

# Directors' report 2022

**Petoro manages the State's Direct Financial Interest (SDFI), which represents about one-third of Norway's overall oil and gas reserves. The company's objective is to create the greatest possible value and achieve the greatest possible revenue for the state from SDFI.**

The SDFI scheme was established in 1985. Under this arrangement, the state participates as a direct investor in petroleum activities on the Norwegian continental shelf (NCS), so that the state receives revenues and incurs expenses associated with SDFI's ownership interests. Petoro acts as licensee, on equal footing with other partners, for the state's ownership interests in production licences, fields, pipelines and onshore facilities.

As SDFI manager, Petoro contributed a cash flow of NOK 528 billion in 2022, which represents an estimated 40 per cent of the state's total revenues from the petroleum activities in 2022.

## External trends

The war in Ukraine is not only causing incredible suffering, but has also created an energy crisis in Europe. The past year clearly shows the importance of secure and reliable energy supply.

The outcome of the war in Ukraine is uncertain. The war will cast a shadow over the geopolitical scenario for a long time to come. Europe's goal is to have a broad range of suppliers, energy sources and transport routes to ensure reliable access to energy. This will be balanced with the goals of reasonable and clean energy for households and industry. The solution to this energy trilemma will have a lasting impact on European and global politics for the foreseeable future.

The threat scenario has changed, as demonstrated by the sabotage of the gas pipelines in the Baltic Sea and the many drone observations on the Norwegian shelf. This has led the industry to bolster its emergency preparedness and introduce new safety measures in close cooperation with the authorities.

Norway has strengthened its position as a stable and reliable supplier of gas and oil. A highly significant reason for this is that the framework for Norwegian petroleum policy remains firm. The stimulus package, which was adopted in 2020, has led to the submission of a record-high number of plans for development and operation (PDOs) in 2022. It is still just as important to continue efforts to identify and mature new projects in order to optimize the recovery of existing resources.

In order to secure and increase the value of remaining reserves and resources, it will be important to maintain the shelf's competitiveness. Continued efforts within areas such as increased drilling efficiency, optimised recovery strategies, as well as cost and climate-efficient development solutions, are important. Assessments are now under way as to whether the Norwegian shelf can further increase its gas deliveries to Europe in order to replace the loss of Russian volumes. The Norwegian shelf is mature and will eventually be characterised by declining production of both oil and gas.

According to the Norwegian Petroleum Directorate (NPD), overall gas and oil production in 2040 will be about one-third of the current level, assuming that no substantial new volumes are added.

Exploration is crucial in order to add new volumes. The NPD sees considerable remaining resources on the Norwegian shelf, particularly gas in the Barents Sea. It takes a long time to develop new fields, which means that it's uncertain whether these presumed volumes in the Barents Sea will be able to compensate for the expected decline in production on the shelf.

The number of serious HSE incidents was lower in 2022 compared with the previous year. But you can't be truly satisfied as long as anyone gets injured. Falling objects dominate the range of incidents in raw numbers. The maintenance backlog from 2020 has largely been eliminated. The Petroleum Safety Authority Norway's annual mapping of the risk level on the Norwegian shelf also shows a positive development. It is important that the industry continues its improvement efforts in order to further reduce the number of serious incidents.

Despite the strengthened position of Norwegian oil and gas, the basic framework of global and European energy and climate policy appears to remain firm. The use of fossil energy sources must be reduced in order

to reach the targets in the Paris Agreement. The transition to a zero-emission society will still include a need for oil and gas, both for energy purposes or as key raw materials in various parts of the industry. The fossil energy sources with the lowest cost and emissions from production, transport and consumption are expected to be most successful. Norwegian gas and oil are well-positioned in this regard.

The most important measure to achieve considerable reductions in CO<sub>2</sub> emissions from production on the Norwegian shelf is electrification. Several major investment decisions have been made in recent years. The remaining electrification projects are expected to have higher measure costs. In line with additional parts of society requesting access to electricity for new investments and measures to reduce greenhouse gas emissions, more and more people are asking where the future power will come from and to what extent shelf electrification should be prioritised.

The war in Ukraine has demonstrated the importance of stable and predictable gas supplies from Norway to Europe. This emphasises the fact that security of supply and reliability have again become an important competitive parameter, where particularly Norwegian gas has been given an important role for geopolitical stability in Europe. This scenario has bolstered the importance of SDFI's vast gas portfolio.

