



# ASSESSMENT OF EQUINOR'S CLIMATE STRATEGY

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## Analysis, research and drafting by:

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

## Written with the contribution of:

Lucie Pinson, Executive Director  
Clément Faul, Research Manager  
Rémi Hermant, Sustainable Policy Analyst  
Maude Lentilhac, Oil and Gas Campaigner  
Agathe Masson, Stewardship Campaigner

## Graphic design:

Jordan Jeandon  
Léo Martin, Digital Project Officer  
Hele Oakley, Copy editor

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# INTRODUCTION

**W**hile a growing number of institutions are disengaging from the oil and gas sector, deeming it incapable of transformation, others believe that oil and gas companies are essential to the energy transition and that their support is indispensable to the massive development of renewable energies. Considering this: What is the actual situation? To what extent does Equinor contribute to the development of sustainable solutions? Given that we can't limit global warming to 1.5°C without gradually reducing hydrocarbon production, has Equinor given up on developing new oil and gas projects?

To assess Equinor's climate strategy and provide our analysis, Reclaim Finance relied on the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario (NZE).<sup>1</sup> The NZE is based on a 1.5°C trajectory and includes:

- A drop in oil and gas production of 21% and 18% respectively by 2030, compared with 2022 levels.
- A halt to the development of new oil and gas production projects and liquefied natural gas (LNG) terminals.
- A 67% increase in total annual investment in energy, with a 2.3-fold increase in annual investment in energy transition, covering clean energy supply, end-use and energy efficiency. This would mean investing ten dollars in the transition by 2030, six in energy supply - mainly electricity - for every dollar invested in fossil fuels, i.e. a 6:1 ratio.

Equinor ranks as the 20th biggest oil and gas producer and the 16th biggest oil and gas upstream developer worldwide. The company is the 46th largest LNG export terminal developer.<sup>2</sup>

As one of the top European integrated 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>3</sup>



**“ 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. ”**

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



# KEY FINDINGS

## 1. The investment strategy of Equinor prioritizes the oil and gas sector and redistribution to shareholders, to the detriment of climate solutions

- Equinor invested in oil and gas rather than in renewable energy:<sup>4</sup> For every dollar invested in 2023 in its renewables and low carbon solutions business - which includes solar, wind energy, power storage, hydrogen - Equinor invested 6.2 dollars in oil and gas.
- Equinor remunerates shareholders rather than investing in renewable energy: For every dollar invested in 2023 in its renewables and low carbon solutions business, Equinor distributed 8.2 dollars to its shareholders through dividends and share buybacks.

## 2. The energy strategy of Equinor will continue to rely on the development of new fossil fuel projects

- With Equinor's oil and gas production from its currently producing fields and already committed short-term expansion plans, the company's production in 2030 will be 47% higher than the level required to align with the NZE. In terms of short-term expansion, Equinor ranks as the 16th biggest oil and gas upstream developer.
- Yet, Equinor will have to develop additional discoveries or acquire fields beyond those already under short-term expansion to meet its 2030 oil and gas production target. Its existing operating fields and short-term expansion plans will not be sufficient to maintain its oil and gas production by 2030. With the company's current strategy, its 2030 production will be 61% higher than the NZE.
- Equinor does not own existing liquefaction capacities but plans to construct 5.2 Mtpa of new capacities. These capacities will exceed the NZE.

## 3. Equinor's diversification strategy remains marginal and partly relies on gas and unsustainable energies

- Equinor will still produce 10.6 times more energy from oil and gas than from renewables by 2030. The company will account for 1.7% of the worldwide oil and gas production in the NZE.
- With 15 gigawatts (GW) of net installed renewable power capacities in 2030, and a renewable production between 35 and 60 TWh in 2030, the company will produce 0.2% of the worldwide renewable power production in the NZE.
- By 2030, Equinor will raise its gas power capacities by 80% compared to 2023 level.





# 1. CURRENT ENERGY PRODUCTION

Equinor accounts for 1.3% of global oil and gas production.<sup>5</sup> In 2023, Equinor extracted 369 million barrels of oil (mmbbl) and 333 million barrels of oil equivalent (mmboe) of gas.<sup>6</sup> Beyond exploration and production, Equinor is also active in other energy segments such as oil and gas transportation, oil refining, hydrogen, solar, wind and gas power generation and retail.

