

EFRAG CONNECTIVITY PROJECT

Illustrations on connectivity and to collect input on connectivity in practice

EFRAG FR TEG-CFSS meeting – 22 May 2025

Paper 03-01



OVERVIEW

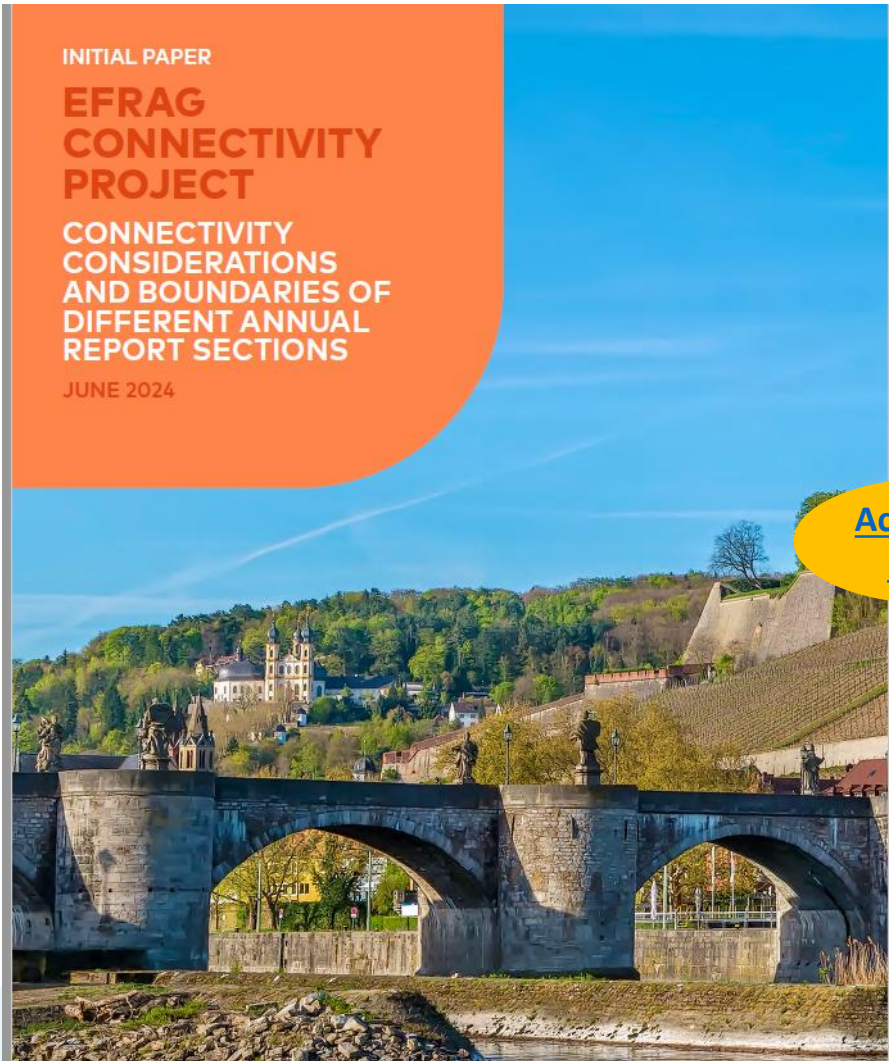
- PROJECT BACKGROUND
- WHAT WE MEAN BY CONNECTIVITY
- FOUR SELECTED ILLUSTRATIONS OF CONNECTIVITY
- QUESTIONS FOR EFRAG FR TEG-CFSS MEMBERS

OBJECTIVE OF THE SESSION

To provide an overview of four illustrations of connectivity and to obtain input from EFRAG FR TEG-CFSS members on connectivity-related aspects



PROJECT BACKGROUND



[Access the report](#)

EFRAG RESEARCH PROJECT ON CONNECTIVITY- APPROVED BY EFRAG FRB IN 2022

23-PERSON EFRAG CONNECTIVITY ADVISORY PANEL (CAP) CONSTITUTED & ACTIVE FROM 2H 2023

INTERIM DELIVERABLE/INITIAL PAPER PUBLISHED ON 28 JUNE 2024

Video providing initial paper's key takeaways from the perspective of EFRAG CAP leaders

VIRTUAL ROUNDTABLE ON CONNECTIVITY OF REPORTED INFORMATION (600+ ATTENDEES, PREPARERS, USERS, AUDITORS, REGULATORS AND OTHER STAKEHOLDERS) AND ONGOING OUTREACH

