

# 2011/

SUSTAINABILITY  
report



Statoil



# Sustainability

Sustainability performance for Statoil means helping to meet the world's growing energy needs in economically, environmentally and socially responsible ways.

Sustainability is no longer just about doing business responsibly – it is also about seeing social and sustainability challenges as opportunities for

innovation and business development. One of Statoil's strategic beliefs is that being an industry leader in HSE and carbon efficiency not only

constitutes part of our licence to operate, but also gives us a competitive edge in a resources-constrained world.

## The context of our reporting



The point of departure in our sustainability reporting is our management approach an...

## Key sustainability data



In this section, you will find an overview of key data on our sustainability performance, our local economic impa...

## Case study: The shale revolution



Statoil strives to develop and produce shale oil and gas and tight oil in the most r...

## Health and safety



Statoil is committed to ensuring safe operations that protect people, the environment, communities and material a...

## Climate and environment



Global prosperity depends on reliable, affordable energy. Meeting growing energy needs, while at the same time re...

## People and the group



Statoil`s overall strategic objective is to build a globally competitive company and to be an exceptional place t...

## Society



Developing our business in a sustainable way depends on our ability to cultivate and maintain enduring, mutually ...



# The context of our reporting

The point of departure in our sustainability reporting is our management approach and our reporting requirements.

## OUR MANAGEMENT APPROACH

At Statoil, the way we deliver is as important as what we deliver. This is the first part of company policy a new employee is likely to encounter. It is a belief that is reflected in our performance management and risk management systems. These policies serve as the framework for the numerous procedures and ambitions described throughout this report.

In the sustainability chapter, we discuss our overall approach to managing environmental and social impacts, how we address the main risks and opportunities, and our performance in this area in 2011.

Although we believe sustainability should be considered in its broadest context, we have grouped articles into sections in order to assist reading. The first section describes the context of our reporting and the management approach and governance structure that relate to environmental and social performance. Subsequent sections discuss:

- impact of our activities and products on the environment
- People and the group – and our efforts to respect individuals, help others to succeed and contribute to a positive working environment
- Society – and our efforts to act within the law and in accordance with our own ethics policy, demonstrate social responsibility and contribute to sustainable development
- Health and safety – and our efforts to achieve zero harm to people, prevent accidents and create a healthy working environment
- Climate and environment – and our efforts to reduce the negative

## KEY TOPICS

Our sustainability reporting sets out our position and strategy regarding key topics of relevance to Statoil and the industry. The report is most explicit on performance and activities during the period from 1 January to 31 December 2011. We aim to report on all aspects of our business, including joint ventures where we are the operator. For a more detailed overview, see the article on "The boundaries of our reporting".

We report on topics identified by

external stakeholders, internal experts and the media. We then prioritise issues based on their likely importance to our stakeholders and potential impact on Statoil's operations and strategy. This section includes a comprehensive list of our efforts to ensure stakeholder engagement and the various arenas where we endeavour to work in collaboration with our stakeholders.

We are aware of the special emphasis that our stakeholders place on shale

gas, tight oil and onshore oil and gas production. Our 2010 reporting therefore dealt extensively with our Canadian oil sands operations. For the same reason, we have chosen to include a separate section in the 2011 report on how we are preparing for shale operatorship. During 2011, our Energy Realities campaign also aimed to engage stakeholders in discussion and dialogue. Similar activities were initiated for Canadian audiences.

## GRI INDICATOR PROTOCOL

The Global Reporting Initiative (GRI) is a non-profit, multi-stakeholder organisation which, since its establishment in 1997, has worked to create a more standardised framework for reporting on issues relating to sustainability. The GRI Sustainability Reporting Guidelines is widely used and enables organisations to measure and report continuously

their performance on health, safety and the environment – including climate, human resources and social responsibility. Statoil uses the GRI guidelines as a tool in our process of defining the report content. In Statoil's opinion, our reporting practice is in line with the GRI 3.0 Guidelines' basic reporting

principles and the reporting fulfills the highest application level, A+. The plus sign indicates that the report has been externally assured. A full table showing how we address the GRI and IPECA guidelines, including information on those indicators where we have not reported, is available in this section.

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## UN GLOBAL COMPACT

The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption – and to report their performance within these areas

annually. Statoil has been a signatory member of the UN Global Compact since its inception in 2000 and we regard our annual and sustainability report to also be the Communication of Progress report to the UN Global Compact. Thus, the ten principles of the UN Global Compact also guide the content of our annual and

sustainability report. Statoil supports the efforts of UN Global Compact; a separate index explains how we perform in relation to its principles.

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## ASSURANCE

We aim to ensure that the information we publish is accurate and complete and that it thereby contributes to building trust. To achieve this, we have established an internal

procedure for verifying our non-financial management information. In addition, we engage professional auditors, who combine financial auditing experience with technical

expertise in environmental and social standards. Their assurance report is included in this section.

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## SUSTAINABILITY AWARDS AND RANKINGS

The outcome of our sustainability policies is hard to measure. We obviously hope that the efforts will be recognised. This year, we have taken particular pleasure in noting that Statoil was the most highly ranked oil company on Fortune magazine's list

of the world's most admired companies, not least due to our standing in relation to innovation and social responsibility (where we ranked number one regardless of industry). Canadian media company Corporate Knights also publishes a "Global 100"

sustainability list, on which Statoil is ranked number one of all energy companies, and number three regardless of industry.

# The boundaries of our reporting

The boundaries of our sustainability reporting may differ depending on the topic in question. We strive to apply similar principles throughout our report and the text below outlines the principles that we endeavour to apply.

Defining simple and transparent boundaries for sustainability reporting is complex. These challenges are amplified due to our size, the range of our activities and the complexity of arrangements, such as joint ventures, that we use to share the risk in large projects.

We report on our economic impact by stating Statoil's share of assets, liabilities, income and expenses.

Several sections of the sustainability report describe our impact on local communities – including the payment of taxes, the range of our procurements and our expenditures on research and various social investments. This information is collected and consolidated in line with the remaining annual report.

We report health, safety and environment (HSE) information from operations within our "control" boundaries.

By "control", we mean that we either own the assets and engage or employ

the workforce, or that we operate the asset under a contractual obligation to the owners.

Where we operate joint ventures (JVs) and our joint venture agreements permit, we seek to implement our own standards and policies. For these operated JVs, HSE performance data is collected and consolidated within our control boundary. Whenever we participate in a JV that we do not operate, we encourage the operator of the JV to adopt measures and standards that will ensure compliance with statutory and regulatory requirements applicable to the joint venture, manage risks and contribute to continuous improvement in HSE performance.

While all HSE performance indicators are assembled from assets under operational control, two indicators related to greenhouse gas emissions (CO<sub>2</sub> and methane) are also reported in proportion to our equity share.

In assets where we have influence, we may choose to report information

externally if it is of specific interest and applicable agreements allow. Hence, while Statoil did not operate any shale gas assets in 2011, we have chosen to include information on how the company is preparing for shale gas and tight oil operatorship in North America .

We report about people in our direct employment.

The information about people-related policies applies to Statoil and its subsidiaries. An exception to this is the treatment of Statoil Fuel & Retail, which operates and reports as a separate entity.

Some exceptions apply in relation to contracted personnel. For further information about how we work with suppliers, see the related article.

With regard to ethics and human rights, our policies and requirements apply to all operations we control and to all staff and contractors involved in those operations.

to ethics, anti-corruption and human rights. Like the laws governing these areas, Statoil's policies cover behaviour in various dimensions. We believe that ethical conduct is a necessary condition for sustainable business. Consequently, we demand high ethical standards of our people as well as everyone who acts on our behalf. We expect our partners and suppliers to have standards consistent with our own. We take a risk-based approach to our work that aims to prevent any integrity breaches in connection with our activities, and our relevant policies are designed accordingly.

On Statoil Fuel & Retail

Statoil owns a controlling stake (53%) in Statoil Fuel & Retail ASA (SFR). SFR is a separate incorporated company, listed on the Oslo Stock Exchange, with a board and governance processes in its own right. For more information, see [www.statoilfuelretail.com](http://www.statoilfuelretail.com).

performance indicators for Statoil Fuel & Retail along with corresponding information about our remaining operations. However, since the company is independently operated, readers should not assume that information about management policies will apply to Statoil Fuel & Retail unless this is specifically stated. As a rule, information about issues and dilemmas facing Statoil Fuel & Retail is explained in separate articles.

# Performance management

Ambition to Action is our integrated performance management process. Targets are set in a manner that reflects ambitions on health, safety, environment and people.

The process translates ambitions and strategies into:

- Strategic objectives – where are we going?
- Key performance indicators (KPIs) – how do we measure progress?
- Actions – how do we get there?
- Individual goals – what is my contribution?