The company's power production is composed of gas power and renewable energy – wind, solar and battery storage. Equinor owns 3 operating gas plants<sup>7</sup> in 2023. Equinor's net installed renewable capacities reached 0.9 GW and generated 1.9 TWh.<sup>8</sup> In 2023, Equinor produced 249 times more energy from oil and gas than from renewables.

# 2. CASH-FLOW ALLOCATION

The future energy mix and GHG emissions of a company are determined by its current energy mix and its investment strategy.

From 2021 to 2023, Equinor invested US\$1140 million per year in oil and gas exploration, making it the 11th largest investor in this area over those three years.<sup>9</sup> The investments reveal the importance of oil and gas expansion in the company's long-term strategy, which includes the search for new fields that once discovered could come into production in decades.

Information in Equinor's 2023 annual report<sup>10</sup> shows how the cash and cash flows generated from its operational activities were spent in 2023:

1. Equinor invested US\$2.0 billion in renewables and low carbon solutions, which includes solar, wind energy, power storage, hydrogen – without reporting the hydrogens origin – and carbon capture utilization and storage (CCUS).

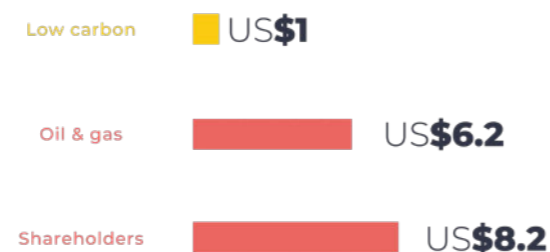




- Equinor invested US\$12.3 billion in oil and gas, including US\$11.5 billion in oil and gas exploration and production. In total, for every dollar invested in renewables and low carbon solutions, more than 6.2 dollars were invested in oil and gas.
- Equinor provided its shareholders with US\$16.5 billion through dividend payments (US\$10.9 billion) and share buybacks (US\$5.6 billion). In total, for every dollar invested in renewables and low carbon solutions, 8.2 dollars were distributed to shareholders.

Equinor's net investment plan is not clearly communicated, making it difficult to compare future investments in the oil & gas and low-carbon sectors. However, in 2023, 20% of Equinor's gross capital expenditure (CAPEX)<sup>11</sup> were devoted to renewables and low carbon

### EQUINOR'S 2023 LOW CARBON INVESTMENT RATIOS



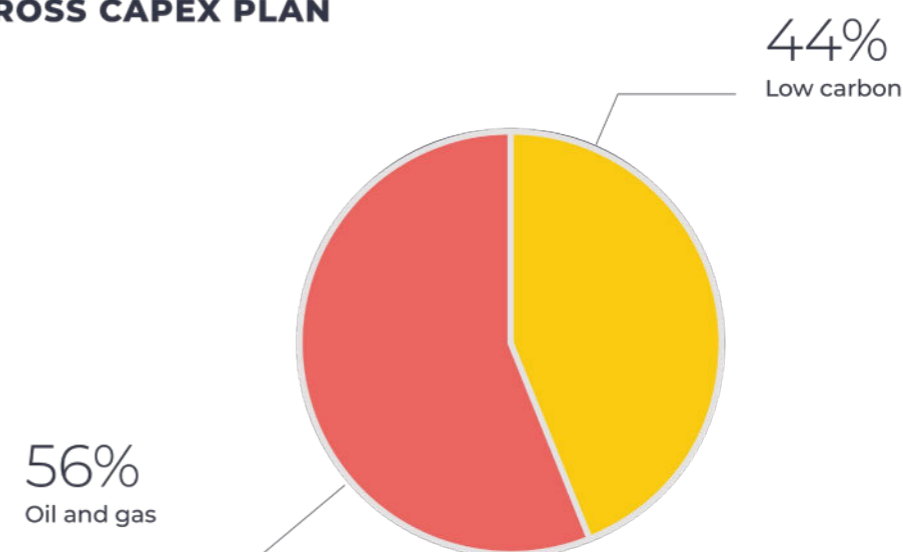
Source: Equinor, *Equinor Annual Report 2023, 2024*

solutions, and the company aims to reach 30% of its gross CAPEX in renewables and low-carbon solutions in 2025 and 50% by 2030.<sup>12</sup> In average, by 2030, low carbon will represent 37.9% of Equinor's gross CAPEX.<sup>13</sup>

