

Shareholder proposal for Equinor's AGM on May 10, 2023:

**The Board of Directors and Group Management shall develop a procedure for a greatly improved process for responding to shareholder proposals submitted at the Annual General Meeting.**

**Background information:**

*Why don't the governments and Equinor listen to proposals from Norwegian shareholders?*

For many years, Norwegian shareholders have submitted proposals or resolutions for approval by the annual shareholders meeting (AGM), related to international oil and gas exploration, drilling and production, the environment and energy transition. These proposals have been consistently voted down by the representative from the Ministry of Trade and Industry, who represent the State's 67% ownership in Equinor. The vote is based on meetings with Equinor's Board of Directors and Group Management before the annual general meeting. It later emerged that in many cases, Equinor had later carried out what was proposed. An earlier action would have saved Equinor and the Norwegian state large sums of money. Here are some examples:

**Proposal: Statoil (Equinor) to divest its tar sands activity in Canada.**

Proposal from 2009: Not accepted by the Government's representative based on recommendation by Statoil's (Equinor's) board of directors. The proposal was repeated in 2010, 2011, 2012, 2013, 2014 and 2016, each time voted down by the Government's representative. Statoil sold its tar sands operations in Canada in December 2016 with a loss of more than NOK 4.2 billion.

**Proposal: Statoil (Equinor) to develop an energy transition plan.**

Proposal from 2015: Not accepted by the Government's representative based on the recommendation of Statoil's (Equinor's) board of directors. The proposal was repeated in 2016, 2017, 2018, 2019, 2020 and 2021. In March 2022, Equinor presented their "Energy transition plan".

**Proposal: Equinor will stop drilling in the waters south of Australia.**

Proposal from 2019: Not accepted by the Government's representative based on the recommendation of Equinor's board of directors. In February 2020, Equinor pulled out of the area.

**Proposal: Equinor to pull out of US onshore oil and gas activities (fracking).**

Proposal from 2020: Not accepted by the Government's representative based on the recommendation of Equinor's board of directors. In February 2021, Equinor pulled out of onshore activities and reported financial losses of NOK 200 billion, with no consequences for members of the board of directors or the corporate executive committee.

**And the story repeats itself:**

In the 2022 AGM, these were, among several proposals, voted down by the Government's representative:

- Proposal from shareholders that Equinor introduce a climate target and emissions plan in line with the 1.5°C target.
- Proposals from shareholders that Equinor declare the Norwegian sector of the Barents Sea as a voluntary exclusion zone and prioritize its offshore activities in the Norwegian sector and rapidly increase its investments in renewable energy.
- Proposal from the shareholder that Equinor's board of directors develop a concrete action plan for quality assurance and anti-corruption.

In the period from 2006 to 2022, Norwegian shareholders have submitted 43 proposals. One proposal was accepted by the AGM in 2015, and 42 have not been adopted. The government itself has not made any proposals during this period. Many of these proposals are largely supported by the Norwegian population and politicians in the Storting.

### **Why is this:**

Equinor's board of directors and corporate executive committee have enormous power because their majority owner, the Norwegian state, which owns 67% of the shares, represented by the Ministry of Trade and Industry, does not have the will or competence to challenge Equinor's board of directors and corporate executive committee when it comes to these proposals.

Furthermore, in contrast to the usual international principles for limited liability corporations, where the AGM chooses the composition of the board of directors, Norway has a very special law stating that for larger corporations, the corporate assembly chooses the composition of the board of directors and not the annual general meeting. The corporate assembly and the nomination committee consists only of Norwegians with limited or no international experience, in a company that declares to be present in 30 countries!

Therefore, shareholders in the AGM cannot elect the composition of the board of directors or challenge its members and the group management with regard to their individual and general performance of duties "according to good governance principles".

Therefore, to improve the company governance, the AGM should elect the composition of the board of directors and not the corporate assembly. Thus, Equinor could benefit from the shareholders' professional knowledge of the Norwegian and the international business environment and trends. Shareholders should also be able to challenge the members of the Board of Directors and Group Management in their handling of critical issues and situations.

***The current situation is that Equinor's board of directors and corporate executive committee have sole power.***

Even Bakke, Ph.D. Chemical Engineer

Former head of ABB's global environment business.

Member of Besteforeldrenes klimaaksjon