## Summary of SDFI results

Net cash flow to the state from the SDFI at year-end amounted to NOK 528 billion, 342 billion higher than last year. The cash flow was positively affected by persistently high oil and gas prices, and increased sales of gas. The increase was offset by reduced oil sales and increased costs associated with third

party gas purchase, as well as increased production and transportation costs.

Total production reached 1,044 thousand barrels of oil equivalent per day (kboed), an increase of 17 kboed compared with last year.

Gas production amounted to 109 million standard cubic metres (mill. scm) per day, an increase of seven per cent compared with last year.

The increase was mainly caused by increased gas extraction on Troll, a full year of production for Martin Linge and production starting up from Snøhvit following the fire on Melkøya. The average realised gas price was NOK 11.95, compared with NOK 4.78 per scm in 2021. The reason for the persistently high gas prices is mainly the loss of Russian gas deliveries to Europe as a result of the war in Ukraine. The effect of this loss of supply is lower than feared due to record-high LNG imports and reduced demand in Europe compared with 2021.

Liquids production was 359 kboed, 29 kboed lower than last year. The reduction in liquids production was primarily caused by natural production decline on multiple mature fields, as well as turnarounds. Extraction of NGL products from the gas stream has also been reduced to optimise the value of gas in the strong gas market. The reduction was offset, in part, by contributions from a full year of production for Martin Linge and production starting up from Snøhvit following the fire on Melkøya. The average realised oil price was USD 104, compared with USD 70 per barrel in 2021. However, the price increase in USD was somewhat bolstered by a weakened NOK, meaning that the achieved oil price measured in NOK was 988, compared with NOK 603 per

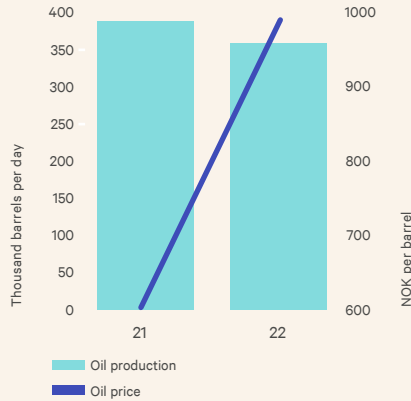
barrel last year. The increase in the oil price compared with 2021 was caused by strong growth in demand, which was not matched by equivalent growth in supply. This development has partially reversed in the second half of 2022 due to rising interest rates, lower economic growth and a fear of recession. A stable increase in production from the US has also compensated, in part, for the loss of Russian oil imports.

Investments totalled just under NOK 29 billion, about NOK 3 billion higher than 2021. The investments increased due to greater activity on the Breidablikk and Ormen Lange phase III projects, as well as on Oseberg in connection with upgrading the gas capacity. Increased drilling activity on Heidrun and Valemon has also provided a contribution. The increase was partly offset by reduced development investments following the completion of Martin Linge in 2021.

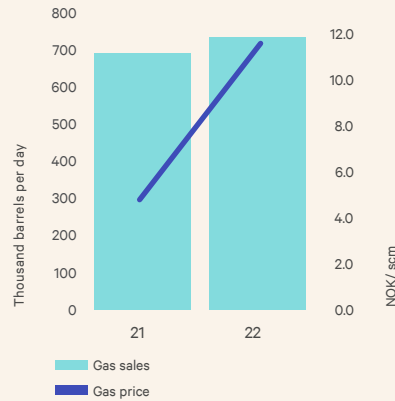
Total operating expenses amounted to NOK 103 billion, NOK 40 billion higher than the same period the year before. The increase was mainly caused by increased costs for purchasing third-party gas, totalling NOK 22 billion, as well as increased production and transport costs. Increased costs for purchasing third-party gas were mainly caused by higher gas prices in combination with higher volumes. Production costs amounted to NOK 23 billion, nearly NOK 6 billion higher than in 2021. The increase was mainly caused by higher electricity costs and increased CO<sub>2</sub> emission credit prices, as well as increased maintenance activity on certain fields and installations.

Total exploration costs during the period came to NOK 2 billion, of which a net of NOK 0.5 billion has been recognised as capitalised exploration expenses.