DISCUSSION PAPER EXPECTED IN 2025

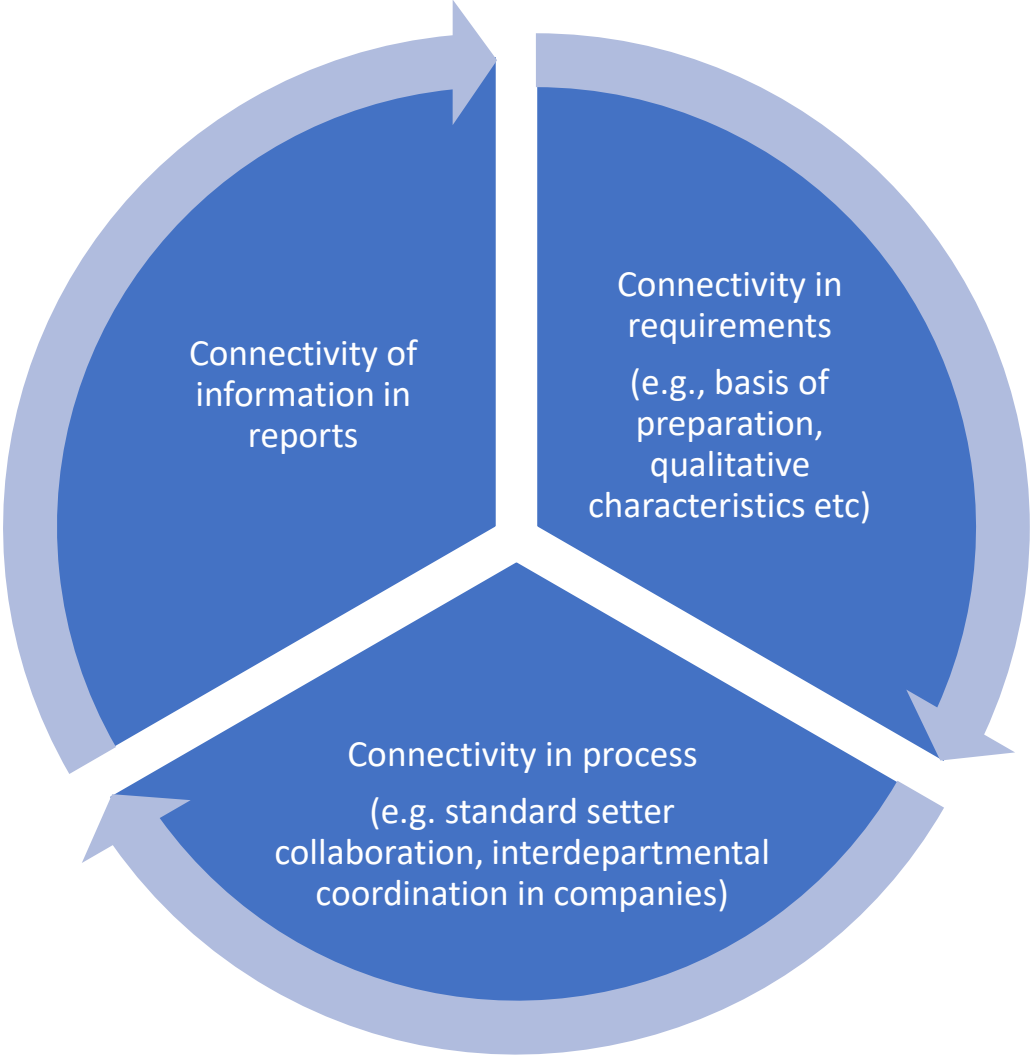


WHAT WE MEAN BY CONNECTIVITY

Connectivity of information definition

“the attribute of information that supports the provision of a holistic and coherent set of information within and across different parts of the Annual Report.”

EFRAG Initial Paper definition




Connectivity is necessary for a coherent, complementary annual reporting package

DIMENSIONS OF CONNECTIVITY OF REPORTED INFORMATION
 (Source: ESRS, ISSB Standards, IASB MCPS ED)


Overarching aspects of connectivity

- **Strategic-oriented communication (integration in information):** Explaining how strategy and business model in response to IROs are linked to reporting outcomes (i.e. financial position, financial performance, cash flows, other metrics)
- **Coherence/Complementarity:** Gives a more complete picture of an entity's value creation while depicting the interrelatedness of the overall reported information
- Disclosure and explanation of lack of consistency is an element of coherence



Connecting/linking quantitative and narrative information

- Linking quantitative information via cross-referencing (**direct connectivity as per ESRS**)
- Linking quantitative information via reconciliations (**indirect connectivity as per ESRS**)
- Qualitative disclosures stating financial statements line items affects by disclosed risks and opportunities if unable to disclose quantitative current and anticipated financial effects
- **Consistency:** Consistent data, narrative/qualitative disclosures, assumptions and units of measurement (presentation currency)



↓

Connectivity at current reporting period (including current financial effects)

vs

Connectivity over reporting periods (including anticipated financial effects and disclosures that enable users to understand migration of items across reports over time)



TWO SELECTED
ILLUSTRATIONS OF
CONNECTIVITY



MONDI GROUP 2024 – ANTICIPATED FINANCIAL EFFECTS

BACKGROUND INFORMATION (1/2)

Sector: Packaging and paper

Geographic Footprint

- Global company, headquartered in the UK, employs 22,000 people across 100 production sites in more than 30 countries, with key operations located in Europe, North America and Africa.
- Diversified operations reduce risk exposure to regional disruptions.

Company's definition of time horizon

- Short- (up to three years),
- Medium- (three to seven years), and
- Long-term (more than seven years)

10 Material topics

MAP2030 areas	Material topics
CIRCULAR DRIVEN SOLUTIONS	Circular economy Product quality and safety ¹
CREATED BY EMPOWERED PEOPLE	Diversity, equity and inclusion ¹ Working conditions and human rights ¹
TAKING ACTION ON CLIMATE	Biodiversity and fibre sourcing Climate change adaptation ² Climate change mitigation Energy Water
RESPONSIBLE BUSINESS PRACTICES	Business conduct ²

1 Only material from an impact perspective.
2 Only financially material.

Company incorporates a separate [Sustainable Development report](#) which is in the Annual Report by cross reference, to explain the double materiality analysis.



Climate resilience through our forests and operations for the future of the planet

2024 performance	
Reduce our greenhouse gas emissions in line with science-based Net-Zero targets	
Reduce Scope 1 and 2 GHG emissions by 46.2% by 2030 from a 2019 baseline	●
Reduce Scope 3 GHG emissions by 27.5% by 2030 from a 2019 baseline	●
Reduce Scope 1, 2 and 3 GHG emissions by 90% by 2050 from a 2019 baseline	●
Maintain zero deforestation in our wood supply, sourcing from resilient forests	
Maintain 100% FSC™ certification in our own forestry landholdings	●
100% responsibly sourced fibre with 75% FSC™- or PEFC-certified fibre procured by 2025 and the remainder meeting the FSC Controlled Wood standard	●
Implement leading forestry measures to ensure productive and resilient forests	●

Key segments

Business unit proportion of Group total

- Corrugated Packaging
- Flexible Packaging
- Uncoated Fine Paper

Revenue



Underlying EBITDA



Capital employed



Our business units

Corrugated Packaging



Mondi is a leading producer of corrugated packaging with a cost-competitive asset base and strong customer offering focused on quality and reliability. We are the leading virgin containerboard producer in Europe and the largest containerboard producer in emerging Europe. Our virgin containerboard is a high-quality product with excellent properties for specialised end-use applications, ideal to meet our customers' needs around the globe.

