



# ASSESSMENT OF EQUINOR'S CLIMATE STRATEGY

# ASSESSMENT OF EQUINOR'S CLIMATE STRATEGY

## Analysis, research and drafting by:

Louis-Maxence Delaporte, Energy Analyst, [louis-maxence@reclaimfinance.org](mailto:louis-maxence@reclaimfinance.org)  
Henri Her, Energy Analyst, [henri@reclaimfinance.org](mailto:henri@reclaimfinance.org)

## Written with the contribution of:

Lucie Pinson, Executive Director  
Paul Schreiber, Regulation Campaigner  
Clément Faul, Research Manager  
Paddy McCully, Energy Transition Senior Analyst

## Graphic design:

Jordan Jeandon

## Publication date:

April 2023

# TABLE OF CONTENTS

Introduction	4
1. Equinor today in a nutshell	6
2. Transparency of Equinor's climate plan	7
3. Quality of Equinor's climate plan	10
a. Oil and gas trajectory	10
b. Cash-flow allocation	14
c. Decarbonization targets and emission trajectory	16



# INTRODUCTION

In 2021, Equinor ranked as the 18th biggest oil and gas producer and as the 15th biggest oil and gas upstream developers worldwide.<sup>1</sup>

As one of the main oil and gas companies and one of the largest greenhouse gas (GHG) emitters globally, Equinor is among the few companies in the world whose climate transition (or lack thereof) in the coming years will have a determining impact on our collective ability to limit global temperature rise to 1.5°C. In 2020, the company pledged to achieve carbon neutrality across its entire operations on an absolute basis by 2050 or sooner.<sup>2</sup>

Equinor's investors and other financial stakeholders have both a key interest and a crucial responsibility to ensure the company

swiftly aligns with a 1.5°C-compatible pathway. In addition to targeted restriction policies, shareholder engagement is an important tool to reach this objective.

## Key findings:

- Equinor does not provide sufficient information on its decarbonization plan to allow investors and other financial stakeholders to correctly assess its capacity to align with a 1.5°C pathway. Insufficient information is given on the company's capital expenditure (CAPEX) plan, as well as on the contribution of offsets to meet its emission reduction targets. While its emission targets apply on carbon intensity, it does not disclose its 2030 oil and gas projections or the scenario it uses to construct its climate targets.

- Taking into account Equinor's oil and gas production from currently producing fields, plus its fields under development and field evaluation, the company's production in 2030 will be 41% higher than the level required to align with the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario (NZE).
- Equinor aims to keep its oil and gas production relatively steady up to 2030, around 2,070 kboe per day. If it meets this target, its production will be 67% higher than the NZE.
- Equinor has not committed to stop developing new oil and gas projects beyond those already in development. Around less than two third of its current expansion plans are in the Arctic area, ultradeep water and fracking drillings.
- For every dollar invested in "renewable energy" in 2022, Equinor invested more than 32 dollars in oil and gas.

- For every dollar invested in "renewable energy" in 2022, more than 29 dollars were distributed to shareholders through dividends and share buyback.
- Equinor's "renewable energy" is planned to amount to 30% of its gross CAPEX in 2025 and 50 % in 2030, from 11% in 2021.
- Equinor's targeted carbon intensity by 2030 is 21% higher than the NZE, and 9% higher than the Announced Pledges Scenario (APS), which covers commitments towards a below 2°C pathway. If Equinor meets these targets and reduces its energy supply in line with the IEA scenarios, by 2030 the company will have overshoot its share of the 2023-30 carbon budget by 21% under the NZE, and by 9% under the APS





# 1. EQUINOR IN A NUTSHELL TODAY

Equinor accounts for 1.4% of global oil and gas production and 1.4% of short-term expansion plans.<sup>3</sup>

As of March 1st, 2023:<sup>4</sup>

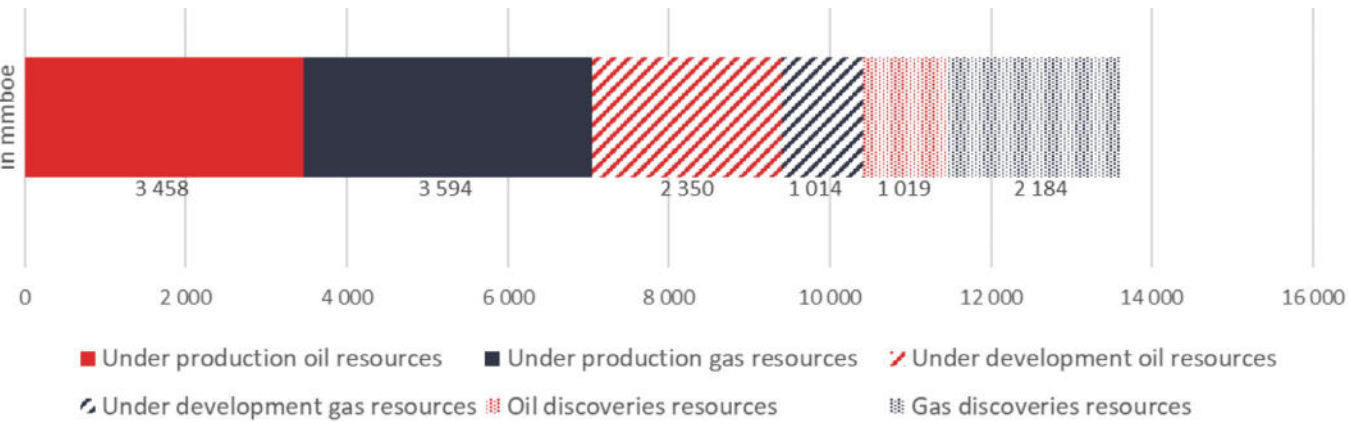
- Equinor had 7,051 million barrels of oil equivalent (mmboe) of resources under production, including 3,458 million barrels (mmbbl) of oil and 3,594 mmboe of fossil gas. This represents the equivalent of 10.3 years of production at 2022 levels.
- Equinor had 3,364 mmboe of resources under development or field evaluation, including 2,350 mmbbl of oil and 1,014 mmboe of fossil gas. This represents 4.9 years of production at 2022 levels.
- Equinor holds 3,203 mmboe of oil and fossil gas discoveries, including 1019 mmbbl of oil and 2,184 mmboe of

