



RISK

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President and Chief Executive Officer
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An energy company's
risk management has to
relate to global factors

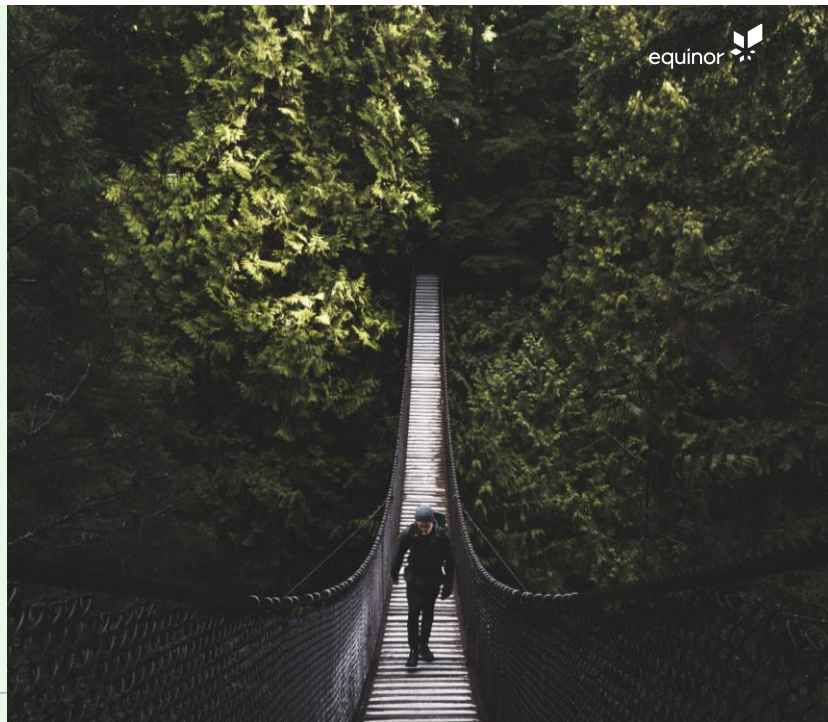
- Economic growth
- Shift in economic power
- Geopolitical unrest & polarization
- Climate & energy mix
- Technological shifts
- Natural conditions



Key principles

- Enterprise wide scope
- What is risk?
 - Deviation
 - Both upside and downside
 - Background knowledge
- Systematic risks and diversification
- How we measure risks
 - Monetary vs
 - Non-monetary
- Integrated into management systems

31



Risk in Equinor – The big picture

Characteristics of energy companies

- Capital intensive
- Long time horizons
- Access to physical resources
- Commodity & cyclicalty

Short term risks

YEAR 1

YEAR 2

YEAR 3

- Operations
 - Safety, Security & Human Rights
 - Business Integrity
 - Project execution
 - Exploration
 - Country specific
- Volatility in market prices
 - Financial management
 - Cost flexibility
- Reputational issues

Long term – Strategic risks

- Portfolio shape & resilience
- Access to resources
- Commodity price risk
- Catastrophes
- Talent attraction
- Energy transition
- Capital structure

41

Open

Risk in all dimensions

Strategic



- Resource longevity
- Country exposure
- Revenue resilience
- Climate related
- Portfolio risk
- Financial capacity

5 |

Investments

- Risk maps
- Sensitivities
- IDD
- Investment Arena / Competence Area Reviews

Tasks

- Exploration well
- Production well
- Project execution
- C&L
- Maintenance
- Operations

Other

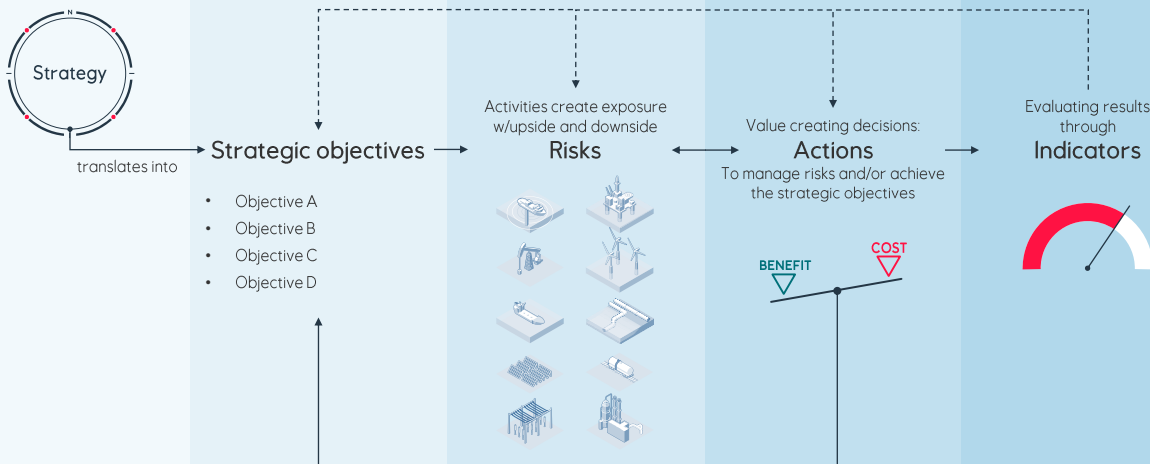
- Reputation
- Safety
- Sustainability
- Human rights