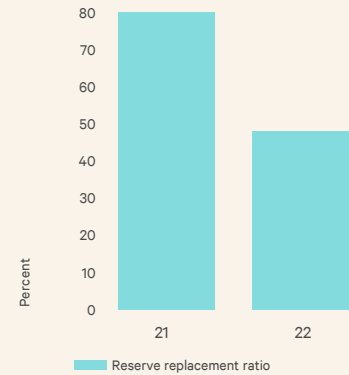
Oil production / - price



Gas sale / -price



Reserve replacement ratio



Net income after financial items at year-end amounted to NOK 539 billion, NOK 317 billion lower than in 2021. The increase was mainly caused by higher revenues as a result of significantly higher prices for oil and gas, as well as increased sales of gas from Troll, Martin Linge and Snøhvit.

The book value of assets at 31 December 2022 was NOK 328 billion. The assets mainly consist of fixed assets related to field installations, pipelines and onshore plants, as well as current debtors. Equity at year-end came to NOK 198 billion, which is an increase of NOK 11 billion compared with 2021. The increase was caused by the transfer to the state being 11 billion lower than the annual result for accounting purposes. Overall debt amounted to NOK 130 billion, of which 69 billion was related to estimated future removal obligations. Removal obligations were reduced by NOK 10 billion compared with 2021, as a result of updated removal estimates and a higher discount rate.

### Health, safety and the environment (HSE)

There were a total of 18 serious incidents in the SDFI portfolio in 2022, which results in a serious incident

frequency of 0.5. This represents an improvement from 0.7 in 2021. Falling objects continue to dominate the range of incidents in raw numbers. The personal injury frequency was 3.9, which is about the same level as in 2021. Petoro always puts safety first, and this approach is clearly communicated through the company's expectations for HSE management and HSE culture in the licences. In a major accident perspective, Petoro focuses on learning across the portfolio, as well as ensuring quality in risk assessments. Over the course of the year, Petoro has carried out multiple management visits at selected fields and onshore facilities with a focus on HSE.

### Principal activities in 2022

As of the end of 2022, the portfolio consisted of 178 interests in production licences, 6 fewer than at the beginning of the year. In January 2023, the Ministry of Petroleum and Energy completed its awards in pre-defined areas, where an additional 9 production licences were awarded with SDFI participation. As the largest partner on the Norwegian shelf, which provides a unique overview, Petoro is well-positioned to identify opportunities and contribute to lessons learned across the portfolio. The

company therefore works actively to use its position to create value for its owner.

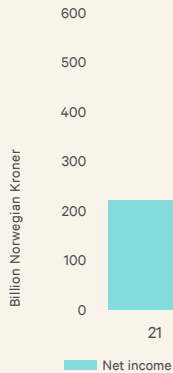
The portfolio consists of 36 producing fields. The projects Johan Castberg, Bredablikk, Kristin South phase 1, Ormen Lange phase 3, Troll Vest electrification, as well as Oseberg increased gas capacity and partial electrification are under development.

Production from mature oil fields continues to dominate liquids production from the SDFI portfolio, despite the fact that Johan Sverdrup accounted for 25 per cent of production in 2022. The Troll, Snorre, Oseberg, Åsgard, Heidrun, Gullfaks and Grane fields accounted for 50 per cent of total liquids production in 2022.

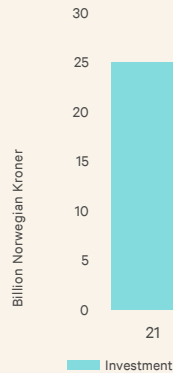
In 2022, gas accounted for two-thirds of overall production. More than 70 per cent of gas output came from Troll, Ormen Lange and Oseberg. Changes were made to the production plans for several of the fields in 2022 due to increased demand for gas, and this has contributed to the increase in gas production compared with the previous year.