Strategic objectives, KPIs and actions are set in five perspectives:

- People and organisation

- Health, safety and the environment
- Operations
- Market
- Finance

These five perspectives are interdependent and have a cause-and-effect relationship, starting with people and organisation. Together, they address what creates and drives good performance in both the short and the long term, with the focus on all stakeholders. A risk-based approach is used to define actions across all perspectives.

The Ambition and Action process is applied across the company and used directly or indirectly to set delivery goals for all employees. In addition, all employees have behaviour goals. This contributes to ensuring sustainable business results by providing a balanced focus on what we deliver and how we deliver. Behaviour goals are defined by Statoil values and leadership expectations. Delivery and behaviour are equally valued in individual performance evaluations, which form the basis for development plans and rewards for all employees.



# Risk management and sustainability

Risk management is an integral part of our management system. We aim to minimise harmful impacts and maximise the benefits and opportunities generated by our activities throughout their life cycle.

Risk management is applied from initial project planning to operations and decommissioning. Often we describe the risk by its potential effects and their corresponding likelihoods. We apply the precautionary principle in our assessment of HSE risk and associated impacts – with regard to HSE, that is, we do not take a calculated chance in

order to achieve other goals.

To respond to the diverse challenges and opportunities that result from our activities we take a holistic approach to risk management, including risks in the areas of HSE, social responsibility, ethics and anti-corruption.

We take a multi-disciplinary approach

to risk management, drawing on tools and expertise from our HSE, social responsibility, and ethics and anti-corruption disciplines to respond to the diverse challenges and opportunities that result from our activities.

## MANAGING HSE RISK

Risk management is a continuous process, and the cornerstone of HSE management. HSE risk comprises the possibilities for harmful effects of both unintentional incidents and planned operations. As part of the decision-making process, relevant HSE risk factors are identified and assessed and relevant measures to control risks are implemented.

- HSE risk must be identified and documented for all activities.
- Risk tolerance criteria must be established and documented at the relevant level of activity. The format must be adapted to the use and decisions to be taken. The criteria must specify minimum requirements based on; authority and Statoil minimum requirements and the HSE level in relevant similar facilities, industry, activity, area or country.

- Identified HSE risk factors must be assessed against established tolerance criteria.
- Necessary risk-reducing measures must be implemented in order to meet the criterias, and further to reduce the risk of harm so that it is as low as reasonably practicable (ALARP).
- Impact assessments will be performed for all relevant projects to assess environmental, social and health impacts, and to define measures to reduce or avoid negative impacts and enhance benefits.
- Risk analyses (quantitative/qualitative) will be used actively to obtain a balanced picture of probability and consequences of incidents. Risk analyses will be used to identify and assess functions and

defects that are critical to health, safety and the environment, and as a basis for design and improvements.

- The performance and status of measures to reduce HSE risk will be established and followed up.
- Identified HSE risk factors will be included in the basis for the selection and planning of supervisory activities.

With respect to the management of environmental impacts, the overall management system of the Statoil group and the management systems of our operational entities are in line with the principles described in the ISO 14001 standard for environmental management systems (EMS).

## ISSUE MANAGEMENT

Our issue management process is designed to monitor issues that arises in countries where we operate. From a sustainability perspective, the process

is useful because it captures the concern of stakeholders – frequently concerns that touch upon product responsibility, ethical behavior,

environmental concerns and a variety of sustainability issues that require our attention.

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## INFORMATION ON OTHER RELEVANT RISK PROCESSES

We assess risks systematically in countries that are relevant to our operations in order to better understand local conditions, the business culture and external factors – including political, social, environmental, security and ethical dimensions. These assessments also aim to identify measures to mitigate risk. The procedure is elaborated in a separate article on country risk assessments.

We carry out risk and due diligence assessments – including our business relationships – in order to make informed investment decisions. The procedure is elaborated in a separate article on integrity due diligence.

We conduct integrated impact assessments that cover all activities throughout the project life cycle. The procedure is outlined in a separate article on integrated impact

assessments.

We engage and consult with our employees, host communities and other stakeholders to ensure continued support for our presence and our operations. The procedure is elaborated in our article on how we are engaging communities.

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# Integrated impact assessments

An integrated impact assessment process that addresses both the environmental and social impacts of our activities and engages stakeholders is one of the company's main tools for ensuring sustainable project performance.

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## OUR REQUIREMENTS

Statoil's requirements for impact assessments of Statoil-operated activities are based on both national requirements in the countries we operate and international guidance as set out in International Standards Organisation (ISO) Standard 14001 for environmental management systems,

the Equator Principles and the International Finance Corporation's Performance Standards. The impact assessment process is an integral component of the overall risk management process in Statoil.

Key Statoil-operated activities for

which impact assessments were carried out in 2011 included offshore exploration activities in Tanzania and in the Chukchi Sea in Alaska, as well as a number of development projects in Norway

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## JOINT VENTURES AND PARTNER-OPERATED PROJECTS

In joint ventures and partner-operated projects, we also endeavour to promote Statoil's principles for integrated impact assessment as a tool for achieving sustainable project

performance. Examples of such projects currently in the planning phase include the Trans Adriatic Pipeline project (TAP) – a potential new gas pipeline from Greece via

Albania to Italy – and the Shtokman gas field development in Russia.

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## STAKEHOLDER DIALOGUE

The disclosure of information and an open dialogue with potentially affected communities and other stakeholders are key elements in the impact assessment process. Recognising that different countries have different procedures and routines for involving stakeholders, Statoil's ambition is to both comply

with national requirements and to apply best practice as described in international requirements and guidance.

Where appropriate, we try to establish a dialogue directly with representatives of the affected communities and other stakeholders.

In 2011, for example, direct consultations were held with potentially affected communities during the planning of the shallow hazard and seismic surveys in the Chukchi Sea and when planning the drilling operation in Tanzania.

# Early-phase risk assessment

Early identification, understanding and management of HSE, social and integrity risks are essential if we are to achieve sustainable development as we diversify our portfolio and grow internationally.

Concerted efforts have resulted in the development and implementation of a web-based early-phase risk assessment (EPRA) tool for evaluating new business opportunities. The tool is based on a multi-disciplinary

approach to risk assessment, integrating the disciplines of health, safety, security and the environment (HSE), social responsibility (CSR) and ethics, and anti-corruption. The EPRA tool also includes a module called the

Brownfield Risk Assessment Tool (BRAT) for assessing the condition of existing activities.

## THE EPRA PROCESS

EPRA is a stepwise process that includes establishing the context, identifying sources of risks (both downside and upside) and their potential impacts, analysing and evaluating these, and then devising the most effective means of control. The results are shown in risk

diagrams that are used to communicate results to the management at project, asset and corporate levels. Risks that end up in the red area of the risk matrix are regarded as challenging, requiring high management attention and the identification and implementation of

effective control measures. The process is intended to promote clearly defined and transparent decision-making, shared understanding and ownership of risks, and to facilitate effective experience transfer and learning throughout the company.

## CREATING RISK OWNERSHIP

EPRA is used to support a work process in which, in the first instance, representatives of the HSE, CSR and ethics and anti-corruption disciplines are brought together with the project team to discuss all relevant risks, both adverse and beneficial, at a workshop. All participants play an important role in defining and assessing inherent risks from their different perspectives

and disciplines. Experts outside the project and the project itself may have different opinions of the risk level. The discussions and evaluations aim to create a common understanding of the risks. The process creates understanding and ownership of the risk situation on the part of the project management and asset owner, which is essential for effective

follow-up and monitoring. If a risk is assessed as exceeding our internal risk tolerance criteria (i.e. in the red area of the risk diagram), identification, implementation and follow-up of effective control measures – including by management – is required.

## WATER MANAGEMENT RISK ASSESSMENT

EPRA was improved and expanded in 2011 with respect to risk assessments relating to water management. This was done in response to Statoil's recent strategic growth in onshore operations. The revised EPRA includes detailed guidewords to identify and

understand risks relating to water access, waste water treatment and water contamination. The guidewords have been developed to ensure that we comply with our internal management system and check compliance with local and

international legislation and guidance. The improvements reflect how the EPRA tool can increase individual skills in special topics like water management.

# Country risk assessments

Our country analysis team assesses business risks in prospective countries around the world. Country risk assessments are a tool to understand local conditions and mitigate associated risks.

The purpose of country risk assessments is to develop robust knowledge and an understanding of local conditions and business culture as early in the business process as possible.

This enables Statoil to reduce its country risk exposure through early identification, prioritisation and mitigation of significant risk elements that could have a negative impact on a given business opportunity. Risk assessments are carried out and updated as part of the basis for making decisions at each decision gate and during the operating and abandonment phases of projects in

medium- and high-risk countries.