Total annual energy investment needs to increase by 67% by 2030 according to the NZE, which includes a shift from fossil fuels

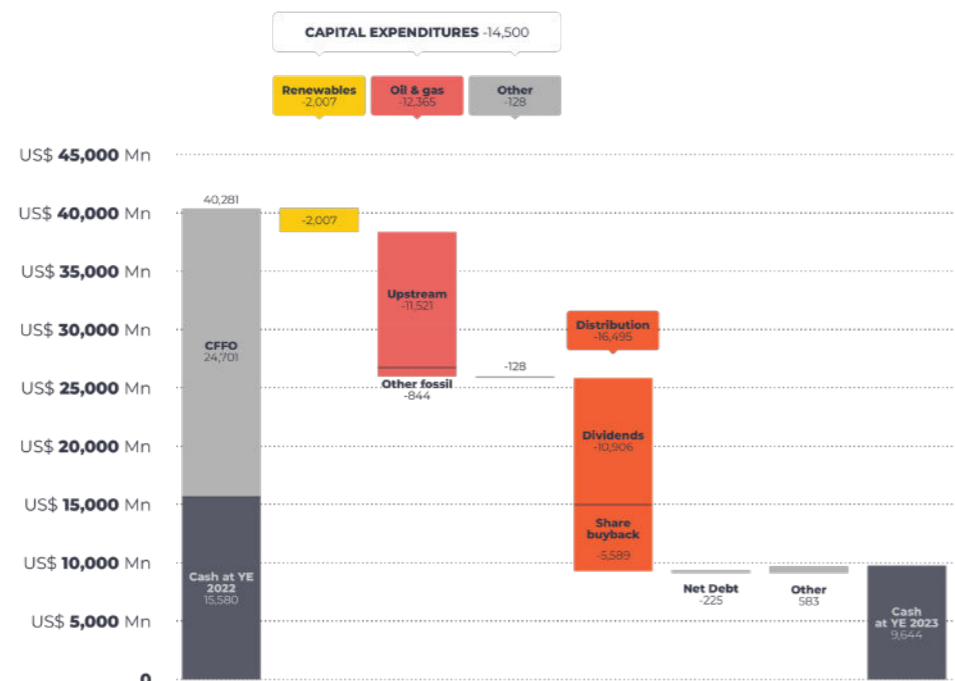
to clean alternatives. Investments in clean energy supply, end-use and efficiency are multiplied by 2.3 times by 2030 in the NZE, with 10 dollars spent in these areas for each dollar spent on fossil fuels, 6 dollars of which are for sustainable power supply.<sup>14</sup> In its 2023 report, the IEA established that oil and gas companies must allocate more than 50% of their CAPEX in clean energy by 2030.<sup>15</sup>

### EQUINOR'S GROSS CAPEX PLAN TO 2030



Source: Equinor, *Equinor Annual Report 2023, 2024*

### BREAKDOWN OF EQUINOR'S 2023 CASH-FLOWS



Source: Equinor, *Equinor Annual Report 2023, 2024*



# 3. FOSSIL FUEL STRATEGY

## a. Upstream expansion plans

The IEA published the NZE in May 2021<sup>16</sup> to provide a pathway to meet global energy needs while maintaining a 50% chance of keeping global temperature increases below 1.5°C. It was used as the reference scenario in the IEA's World Energy Outlook (WEO) 2021 and was updated in the WEO 2022<sup>17</sup> and WEO 2023.<sup>18</sup> The NZE projects a halt to the development of any new oil and gas fields for which a Final Investment Decision (FID) was not approved by January 1st, 2022, plus an end to the construction of LNG terminals.