Petoro's strategy describes the company's goal-oriented efforts to

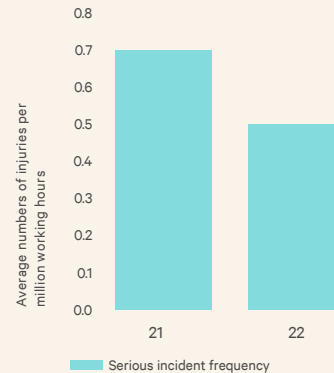
### Net income



### Investment



### Serious incident frequency



create the greatest possible values, while at the same time safeguarding sustainability and the climate. The strategy has five priorities: (1) more wells by increasing drilling efficiency, (2) better understanding of reservoirs by utilising opportunities for digitalisation, (3) choosing solutions with a long-term perspective in field development, (4) by increasing facility utilisation through safe and efficient operations, and (5) sustainability and climate.

Through focused follow-up, supported by in-depth professional commitment, Petoro works to reinforce value creation opportunities with emphasis on long-term business development.

Petoro was a participant in 12 exploration wells in 2022. These resulted in four discoveries. Snøfonn Nord in the Johan Castberg licence (PL532) is considered to be a commercial discovery. With its location close to an existing field, the Skavl Stø discovery in the same licence also has the potential to become commercial. The two remaining discoveries, Hamlet near Gjøa, and Overly east of Ekofisk, are still under evaluation.

The portfolio's estimated remaining

reserves totalled 4,779 million boe at the end of the year, down by 193 million boe from the previous year. Reserve growth totalled 188 million boe, which is mainly derived from Dvalin and the projects Dvalin Nord and Irpa, as well as Gullfaks Sør, Statfjord blowdown and Åsgard Blåbjørn. With a production of 372 million boe, this yields a reserve replacement rate of 49 per cent, compared with 80 per cent in 2021 and 20 per cent in 2020.

Additional information about the company's activities in 2022 can be found in Chapter 3, Activities and results from the year.

### Research and development

Petoro contributes to research and development (R&D) through the SDFI meeting its share of the operator's costs for general research and development pursuant to the Accounting Agreement. The funds are managed by the respective operators. This amounted to NOK 638 million for the SDFI in 2022. This is in addition to projects aimed at field-specific qualification of new solutions or pilot use of technology in licences, where the costs are charged to the joint ventures. Petoro initiate its own technology projects to a limited extent.

### Marketing and sale of the products

All oil and natural gas liquids (NGL) from the SDFI portfolio are sold to Equinor. Equinor is responsible for marketing all the SDFI's natural gas along with its own natural gas, at the state's expense and risk. Petoro's task is to follow up that Equinor's marketing and sale of the state's petroleum together with its own production complies with the marketing and sale instructions issued to Equinor. The objective of the marketing and sale instructions is to achieve the highest possible total value for Equinor's and the state's petroleum and ensure fair distribution of the value creation. Petoro specifically follows up issues of considerable importance, issues of a principle nature and potential conflicts of interest.

In 2022, Petoro has prioritised issues within the marketing and sale of both oil and gas. The company has particularly focused on measures to optimise gas production in order to deliver as much gas as possible to the European market. In addition, the company has paid particular attention to the extent to which the marketing and sale models satisfy the objectives in the Marketing and Sale Instruction regarding

Maximum Value Creation and Equitable Distribution between Equinor and SDFI.

Petoro is concerned with ensuring that the products are marketed and sold in such a way that the highest price is achieved, in addition to ensuring that the portfolio's flexibility is used to achieve the highest possible value creation. In this context, optimal further development, regularity, utilisation of capacity and flexibility in production facilities and infrastructure are of considerable importance.

Selected verifications have been conducted to ensure that the SDFI receives its rightful share of sales-related costs and revenues. There is a need for clarification regarding principles in the marketing and sales instructions and throughout the year Petoro has had a dialogue with the Ministry of Trade, Industry and Fisheries on certain areas of the instructions. The company has also had an extensive dialogue with Equinor, including follow-up of shared goals for costs and value creation.

### Working environment and expertise

The company's human resources policy shall ensure that Petoro is an attractive workplace for existing and future employees.

In early 2022, all employees were given the opportunity to return to the office after two years of the pandemic and extensive use of home offices. The company has worked actively during the year to ensure a good working environment, and employee feedback indicates that they are pleased to be back in the office. However, the experiences gained from using home offices has been useful, which is why Petoro has practised flexibility as regards where the employees conduct

their work, as well as access to equipment for home offices.