The evaluation of country risk is an integral part of the decision-making process. It is subject to specific requirements and active follow-up from involved management. The risk identification process makes use of country risk workshops at which a multi-disciplinary group from relevant parts of the organisation can brainstorm, filter and prioritise risk elements in relation to 13 pre-defined risk areas. The possible reputational impact for the company is also considered. In 2011, we held eight country risk workshops for medium- and high-risk countries, prepared

country risk reports for an additional 10 countries and organised seven country forums on particularly relevant risk themes for various internal stakeholders.

In addition to this qualitative analysis, projects in medium-to-high-risk countries are assessed for country risk effects on their net present value. Using a model developed using IHS Global Insight, endeavours are made to estimate which risks have the potentially largest effect on the cash flow of a project and thereby to enable mitigation of these risks.

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## STATOIL AND THE ARAB SPRING

In Libya, Statoil closed its office in the capital city of Tripoli during the uprising due to security reasons. All our employees in the country were well accounted for and we kept contact on a regular basis. We are presently in the process of safely ramping up production. Statoil holds a 12.5% interest in Mabruk and

a 10% interest in Murzuq. Mabruk is operated by Mabruk Oil Operating Company with Total as lead second party and Murzuq is operated by Akakus with Repsol as lead second party.

In Egypt, we have relinquished our two deep-water exploration licences,

El Dabaa and Ras el Hekma, but continue to pursue business opportunities in Egypt, including exploration. The staff has been reduced to match the present business scenario.



## Midstream and downstream products

Crude oil and natural gas are products in their own rights, but our operations also often involve processing. Our refining activities present opportunities for improving our sustainable performance.

We produce and sell products – including petrol, diesel, heating oil and jet fuel – from our refineries at Mongstad and Kalundborg. We also sell quite large volumes of LPG

(propane and butane) from our refineries and gas processing plant at Kårstø. We follow increasingly strict environmentally inspired specifications for these products,

while pursuing energy-efficiency gains on the production side.

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### THE CHALLENGES

For petrol and diesel, the EU is in the process of introducing a revised Fuel Quality Directive. This includes a mandated biofuels programme that will triple the biofuels content of these fuels to 10% by 2020. Biofuels generally release only 50–70% of the carbon dioxide emissions of fossil fuels. For Statoil, the challenge will be to build a logistics system that ensures the correct biofuels content

in the petrol and diesel we sell. We must also be able to verify that the biofuels we use meet the sustainability criteria set out in the Fuel Quality Directive and the Renewables Directive.

There is presently global oversupply of LPG. This largely stems from a large-scale environmental initiative. In recent years, Middle Eastern countries

have built plants to capture and sell the LPG associated with their gas production, instead of just flaring it. The practical challenge for Statoil lies in finding sufficient households to consume our North Sea volumes of LPG. The environmental incentive is that LPG emits 17% less carbon dioxide than heating oil per unit of heat.

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### WHAT ARE WE DOING?

Statoil supports the introduction of a biofuels programme through the EU's Fuel Quality Directive. We will build the necessary tanks and shipment facilities at our refineries for the supply and blending of biofuels. We will consequently develop expertise in the area of work required for verifying sustainability criteria for the biofuels we purchase. We own a plant at Mestilla, Lithuania that produces

FAME, a first-generation biofuel. We are conducting research on the next generation of biofuels – including algae.

We see LPG as an advantageous fuel for developing countries. It is sold in affordable, practically sized steel bottles and requires no costly connection to a grid. It is also energy efficient with no toxic emissions, and

it helps to cut down on the use of wood for fuel, thereby slowing deforestation. Statoil supplies retail companies in the Mediterranean, North Asia, South America, and Europe. Some countries, such as the Netherlands and Poland, encourage the use of LPG in motor vehicles through promotional programmes.

## WHAT WE HAVE ACHIEVED

Statoil already sells products with a biofuel content of up to 7%, and we have gained important experience of the performance of biofuels under arctic conditions. Statoil is already the

largest trader of LPG in Europe, selling some four million tonnes in 2010. At Mongstad, a new combined heat and power plant cuts down flaring and improves energy efficiency, while

serving as a test bed for carbon capture and storage technology.

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# Specific issues regarding SFR

SFR's approach to sustainable development aims to reflect issues and dilemmas in the retail business.

In October 2010, Statoil's energy and retail business became a stand-alone entity, Statoil Fuel & Retail ASA, through an initial public offering and listing on the Oslo Stock Exchange. Statoil continues to own 54% of the

shares in Statoil Fuel & Retail and consolidates the results of Statoil Fuel & Retail in its financial statements. The company operates in the Scandinavian countries, in Baltic states, Russia and Poland. While

primarily focused on retail, SFR also provides lubricants and aviation fuel to businesses.

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## PRODUCT RESPONSIBILITY AND CLIMATE

Although the retail business depends on a broad product range, fuel products remains at the core. The fundamental dilemma is centred on how to limit emissions from a transport system that largely depends on fossil fuel. Such fuels may be enhanced with a limited quantity of ethanol in regular gasoline and biodiesel in regular diesel. In 2011, SFR's regional businesses made a number of minor steps:

- In the Baltics, SFR improved its fuel offering by the use

of additives. These have positive environmental effects, albeit without serving as an alternative to fossil fuel.

- In Norway, SFR introduced second-generation ethanol produced from wood and launched Norway's first speed charger for electrical cars situated at a retail station.
- In Sweden, SFR added biogas in the shape of compressed natural gas to six stations – and combined this effort with the launch of another

station offering liquefied natural gas aimed at heavy duty engines. This was the second such offering in Sweden of a concept unique to Sweden.

- In Denmark, SFR introduced B7 (diesel with 7% biodiesel) and started offering Bio 95 2G (95-octane gasoline containing 5% second-generation ethanol made from straw).

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## HEALTH, SAFETY AND ENVIRONMENT (HSE)

In August 2011 the corporate executive committee of Statoil Fuel & Retail approved and launched an HSE strategy that aims at making HSE "a

tailoring a strategy that fit the company's mission and values involved all business areas, business drivers and the HSE network. The strategy established a number of short-term goals and targets for performance towards 2015.

In June 2011, SFR was faced with a security challenge: Swedish customer service received an electronic message from a user that had observed

security breach on our Scandinavian customer portals. The three Scandinavian portals were shut down immediately and a security assessment and enhancement of the systems vulnerabilities was performed. An internal investigation then issued a

set of recommendations, some of which are implemented and some of which are still ongoing

SFR received 12 fines or penalties in 2011. The total amount was about NOK 74,000 for a variety of offenses: a speeding ticket, food safety rules, incomplete labelling and one missing permit.

## PEOPLE

SFR had approximately 10,400 full-time or part-time employees at the end of 2011. Since the 2010 demerger, SFR has developed new human relations processes and

approaches that fit a retail-oriented company. Where legacy policies have proved to be suitable and sufficient, they remain unchanged.

SFR does not report any issues in 2011 that materially impacted its reputation as an employer.

	Male	Female	Total
Denmark	1,394	934	2,328
Estonia	58	541	599
Lithuania	226	366	592
Latvia	292	525	817
Norway	622	471	1,099
Poland	1,655	1,561	3,216
Russian Fed.	59	96	155
Sweden	784	794	1,578
<b>Total</b>	<b>5,090</b>	<b>5,288</b>	<b>10,384</b>

\* Permanent employees (full and part time) as of 31 December 2011 in

countries with operations, specified by gender when known. Franchisees

not included.

## CORPORATE RESPONSIBILITY

SFR has retained and revised company policies on corporate responsibility. These policies include a pledge to require high ethical standards of everyone who acts on the company's behalf and not to tolerate corruption.

SFR has developed a supplier and HSE declaration in which suppliers pledge to uphold SFR standards regarding working conditions, child labour and the care of the environment. The standard agreement allows for audits; in 2011 SFR performed one such audit

on a supplier of ERP solutions. Like Statoil, SFR maintains an ethics helpline where people may chose to remain anonymous.

# Stakeholder engagement

Building relations and partnerships with our stakeholders is critical to managing the risks and opportunities involved in our activities.

We engage with our stakeholders in various ways at the corporate, country and project level. Our operations affect a range of different groups of stakeholders – from local communities and governments to suppliers, employees, partners and

investors.

Statoil frequently engages in complex business arrangements, such as joint ventures, to develop an asset. Because of such arrangements, we frequently build relations and partnerships with

local resource holders represented by national oil companies. In such arrangements, other international oil companies are both competitors and partners, depending on the exact context.