We are also a leading corrugated solutions producer across central and emerging Europe. We leverage our integrated production network and partner with our customers to create fully recyclable corrugated boxes and packaging.

Flexible Packaging



We are a global flexible packaging producer, integrated across the value chain with a unique portfolio of solutions. As a global leader in the production of kraft paper and paper bags, our well-invested mills produce high-quality kraft paper that is converted into strong, lightweight paper-based packaging. With our high level of integration across the value chain, our customers come to us for scale, security of supply and global reach.

We are also a leading producer of consumer flexible packaging in Europe and have broad coating capabilities which together provide an extensive and unique range of paper, plastic and hybrid packaging solutions.

Uncoated Fine Paper



Our Uncoated Fine Paper business produces a wide range of home, office, converting and professional printing papers at our mills in central Europe and South Africa. We are the supplier of choice for our customers, leveraging our leading positions in these regions. In South Africa, we also produce and sell market pulp to customers around the world.

Preparation and assurance of sustainability statement

Sustainability reporting as per GRI and SASB Standards

Provides voluntarily information on [ESRS and performance index](#)

Scope 1 and 2 GHG emissions - reasonable assurance

Other selected sustainability information and KPIs – limited assurance

Company identifies and describes its six categories of **climate-related risks** (i.e. **Physical risks** and **Transition risks**) and two categories of **Climate change-related opportunities**. For each category of these categories, the company notes the applicable time horizon.

Physical risk

<p>1. Higher wood procurement costs</p> <p>Annual estimated Financial impact (75-140 €m)</p> <p>Long-term</p>	<ul style="list-style-type: none"> • Large-scale forest damage due to temperature increase, changes in rainfall patterns and windstorms. • A reduction in the cutting capacity of saw mills could lead to a change in the mix of available pulpwood and sawmill chips. • Increasing competition for wood.
<p>2. Risk of flooding</p> <p>Annual estimated Financial impact (15-85 €m)</p> <p>Long-term</p>	<ul style="list-style-type: none"> • Surface water flooding (eg after extreme rainfall) as the mills are close to rivers • Mill downtime due to wider infrastructure damage due to significant flooding
<p>3. South African plantation yield loss</p> <p>Annual estimated Financial impact (15-20 €m)</p> <p>Medium-term</p>	<ul style="list-style-type: none"> • Disruptions and decreased harvesting capacity due to extreme weather conditions, e.g, fire when there is drought and increased vulnerability of trees to pests and diseases when higher temperatures.

Transition risks

<p>4. Energy supply costs</p> <p>Annual estimated Financial impact (60-110 €m)</p> <p>Medium-term</p>	<ul style="list-style-type: none"> • Increase in medium term by up to 10-20% due to increasing regulation on fossil-based energy sources, increased demand for renewable energy and the shifting energy supply mix • Medium to long-term: Wind and solar energy supply can be inconsistent due to weather patterns leading to reliance on fossil fuels during the energy transition period. 	<p>5. GHG emissions regulatory changes (net impact)</p> <p>Annual estimated Financial impact (40-80 €m)</p> <p>Short to medium-term</p>	<ul style="list-style-type: none"> • Impact of 9 out of 13 pulp and paper mills under the EU Emissions Trading Scheme. E.g, 5 may face a deficit of the EU ETS allowances in the short to medium term, resulting in a potential Group net deficit position. • South African carbon tax on emissions from fossil fuel combustion 	<p>6. Asset impairment risk</p> <p>Annual estimated Financial impact (10-30 €m)</p> <p>Long-term</p>	<ul style="list-style-type: none"> • Risk of impairment if regulations require fossil-based energy plants to be decommissioned by a certain date.
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Climate change-related opportunities

<p>1. Changing customer behaviour</p> <p>Annual estimated Financial impact (120-240 €m)</p> <p>Short to long-term</p>	<ul style="list-style-type: none"> • An opportunity to meet the demand for more sustainable products based in leading corrugated packaging and flexible packaging footprint and increasing the focus on recyclability and the amount of recycled content used within our solutions. • 1-2% per annum revenue growth in the packaging businesses in the long term 	<p>2. Reduced operating costs through energy efficiency</p> <p>Annual estimated Financial impact (15-25 €m)</p> <p>Medium-term</p>	<ul style="list-style-type: none"> • Cost savings by improving the efficiency of their energy plants and manufacturing operations.
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Our principal risks			Link to strategy				
		Delegated risk owner					
Strategic	1	Industry productive capacity	●	●			
	2	Product substitution		●		●	
	3	Fluctuations and variability in selling prices or gross margins	Executive Committee	●	●		●
	4	Country risk			●		
	5	Climate change risks	Group Head of Sustainable Development	●	●		●
Financial	6	Capital structure	●	●			
	7	Currency risk	●	●			
	8	Tax risk	Group Head of Tax	●	●		
Operational	9	Cost and availability of raw materials	●				
	10	Energy security and related input costs	●	●			
	11	Technical integrity of our operating assets	Group Head of Operations	●	●		
	12	Environmental impact	Group Head of Sustainable Development	●			
	13	Employment and contractor health and safety	Group Head of Safety & Health				●
	14	Attraction and retention of key skills and talent	Chief People Officer				●
	15	Cyber security risk	Chief Information Officer	●	●	●	●
Compliance	16	Reputational risk	Executive Committee	●	●	●	

5 Climate change risks

Description

- Climate change risks will likely impact our business in the future.
- Greenhouse gas (GHG) emissions are regulated in many countries and regions where we operate, with increasing regulation and climate change-related transition risks potentially impacting our costs. The energy we require to manufacture our products results in Scope 1 and Scope 2 GHG emissions. Our value chain emissions contribute to our Scope 3 emissions.
- Climate change is creating both physical and transition risks which impact forests, and which pose a threat to our access to sustainable fibre, the main raw material for our paper products.
- Customers and consumers are concerned about the consequences of climate change and are looking for solutions produced from renewable materials and reduced carbon footprints. Investors consider the climate impact of their portfolios.
- Our climate change risks include transition and physical risks. Transition risks include regulatory risks, for example GHG emission-related regulatory changes and energy supply cost volatility due to changes in future energy supply mix. Physical risks include the impact of changing precipitation patterns and increased costs driven by a shortage of wood supply in the long term due to physical impacts such as droughts, pests and diseases.