Petoro's personnel have extensive experience from the petroleum industry and a high level of expertise. The individual employee is crucial to the company's deliveries and success, and the board places emphasis on ensuring that Petoro offers competitive terms and a stimulating working environment that attracts people with the right expertise. Opportunities for professional and personal development help to retain, develop and attract skilled personnel.

An annual plan is prepared as regards diversity, equality and inclusion with concrete steps that cover these areas. This ensures that the company works in an active, targeted manner according to this plan. More detailed information about this area is provided in the company's sustainability report, which will be published later this year.

The company had 70 employees at year-end, the same number as at the end of 2021. Six new appointments were made in 2022, in addition to five employees signing contracts with start-up dates in 2023.

The average age in the company is 52; 53 for men and 49 for women. The ratio of women in Petoro has remained above 30 per cent since 2009, and was 34 per cent in 2022. The company has had at least 40 per cent women on its Board since its inception. The rules for electing employee representatives to the Board require one representative for each gender. The company's Board consists of 57 per cent women. The current ratio of women in company management is 50 per cent, compared with 57 per cent in 2021. Of a total of six representatives in the Working Environment Committee and Works Council, there were four women, compared with two women and

four men the previous year.

Petoro's salary system consists of different groups of employees, including management, senior advisers and advisers. The ratio of women in the different salary groups corresponds to the share of women in the company as a whole. Nine per cent of the company's employees belong to the "management" category, while 82 per cent and nine per cent belong to the "senior adviser" and "adviser" groups, respectively. In management, women's overall compensation packages correspond to 97 per cent of men's packages. The equivalent percentages for senior advisers and advisers are 99 and 103.

The company has a number of employees from diverse cultural and ethnic backgrounds. Nine nationalities in addition to Norwegian are represented among the company's employees.

There was one instance of voluntary part-time work in Petoro in 2022 and no temporary employees. Six people took out parental leave during the year.

Absence due to illness was 3.1 per cent, compared with 2.4 per cent the previous year. The company considers this to be low. In an effort to promote good health and prevent burnout, the company emphasises close follow-up and dialogue as described in the Inclusive Workplace Agreement. No occupational accidents were recorded among the company's personnel in 2022. As part of the effort to safeguard a good working environment, the company conducts annual employee surveys, which are followed up with measures.

Collaboration in the company's Working Environment Committee and Works Council lays an important foundation for a good working environment. Cooperation in these bodies is

considered to be good.

## Corporate governance

Corporate governance was moved from the Ministry of Petroleum and Energy to the Ministry of Trade, Industry and Fisheries in 2021. The Minister of Trade and Industry represents the state as sole owner and constitutes the company's general meeting and highest authority.

The Board emphasises good corporate governance to ensure that SDFI is managed in a manner that maximises financial value creation. Requirements for governance in the public sector are specified in "Regulations on Financial Management in Central Government" and in standards for good corporate governance. The Board observes the Norwegian state's principles for sound corporate governance as expressed in Storting Report No. 6 (2022-2023) "A greener and more active state ownership - The Norwegian state's direct ownership in companies" and those sections of the "Norwegian Code of Practice for Corporate Governance" regarded as relevant to the company's activities and the frameworks established by its form of organisation and ownership.

The company's values base and ethics are embedded in its values and guidelines on business ethics.

The management system is tailored to Petoro's distinctive nature, and enterprise management is based on balanced management by objectives, under which objectives are established that support the company strategy.

## Corporate social responsibility

Petoro discharges its corporate social responsibility (CSR) in line with the company's guidelines.

Measures which ensure that the company discharges its CSR include business ethics guidelines, the HSE declaration, the company's strategy, as well as an HR policy that ensures diversity, inclusion and equal opportunity. Petoro has no activity outside Norway, but participates indirectly in certain foreign activities as licensee and through the marketing and sale instructions. The Board provides a more detailed presentation of the exercise of CSR in a separate section of the annual report, and more extensively in the company's sustainability report later this year.

## Risk management and internal control

Risk management in the form of avoiding threats and securing opportunities is an integrated part of Petoro's governance and closely linked to the company's strategy and business processes. The company's general risk assessment with associated risk factors is continuously evaluated and identified measures are followed up. Sustainability and climate are reflected in the company's strategy, goals and risk matrix. In 2022, the Board has devoted particular attention to the security situation on the Norwegian shelf and gas export from the portfolio, reductions in greenhouse gas emissions, as well as the risk of cost overruns and delays.