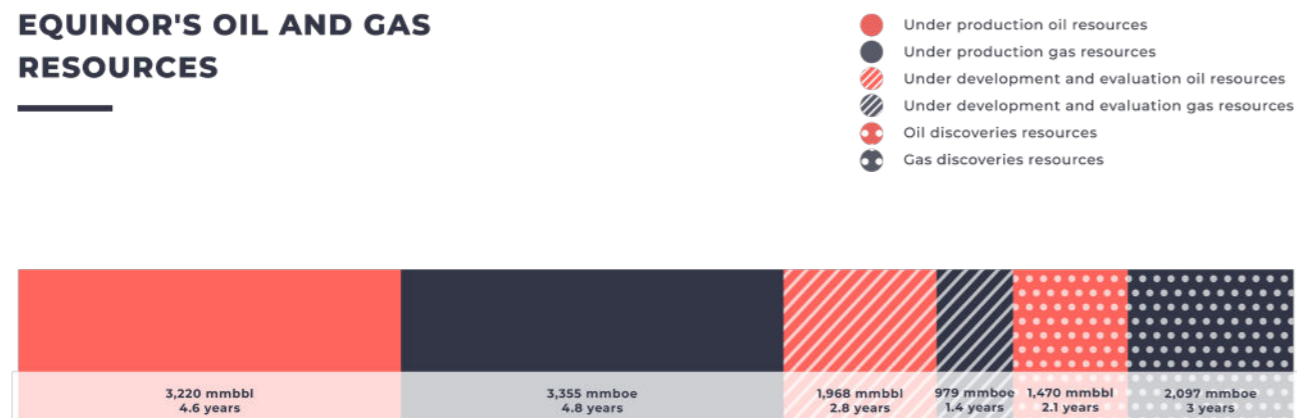
The Intergovernmental Panel on Climate Change (IPCC) also highlights the risks associated with the development of any new fossil fuel projects. This concurs with a large and growing body of scientific evidence showing the need to immediately end fossil fuel development, and a growing consensus

on this in net-zero policy discussions.

According to the 2023 Global Oil and Gas Exit List (GOGEL), Equinor is the 16th top global oil and gas upstream short-term developer. The company accounts for 1.4% of global short-term expansion plans, with 70.6% of its short-term expansion plans not obtaining a FID before 2022 – therefore overshooting the NZE. Among Equinor's main projects that are yet to enter production or have a FID obtained before 2022, Reclaim Finance identified new oil and gas projects considered to be climate bombs. Thus, among its climate bombs, are some upstream projects such as Vaca Muerta and Barents Sea.<sup>19</sup>

These projects would give Equinor significant additional resources even though it already has enough to extract oil and gas for several years. As of April 2nd, 2024:

### EQUINOR'S OIL AND GAS RESOURCES



Source: Rystad Energy, accessed in April 2024

- Equinor has 6,575 mmboe of resources under production, including 3,220 mmbbl of oil and 3,355 mmboe of gas. This represents the equivalent of 9.3 years of production at 2023 levels.
- Equinor has 2,947 mmboe of resources under development or field evaluation, including 1,968 mmbbl of oil and 979 mmboe of gas. This represents 4.2 years of production at 2023 levels.
- Equinor owns 3,567 mmboe of oil and fossil gas discoveries, including 1,470 mmbbl of oil and 2,097 mmboe of gas. This represents 5.1 years of production at 2023 levels.