There is connectivity between information in the SR disclosure and Principal risks section, i.e., Climate change risks are amongst the identified 15 principal risks (and are among the five strategic risks). Climate change risks are linked to strategy in driving performance along the value chain, investing in quality assets, and partnerships with customers.

9 Cost and availability of raw materi

Description

- We use significant amounts of wood, pulp, paper for recycling, polymers and chemicals in our production processes, meaning access to these raw materials is essential to our operations.
- The prices for many raw material inputs fluctuate in correlation with global commodity cycles.
- Wood prices and availability may be adversely affected by reduced quantities of available suitable wood supply due to increased frequency of severe weather events, changes in rainfall, increased pest and disease outbreaks, increased use of wood as biofuel, alternative use of wood for heating and changes in demand for wood as a building material.
- Climate change will create long-term structural changes to the pricing and availability of wood, with temperature and precipitation changes resulting in a geographic shift of optimal forest growth areas, and an impact from forest-related legislative policies, particularly in the EU.
- Force majeure events can influence raw material supply and pricing, directly affecting the market production and supply balance.

10 Energy security and related input co

Description

- Availability of sufficient and reliable energy supply is a key focus area; as the transition to cleaner energy sources accelerates, accompanied by increased regulation, the energy supply portfolio is undergoing long-term changes, such as an increase in demand for renewable energy and an increase in carbon taxes, which increases the risk of more volatile pricing as well as potential for severe energy interruptions.
- Security of supply of gas is subject to political pressures and could be intermittent, while renewable energy sources, such as wind and solar, are subject to unpredictable physical weather patterns. Competition for sources of renewable energy, such as biomass, causes cost and availability pressures.
- Rapid increases in fuel and energy costs represent higher direct costs to the Group as well as for our suppliers, which in turn may seek to increase prices which may be difficult to pass on to customers and could cause a contraction of gross margins.
- Income from the sale of renewable energy, either from sales of certificates, subsidies or sales of renewable energy to the grid, represents a source of income for various pulp and paper mills and is subject to both volatility in price and regulatory changes.
- Availability of sufficient and reliable electricity supply in South Africa remains a concern and above inflationary increases are virtually certain.

12 Environmental impact

Description

- Our operations require water and energy and generate emissions to air, water and land. We are subject to a wide range of environmental laws and regulations, as well as the requirements of our customers and expectations of our broader stakeholders. Costs to meet compliance requirements, and increasing costs from the effects of emissions could have an adverse impact on our profitability.
- The availability of water in water scarce and stressed areas could pose a risk to continuing to operate our production facilities to their full potential.
- As we purchase significant amounts of wood and fibre on the market and manage plantation forestry landholdings in South Africa, a decline in ecosystem functions and loss of biodiversity could impact the natural resources that we rely on.

13 Employee and contractor health and

Description

- Accidents, incidents and exposure to occupational health hazards, such as noise and stress, may cause injury or harm to employees and contractors, property damage, lost production time, and/or harm to our reputation.
- Risks include fatalities, serious injuries, occupational diseases, substance abuse and instances of violent crime in some jurisdictions.

Operational risks (cost and availability of raw materials, energy security and related input costs, environmental impacts) factor in environmental risks and are linked to strategy in driving performance along the value chain. Employee and contractor HS linked to strategy in managing people- These principal risks align with the material topics identified in line with ESRS

ILLUSTRATION 1: ANTICIPATED FINANCIAL EFFECTS - CONNECTIVITY BEING ILLUSTRATED

Anticipated financial effects, which is the intertemporal (across reporting periods) dimension of connectivity

This illustration highlights the company’s quantitative and qualitative disclosure (in TCFD report) of possible financial statements effects of climate change-related risks and opportunities the sustainability report about in the short, medium and long-term.

SR requirements

ESRS 2.48 and E1-9 (IFRS S2.9, IFRS S2.13-15) requires entities to provide information on anticipated financial effects.

Connectivity requirements

ESRS 1 section 9.2 whereby an entity should connect narrative information on governance, strategy and risk management to related metrics and targets, including linking this to anticipated financial effects.

TCFD Recommendations

- Climate-Related Risks, Opportunities, and Financial Impacts
- Scenario Analysis and Climate-Related issues

ANTICIPATED FINANCIAL EFFECTS - FS 2024

TCFD recommendations disclosures

Climate change-related risks and opportunities		Annual estimated financial impact (€m)	Timeframe			Scenario sensitivity		
Climate change-related risks			Short	Medium	Long	1.5°C	2°C	BAU
Physical risks	1. Higher wood procurement costs	75-140				●●	●●●	●●●●
	2. Risk of flooding	15-85				●	●●	●●●●
	3. South African plantation yield loss	15-20				●	●●	●●●
Transition risks	4. Energy supply costs	60-110				●●●●●	●●●●	●●
	5. GHG emissions regulatory changes (net impact)	40-80				●●●●●	●●●●	●●●
	6. Asset impairment risk ¹	10-30				●●●●	●●●	●
Total climate change-related risks		215-465						
Climate change-related opportunities								
1. Changing customer behaviour		120-240				●●●●●	●●●●	●●
2. Reduced operating costs through energy efficiency		15-25				●●●●●	●●●●	●●
Total climate change-related opportunities		135-265						

¹ The asset impairment risk is a one-off write-down and not annually recurring.



