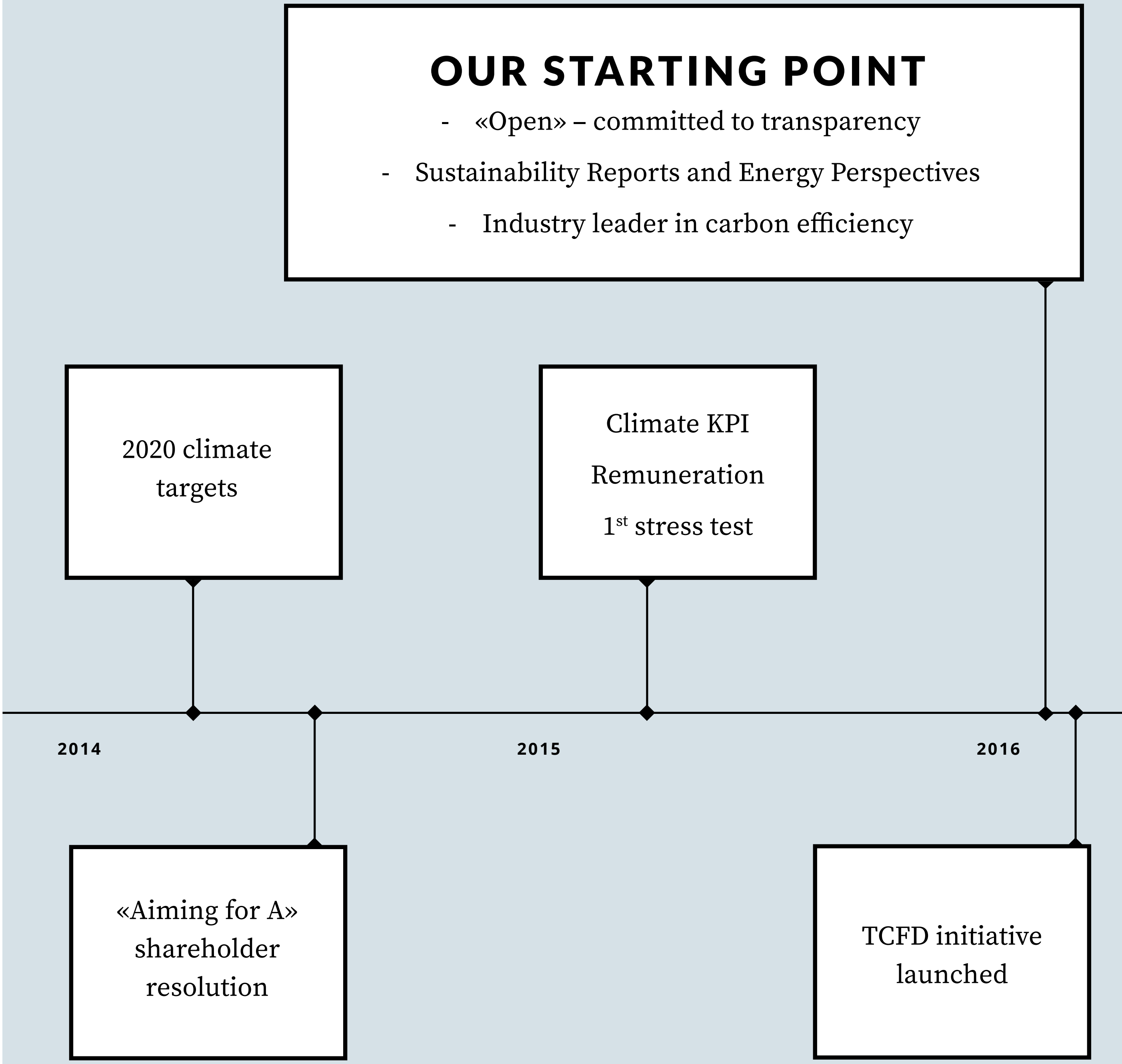
TCFD Alignment and Current Use

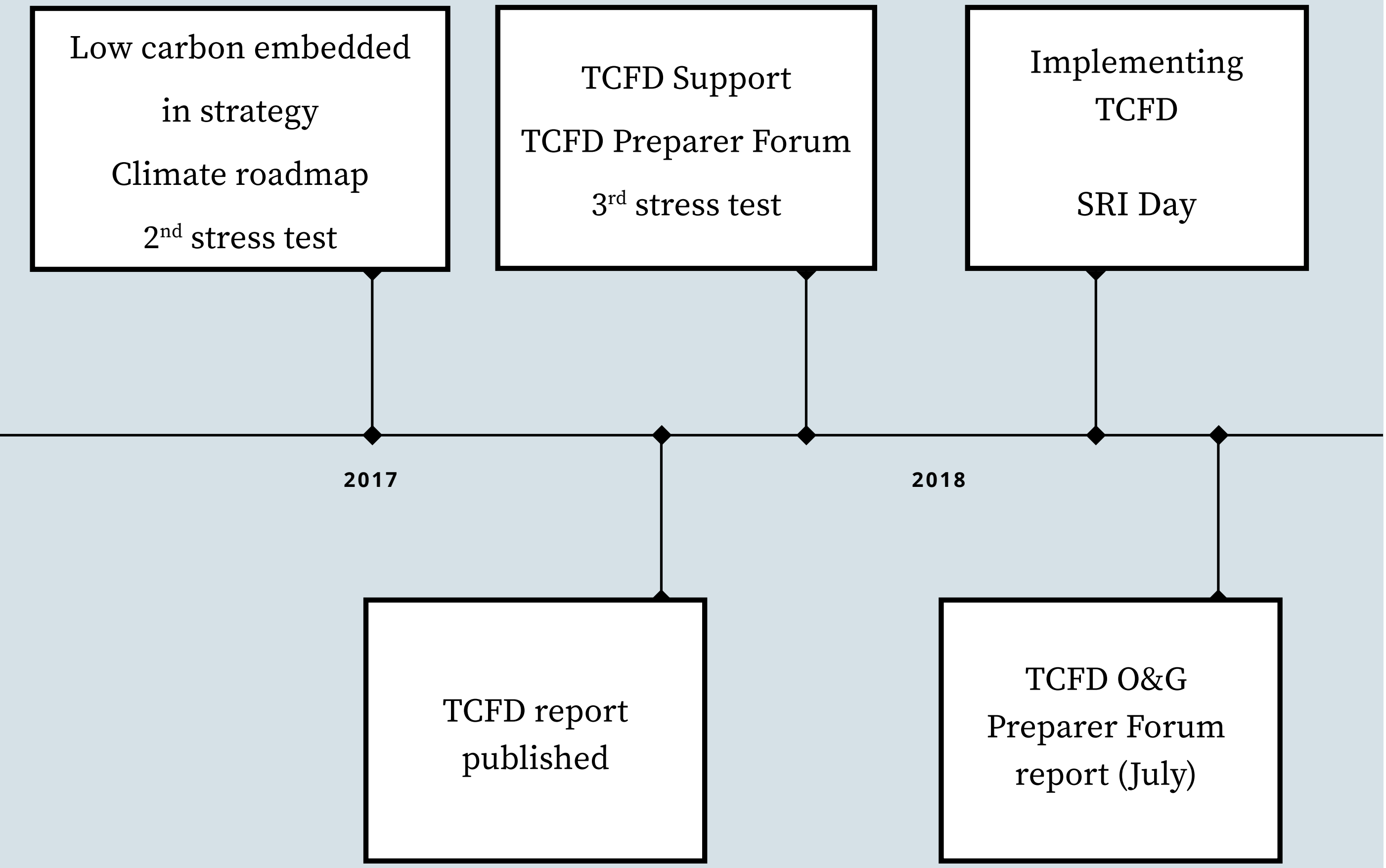
Storebrand finds the Metrics & Targets section particularly useful. Equinor discloses key metrics and graphs that give an overview of carbon intensity, water efficiency and emission reductions, as well as new energy solutions growth ambitions. These metrics are useful in financial analysis.

Storebrand values the disclosure of scope 1, 2 and 3 GHG emissions and the fact that Equinor discloses metrics for upstream carbon intensity is excellent. From here one can also make sensitivity analysis for CO2 costs in the valuation. However, the cost of CO2 alone is not of stand-alone importance.

The efficiency of a company measured by capital intensity, return on capital and costs/barrels are valuable tools for valuation. Storebrand performs sensitivity-analysis of hydrocarbon prices, weighted average cost of capital (WACC), capital intensity, margins and reserve replacement ratios. For investment purposes, carbon intensity metrics will therefore mainly be used by portfolio managers if they are relevant to create excess return and/ or reduce the carbon risk in our portfolios. Carbon intensity metrics are relevant to reach our carbon reduction targets.

EQUINOR'S EVOLVING APPROACH TO CLIMATE RISK




Low carbon embedded in strategy
Climate roadmap
2nd stress test
TCFD Support
TCFD Preparer Forum
3rd stress test
Implementing TCFD
SRI Day
2017
2018
TCFD report published
TCFD O&G Preparer Forum report (July)

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