## b. Upstream production

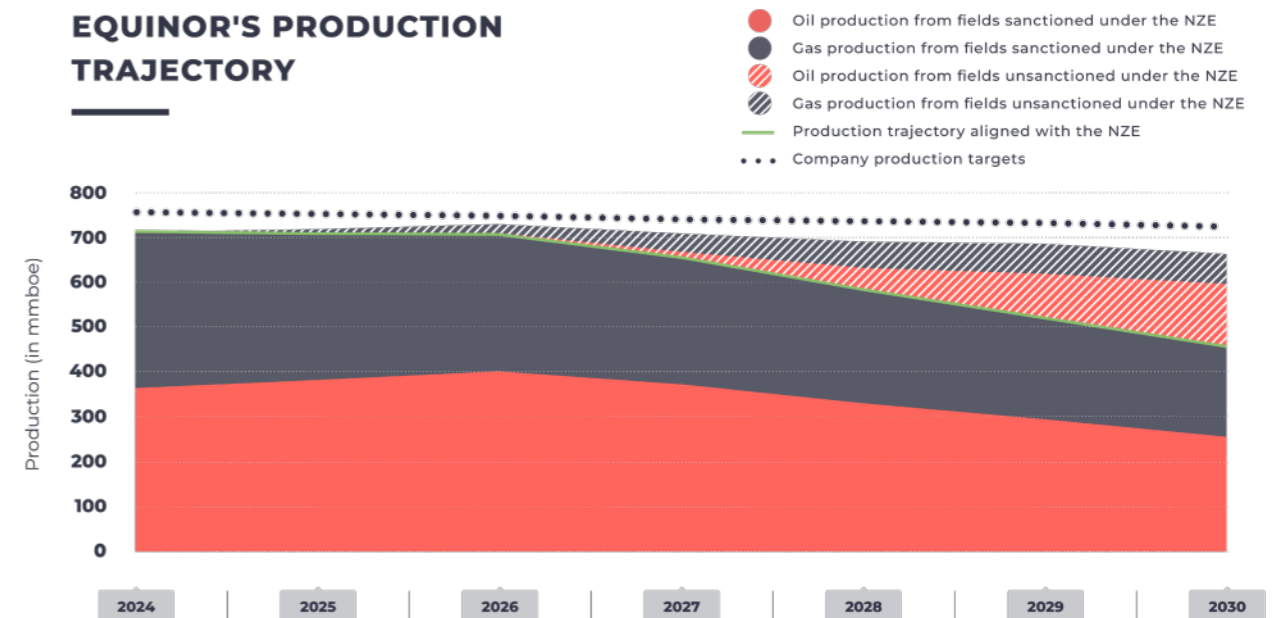
Oil and gas production should decrease by 20.9% and 17.9%, respectively, between 2022 and 2030 according to the NZE.<sup>20</sup> In this scenario, the rate of oil and gas production declines due to a combination of the natural depletion of existing oil and gas fields and the absence

of new fields to fill the gap, despite the reliance on negative emissions. Oil and gas production would need to decline much faster without this reliance. Negative emissions include the deployment of technologies unproven at scale, such as CCUS. 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>21</sup> the net zero climate scenarios from the Network for Greening the Financial System (NGFS),<sup>22</sup> and the IPCC's 1.5°C with no or low overshoot scenarios filtered to limit to reasonable volumes the reliance on negative emissions (e.g. CCUS, nature-based solutions (NBS), etc.).<sup>23</sup>

The following chart compares Equinor's planned oil and gas production level by 2030 with:

- Equinor's production by 2030 if it aligns with the NZE (i.e. Equinor's production level from its producing fields and its fields currently under development with a FID obtained before 2022).

### EQUINOR'S PRODUCTION TRAJECTORY



Source: Rystad Energy on oil and gas production and expansion, accessed in March 2024; Equinor investor presentations on company production targets.



- Equinor’s production by 2030 if it carries out its short-term expansion plans (i.e. Equinor’s production from its fields currently under production, under development and under field evaluation).

**In 2030, with oil and gas from currently producing fields, fields under development and under evaluation, Equinor’s production level will be 47% higher than the NZE.**

Equinor plans to decrease its oil and gas production at 2,000kboe per day by 2030.<sup>24</sup> This target still could not be achieved without developments beyond its current short-term expansion plans. Thus, **Equinor’s 2030 production target for oil and gas will be 61% above NZE alignment.**