GRIGEO AB – 2023 CONTINGENT LIABILITIES

BACKGROUND INFORMATION (1/2)

Sector/industry

Paper and wood industry, producing paper and hygiene products.

Geographic footprint

Has operations spanning from Lithuania, European countries to other countries

- Employs 860 people
 - Lithuania 775
 - Ukraine 67
 - Latvia 18

Company's definition of time horizon

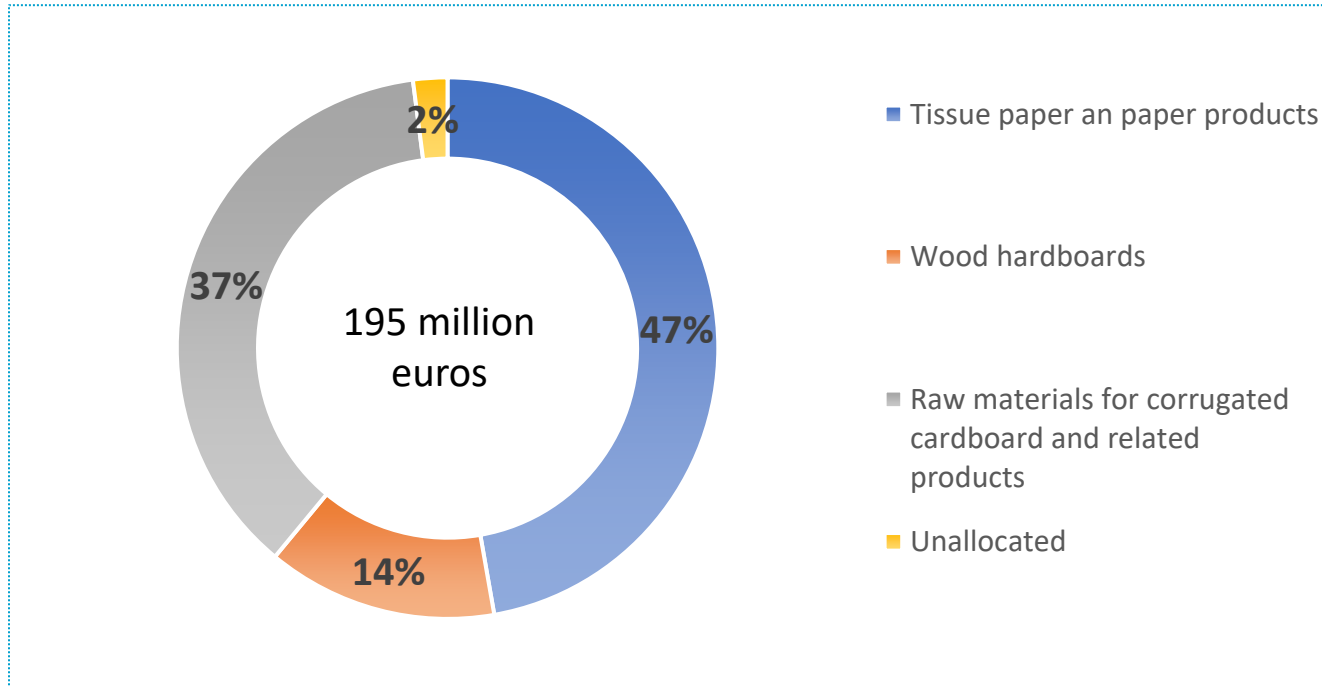
- Short- (the reporting period),
- Medium- (from the end of the reporting period up to 5 years),
- Long-term (more than five years)

Material topics:

- Climate Change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Circular economy
- Own workforce
- Workers in the value chain*Not evaluated
- Affected communities
- Consumers and end- users
- Business conduct

BACKGROUND INFORMATION (2/2)

Key segments



Preparation and assurance of sustainability statement

In accordance with ESRS (voluntary basis)
No external assurance for the sustainability report

IDENTIFIED MATERIAL POLLUTION TOPICS AND TARGETS

Subtopic	Impact materiality	Financial materiality
Pollution of air	Important	Significant
Pollution of water	Critical	Critical



Water pollution - Progress against target

Target	Unit of measurement	Base year 2021	Interim result in 2023	Change	Target for 2026
Effluent reduction	m ³ /ton of production	7.1	6.4	-9.9%	-17.0%

Coherence of sustainability reporting and financial statements information

This illustration highlights that the company's financial statements notes disclose a contingent liability related to a water pollution incident. The pollution disclosures in the sustainability report contextualise the financial statements information with further details on the incident and the remediation actions being taken by the company.

FR requirements

IAS 37.27-30 requires that an entity should provide disclosures for a contingent liability – brief description of the nature of the contingent liability and where practicable, financial effect estimate, indication of uncertainties and possibility of reimbursement.

SR requirements

ESRS E2.26 requires that an undertaking should disclose the pollutants that it emits through its own operations.

IFRS S1.29 requires entities to disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.

Connectivity requirements

ESRS 1 section 9.2 whereby an entity should describe the relationships between different pieces of information

TCFD Recommendations

- Climate-Related Risks, Opportunities, and Financial Impacts
- Scenario Analysis and Climate-Related issues

ILLUSTRATION 2: WATER POLLUTION DISPUTE

Fact patterns disclosed in financial statements note

- Suspected water pollution by subsidiary from 2012-2020; trial began in Sept 2022.
- Allegations of office abuse, document forgery, and violation of legal acts to avoid at least EUR 37.8 million pollution tax and this caused significant environmental damage.
- Environmental Protection Department (EPD) filed a civil claim for EUR 48.3 million in environmental damage compensation.
- Subsidiary does not deny legal liability for the water pollution and discloses it in both financial statements and sustainability report.
- Environmental restoration plan (PERM) submitted but awaiting EPD approval.
- Company claims EPD failed to comply with legal acts required for restoring environmental baseline conditions.