fossil gas. This represents 4.7 years of production at 2022 levels.

In 2022, Equinor extracted 370 mmbbl of oil and 374 mmboe of fossil gas. Beyond exploration and production, Equinor is also active in other segments such as midstream, refining and processing, renewable and gas power, hydrogen, and retail.

Equinor’s renewable portfolio is composed mainly of offshore and onshore wind energy. Equinor possesses 0.6 Gigawatt (GW) of renewable energy installed capacity, 1.7 GW of capacities under construction and 2.7 GW offtake secured renewable energy.<sup>5</sup> In 2022, Equinor started producing power from fossil gas resources. Equinor produced 1,649 GWh from renewable sources and 1,012 GWh from gas.<sup>6</sup>

**Equinors oil and gas resources**  
(based on current resources in million barrels of oil equivalent)



Source: Rystad Energy, accessed in March 2023

# 2. TRANSPARENCY OF EQUINOR’S CLIMATE PLAN

The adoption and publication of sufficiently detailed targets and indicators are a prerequisite for assessing how a company’s transition plan aligns with a 1.5°C trajectory.

Equinor’s net zero pathway is detailed in its 2021 sustainability report<sup>7</sup> and 2022 energy transition plan.<sup>8</sup>

**However, while Equinor provides information about its decarbonization targets, it does not include significant indicators, and the information provided lacks the granularity needed to allow investors and other financial stakeholders to correctly assess its capacity to align with a 1.5°C pathway. The information given does not allow investors to understand the company’s trajectory for GHG emissions and its production model through to 2030, or the risks associated with financial exposure to the company.**

For example, Equinor does not provide enough details about its CAPEX allocation. Moreover, Equinor does not disclose the avoided emissions due to offsets in its emission reduction pathway. This type of information is key to identifying the company’s planned energy transition strategy, and therefore the credibility of its emissions reduction goals.

The table below summarizes the level of disclosure by Equinor on a few key transition indicators. It does not provide a comprehensive assessment of the transparency and completeness of Equinor’s climate plan, but rather focuses on the basic indicators that should be the foundation of any oil and gas international national oil company’s (INOC) plan.

## Assessment of the transparency of Equinor's climate plan

Does Equinor publish detailed information about the following indicators up to 2030?	Yes - No Partially	Comment
Absolute and relative GHG emissions reduction targets covering scope 1, 2 and 3.	Partially	<ul style="list-style-type: none"> <li>Equinor publishes 2030 carbon intensity targets on scope 1, 2 and 3.</li> <li>Equinor publishes 2030 absolute emissions targets on scope 1 and 2 but does not report scope 3 absolute targets.</li> </ul>
Contribution to emissions reduction targets of carbon capture and storage (CCS) along the company's value chain.	Yes	
Contribution to emissions reduction targets of offsets and offsetting approaches. <sup>10</sup>	No	
CAPEX breakdown by activity, and by production maintenance and growth.	No	<ul style="list-style-type: none"> <li>Equinor discloses its 2023-2026 total organic CAPEX forecasts, but not further.</li> <li>Equinor discloses the 2025 and 2030 share of its gross CAPEX dedicated to oil and gas. Yet, it does not disclose the breakdown per business line nor between maintenance and growth CAPEX.</li> <li>Equinor discloses the 2025 and 2030 minimum share of its gross CAPEX dedicated to "Renewables and low carbon solutions" division, that aggregate renewable energy, CO2 transport and storage, Hydrogen and gas power. The breakdown per activity is not provided.</li> </ul>
2030 targeted energy mix and production volumes.	Partially	<ul style="list-style-type: none"> <li>Equinor does not report its 2030 total energy supply projections.</li> <li>Equinor discloses its 2030 oil and gas production projections without breakdown between oil and gas.</li> <li>Equinor discloses its 2030 renewable capacity and production range target.</li> </ul>
Reference scenario used to define climate targets. <sup>11</sup>	Partially	<ul style="list-style-type: none"> <li>Equinor does not explicitly state which scenario it uses to construct its climate targets.<sup>12</sup></li> <li>Equinor uses several scenarios including the following ones from the World Energy Outlook (WEO) report to stress its pathway: the Stated Policies Scenario (STEPS), the APS, the Sustainable Development Scenario (SDS) and the NZE.</li> </ul>

Source: 2022 FY Financial statements and 2021 20-F, 2022 and 2023 Investor presentations



# 3. QUALITY OF EQUINOR'S CLIMATE PLAN

## a. Oil and gas trajectory

In May 2021, the IEA published its "Net Zero Emissions by 2050 scenario (NZE)" which provides a pathway to meet global energy needs while having a 50% chance of keeping global temperature increases below 1.5°C. It was used as the reference scenario in the World Energy Outlook (WEO) 2021 and was updated in the WEO 2022 published in October 2022.<sup>14</sup> It projects a reduction in oil and gas production by 2030 compared to 2021 levels of 21.3% and 18.6% respectively and an end to the development of new oil and gas production projects and LNG terminals.

