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Jon Erik Reinhardsen
Chair of the Board
Equinor ASA
Forusbeen 50
Stavanger, 4035
Norway

14 March 2025

WHY SARASIN HAS SOLD ITS SHAREHOLDING IN EQUINOR

Dear Mr. Reinhardsen,

Sarasin & Partners LLP had been a shareholder in Equinor on behalf of our clients since 2021. In January 2025, we exited our position. Following years of constructive engagement with you, we are writing to explain why. We are making this letter public as we believe these points may interest investors, staff, customers, governments and civil society globally.

Why we invested

When we initiated our shareholding, we – like many others – saw Equinor as a potential leader in the energy transition: a company with a set of ambitions that would set a standard for the industry. The company acknowledged climate change threats and global decarbonisation imperatives. With the Norwegian state as the controlling shareholder and signatory to the Paris Climate Agreement, Equinor had a unique opportunity to align its long-term capital creation with a shift away from fossil fuels. In 2020, Equinor committed to achieving net zero emissions by 2050[1].

Equinor has failed to align its strategy with its Paris Commitment

While a shareholder, we (alongside other institutional investors) encouraged the Board to align with a 1.5°C temperature pathway. However, despite statements of supporting such a pathway, Equinor has not revised its strategy to deliver on these. At Equinor's May 2024 Annual General Meeting, our Shareholder Resolution calling for more determined action was opposed by the Board[2].

In recent months, it became clear that the Board would further dilute its transition plan. This was confirmed at February's Capital Markets Update, when the company announced increased production plans and the abandonment of its commitment to invest at least 50% of annual gross capital expenditure in renewables and clean energy[3]. Instead of leading the transition, Equinor has followed other oil and gas majors in rolling back its efforts.

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[1] https://www.equinor.com/news/archive/20201102-emissions

[2] Resolution 15 filed in 2024 by Sarasin & Partners LLP, Kapitalforeningen Sampension Invest, West Yorkshire Pension Fund and Achmea Investment Management: https://cdn.equinor.com/files/h61q9gi9/global/cea004fe98f242583c5020eee01ff78c5845c9de.pdf?shareholders-proposal-and-supporting-statement-item-15-agm-2024-equinor.pdf

[3] https://cdn.equinor.com/files/h61q9gi9/global/a0e68b2b86604a68ed9bd325895643866e4183ee.pdf?equinor-full-cmu-presentation-package-q4-2024-cmu-2025.pdf

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Expanding fossil fuels is not in long-term shareholder interests
Our 2024 Shareholder Resolution detailed why we believe that investing in new fossil fuel reserves at a time of accelerating decarbonisation harms long-term shareholder interests[4]. Equinor risks over-investing and potential asset impairments in the future.

Moreover, a strategy that exacerbates climate change will ultimately reduce long-term economic prosperity, affecting a broad range of asset returns. Equinor's misalignment with a 1.5°C pathway incentivises it to lobby against policies supporting faster decarbonisation, as seen in its advocacy for new reserve development, such as the Rosebank project in the UK[5].

A business strategy reliant on overly optimistic oil and gas demand growth is potentially harmful for shareholders and society alike.

Claims that Equinor is supporting a 1.5°C pathway are troubling
We have been particularly troubled by Equinor's statements that its strategy aligns with a 1.5°C pathway[6].

Our Shareholder Resolution outlined why, in our view, these claims are not credible. It is clear from public statements that Equinor assumes it *could become* aligned if the world transitions more quickly, but this is a fundamentally different position from actually supporting such a pathway today[7].

Even Equinor's resilience to decarbonisation is questionable. Projected returns reported by the company depend on a long-term oil price of $75 per barrel, well above the $42 in 2030 ($25 in 2050) expected by the International Energy Agency in a 1.5°C pathway[8]. According to its own disclosures, a 1.5°C pathway would reduce Equinor's Net Present Value by 42% due to lower oil and gas prices and higher carbon taxes[9]. Revenue would drop 27% in 2030 compared to current assumptions[10]. Equinor's last Financial Statements estimate a $10 billion pre-tax impairment of upstream and intangible assets[11], about 20% of its reported total equity as of December 31, 2023[12].