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## CIVIL SOCIETY AND COMMUNITIES

We aim to maintain an open and clear dialogue with representatives of civil society in the countries we operate. These include media, non-governmental organisations (NGOs), international organisations, academics and research centres, as well as host societies and communities. At the corporate level, we have agreements with several organisations that enable

information and expertise to be shared. These corporate agreements are described in the Working in collaboration section. We also work with communities in the countries we operate to mitigate any potentially adverse impacts of our projects, and we try to maximise the shared value and benefits of our business. For more about this, see the Engaging

communities section. We use public consultations, surveys, interviews, town hall meetings and community panels to understand our impact on communities, and to devise mitigation strategies and plans to improve our contribution to the communities concerned.

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## GOVERNMENTS

We work with governments in a range of contexts. We have dealings at the government level through bidding processes and production sharing agreements (PSA), as operators and partners in operations.

Gas Flaring Reduction (GGFR) partnership – in which companies and governments work to improve the investment climate and safeguard our business standards in host countries.

particular relevance to our business, including Washington, DC and Brussels, in order to share our knowledge, experience and understanding of energy issues with policymakers. We do not receive direct financial assistance from governments, and our Ethics Code of Conduct prohibits us from supporting – financially or otherwise – political parties or individual politicians.

initiatives – including the Extractive Industries Transparency Initiatives (EITI), the Voluntary Principles on Security and Human Rights (VPSHR) and the Global

levels of government in most of the countries where we are present. These contacts represent essential stakeholder value to us and vice versa. We have offices in key policy-making centres of

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## SUPPLIERS

As part of our business, we work with a range of suppliers worldwide. In 2011, NOK 97.8 billion was invoiced by 4,890 companies located in Norway, while NOK 26.3 billion was invoiced by 7,440 suppliers with registered addresses in another 86 countries. These figures do not include purchases through Statoil Fuel & Retail.

We promote local sourcing and work with local businesses as suppliers where they exist. We also invest in developing sustainable and competitive local enterprises. Our suppliers are required to adhere to our standards for HSE, social responsibility and ethics, and anti-corruption. For more on this, see the Working with our suppliers section.

We regularly involve our suppliers in these and other issues through a range of activities, including bi-annual supplier satisfaction surveys and meetings.

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## INVESTORS AND SHAREHOLDERS

Investors are increasingly interested in understanding companies' long-term risks and opportunities for value creation, including environmental and

social concerns. We aspire to build trust by being as open and truthful as possible in our dialogue with investors and shareholders on these

issues. Our approach has resulted in high ratings in several Socially Responsible Investment (SRI) indexes.



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## EMPLOYEES AND UNIONS

In Statoil, we believe in involving our people and their appropriate representatives in the development of the company. We work actively with and involve our people through:

- Our relations with employee representatives and unions, where applicable.
- Our international agreement with the International Federation

of Chemical, Energy, Mine and General Workers' Unions (ICEM).

- Our participation in the Statoil European Works Council (EWC), an important channel of information between the company and employees based in Europe.
- Our annual Global People Survey (GPS), in which Statoil employees

give their assessment of important issues and the development of internal processes.

For more information about how we work with our people, see the People and the group section.

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## CUSTOMERS

Our customers are increasingly aware of the sustainability challenges facing our industry. Statoil Fuel and Retail is now a separate entity from Statoil

ASA, but it remains our main customer for refined products. Other customers are oil refineries, other oil companies, large players in the

European gas market, and distributors of refined products.

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# Working in collaboration

We collaborate with a wide range of people, organisations, initiatives and partners to promote sustainable operations at the corporate, country and project levels.

Many of the challenges that the oil and gas industry is facing cannot be dealt with unilaterally. It is necessary to build alliances and partnerships across the industry, as well as with governments, international

organisations, civil society and other stakeholders.

Below is an overview of the most important civil society organisations, industry associations, international

organisations and multi-stakeholder initiatives that we supported and collaborated with at the corporate level in 2011.

## CIVIL SOCIETY ORGANISATIONS

### Amnesty International Norway

Amnesty International is a worldwide, member-controlled organisation that campaigns for internationally recognised human rights for everyone.

The organisation is independent of any government, financial agents, political persuasion or religious creed.

We have had a corporate agreement with Amnesty International Norway since 2001, and regularly consult with Amnesty International on questions relating to the responsibility of business as regards respect for human rights. We also receive information about the human rights situation in the countries in which we operate.

Through the agreement, we also provide financial support for

against human rights violations worldwide.

### International Crisis Group (ICG)

The International Crisis Group (ICG) is generally recognised as the world's leading independent, non-partisan source of analysis and advice on the prevention and resolution of deadly conflict.

We entered into a collaboration agreement with the ICG in 2007 with observer status at ICG board meetings. The agreement gives us access to ICG staff and expertise on issues of mutual interest.

### International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)

The International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) is a global federation of unions covering the oil/energy and mining industries. It has approximately 20 million members.

global collaboration agreement with the ICEM that covers all Statoil employees in the countries in which we operate.

It affirms our respect for fundamental human rights in the community and place of work.

### Norwegian Refugee Council

The Norwegian Refugee Council (NRC) is an independent, humanitarian non-governmental organisation that provides assistance, protection and enduring solutions for refugees and internally displaced persons worldwide.

The NRC promotes and protects the rights of people who have been forced to flee their countries or their homes within their countries. The NRC has a staff of approximately 2,600 spread between 20 countries in Africa, Asia, America and Europe.

We have a corporate agreement supporting the NRC's activities. We consult the NRC on humanitarian and human rights issues, and benefit from their in-depth country-context expertise that is relevant to our operations.

### Transparency International (TI) Norway

Transparency International (TI) is a worldwide organisation that works to fight corruption.

TI has placed the combating of corruption on the agenda, and it works in relation to governments, organisations, business and industry.

We were actively involved in formulating TI's Business Principles for the Countering of Bribery, and, since 2002, we have supported TI Norway through a corporate agreement.

### Zero

Zero is a non-governmental organisation (NGO) focusing on climate change, greenhouse gas (GHG) reduction and renewables. Its mission is to contribute to limiting the threat

- Urges companies to choose carbon-free energy solutions and cooperates on putting them into use.
- Seeks contact with policymakers to promote such solutions.
- Collects and distributes information that contributes to realising their mission.

In order to promote emission-free solutions, Zero endeavours to play a constructive role in the fight against climate change: instead of negative campaigning, Zero prefers to advocate solutions that it supports. It cooperates with companies and industrial researchers to secure the know-how needed to maintain that position.

We cooperate with Zero on a project basis, including supporting the development of

posed by climate change by promoting carbon-free energy solutions. Based on this mission, Zero:

its website and publications.

## INDUSTRY ASSOCIATIONS

### American Petroleum Institute (API)

The American Petroleum Institute is the largest American trade association for oil and gas. The API's functions include research, advocacy and negotiation with governmental, legal and regulatory agencies, as well as the establishment of industry standards and certificates. The API is a source of information, contacts and discussion as we expand in North America. Statoil is a member of API and supports the API, but does not necessarily support the API's views on all issues.

### Canadian Association of Petroleum Producers (CAPP)

The Canadian Association of Petroleum Producers (CAPP) is the voice of the oil and natural gas industry in Canada. CAPP represents 150 member companies that explore for, develop and produce more than 98% of Canada's natural gas, crude oil, oil sands and elemental sulphur. Working closely with members, governments, communities

and stakeholders, CAPP analyses and represents members' interests nationally in 12 of Canada's 13 provinces and territories. We also endeavour to achieve consensus on industry codes of practice and operating guidelines that meet or exceed government standards.

We are a member of CAPP.

### CONCAWE

CONCAWE is the oil companies' European association for environment, health and safety in refining and distribution. CONCAWE's activities now cover areas such as fuel quality and emissions, air quality, water quality, soil contamination, waste, occupational health and safety, petroleum product stewardship and cross-country pipeline performance. Its main objectives are:

- To acquire pertinent scientific, economic, technical and legal information on environmental, health and safety issues relating to the refining of crude oil and the

- distribution and use of petroleum products.
- To communicate the findings in order to improve understanding of these issues among all stakeholders, including the industry, the authorities and the public at large.

We are a member of CONCAWE.

### Federation of Norwegian Industries

The federation's most important task is to ensure that the authorities adopt a long-term fiscal policy in which the competitiveness of Norwegian industry is given the highest priority. The federation is part of the Confederation of Norwegian Enterprise (NHO). We are a member of the organisation, and also a member of the working group on climate and energy policy.

### International Association of Oil & Gas Producers (OGP)

The International Association of Oil &

Gas Producers (OGP) encompasses most of the world's leading publicly traded, private and state-owned oil and gas companies, oil and gas associations and major upstream service companies. OGP members produce more than half of the world's oil and about one-third of its gas. The association was formed in 1974 to develop effective communications between the upstream industry and an increasingly complex network of international regulators. Originally called the E&P Forum, the name International Association of Oil & Gas Producers (OGP) was adopted in 1999.