Financial statements

No provision recognised due to measurement uncertainty.
Contingent liability disclosed but unclear what the amount is.

Conclusion

The Subsidiary is not denying its legal liability and is prepared to compensate for objectively calculated damage. The Subsidiary's management, following the scientific research performed by the independent TIG Environmental experts, estimates that the potential costs of offsetting ecological impact from the releases of biologically untreated wastewater are limited. On the upper limit of the range the assessment of the EPD, the claim filed amounts to EUR 48,257,676.57 which is uncertain in the following areas:

- The claim amount is based on the mathematical formula specified in the Methodology with the key components of the formula – quantities and biochemical composition of sewage – being uncertain. The management thus far does not possess objective information to reliably estimate quantity of the pollutants (BOD₇, nitrogen, phosphorus or any other elements) in the biologically partially untreated wastewater released.
- The management considers that the claim is not in line with the methods entrenched in the above-mentioned local legal acts and the Directives.

International Accounting Standard 37 requires measuring the provision in the amount of the best estimate of the expenditure required to settle the present obligation. As there is a wide range of estimates depending on the source of information and significant uncertainties relating to them, as described above, it is difficult to estimate probability of any outcome as well as to assess the amount of expenditure required to settle this obligation. Having no objective information on the quantities and biochemical composition of the sewage discharged to the collector of municipal company Klaipėdos Vanduo AB, the management could not reliably estimate the amount of provision and the provision was not recognised in the financial statements, but instead is disclosed as a contingent liability. At the date of this report, the trial that started in 2022 did not change the management's estimations over the general situation and the outcome of the case. The management remains to hold an opinion that any compensation for the potential damage should be scientifically based and estimated following the legal acts and in accordance with the legal framework of the Republic of Lithuania and the European Union.

Sustainability statement

Grigeo Klaipėda AB environmental incident in 2020

The environmental incident occurred in 2020, when it was announced that Grigeo Klaipėda AB released partially biologically treated wastewater into the Curonian Lagoon through the treated wastewater collector of municipal company Klaipėdos vanduo AB.

Grigeo Klaipėda AB assumed legal responsibility for this incident, carried out internal inspections and commissioned international expert investigations to establish, through scientific research, the fact and extent of possible environmental damage. It also started implementing environmental remedial measures on its own initiative to remove the pollutants discharged with its wastewater from the natural environment.

Pollutants released into the natural environment with the wastewater of Grigeo Klaipėda AB that was only partially biologically treated were nitrogen and phosphorus (i.e., water-soluble nutrients of organic origin that are necessary for every living organism) and BOD₇ (biochemical oxygen demand per 7 days). Pollutants contained in the biologically untreated wastewater of Grigeo Klaipėda AB are attributable to non-hazardous pollutants that have not had a significant negative impact on (significant damage to) the water state, biota, and ecosystem of the Curonian Lagoon.

Grigeo Klaipėda AB seeks to cooperate with state authorities in implementing wastewater management solutions and environmental remedial measures that would remove the allegedly released pollutants from the natural environment, implement environmental remedial measures (improvement of the state of water of the Curonian Lagoon), restore lost public confidence, and ensure business resilience in the long run. It is very important to the management of Grigeo Klaipėda AB that this incident not only becomes a painful lesson for the company, but also prevents the recurrence of such cases in the future in all economic activities of the country.

Explanation of water pollution incident and initial company follow-up actions



QUESTIONS FOR EFRAG FR TEG-CFSS MEMBERS

QUESTIONS

1. Do you have any comments on the suitability of the presented illustrations?
2. From your engagement with preparers and other stakeholders in your jurisdiction, are you aware of any constraints and challenges they face in ensuring connectivity of reported information (e.g. differences in reporting boundaries, levels of aggregation, materiality judgements in financial reporting versus sustainability reporting, etc.)?
3. What steps could CFSS members suggest to enhance the connectivity of reported information?



APPENDIX – EQUINOR 2024 EU Taxonomy Reconciliation and Reporting Boundaries

BACKGROUND (1/3)

Sector/Industry

- Oil & gas company.

Geographic Footprint

Global footprint, with offices in more than 20 countries and around 25,000 employees, and key operations in Norway, the North Sea, the U.S., Brazil, and other international markets.

Material topics

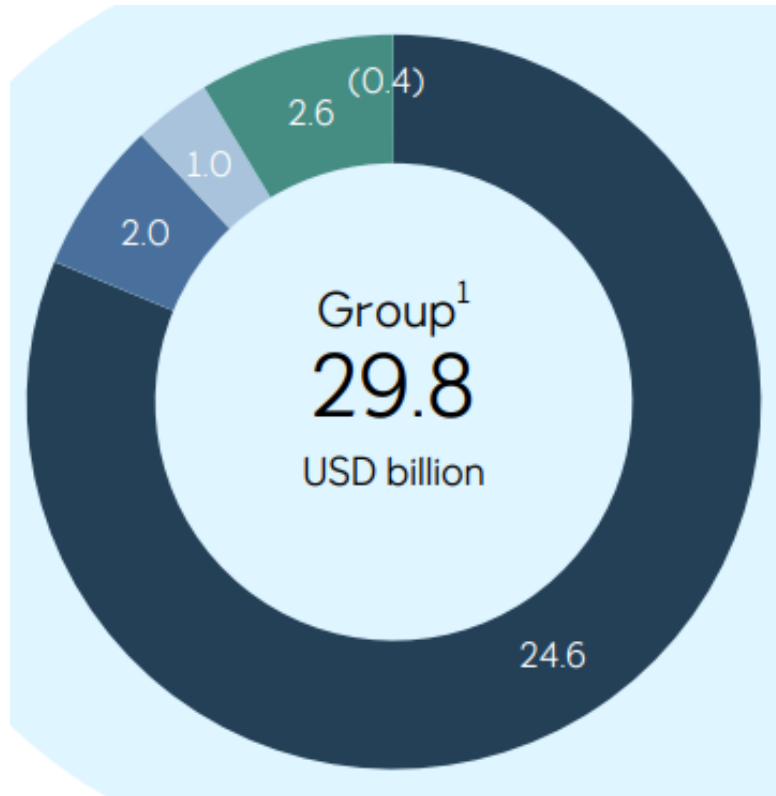
- Climate change, own workforce and health and safety are included in the entity's disclosed material sustainability-related topics.