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[4] See footnote 2
[5] https://foe.scot/press-release/rosebank-scottish-government-fails-to-oppose-controversial-oil-project-as-equinor-lobbies-for-more-drilling/
[6] Equinor's Energy Transition Plan set out its commitment to "*long-term value creation in support of the goals of the Paris Agreement*", and explicitly including its direct (scope 1 and 2) emissions and indirect emissions from the consumption of its oil and gas products (scope 3). Since then, Equinor has repeated its commitment to support the Paris Agreement and a 1.5°C pathway in its annual integrated reports for 2022 and 2023, as well as in other investor material, such as its proxy documentation. See: https://www.equinor.com/investors/annual-reports-archive; https://cdn.equinor.com/files/h61q9gi9/global/f8b1baf5bdf062f5f6e73b4e88a338df6d7d40ef.pdf?shareholder-proposals-and-board-response-to-equinors-agm-2024.pdf
[7] This interpretation was also provided by you to us in your letter to us in September 2024.
[8] https://iea.blob.core.windows.net/assets/5e9122fc-9d5b-4f18-8438-dac8b39b702a/WorldEnergyOutlook2024.pdf
[9] "Equinor Integrated Annual Report 2023", March 2024, p.87
[10] *ibid*
[11] Note 3 to the Financial Statements in Equinor's 2023 Integrated Annual Report (p. 167)
[12] See Consolidated Balance Sheet, Integrated Annual Report 2023

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Research by the Australasian Centre for Corporate Responsibility (ACCR) similarly points to risks of capital destruction from Equinor's proposed fossil fuel investments, particularly outside the Norwegian Continental Shelf. Most of Equinor's largest development projects are expected to operate beyond 2050 to be viable, making them reliant on demand exceeding the Paris Agreement goals[13].

The disconnect between Equinor's claims of Paris alignment and the reality of its business plan is more than semantics. Investors rely on these statements for decision-making, and the Norwegian Government has cited them in supporting the Board in key AGM votes[14].

Public discourse is also shaped by such claims – if Equinor is perceived as Paris-aligned, it fosters complacency rather than bolder action. As evidence of climate change worsens, accurate and transparent disclosures are vital.

Conclusion

Our commitment is to protect and enhance our clients' capital through responsible long-term stewardship. Over five years, we have engaged constructively and reached out to the Norwegian Government to support its stated commitment to aligning Equinor with the Paris Agreement goals. While we have welcomed the open and professional interactions, we now believe the Board, with apparent government backing, is prioritising short-term returns over long-term sustainable capital creation.

While no longer a shareholder, we remain open to dialogue at any time.

Yours sincerely,

Natasha Landell-Mills, CFA
Partner and Head of Stewardship

Alex Cobbold
Partner and Head of Equity Research

cc. Board of Directors, Equinor
cc. Cecile Myrseth, Minister for Trade and Industry

[13] ACCR, April 2024: https://www.accr.org.au/research/equinor%E2%80%99s-challenge-which-way-to-paris/#:~:text=Despite%20absorbing%20large%20amounts%20of,return%20of%20%2D%243.6%20billion.

[14] In a statement at Equinor's 2023 AGM, the Ministry stated that, in line with *cf. Meld. St. 6 (2022 – 2023) - Greener and more active state ownership* (White Paper on the State's direct ownership of companies), its decision to vote in support of the Energy Transition Plan was predicated on the company adhering to requirements to align with the Paris Agreement (https://cdn.equinor.com/files/h61q9gi9/global/8ec49409d8ac1bff4ba613604b3ffe36ee623d13.pdf?minutes-from-annual-general-meeting-in-equinor-asa-10-may-2023.pdf). Likewise, its decision to vote against the Sarasin led resolution 15 at the 2034 AGM was based on Equinor's existing strategy supporting the Paris Agreement and a 1.5°C pathway: https://www.stortinget.no/no/Saker-og-publikasjoner/Sporsmal/Skriftlige-sporsmal-og-svar/Skriftlig-sporsmal/?qid=98938