Three internal audit projects were carried out in 2022 aimed at the areas of internal control in connection with decisions in joint ventures, corporate governance and internal control, as well as anti-corruption, fraud and misconduct. The results were summarised in a report to the Board describing the audit actions undertaken, findings, as well as proposed and implemented measures for the internal audit projects. The result is satisfactory,

and the internal controls fulfil generally acceptable standards. The internal audit projects were conducted by PwC, which has also been responsible for the internal financial audit of the SDFI for the 2022 accounting year.

## Work of the Board

The Board has overall responsibility for administration of the company. The Board ensures that appropriate management and control systems are in place and supervises daily management and the company's activities. The "Instructions for the Board of Directors" describe the Board's responsibilities and administrative procedures. Balanced scorecards are a key instrument used by the Board in following up the company's results.

The Board has chosen to organise its work related to compensation through a sub-committee comprising two of the shareholder-elected directors, one of whom is the deputy chair. No other sub-committees have been established. A declaration has been drawn up by the Board regarding remuneration of the chief executive and senior personnel.

As an appendix to the Instructions, the Board has adopted supplementary provisions for matters which it will consider. The Board also conducts annual reviews of the company guidelines on business ethics and CSR, as well as the Board Instructions. Directors must routinely report their ownership of shares or similar interest in other companies which could constitute, or which could be perceived as constituting, a conflict of interest with their position. They are furthermore required to report other relationships with licensees involved in petroleum activities on the NCS or with companies that supply licensees.

Each director and the Board as a collective body seek to strengthen their expertise in various ways. These include participation in courses and conferences and generally following developments within the business area.

The Board of Directors of Petoro AS consists of Gunn Wærsted as chair, deputy chair Brian Bjordal, Trude J. H. Fjeldstad, Hugo Sandal and Kristin Skofteland as shareholder-elected directors. Board members May Linda Glesnes and Jonas Olsson were elected to represent the employees.

Directors and officers liability insurance has been taken out on commercial terms. The insurance covers policy holders' legal liability for economic loss incurred by virtue of their positions, with the restrictions and endorsements that follow from the terms.

Reference is otherwise made to Chapter 4, "Management and control" under "Corporate governance".

## PETORO AS

### Share capital and shareholder

Petoro AS was established as part of the restructuring of the state's oil and gas activities in 2001, when Equinor (previously Statoil) was partially privatised and management of the SDFI was assigned to Petoro AS. The company's operations are governed by Chapter 11 of the Petroleum Act. The company's general meeting is the Ministry of Trade, Industry and Fisheries.

Petoro's share capital at 31 December 2022 was NOK 10 million, distributed among 10,000 shares owned by the Ministry of Trade, Industry and Fisheries on behalf of the Norwegian state. Petoro's business office is in Stavanger.

## Net income and allocations

Petoro AS maintains separate accounts for all transactions relating to participating interests in the joint ventures. Revenue and expenses from the SDFI portfolio are kept separate from day-to-day operation of the company. Cash flow from the portfolio is transferred to the central government's own accounts with Norges Bank. Accounts for the portfolio are presented both on the cash basis used by the government and in accordance with the Norwegian Accounting Act and Norwegian generally-accepted accounting principles (NGAAP).

Funds for operating Petoro AS are provided by the state, which is directly responsible for the contractual obligations incurred by the company. NOK 362 million was appropriated for ordinary operation of the company in 2022, compared with NOK 356.6 million in 2021.

Total expenses in 2022 were within the framework of the Board's approved budget, the company's appropriation and allocation letter. The financial result for Petoro AS totalled NOK 0.8 million. The Board proposes that this profit be transferred to other equity. Including net income for the year, other equity amounted to NOK 18.4 million as of 31 December 2022.

Pursuant to Section 3-2a of the Norwegian Accounting Act, the board affirms that the annual accounts for the portfolio and the company provide a true and fair picture of the company's assets and obligations, financial position and results of the business, and that the annual accounts have been prepared under the assumption that the company is a going concern. The company has satisfactory equity and low financial risk.