According to the Global Oil and Gas Exit List (GOGEL), Equinor is the 15th top global oil and gas upstream developer. 55% of its expansion plans did not obtain their Final Investment Decision (FID) before 2022 and therefore are overshooting the IEA's NZE. Equinor is increasingly tapping into unconventional oil and gas resources, mostly ultra-deep water oil and gas, Arctic drilling

and fracking. Unconventional resources all together account for 63.9% of oil and gas resources currently being developed by the company.<sup>15</sup> Among the main projects under development today are fields located in the Vaca Muerta basin in Argentina, and in the Barents Sea in Northern Europe.<sup>16</sup>

Despite the disrupted energy environment caused by the invasion of Ukraine, the need to halt oil and gas expansion as soon as possible remains a key feature of the NZE. The May 2021 NZE projected a halt to the development of new oil and gas fields, for which a FID was not approved by January 1st, 2022. The updated WEO 2022 version of the NZE also highlights the need to also end the development of new LNG terminal, beyond those approved by January 1st, 2023.

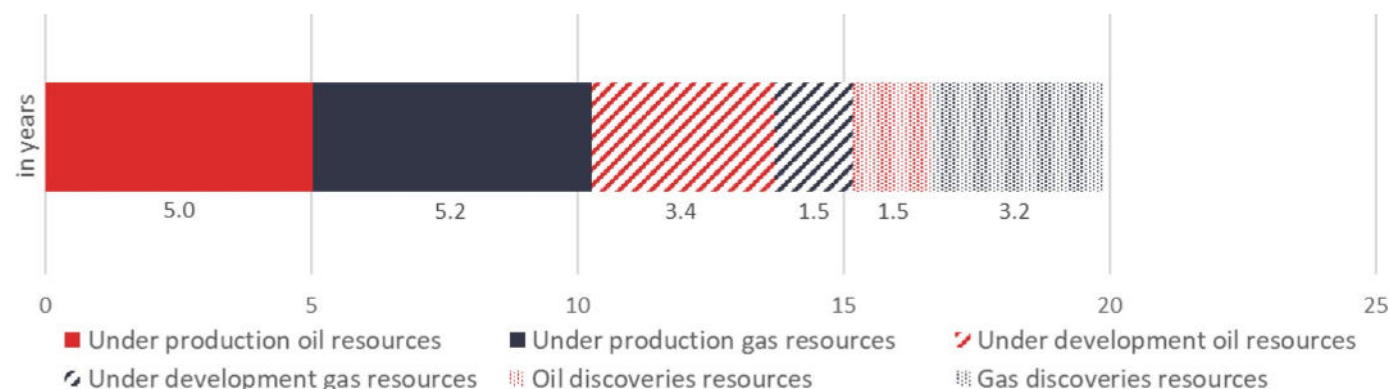
The completion of some projects that can swiftly enter production and operate for a limited time only – mainly shale oil and gas projects – is not expressly forbidden in the WEO 2022 version of the NZE. However,

**"I am also calling on CEOs of all oil and gas companies to be part of the solution. They should present credible, comprehensive and detailed transition plans in line with the recommendations of my High-Level Expert Group on net-zero pledges."**

**These plans must clearly detail actual emission cuts for 2025 and 2030, and efforts to change business models to phase out fossil fuels and scale up renewable energy."**

**Antonio Guterres,  
Secretary-General of the United Nations,  
March 2023**

**Equinor's oil and gas resources**  
(based on current resources and 2022 level of production)



Source: Rystad Energy, accessed in March 2023





the IEA notably stresses that the invasion of Ukraine cannot justify a “new wave of oil and gas infrastructure”, and that any new oil and gas fields will make it “even more challenging” to meet carbon neutrality targets and “creates the clear risk that [the 1.5°C] target moves out of reach”. Concretely, any such project will require even greater reduction efforts in other sectors and activities.

The IPCC also highlights the risks associated with the development of any new fossil fuel projects.<sup>17</sup> This concurs with a large and growing body of scientific evidence showing the need to immediately end fossil fuel development and a growing consensus on this in net-zero policy discussions.<sup>18</sup>

**Oil and gas production should decrease by 21% and 6% respectively during this decade according to the NZE.<sup>19</sup> However, without developing any new oil and gas fields and by only extracting resources that are already under production, Equinor has**

**enough resources to produce the equivalent of 10.3 years of oil and gas production at its 2022 level. Equinor’s resources under development and field evaluation will provide the equivalent of another 4.9 years of production at its 2022 production level. Additionally, if the company exploits all its oil and gas discoveries, it will have enough resources to produce the equivalent of a further 4.7 years of production at its 2022 level.**

In the IEA’s NZE, the rate of oil and gas production declines due to the combination of the natural depletion of existing oil and gas fields and the absence of new fields to fill the gap. This decline happens even though the NZE relies on material levels of negative emissions, including through the deployment of technologies unproven at scale, and would be much faster without such a reliance. Other prominent 1.5°C scenarios with no or low overshoot also show oil and gas production declining by 2030. These include the One

Earth Climate Model (OECM),<sup>15</sup> the Network for Greening the Financial System’s (NGFS) net zero climate scenarios,<sup>16</sup> and the IPCC 1.5°C with no or low overshoot scenarios filtered to limit to reasonable volumes the reliance on negative emissions (CCS, NBS, etc.).