Connectivity of SR with information in rest of management report

- Climate change and transition to a lower carbon economy, access to renewable and low-carbon opportunities, workforce capabilities, and health and safety are identified amongst the company's strategic and commercial risks.

BACKGROUND (2/3)

Key Segments and adjusted operating income per segment



Preparation and assurance of sustainability statement

In accordance with ESRS and Article 8 of the Taxonomy Regulation

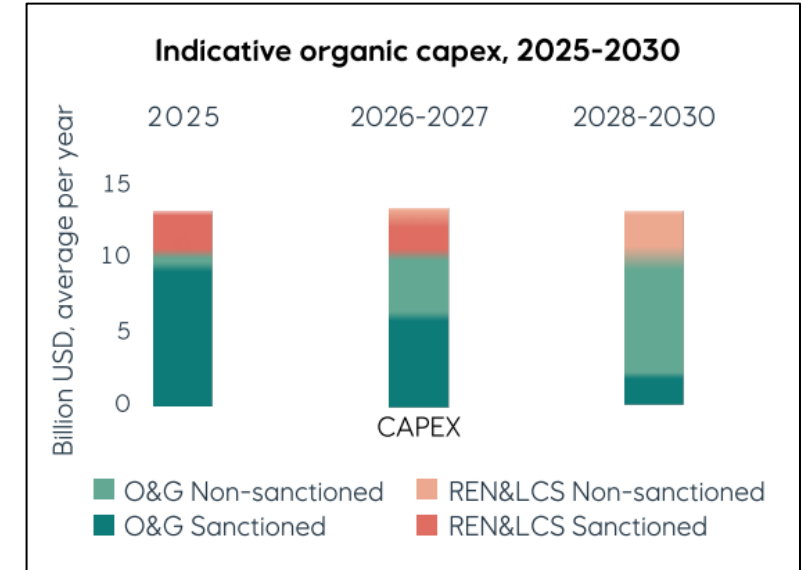
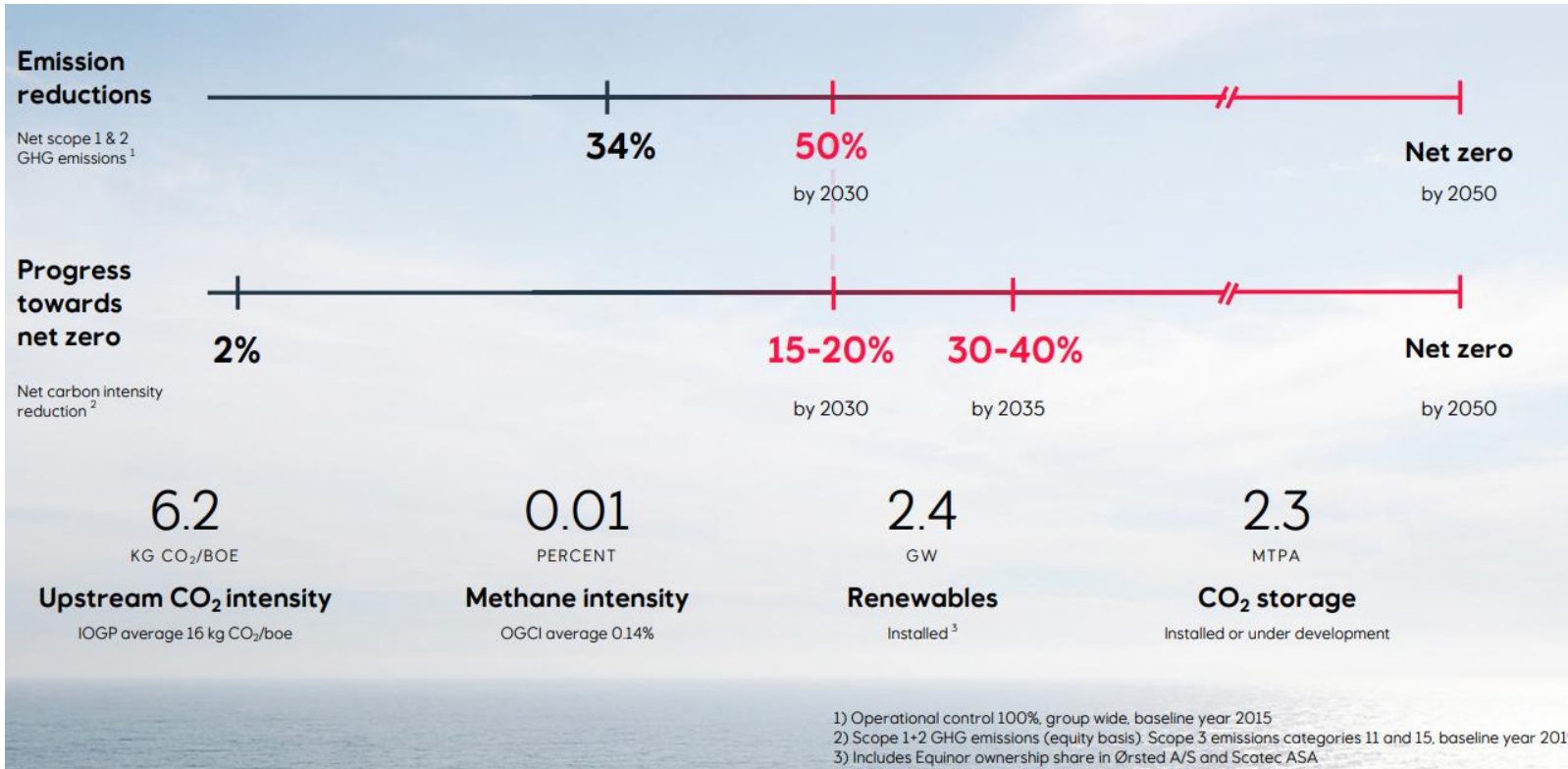
Limited assurance for the sustainability statement