An essential part of the OGP's mission is to represent the interests of the upstream industry in relation to international regulators and legislators. From its headquarters in London, the OGP represents the industry on UN bodies such as the International Maritime Organisation and the Commission for Sustainable Development. OGP also works with the World Bank and the International Organisation for Standardisation (ISO). It is also accredited to a range of

regional bodies that include OSPAR, the Helsinki Commission, the Barcelona Convention and the Arctic Council. The OGP also helps members to achieve continuous improvements in safety, health and environmental performance and in the engineering and operation of upstream ventures. The OGP also promotes awareness of corporate responsibility issues within the industry and among stakeholders. Transparency about revenues and combating corruption are current areas of interest.

We are a member of the OGP.

### International Emissions Trading Association (IETA)

IETA is dedicated to the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and, ultimately, to climate protection. It is also dedicated to the establishment of effective market-based trading systems for greenhouse gas emissions by businesses that are demonstrably fair, open, efficient, accountable and consistent across

national boundaries, and to maintaining societal equity and environmental integrity while establishing these systems.

IETA will work for the development of an active, global greenhouse gas market, consistent across national boundaries and involving all flexibility mechanisms: the Clean Development Mechanism, Joint Implementation and emissions trading, and the creation of systems and instruments that will ensure effective business participation.

In order to be the premier voice for the business community on emissions trading, the organisation aims to promote an integrated view of the emissions trading system as a solution to climate change, participate in the design and implementation of national and international rules and guidelines, and be the most up-to-date and credible source of information on emissions trading and greenhouse gas market activity.

We are a member company of IETA.

### International Gas Union (IGU)

The International Gas Union (IGU) was founded in 1931. It is a worldwide non-profit organisation registered in

Committee and host for the IGU secretariat. For a six-year period, the secretariat is headed by Statoil's Torstein Indrebø, who was elected Secretary General in October 2007.

economically acceptable solutions to global environmental and social issues relating to the oil and gas industry. It is not a lobby organisation, but rather

Switzerland. The objective of the IGU is to promote the political, technical and economic progress of the gas industry. The 118 members of IGU are national gas associations and companies from the gas industry. They cover more than 95% of the world's gas market. It cooperates with other international institutions, including the International Energy Agency, the United Nations, the European Union and the World Bank. The IGU's working committees and task forces cover the whole value chain of the gas industry from upstream to downstream, including environmental issues and sustainability, LNG, geopolitics and human resources.

We are indirectly a member of the IGU through the Norwegian Petroleum Society, which represents Norway in the IGU. We are also Norway's representative on the IGU Executive

The global oil and gas industry association for environmental and social issues (IPIECA)

IPIECA was established in 1974 following the establishment of the United Nations Environment Programme (UNEP). IPIECA is a global association representing both the upstream and downstream oil and gas industry on key global environmental and social issues, and is one of the industry's principal channels of communication with the United Nations. Its programme takes full account of international developments in relation to these issues, serving as a forum for discussion and cooperation between industry and international organisations.

IPIECA aims to develop and promote scientifically sound, cost-effective, practical and socially and

provides a forum for encouraging continuous improvement in industry performance.

IPIECA draws on the skills and experience of its international membership through various committees, supported by a small secretariat. It currently has a number of working groups and task forces comprising climate change, biodiversity, social responsibility, human rights, oil spills, operational, fuels & product issues, health, water, sustainability reporting, and supply chain responsibilities.

We are an IPIECA member.

Partnering Against Corruption Initiative (PACI)

The Partnering Against Corruption Initiative (PACI) was initiated during the World Economic Forum's annual meeting in January 2004. PACI's

mission is to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness and ethical conduct. The initiative is based on a commitment to zero tolerance of bribery and the implementation of a practical and effective anti-corruption programme within companies. The principles are derived from Transparency International's Business Principles for Countering Bribery, which Statoil has been actively involved in developing. We signed on to and have continued to support PACI since 2005.

World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a global association of some 200 companies united by a shared commitment to sustainable development.

The council provides a platform for companies to explore sustainable development, share knowledge,

experiences and best practices, and to advocate business positions on these issues in a variety of forums, working with governments, non-governmental organisations and intergovernmental organisations. Members are drawn from more than 35 countries and 20 major industrial sectors. The council also benefits from a global network of about 60 national and regional business councils and regional partners.

We are a council member of the WBCSD.

## INTERNATIONAL ORGANISATIONS

IEA Greenhouse Gas R&D Programme (IEA GHG)

IEA GHG is an international collaborative research programme set up under the auspices of the International Energy Agency. It focuses on studying technologies to reduce greenhouse gas emissions. Established in 1991, IEA GHG aims to provide its members with sound information on the role that technology can play in reducing greenhouse gas emissions. The programme has three main activities:

- Evaluation of technologies aimed at reducing greenhouse gas emissions
- Promotion and dissemination of results and data from its evaluation studies
- Facilitating practical research, development and demonstration activities

To date, the IEA GHG programme's activities have covered all the main anthropogenic greenhouse gases. Its work currently focuses on ways of controlling and reducing emissions of

carbon dioxide, which is the principal greenhouse gas. IEA GHG members include 17 member countries, the European Commission and 17 multinational companies. Each member pays into a common research fund and has a seat on the programme's governing board (the executive committee), which meets twice yearly.

We are a sponsor of the IEA GHG.

<p>United Nations Environment Programme – World Conservation Monitoring Centre (UNEP–WCMC)</p> <p>The Proteus project was initiated by UNEP–WCMC in 2002, and has evolved into a partnership of like-minded, forward-thinking and environmentally aware organisations. The partnership recognises that the private sector has a key role to play in conservation. Proteus provides an effective platform from which the private sector can support and engage with international organisations, national governments and non-governmental organisations to help to protect the world's biodiversity.</p> <p>The partnership accepts that economic growth without due regard for the world's biodiversity is unacceptable. It recognises the need to monitor human-induced pressures and the implementation of conservation measures. In doing so, the partnership supports the international conservation community and the internationally agreed target of significantly reducing the rate of</p>	<p>loss of biodiversity by 2010, which was facilitated by the United Nations.</p> <p>Proteus's main focus is now on creating a decentralised, user-friendly, up-to-date system for storing, managing and reporting on trends in coverage in all the world's protected areas – conforming to best practice techniques and providing a platform that allows for the easy integration of other conservation datasets and user opinion.</p> <p>We have been a partner since the beginning of the initiative.</p> <p>United Nations Global Compact (UNGC)</p> <p>UNGC is a framework for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles on human rights, labour standards, the environment and anti-corruption. The global compact is a voluntary initiative with two objectives:</p> <ul style="list-style-type: none"> <li>• Mainstream the ten principles in</li> </ul>	<ul style="list-style-type: none"> <li>• business activities around the world</li> <li>• Catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs)</li> </ul> <p>We are a founding member of the global compact, having supported it since its inception in 2000. We strongly support the principles of the UNGC, have integrated them into our policies and practices, and, through our sustainability reporting, communicate annually on our progress in promoting the 10 principles.</p> <p>In addition to our participation in the global compact, we also play an active part in the Global Compact Nordic Network.</p> <p>World Bank Carbon Finance</p> <p>Since 2000, Statoil has been working in collaboration with the World Bank Carbon Unit for the promotion of market-based mechanisms for reducing greenhouse gas emissions.</p>
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<p>Statoil participates in two World Bank Carbon Unit-managed funds – the Prototype Carbon Fund (PCF) and the Community Development Carbon Fund (CDCF).</p> <p>The PCF became operational in 2000. The fund buys carbon credits from a closed project portfolio of 23 projects in developing countries and in "economies in transition". The fund has a total capital of USD 180 million, and our share is USD 10 million.</p> <p>The CDCF provides carbon financing to projects in the poorer areas of the developing world. The fund, a public-private initiative designed in cooperation with the International Emissions Trading Association (IETA) and the United Nations Framework Convention on Climate Change, became operational in March 2003. The CDCF supports projects that combine community development with emission reductions to create "development plus carbon" credits, and significantly improve the lives of the poor and their local environment. The first tranche of the CDCF is</p>	<p>capitalised at USD 128.6 million, with nine governments and 16 corporations/organisations participating. Our share is USD 2.5 million</p>	
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MULTI-STAKEHOLDER INITIATIVES

<p>Sustainable Energy for All</p> <p>In 2011, Statoil CEO Helge Lund was invited to participate in a high-level panel advising the UN Secretary General and the member states on how to achieve the goal of sustainable energy for all. The committee will give specific advice and recommendations ahead of the</p>	<p>Forum (CSLF)</p> <p>The CSLF is an international climate change initiative that focuses on the development of improved cost-effective technologies for the separation and capture of carbon dioxide for transport and safe long-term storage. The purpose of the CSLF is to make these</p>	<p>organisations that are affected by and can affect the goals of CSLF – are an essential part of CSLF activities.</p> <p>As part of its mission under the CSLF Charter to "identify promising directions for research," the CSLF technical group has produced a technology roadmap that is</p>
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Rio+20 Summit (June 2012) on how the world can achieve three goals by 2030:

1. Ensuring universal access to modern energy services.
2. Doubling the rate of improvement in energy efficiency.
3. Doubling the share of renewable energy in the global energy mix.