The following chart compares Equinor’ planned oil and gas production level in 2030<sup>20</sup> with NZE alignment. The level is an aggregate of both its producing fields and its fields under development with a FID obtained before 2022.<sup>21</sup> The chart also indicates the level achieved from fields under production as well as those under development and under field evaluation. To reach its production target, Equinor will have to increase its oil and gas production beyond its current short-term expansion plans. This means that Equinor will have to develop part of its discoveries and/or buy new fields.

**In 2030, with oil and gas from currently producing fields, plus fields under**

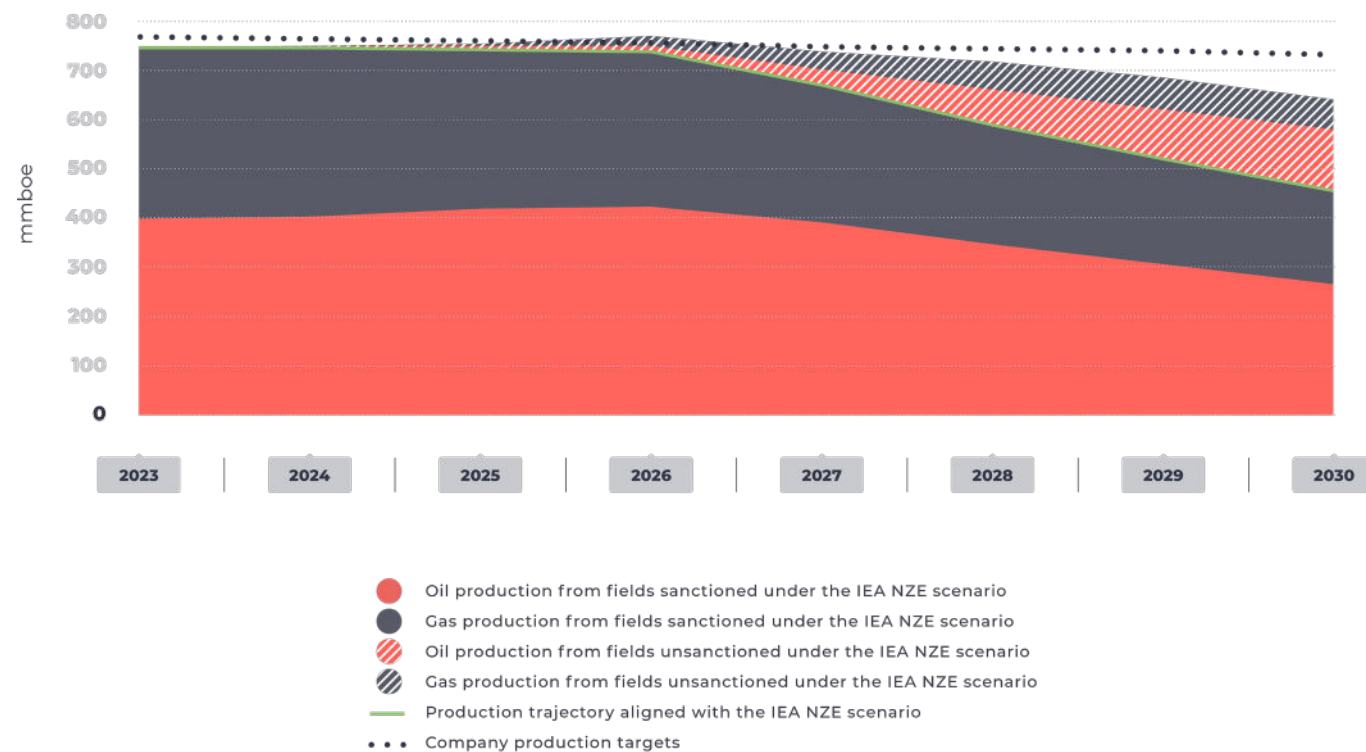
**development and under evaluation, Equinor’s production will be 41% higher than the NZE. Equinor’s 2030 production target for oil and gas will be 67% above NZE alignment.**

**Equinor has not committed to stop developing new oil and gas projects beyond those already in development and could review its production targets either up or down. Consequently, the level of field-based production indicated in the chart could be conservative and lower than Equinor’s own forecasts.** Equinor owns 3,203 mmbbl of discovered hydrocarbon resources that have not yet entered the field evaluation or development stage. From 2020 to 2022, **Equinor spent on average US\$1.2 billion per year on exploration, making it** the 11th biggest investor in exploration over that period.<sup>22</sup>

Regarding oil and gas midstream infrastructure, Equinor is also developing 3.3 million tons per annum (Mtpa) of LNG terminal capacity.<sup>23</sup>