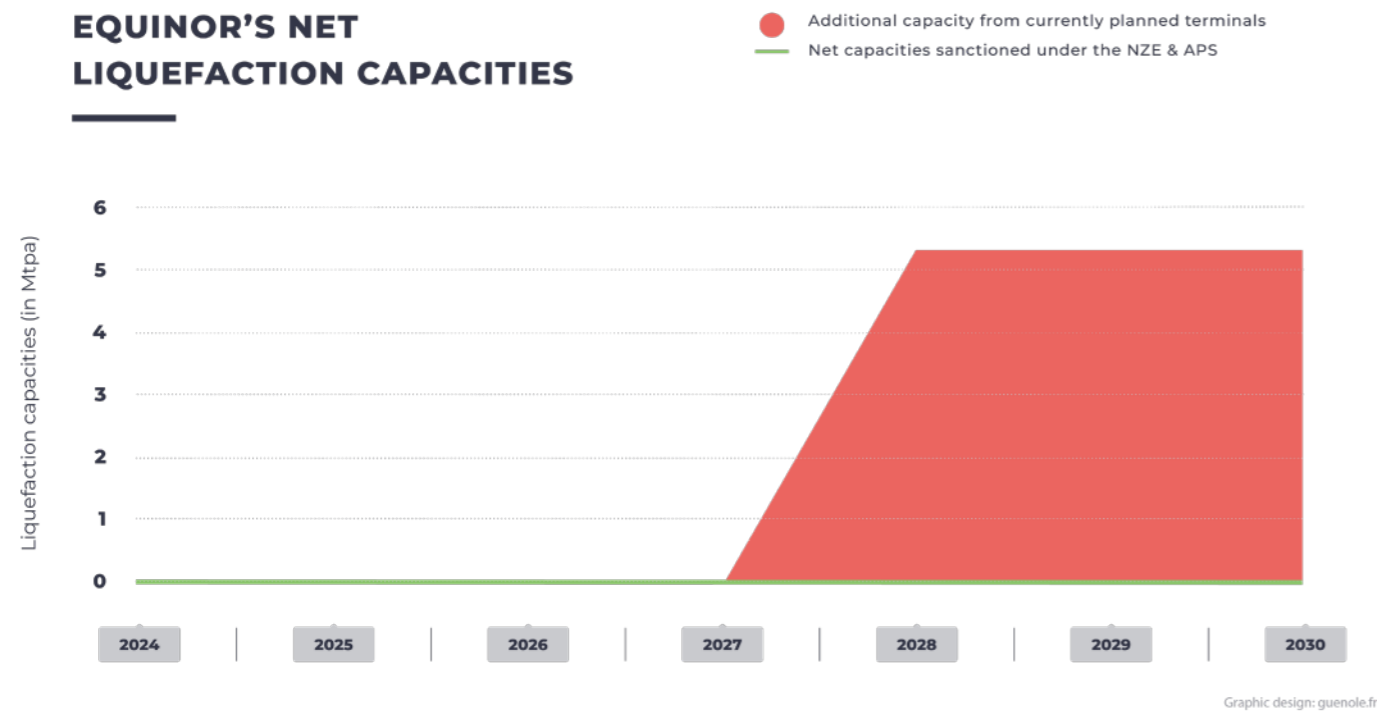
**With its production target, Equinor’s 2030 oil and gas extraction will represent 1.7% of the global oil and gas production in 2030, according to production level of the NZE.**

### c. LNG terminal net capacities

Under the NZE, gas demand by 2050 is met with all existing LNG terminals. Under the IEA’s Announced Pledges Scenario (APS), gas demand is met with operational and under construction facilities. In either case, no new LNG terminal plans are necessary to meet demand. With its current plans, none of Equinor’s LNG expansion plans are aligned with the NZE.<sup>25</sup>

Equinor’s gas-oriented strategy relies on new midstream infrastructure that will be commissioned in the coming years. In fact, Equinor does not own existing liquefaction capacities but plans to construct new capacities with the project Tanzania LNG. **This project would add net liquefaction capacities of 5.25 Mtpa to its portfolio.<sup>26</sup> This project is not aligned with the NZE and the APS.**

### EQUINOR’S NET LIQUEFACTION CAPACITIES



Source: Enerdata LNG database for operational terminals and Global Oil and Gas Exit List 2023 for under construction and planned terminals, accessed in January 2024





# 4. DIVERSIFICATION STRATEGY

## a. Sustainable energy

The NZE projects strong growth in renewable energy production, from 27 exajoules (EJ) in 2021 to 80 EJ by 2030, led by solar and wind capacity additions.