Statoil's responsibilities as a leading energy company include participating in the debate on how business fundamentals and business models can contribute to predictability, and thereby stimulate private capital.

#### Carbon Sequestration Leadership

technologies broadly available internationally and to identify and address wider issues relating to carbon capture and storage. This could include promoting appropriate technical, political and regulatory environments for the development of such technology. Established in 2003, the CSLF currently comprises 22 members, including 21 countries and the European Commission. Membership is open to national governmental entities that are significant producers or users of fossil fuel and that have a commitment to investing resources in research, development and demonstration activities in carbon dioxide capture and storage technologies. CSLF also recognises that stakeholders – those

intended to serve as a guide for the CSLF and its members in describing possible routes to future carbon dioxide capture, transport and storage needs. We are registered as a CSLF stakeholder and represent Norway as chair of the technical group.

#### Extractive Industries Transparency Initiative (EITI)

The EITI supports increased transparency and improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining. It is made up of a coalition of governments, companies, civil society groups, investors and international organisations. Tony

Blair, then UK Prime Minister, announced the initiative at the World Summit on Sustainable Development in Johannesburg in September 2002.

We have supported the EITI since its foundation, and became a member of the international EITI board in 2009, representing the national oil company (NOC) constituency together with Mexican POC Pemex. In addition, we publish our revenues, investments and taxes paid in the countries in which we operate, and we support implementation of the EITI principles in relevant countries where we have operations.

#### Global Gas Flaring Reduction Partnership (GGFR)

Launched at the World Summit on Sustainable Development in August 2002, the GGFR brings around the table representatives of governments of oil-producing countries, state-owned companies and major international oil companies, so that, together, they can overcome the barriers to reducing gas flaring by

sharing global best practices and implementing country-specific programmes.

A World Bank-led initiative, the GGFR partnership facilitates and supports national efforts to use gas that is currently flared by promoting effective regulatory frameworks and tackling the constraints on gas utilisation, such as insufficient infrastructure and poor access to local and international energy markets, particularly in developing countries. Poverty reduction is also an integral part of the GGFR programme, which is developing concepts for how local communities close to the flaring sites can use natural gas and liquefied petroleum gas (LPG) that might otherwise be flared and wasted. The programme has already evaluated opportunities for small-scale gas utilisation in several countries.

We are a partner of the GGFR programme.

#### Global Methane Initiative (GMI)

The purpose of the partnership is to create a voluntary non-binding framework for international cooperation to reduce methane emissions and to advance the recovery and use of methane as a valuable clean energy source. GMI focuses on the development of strategies and markets for the abatement, recovery and use of methane through technology development, demonstration and implementation of effective policy frameworks.

Norway joined the GMI Partnership in October 2011 and Statoil accepted an invitation to join the GMI Oil & Gas Subcommittee. This subcommittee will be responsible for guidance and assessment of specific activities and actions to reduce methane emissions from the oil and gas sector.

#### Global Reporting Initiative (GRI)

The GRI is a long-term, multi-stakeholder governed institution collaborating to provide globally applicable guidelines and standards

for sustainability reporting. The Sustainability Reporting Guidelines published a third version – the G3 Guidelines – in 2006, which were updated to the G3.1 Guidelines in 2011. The guidelines set out principles and indicators that organisations can use to measure and report their economic, environmental and social performance.

To date, more than 1,000 organisations have declared voluntary adoption of the guidelines worldwide. Consequently, the G3 Guidelines have become the de facto global standard for sustainability reporting. GRI is a collaborating centre of the United Nations Environment Programme (UNEP), and the guidelines can be used to produce the UN Global Compact's required annual report – Communication on

#### The MIT Joint Program on the Science and Policy of Global Change

The MIT Joint Program on the Science and Policy of Global Change is an interdisciplinary team of natural scientists, social scientists and policy analysts aimed at preparing quantitative analyses of global climate change risk (and its social and environmental consequences), and providing independent assessments of potential mitigation actions. The joint program leads in both science and policy, providing expertise to Congress, foreign governments and scientific agencies via briefings, workshops, publications and testimony. They also communicate directly with national and international policy-making bodies, and with other researchers, through the MIT Global Change Forum. We

governments in 2000, with the Netherlands and Norway joining later. Together with companies in the extractive and energy sectors, and non-governmental organisations, all with an interest in human rights, they established a dialogue on security and human rights. The participants recognise the importance of promoting and protecting human rights throughout the world and the constructive role business and civil society – including non-governmental organisations, labour/trade unions and local communities – can play in advancing these goals.

Through this dialogue, the participants have developed a set of voluntary principles to guide the extractive industry and energy companies in maintaining the safety and security of their operations within an operating framework

report – Communication on Progress (COP).

We have been an organisational stakeholder of the GRI since 2005, and are a member of the GRI working group for the development of the oil and gas sector supplement.

MIT Global Change Forum. We are a sponsor of this programme.

Voluntary Principles on Security and Human Rights (VPSHR)

The initiative to develop the VPSHR was taken by the US and UK

within an operating framework that ensures respect for human rights and fundamental freedoms. Mindful of these goals, the participants agree on the importance of continuing this dialogue and keeping these principles under review in order to ensure their

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continuing relevance and efficacy. Companies commit themselves to following the principles, adopting implementation plans and reporting on progress.

We are a member-participant in the VPSHR, and work to ensure that our use of security guards and operations is in line with the voluntary principles.

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# Governance

There has been growing recognition in recent years that sustainability risks can significantly affect the future of the company. As a result, a new sub-committee of the board of directors was established in 2010. It is dedicated to HSE, ethics and CSR.

The HSE and ethics committee (the committee) is chaired by Roy Franklin. Its other members are Marit Arnstad, Bjørn Tore Godal and Lill-Heidi Bakkerud.

In its business activities, Statoil is committed to complying with applicable laws and regulations and acting in an ethical, sustainable, safe and socially responsible manner. The new committee has been established to support this commitment. The committee assists the board of directors in its supervision of the company's health, safety and environment (HSE), ethics and corporate social responsibility (CSR) policies, systems and principles.

The experience since the committee's establishment one year ago is that the committee has contributed to further increasing the board of directors'

focus on and knowledge of these complex, important and constantly evolving areas. Dedicated meetings make it possible to address these areas in greater depth and build a platform of understanding for the overall work of the board of directors. The committee acts as a preparatory body for the board of directors and, among other things, monitors and assesses the practising, development and implementation of policies, systems and principles within the areas of HSE, ethics and CSR.

Significant incidents related to HSE or breaches of the company's ethics policy have been raised and discussed, with particular focus on the lessons learned and the management's response.

In relation to HSE, the committee is informed about major changes in

policies, systems and principles, the management's assessment of HSE risks relating to the company's activities, planned HSE audits and HSE audits with significant findings.

Amendments to the group's Ethics Code of Conduct are decided by the board of directors, and the new committee will submit an annual recommendation to the board of directors concerning amendments other than those related to "financial matters", which are covered by the mandate of the board's audit committee.

For a more detailed description of the objective, duties and composition of the committee, see Instructions for the Board's HSE and ethics committee, which is available at [Statoil.com](http://Statoil.com).



# Research and development

Innovation and technological development are essential to our growth and sustainability, and enable us to minimise the impact of our operations on the environment.

Research and development (R&D) will drive innovation and technological development that support Statoil's growth ambitions towards 2020 – and beyond.

A "licence to operate" is a prerequisite for doing business. To Statoil, this means pursuing the goal of zero harm and responding to increased awareness of climate change by being part of the solution. To the R&D organisation, it means supporting

Statoil's HSE performance commitments through world-class innovation, technology development and implementation. We carry out R&D, testing and qualification of technology to meet business needs and create opportunities for value and growth.

Statoil is a technology-driven upstream company – with a rich technological past and exciting technological future. When the

magazine [Corporate Knights](#) ranked Statoil the top energy company (and third place overall) in its 2012 review of sustainable companies globally, innovativeness played a key role. Research, innovation and technology development have been success factors in solving our technological challenges since Statoil was established in 1972. Our R&D efforts will be increasingly important in the years ahead.