## Equinor's oil and gas trajectories (in million barrels of oil equivalent to 2030)



Source: Rystad Energy for oil and gas production and expansion, accessed in March 2023;  
Equinor's reportings and investor presentations for the company production plans

## b. Cash-flow allocation

The future energy mix of a company is determined by its current investment strategy. In the NZE, total energy investment needs to more than double by 2030, with a shift from high carbon energy to clean alternatives. Investment in clean energy, end-use and efficiency more than triple in the NZE, and nine dollars are spent on clean energy for each dollar spent on fossil fuels by 2030.<sup>24</sup> In its 2022 unaudited financial statement released in February 2023,<sup>25</sup> Equinor provides information that shows how the cash flows generated from its operational activities were spent in 2022:

- Equinor's organic and inorganic CAPEX in the "Renewables" division amounted to US\$298 million.
- Equinor allocated US\$9.5 billion to oil and gas, including US\$8.3 billion to oil and gas upstream activities, US\$1.2 billion to other oil and gas activities that include midstream, marketing, refining and gas power activities.<sup>26</sup> **In 2022, for US\$1 invested in renewable energy, Equinor invested more than US\$32 in oil and gas. This means that every dollar invested in fossil fuels, three cents were invested in sustainable renewable energies.**

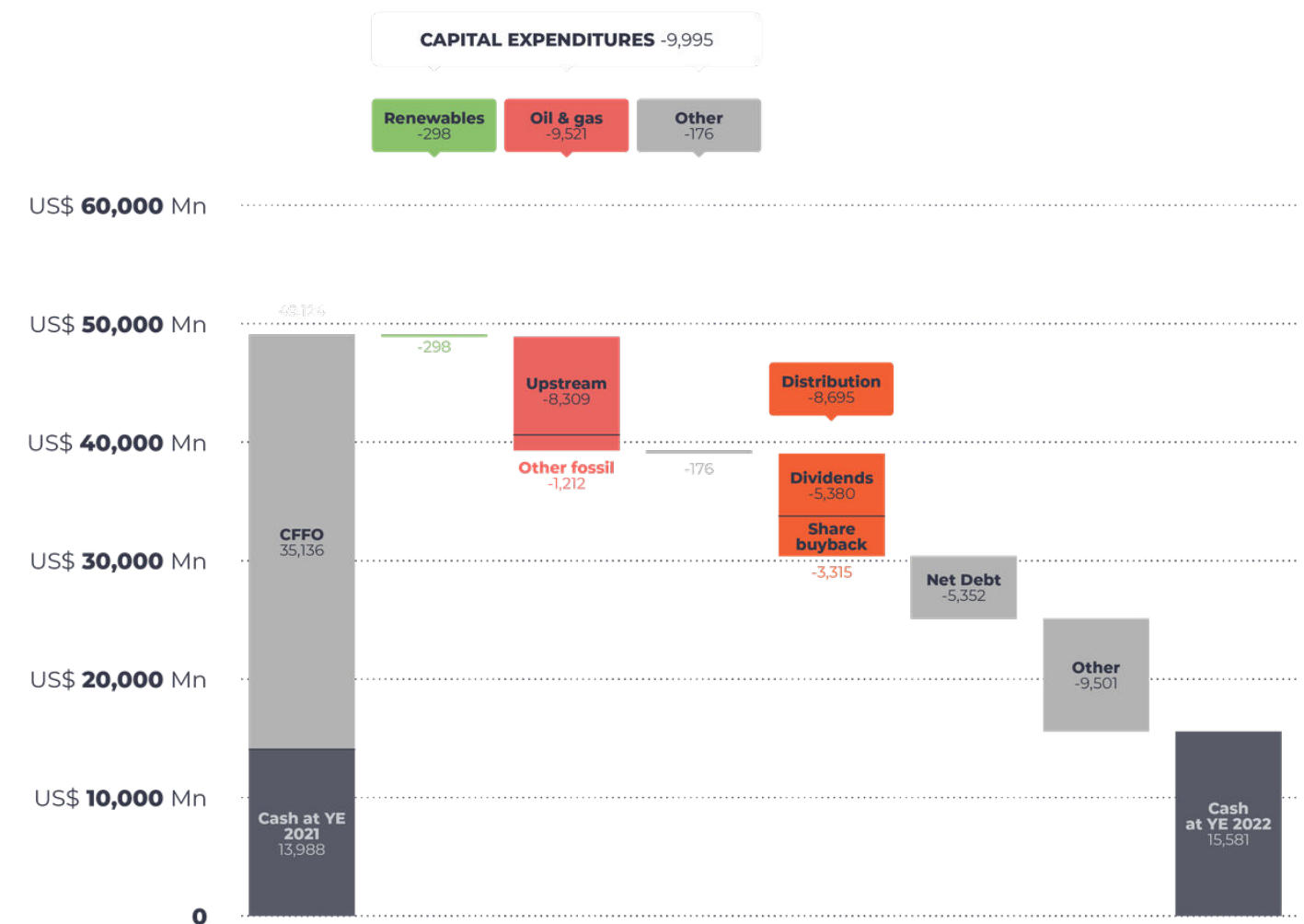
3. Equinor provided its shareholders with US\$8.7 billion, through dividend payment (US\$5.4 billion) and share buybacks (US\$3.3 billion).<sup>27</sup> **In total, for every dollar invested in renewable energy, more than 29 dollars are distributed to shareholders through dividends and share buybacks.**

Equinor plans to increase its gross CAPEX by 2025 and 2030 compared to 2022 level, with an increasing share of gross CAPEX dedicated

to renewable and low carbon energy to 30% of its gross CAPEX by 2025 and 50% by 2030, while it was only 4% in 2020 and 11% in 2021.