In 2023, Equinor generated 1.9 TWh of electricity from renewable sources. It aims to develop its renewable energy activity, with a net renewable generation between 35 and 60 TWh by 2030 and a capacity increase from 0.9 GW today to 15 GW by 2030.<sup>27</sup> If Equinor meets its targets, **its energy production from renewables will still be 10.6 times lower than its energy production from oil and gas.**

Overall, **Equinor will represent 0.2% of global renewable energy production in 2030**, according to production level of the NZE.<sup>28</sup>

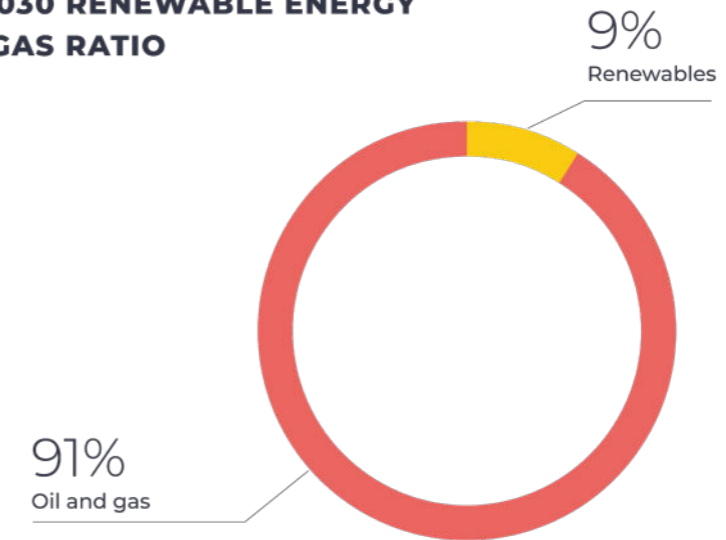
## b. Unsustainable diversification

Gas combustion is one of the main contributors to carbon dioxide (CO2) and methane emissions and should be replaced by sustainable solutions – i.e. gas power is unsustainable. By 2035, advanced economies should achieve a carbon neutral power sector, according to the NZE.<sup>29</sup> Equinor currently has 561 MW of power plants in operation.<sup>30</sup> Despite the company having no targets on gas power capacities,<sup>31</sup> it has neither committed to stop developing gas plants nor committed to closing its gas plants. In fact, **Equinor has 450 MW of power plants under development, representing an increase of 80% compared with the current operational gas power capacities of the company.**

The NZE also projects strong growth in hydrogen production, from 94 megatonnes (Mt) in 2021 to 180 Mt by 2030, led by “low-carbon hydrogen” capacity addition. Of this, one-third is produced from fossil fuels – therefore unsustainable – and two-thirds from water-based electrolysis.<sup>32</sup> To meet the NZE

scenario’s production targets, electrolytic hydrogen production capacity should reach 720 GW to 850 GW by 2030.<sup>33</sup> **Although Equinor is involved in the development of new hydrogen capacities, without reporting on the hydrogen origin, the company does not communicate targets for these capacities.**

**EQUINOR'S 2030 RENEWABLE ENERGY TO OIL AND GAS RATIO**



Source: Equinor, Equinor Annual Report 2023, 2024





# 5. EMISSIONS TARGETS

Equinor pledged mitigation targets for 2025, 2030 and 2035 using alternatively a 2015, 2017 and 2019 baseline. These were measured in intensity terms on scopes 1, 2 and 3, and in absolute terms on scopes 1, and 2. In 2023, Equinor's CO<sub>2</sub>e emissions were 261.6 MtCO<sub>2</sub>e, including 11.6 MtCO<sub>2</sub>e of scope 1 and 2 emissions and 250 MtCO<sub>2</sub>e of scope 3 emissions. Scope 3 emissions are by far the largest, **representing 96% of the company's emissions**. However, while scope 3 represents the most significant part of the company's GHG emissions, **Equinor does not have a specific target for this scope**.

Using the IEA's energy supply data from the NZE in the WEO 2023, Reclaim Finance

calculated Equinor's GHG emissions trajectory. **By 2030, the company's targeted carbon intensity will be 13.9% higher than the NZE.**

Equinor relies heavily on CCUS: the company will capture between 5 and 10 Mtpa CO<sub>2</sub> to reduce its scope 3 emissions.<sup>34</sup> As highlighted by the IPCC, however, CCUS 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>35</sup>

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

Source: Equinor, *Equinor ESG day 2024 page 32, 2024*





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## Useful links

[Methodology - Glossary](#)

[Factsheets on bioenergy](#), [hydropower](#), [hydrogen](#), [CCUS in power](#), [Energy storage](#)

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## **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)**