## Prospects

Norwegian oil and gas have strengthened their position substantially as a result of Russia's invasion of Ukraine. Norway is now Europe's most important supplier of gas, a position that will most likely remain equally important for several years to come. Apart from being a reliable and secure supplier, the Norwegian shelf also needs to be competitive on price and emissions. It is important to further bolster all competitive parameters in the coming years.

Troll and the other mature fields on the Norwegian shelf make up the backbone of the SDFI portfolio, and contribute to high and stable production. There is still a considerable potential for increasing the value of these fields.

Ninety-three fields are now in production on the Norwegian shelf. The number of fields in production has never been higher, and this applies for both the shelf and the SDFI portfolio. Continuous efforts linked to refining the field portfolio will still be needed to realise the remaining assets under the seabed.

Close cooperation with the players on the shelf moving forward will make additional areas important. Examples of this are new developments from exploration close to existing fields and gradual consolidation of facilities. This presumes that all players adopt a comprehensive and long-term perspective.

A greater share of oil production will come from mature fields. Efficient drilling processes means that more wells can be drilled, which will improve the recovery rate. Well maintenance and drilling new production wells are also important in order to realise the

remaining potential in the fields. This provides good utilisation of existing infrastructure in that new identified resources can be phased in rapidly.

Good reservoir understanding is needed to identify opportunities for additional wells. Innovative solutions will be crucial, particularly within digitalisation, and the oil industry on the Norwegian shelf has historically been at the forefront in this area. It is important that the industry maintains focus on the long-term ongoing efforts for additional efficiency measures, including technology development, digitalisation of work processes and data sharing across the industry.

The oil and gas industry is expected to contribute in the transition to a low-emission society, and an additional reduction in greenhouse gas emissions from the Norwegian shelf is also expected. The industry's goal is to reduce emissions by 50% by 2030, measured against 2005. In order to achieve this, the electrification of our activities must continue.

The last two years have seen investment decisions for several major

electrification projects on the Norwegian shelf with Petoro participation. The Troll West Electrification (TWEL) project and Oseberg Power from Shore constitute partial electrification of Troll B/C and Oseberg, respectively. Decisions have also been made to fully electrify Snøhvit and Draugen. The work with electrification of fields and infrastructure will continue in 2023. In combination with energy efficiency measures, turnarounds and scale-downs, this could help ensure that Petoro can achieve its target of a 55% reduction in greenhouse gas emissions for the SDFI portfolio by 2030. This target is challenging as regards developing new opportunities for electrification with acceptable measure costs, as well as potential restrictions in access to electricity. This will require substantial efforts from the joint ventures and Petoro.

The market-related climate risk will increase leading up to 2040 despite the fact that Norwegian oil and gas will remain in demand. The Norwegian shelf is mature, and production will eventually decline. Declining production also means a reduction in overall greenhouse gas emissions. There may

nevertheless be a need to decarbonise parts of the production, particularly natural gas. This can be done by reforming natural gas into hydrogen or ammonia, anything as presumes carbon storage. The Norwegian shelf has extensive experience with carbon storage and numerous new areas have been mapped for the storage of CO<sub>2</sub>. Multiple CO<sub>2</sub> storage licences have been awarded. A German-Norwegian industrial collaboration has also been established to assess an export solution for hydrogen from the Norwegian shelf to the Continent. The IEA also points out that an accelerated transition to a sustainable energy supply will reduce the likelihood of new energy crises. At the same time, it is important to strike a good balance between fossil and renewable energy. Oil and gas cannot be phased out until sustainable alternatives are in place.

With resources and expertise in areas such as offshore activities, major development projects and technology development, in addition to a well-tailored framework, the Norwegian shelf is well-poised to succeed in the transition.

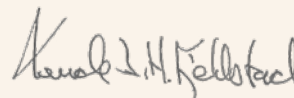
Stavanger, 9 March 2023



**Gunn Wærsted**  
Chair



**Brian Bjordal**  
Deputy Chair




**Trude J. H. Fjeldstad**  
Director



**Kristin Skofteland**  
Director



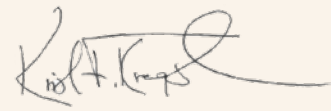
**Hugo Sandal**  
Director



**Jonas Olsson**  
Director,  
elected by the employees



**May Linda Glesnes**  
Director,  
elected by the employees



**Kristin Fejerskov Kragseth**  
Chief Executive Officer  
(CEO)