Due to its CAPEX strategy, Equinor aims to have a renewable capacity of 14 GW by 2030. Its strategy relies on an acquisition strategy of assets and companies. Even in the case that Equinor reaches that goal, **the maximum renewables share of the company's energy mix in 2030 would remain under 6%.**

## Breakdown of Equinor's 2022 Cash-flows



Source: Equinor's 2022 unaudited financial results



c. Decarbonization targets and emission trajectory

Equinor pledged mitigation targets for 2030 compared to its 2015 and 2019 levels, measured in intensity terms for scope 1, 2 and 3 and measured in absolute terms for scope 1 and 2.

Using the IEA energy supply data from the NZE and the APS from the WEO 2022, Reclaim Finance has calculated Equinor’s GHG emissions overshoot.

We have assumed that Equinor will follow the IEA scenario pathways for total global energy supply. In the NZE, total energy supply decreases by 9.1% between 2022 and 2030 and in the APS, it increases by 1.6% in the same period.

Our analysis is likely to be conservative: while Equinor does not give a projection for its 2030 energy supply, we know that Equinor’s oil and gas production target is significantly higher than in the NZE.

In our hypothesis, we assume that Equinor

reaches its targets with a decrease of its scope 1, 2 and 3 carbon intensity emissions by 20% by 2025 and its scope 1, 2 and 3 carbon intensity emissions by 40% by 2030.

Equinor relies on CCS and will capture and offset 5 to 10 Mtpa of CO2e by 2030.<sup>28</sup> These technologies have a significant place in the company’s decarbonization plan: 11.8% of its absolute emissions reduction by 2030 is planned through using them. As highlighted by the IPCC, however, CCS in the energy sector still has limitations to overcome before it can be scaled up, which means it

comes with limited potential and prohibitive costs. Too high reliance on these types of mitigation approaches represents a material risk factor for Equinor’s ability to reach its decarbonization targets.<sup>29</sup>

**By 2030, Equinor’s targeted carbon intensity would remain respectively 21.5% and 8.6% higher than in the NZE and APS. If it meets targets and reduces its energy supply in line with the IEA scenarios, Equinor will have overshoot its share of the 2023-30 carbon budget by 21.3% under the NZE, and by 8.6% under the APS.**

Equinor’s pledged mitigation targets

Base year	Target year	Reduction target	Net target	Geographical scope	Emission scope	Emission Type
2015	2030	-50%	Yes	World	1 & 2	Absolute
2019	2030	-20%	Yes	World	1 & 2 & 3	Intensity

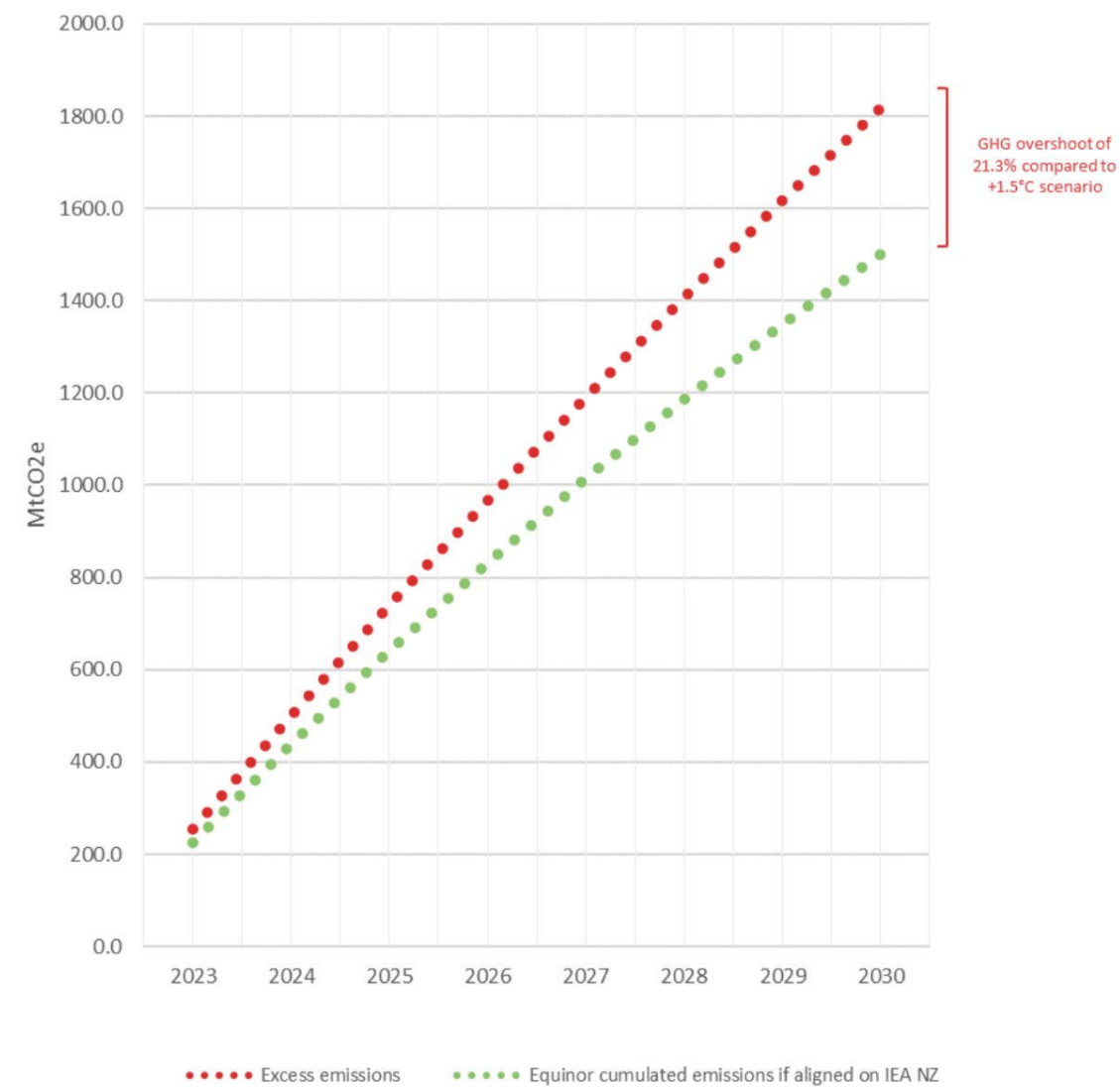
Source: Equinor’s website and reports, as of end of 2022