# Independent assurance report

This is the Assurance Report on our Sustainable Performance reporting from our official auditors, Ernst & Young.

To the management of Statoil ASA

## SCOPE OF ENGAGEMENT

We have been engaged by the corporate executive committee of Statoil ASA to perform an independent assurance of the Sustainability Report ("the Report") as presented in the section "Sustainability" in the Statoil Annual and Sustainability Report 2011.

We have also been engaged by the corporate executive committee of Statoil ASA to prepare an independent assurance report on the health, safety and environment (HSE)

Statoil ASA in 2011, as presented in the section "HSE accounting" and in the sub-sections "HSE performance indicators" and "Environmental posters" in the Report, in its online and downloadable pdf format.

The scope of our assurance engagement extends only to the content of the Report as determined by the Company, subject to the limitations the Company defines in the chapter "The boundaries of our reporting".

The content of the Report that is within the scope of our procedures is marked with a label that confirms it has been subject to assurance by Ernst & Young. Our scope only includes the content of other parts of the Annual and Sustainability Report 2011 to the extent that they are referenced to from within the "Sustainability" chapter and excludes all content referred to from external sources.

## REPORTING CRITERIA

As a basis for the HSE assurance engagement, we have used Statoil ASA's internal reporting criteria specifically developed for HSE (HSE01.01 "Reporting and performance management"), described in the section "HSE

accounting" in the Report, together with relevant criteria in the sustainability reporting guidelines of the Global Reporting Initiative (GRI G3). For the sustainability assurance engagement, we have used relevant criteria in the GRI G3 sustainability

reporting guidelines. We consider these reporting criteria to be relevant and appropriate to review the Report.

## THE MANAGEMENT'S RESPONSIBILITY

Statoil ASA's management is responsible for the HSE accounting and the sub-sections "HSE performance indicators" and "Environmental posters". It is also responsible for selecting the

information, collecting the data for presentation and preparing the Report. The choices made by the management, the scope of the Report and the reporting principles, including the inherent specific limitations that

might affect the reliability of the information are explained in the section "The context of our reporting"

## THE AUDITOR'S RESPONSIBILITY

Our task is to issue a statement on Statoil's 2011 Sustainability Report and Statoil's 2011 HSE accounting on the basis of the engagement outlined

above. The content verified by us is marked with a text confirming the assurance engagement.

## ASSURANCE STANDARDS USED AND LEVEL OF ASSURANCE

We have performed both assurance engagements in accordance with the ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information". The standard requires that we plan and execute procedures in order to obtain the following assurance levels:

- Reasonable assurance that the information in the section "HSE accounting" is, in all material respects, an accurate and

adequate representation of Statoil's HSE performance during 2011

- Reasonable assurance of the reliability of the consolidation process for the key performance indicators included in the HSE accounting and environmental posters
- Limited assurance that the other information in the Report is, in all material respects, an accurate and adequate representation of

the policy with respect to sustainability, business operations and events during 2011. The procedures performed in order to obtain limited assurance aim to verify the plausibility of information and probe less deeply than those performed for assurance engagements aimed at obtaining reasonable assurance.

## ASSURANCE PROCEDURES FOR THE HSE ACCOUNTING

Our assurance of the HSE accounting, including the sub-sections "HSE performance indicators" and "Environmental posters", is performed in accordance with the ISAE 3000 (reasonable assurance). The standard requires that we plan and execute procedures in order to obtain reasonable assurance that the HSE accounting as a whole is free of material misstatement.

Our work on the HSE accounting assurance has included:

- Discussions with the corporate management for HSE on the content and aggregation of the HSE accounting
- Site visits to selected entities, chosen based on an evaluation of the entity's nature and significance, as well as general and specific risks. During site visits we have interviewed managers and personnel

who participate in collecting the figures for the HSE accounting

- Testing, on a sample basis, to evaluate whether HSE data which are included in the corporate performance indicators and environmental posters are reported, registered and classified according to Statoil governing documents and in line with referred or recognized standards and methods
- Review of whether systems used for registering, adapting, aggregating and reporting are satisfactory, and evaluating whether the reporting is complete and that the collection of data, adaptation and presentation of results in the HSE accounting is consistent
- An overall analysis of the figures compared with earlier reporting periods
- Assessment of whether the overall information is presented

in an appropriate manner in the HSE accounting.

We have evaluated the HSE data's reliability, and whether the HSE performance is presented in an appropriate manner. Our objective has been to investigate:

- The acceptability and consistency of the reporting principles
- The reliability of the historical information presented in the HSE accounting section of the Report
- The completeness of the information and the sufficiency of the presentations

We believe that our procedures provide us with an appropriate basis to conclude with a reasonable level of assurance for Statoil's HSE accounting.

## ASSURANCE PROCEDURES FOR THE SUSTAINABILITY REPORT

Our assurance of the Report has been planned and performed in accordance with ISAE 3000 (limited assurance). The standard requires that we plan and execute procedures in order to obtain limited assurance on the Report.

Our review of the Report has involved the following activities:

- Interview with a representative from Statoil's executive management and visits to three entities, as a representative sample of Statoil's variety of

activities, to gain an understanding of their approach to managing social, ethical and HSE issues that are covered in the Report

- Obtaining and considering evidence to support the assertions and claims made in the Report
- Evaluation of the overall presentation of the Report, including the consistency of the information, based on the above-mentioned criteria
- In-depth evaluation of two selected content areas of the Report,

including data quality and compilation for this year's report

- Evaluation of the overall materiality, balance and consistency of the information in the Report.
- Media research in relation to press articles about the company and its activities throughout the calendar year.

## CONCLUSION

On the basis of our procedures aimed at obtaining reasonable assurance, we conclude that in our opinion:

- The information in the HSE accounting presented in the section "HSE accounting" of

indicators was, in all material respects, performed in a reliable manner, and that the information presented is consistent with the stated criteria

nothing has come to our attention that causes us to believe that the information in the Report does not comply with the above mentioned reporting criteria. This also counts for Statoil's declaration that the Report meets the requirements

- the Report is, in all material respects, an accurate and adequate representation of the policy and management with respect to HSE accounting during 2011, and that the HSE accounting includes information on all matters relating to HSE which are relevant to the Statoil group as a whole
- The consolidation process that underlies the HSE performance
  - The HSE performance indicators and environmental posters are in accordance with information submitted by the various entities, and illustrations of trends are in accordance with presented historical data
- On the basis of our procedures aimed at obtaining limited assurance,
- of the A application level of the GRI G3 sustainability reporting guidelines.
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Oslo, 21st March 2012  
ERNST & YOUNG AS



Terje Kløpp  
State Authorized Public Accountant

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# GRI index

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- [Economy](#)
- [Environment](#)
- [Social/Labour practices](#)
- [Social/Human rights](#)
- [Social/Society](#)
- [Product Responsibility](#)

Report Application Levels								
		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured		GA Assured Report
	Third party Checked			Report Externally Assured		Report Externally Assured		GA Third Party Checked Report
Optional	GRI Checked			Report Externally Assured		Report Externally Assured		Report

## Company profile

G3	Description	References	Extent	Comments
1	Strategy and Analysis			
1.1	Statement from the most senior decision-maker about the relevance of sustainability to the organisation and its strategy	<a href="#">CEO letter</a>	Full	
1.2	Description of key impacts, risks and opportunities. The reporting organisation should provide two concise narrative sections on key impacts, risks and opportunities	<a href="#">CEO letter</a> , <a href="#">Our corporate strategy</a> , <a href="#">Health and safety</a> , <a href="#">Climate and environment</a> , <a href="#">People and the group</a> , <a href="#">Society</a> , <a href="#">Risks related to our business</a>	Full	
2	Organisational profile			
2.1	Name of organisation	Statoil ASA	Full	
2.2	Primary brands, products, and/or services	<a href="#">About Statoil</a> , <a href="#">Operational review</a> , <a href="#">Midstream and downstream products</a>	Full	
2.3	Operational structure of the organisation, including main division, operating companies, subsidiaries and	<a href="#">Operational review</a>	Full	
2.4	Location of organisation's headquarters	<a href="#">About Statoil</a> , <a href="#">Our business</a>	Full	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	<a href="#">About Statoil</a> , <a href="#">Our business</a> , <a href="#">Operational review</a>	Full	
2.6	Nature of ownership and legal form	<a href="#">About Statoil</a> , <a href="#">Our business</a> , <a href="#">The boundaries of our reporting</a>	Full	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	<a href="#">Our business</a> , <a href="#">Operational review</a>	Full	
2.8	Scale of the reporting organisation	<a href="#">About Statoil</a> , <a href="#">Key figures</a> , <a href="#">Our business</a> , <a href="#">The boundaries of our reporting</a>	Full	
2.9	Significant changes during the reporting period regarding size, structure or ownership	<a href="#">A glance at 2011</a> , <a href="#">Board of directors report</a>	Full	
2.10	Awards received in the reporting period	<a href="#">The context of our reporting</a>	Full	Statoil was the most highly ranked oil company on Fortune magazine's list of the world's most admired companies, not least due to our standing on innovation and social responsibility (where we ranked number one regardless of industry). Canadian media company Corporate Knights also publishes a "Global 100" sustainability list, in which Statoil is ranked number one of all energy companies, and number three regardless of industry
3	Report parameters			