Bottom-up

BoD
↑
CEC
↑
BA
↑↑↑
Individuals

Risk integrated into Equinor's strategy realisation

Ambition to Action & Risk Management





Managing risks

Risks arise from our activities and are categorised as:

- Non-monetary and/or

- Safety/Security,
- Human Rights,
- Business Integrity

- Monetary

- NPV after tax Equinor share

Corporate Risk matrix format for Safety & Security (people dimension) Illustrative examples

PROBABILITY	Unknown in the industry	Very rare but known in the industry (1)	Has rarely occurred (1-3) in the industry	Has occurred several times (4-20) in the industry	Has occurred in the region/ company	Has occurred more than once in the region/ company	Has occurred locally/in facility	Occurs frequently
	<0.001%	0.001-0.01%	0.01-0.1%	0.1-1%	1-5%	5-25%	25-50%	>50%
IMPACT								
1-3/ Minor								
4/ Moderate				Accident	Traffic accident			
5/ Serious					Work rel. illness			
6/ Severe								
7/ Major	Blow out							
8/ Catastrophic								
9/ Extreme								

Risks at plant level:

Qualitative risk tolerance criteria for example:

RED

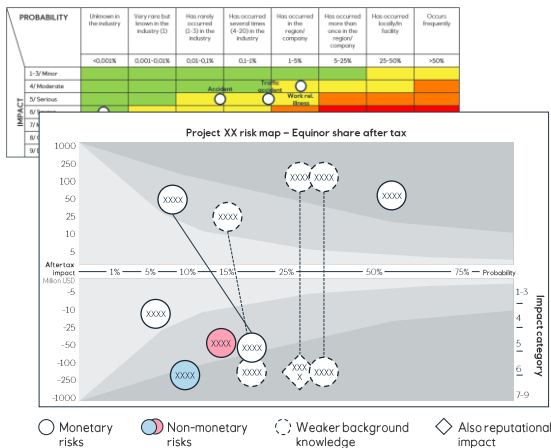
- Without delay share risk
- The CEO needs to be informed.



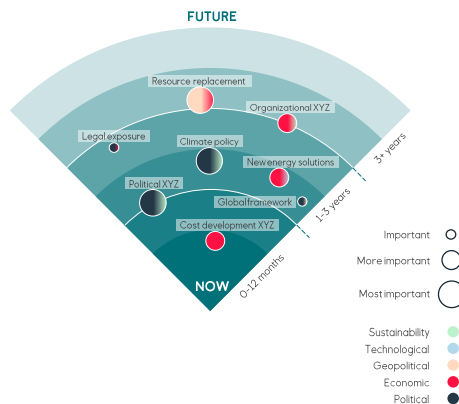
Risk illustration at all levels

Illustrative examples

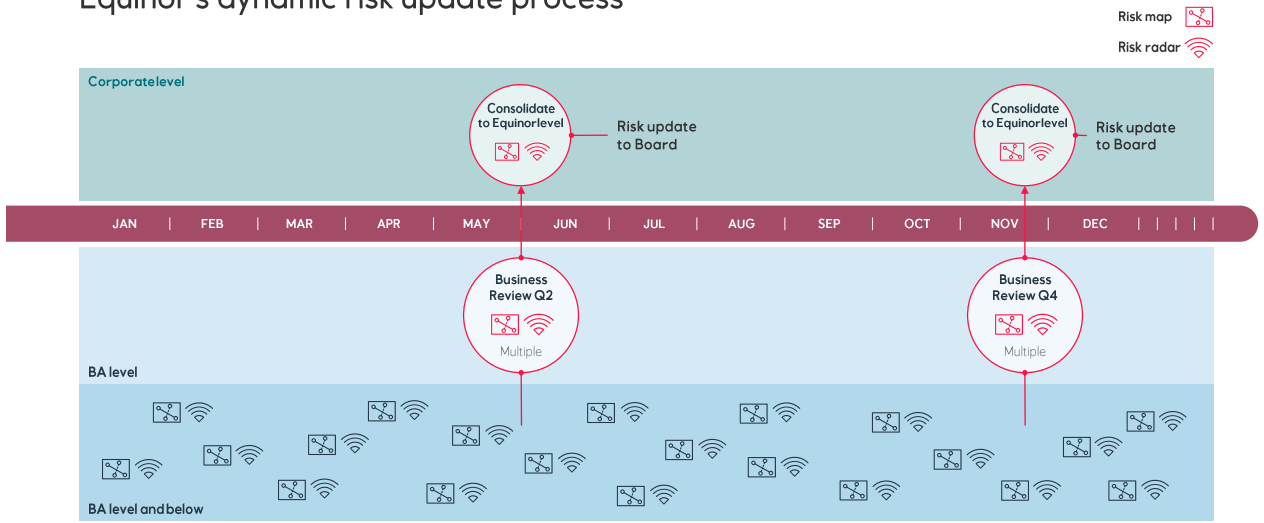
Risk maps



Risk radar



Equinor's dynamic risk update process



9 |

Open



Risk management in Equinor: An integrated approach

- Tone from the top (BoD/CEO)
- Strategy development
- Daily management
- Governing systems
- Decision processes
- Risk based
- Culture

10 |

Risk management in Equinor

Summing up

- Risk management as an Integrated part of management
 - BoD & CEO
- Many dimensions
 - Long term (Strategy)
 - Short term
 - Task vs Enterprise Risk Management
 - All activities



11 |

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