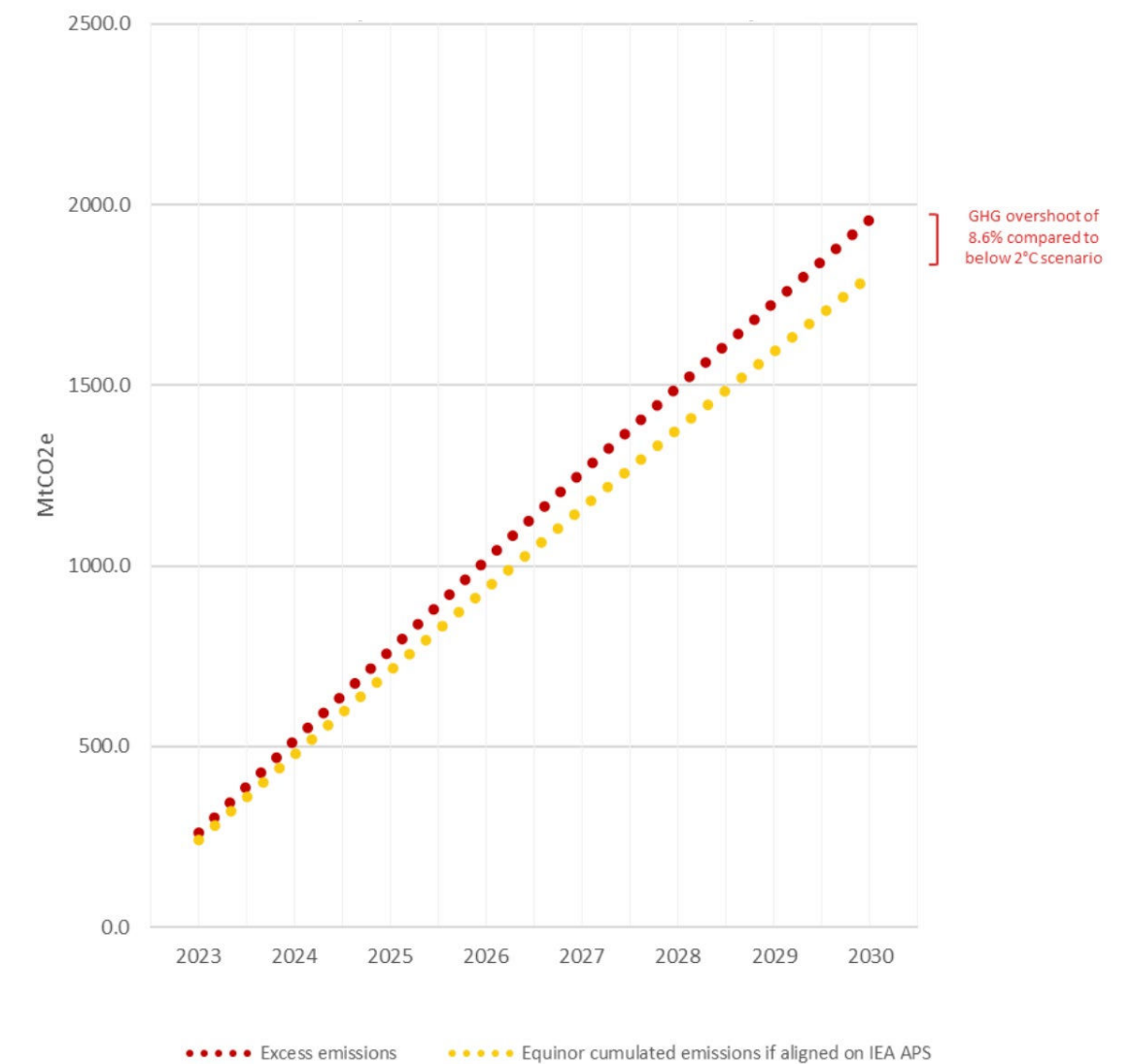


## 2023-2030 Equinors GHG emissions compared to the NZE pathway (in million tons of CO<sub>2</sub>e to 2030)



Calculations based on data from company's disclosed data and scenario data taken from IEA's NZE and APS scenarios. See the methodology section below for more details on these calculations.