Source: Equinor 2024 Annual Report

■ E&P Norway ■ E&P International ■ E&P USA ■ Marketing, Midstream and Processing ■ Renewables

BACKGROUND (3/3)

Norwegian Oil & Gas Company- Articulation of strategic goals



Indirect connectivity via a reconciliation table (i.e. as described under ESRS)

Explanation of different basis of preparation/reporting boundaries between the financial statements and mandated SR information

This illustration highlights the company's reconciliation of mandatory Capex KPI as required under the Taxonomy Regulation's Article 8 to related financial statements information (additions to PPE, intangible assets, and equity-accounted investments).

The illustration also shows the company's explanation of the differing basis of preparation of Capex KPI in the financial statements relative to the mandatory Capex KPI (i.e., the exclusion of equity-accounted investments in the mandatory KPI and what these relate to) and a voluntary KPI that is aligned with the financial statements information.

Points highlighted in the disclosures

A large proportion of the company's environmentally sustainable activities takes place through equity accounted investments and hence do not form part of the mandatory EU Taxonomy key performance indicators (KPIs) disclosures.

The Dogger Bank offshore wind projects (in the UK) and the Baltyk projects (in the Baltic Sea) are the main contributors to the taxonomy aligned CAPEX KPI from equity accounted investments in 2024.

SR requirements

EU Taxonomy Regulation

- Article 8.2: Disclosure of proportion of CAPEX associated with economic activities that qualify as environmentally sustainable
- Paragraph 1.1.2.1 of the Disclosures Delegated Act on costs that should be included in the CAPEX denominator as per IFRS Accounting Standards

ESRS and ISSB Standards

- ESRS 2.48 on the disclosure of current financial effects
- IFRS S1.34-35 on the disclosure of current financial effects' disclosures

FR requirements

IAS 28.10 Investments in Associates and Joint Ventures whereby under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Connectivity requirements

ESRS 1.125 which links quantitative information by including a reference to the line item and/or to the relevant paragraphs of its financial statements and a reconciliation, where appropriate.

ILLUSTRATION 3: EU TAXONOMY RECONCILIATION AND EXPLAINING DIFFERENCES IN BASIS OF PREPARATION/REPORTING BOUNDARIES

Additional annual report information section - Taxonomy

Appendix 2: Reconciliation to Share of gross capex to REN and LCS

The difference between the mandatory 11.1% capex KPI as defined within the EU Taxonomy and the 16% REN/LCS Gross capex* is mainly related to eligible activity in equity accounted investments which is included within the voluntary capex KPI including equity accounted investments. In addition, additions to right-of-use asset (leasing) are excluded and

additions to goodwill and are included in the REN/LCS Gross capex* which differs in treatment to the EU taxonomy KPI. CCGT (Triton) is EUT eligible but not included in Equinor REN/LCS gross capex before CCS is installed. Please see section 2.2. Financial performance for details about Equinor's gross capex*.

(in USD million)	Note	2024	2023
Additions to PP&E, intangibles and equity accounted investments	5	16,695	14,500
Less:			
Additions to Equity accounted investments	13	(573)	(926)
Goodwill additions through business acquisition	13	(71)	(348)
Goodwill additions	13	(29)	(9)
Capex denominator as defined by the EU Taxonomy		16,022	13,217

EU Taxonomy regulations exclude activities conducted through equity accounted investments. A large part of environmentally sustainable activities takes place through these investments. Therefore, the sustainability statement discloses a non-GAAP measure which includes these investments (Voluntary Capex KPI) and is aligned with the financial statements Capex information.

Reflects different reporting boundaries between Taxonomy and sustainability/financial statements.

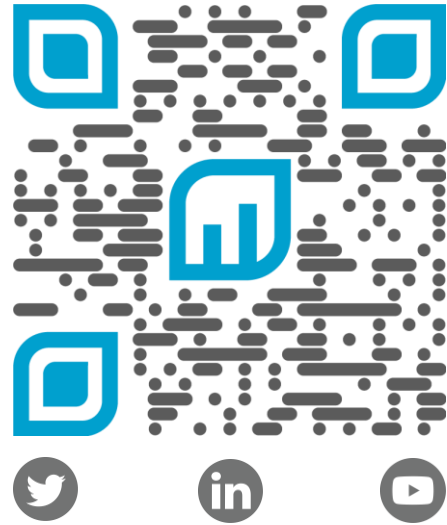
Sustainability statement

Proportion of taxonomy - eligible economic activities:	2024	
	Mandatory Capex KPI	Voluntary Capex KPI including equity accounted investments
Aligned Eligible Activity		
Electricity generation from wind power	10.1 %	14.8 %
Electricity generation using solar photovoltaic technology	0.1 %	0.1 %
Underground permanent geological storage of CO ₂	0.0 %	0.2 %
Transport of CO ₂ ¹⁾	0.0 %	0.1 %
Total Aligned Eligible Activity	10.2 %	15.1 %
Eligible and not Aligned activity		
Electricity generation from wind power	0.2 %	0.7 %
Electricity generation using solar photovoltaic technology	0.3 %	0.3 %
Underground permanent geological storage of CO ₂	0.0 %	0.4 %
Storage of electricity ¹⁾	0.5 %	0.4 %
Electricity generation from fossil gaseous fuels	0.0 %	0.2 %
Total Eligible and not Aligned activity	0.9 %	2.1 %
Total	11.1 %	17.2 %

1) Enabling economic activities



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Thank you!