## 2023-2030 Equinor's GHG emissions compared to the below 2°C pathway (in million tons of CO<sub>2</sub>e to 2030)



Calculations based on data from company's disclosed data and scenario data taken from IEA's NZE and APS scenarios. See the methodology section below for more details on these calculations.



## References

1. Defined as fields under evaluation and under development using Rystad Ucube Energy data extracted in March 2023.
2. Equinor, [Equinor sets ambition to reach net-zero emissions by 2050](#), 2020.
3. Using Urgewald 2022 [Global Oil & Gas Exit List](#). The list was constructed based on September 2022 Rystad data.
4. Calculation made using Rystad Energy Ucube with data from March 2023.
5. Equinor, [Capital Market Update](#), 2023
6. Equinor, [Fourth quarter 2022 Financial statements and review](#), 2023
7. Equinor, [Sustainability report](#), 2021.
8. Equinor, [2022 Energy transition plan](#), 2023.
9. Equinor mentioned that offsets are included in its 2030 operated GHG emissions reduction plan, without evaluating the emissions avoided in CO<sub>2</sub>e, only stating that offsets will play a minimal role in the 2022 [Energy Transition Plan](#).
10. IPCC estimates between 500 and 3,600 million metric tons of CO<sub>2</sub> could be removed annually through planting new forests by 2050. See Greenpeace, [Net expectations - Assessing the role of carbon dioxide removal in companies' climate plans](#), 2021.
11. To meet this criterion, the company must disclose the publicly available 1.5°C no or low overshoot pathway it uses to set its targets. While all oil and gas companies somewhat rely on 1.5°C pathways to conduct analysis and inform their decision making, this does not mean that the targets set are coherent with such a pathway.
12. Equinor indicates that the pathway for decline range of its operated scope 1 and 2 emissions are “based on the 53 1.5°C scenarios with either no or low overshoot from the Intergovernmental Panel on Climate Change’s 2018 special report: Global Warming of 1.5°C (SR15). Median and interquartile ranges defined using data from the IAMC 1.5°C Scenario Explorer and Data hosted by the International Institute for Applied Systems Analysis, release 1.1”. For more information, look at Equinor’s [Energy Transition Plan](#)
13. IEA, [Net Zero by 2050](#), 2021.
14. IEA, [World Energy Outlook 2022](#), 2022.
15. Arctic oil and gas, ultradeep water and fracking respectively represent 27.2% and 22.6% and 13% of Equinor’s oil and gas resources currently being developed or under field evaluation. Find out issues related to some unconventional oil and gas in the [Five of the riskiest oil and gas sectors](#), 2021.
16. More details on the area detailed by Urgewald on the [Vaca Muerta](#) and [Barents sea](#) webpages.
17. IPCC, [Climate Change 2022: Mitigation of Climate Change](#), 2022.
18. For example, the UN High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, [Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions](#), November 2022; Race to Zero Expert Peer Review Group, [Interpretation Guide. Version 2.0](#), June 2022, para 5b; Net-Zero Asset Owner Alliance (NZAOA), [Position on the Oil and Gas Sector](#), March 2023.
19. IEA, [Net Zero by 2050 Data Explorer](#), 2021
20. Equinor stated in its 2021 annual report that “the production outlook for the next decade has been further strengthened with an expected production growth towards 2026 and a 2030 forecast at current production level”.
21. To model IEA NZE production trajectory and replicate it by company, we did not integrate merger and acquisition operations as it may increase the production rate due to acquisition of fields that have obtained their FID before 2022.
22. Urgewald, [Global Oil and Gas Exit List](#), November 2022.
23. Urgewald, [Global Oil and Gas Exit List](#), November 2022.

24. The IEA 9 for 1 ratio includes renewable energy, efficiency and end-use but also biomass and other activities (like CCS) that could lead to some environmental harm and/or raise sustainability questions. Relying on a different scope of clean energy investment, BloombergNEF estimates that \$4 must be spent on clean energy for every dollar spent on fossil fuels by 2030, based on energy supply only.
25. Equinor, [Fourth quarter 2022 Financial statements and review](#), 2023
26. Equinor allocated US\$9.521 billion to oil and gas, including US\$8.309 billion to oil and gas upstream activities, US\$1.212 billion to other oil and gas activities that include midstream, marketing, refining and gas power
27. Equinor provided its shareholders with US\$8.695 billion, through dividend payment (US\$5.380 billion) and share buybacks (US\$3.315 billion)
28. Equinor, [2022 Energy transition plan](#), 2023.
29. IPCC, [Climate Change 2022, Mitigation of Climate Change, Summary for Policymakers](#), page 40, 2022

## Useful links

[Methodology](#) - [Glossary](#)

## Credits

AdobeStock | Pexels



## **ASSESSMENT OF EQUINOR'S CLIMATE STRATEGY**

Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

**[contact@reclaimfinance.org](mailto:contact@reclaimfinance.org)**