Report profile				
3.1	Reporting period (fiscal/calendar year) for information provided	<a href="#">Defining the content of our reporting</a>	Full	
3.2	Date of most recent previous report	<a href="#">2010 Annual and sustainability report</a>	Full	
3.3	Reporting cycle (annual, biennial, etc)	Annual	Full	
3.4	Contact point for questions regarding the report or its contents	<a href="#">Hilde Røed</a>	Full	Feedback is much appreciated
Report scope and boundary				
3.5	Process for defining report content	<a href="#">About the report, Defining the content of our reporting, The context of our reporting, The boundaries of our reporting</a>	Full	
3.6	Boundary of the report (countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI boundary protocol for further guidance	<a href="#">Defining the content of our reporting, The boundaries of our reporting</a>	Full	
3.7	State any specific limitations on the scope or boundary of the report	<a href="#">Defining the content of our reporting, The boundaries of our reporting</a>	Full	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations	<a href="#">Defining the content of our reporting, The boundaries of our reporting</a>	Full	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	<a href="#">Economic impact per country, HSE performance indicators, Environmental posters, Social performance data</a>	Full	
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (mergers/acquisitions, change of base years/periods, nature of business, measurement methods, etc)		Full	There has not been any restatements compared to previous reports
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	<a href="#">The boundaries of our reporting</a>	Full	In 2011, information on Statoil Fuel & Retail is reported separately, unless otherwise stated
GRI content index				
3.12	Table identifying the location of the standard disclosures in the report	<a href="#">Cross reference to GRI index</a>	Full	
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)	<a href="#">About the report, The context of our reporting, Assurance report from Ernst &amp; Young</a>	Full	
4 Governance, commitments, engagements				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	<a href="#">Governance, Corporate governance, General meeting of shareholders, Nomination committee, Corporate assembly and board</a>	Full	
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)	<a href="#">Board of directors</a>	Full	
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	<a href="#">Social performance data, Board of directors</a>	Full	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	<a href="#">Employee &amp; industrial relations, General meeting of shareholders, Board of directors</a>	Full	Three directors on the board are chosen from among employees
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	<a href="#">Compensation committee, Compensation paid to governing bodies, Board remuneration, Note 8</a>	Full	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	<a href="#">Ethics Code of Conduct, Equal treatment</a>	Full	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	<a href="#">Governance, Board remuneration</a>	Full	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic,	<a href="#">Ethics and values, The context of our reporting,</a>	Full	

	environmental, and social performance and the status of their implementation	<a href="#">Performance management</a> , <a href="#">Ethics Code of Conduct</a>	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	<a href="#">Governance</a> , <a href="#">HSE and ethics committee</a> , <a href="#">The work of the board of directors</a> , <a href="#">Risk management and control</a>	Full
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	<a href="#">Governance</a> , <a href="#">The work of the board of directors</a>	Full
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	<a href="#">Risk management and sustainability</a> , <a href="#">Integrated impact assessments</a>	Full
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	<a href="#">Stakeholder engagement</a> , <a href="#">Working in collaboration</a>	Full
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	<a href="#">Stakeholder engagement</a> , <a href="#">Working in collaboration</a>	Full
Stakeholder engagement			
4.14	List of stakeholder groups engaged by the organisation	<a href="#">Stakeholder engagement</a> , <a href="#">Working in collaboration</a>	Full
4.15	Basis for identification and selection of stakeholders with whom to engage	<a href="#">Defining the content of our reporting</a> , <a href="#">Stakeholder engagement</a> , <a href="#">Working in collaboration</a>	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	<a href="#">Defining the content of our reporting</a> , <a href="#">Integrated impact assessments</a> , <a href="#">Employee &amp; industrial relations</a> , <a href="#">Working with our suppliers</a> , <a href="#">Engaging communities</a>	Full
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	<a href="#">Defining the content of our reporting</a> , <a href="#">Stakeholder engagement</a> , <a href="#">Working in collaboration</a> , <a href="#">Sustainability &amp; oil sands</a> , <a href="#">Case study: The shale revolution</a>	Full

## Management Approach and Performance Indicators

### Economy

Disclosures on Management Approach

Economic performance	<a href="#">Positive impacts</a> , <a href="#">Overview of activities by country</a> , <a href="#">Government payments and contributions</a> , <a href="#">Shareholder information</a>
Market presence	<a href="#">Local development</a> , <a href="#">Local content</a>
Indirect economic impacts	<a href="#">Managing our risks and impacts</a> , <a href="#">Integrated impact assessments</a> , <a href="#">Local development</a> , <a href="#">Positive impacts</a> , <a href="#">Social investments</a>

G3	Description	References	Extent	Comments
DMA-EC	Disclosures on Management Approach – Economy	<a href="#">The context of our reporting</a> , <a href="#">Positive local impacts</a>	Full	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	<a href="#">Operating and financial review</a> , <a href="#">Positive local impacts</a> , <a href="#">Gov't payments &amp; contributions</a> , <a href="#">Positive impacts</a> , <a href="#">Economic impact by country</a>	Full	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	<a href="#">Climate and environment</a> , <a href="#">Natural gas: Low-carbon energy</a> , <a href="#">Carbon efficiency leader</a> , <a href="#">Low-carbon technologies</a> , <a href="#">Legal and regulatory risks</a>	Full	
EC3	Coverage of the organisation's defined benefit plan obligations	<a href="#">Note 23 in group financial statements</a>	Full	
EC4	Significant financial assistance received from government		Partial	A full overview is not available. Statoil's renewables activities are frequently eligible for subsidies, and Statoil does receive research grants for specific projects from established government funds.
EC5 (Add.)	Range of ratios of standard entry wage level compared to local minimum wage at significant locations of operation	<a href="#">Social performance data</a>	Not reported	We do not have reports for all entry levels in the Statoil Group. In general, the oil and gas sector is a high-salary sector in most countries

of operation.

EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	<a href="#">Positive local impacts</a> , <a href="#">Local content</a> , <a href="#">Economic impact by country</a>	Full	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	<a href="#">Positive local impacts</a> , <a href="#">Positive impacts</a> , <a href="#">Economic impact by country</a> , <a href="#">Social performance data</a>	Partial	Proportion of senior management hired from local communities is not reported.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	<a href="#">Positive local impacts</a> , <a href="#">Social investments</a> , <a href="#">Positive impacts</a> , <a href="#">Economic impact by country</a>	Partial	Statoil undertakes social responsibility by contributing to sustainable development based on our core activities. While we believe that our activities are of public benefit, we do not generally undertake investments that are primarily for public benefit
EC9 (Add.)	Understanding and describing significant indirect economic impacts, including the extent of impacts	<a href="#">Positive local impacts</a> , <a href="#">Local content</a> , <a href="#">Positive impacts</a> , <a href="#">Economic impact by country</a>	Full	

## Environment

Disclosures on Management Approach

Materials	<a href="#">Managing our risks and impacts</a> , <a href="#">Environment</a> , <a href="#">Climate</a>
Energy	<a href="#">Environment</a> , <a href="#">Climate</a> , <a href="#">Energy Efficiency</a> , <a href="#">Electrification of offshore installations</a>
Water	<a href="#">Environment</a> , <a href="#">Water management in Statoil</a> , <a href="#">Sustainable shale gas development</a>
Biodiversity	<a href="#">Environment</a> , <a href="#">Biodiversity</a>
Emissions, effluents, and waste	<a href="#">Environment</a> , <a href="#">Climate</a> , <a href="#">Natural gas</a> , <a href="#">Statoil and flaring</a> , <a href="#">Electrification of offshore installations</a> , <a href="#">Investing in renewables</a> , <a href="#">Carbon capture and storage</a>
Products and services	<a href="#">Environment</a> , <a href="#">Our products</a>
Compliance	<a href="#">Fines and sanctions</a>
Transport	<a href="#">Sustainable shipping strategy</a>
Overall	<a href="#">Environment</a> , <a href="#">Climate</a> , <a href="#">Investing in renewables</a>

G3	Description	References	Extent	Comments
DMA-EN	Disclosures on Management Approach – Environment	<a href="#">The context of our reporting</a> , <a href="#">Climate and environment</a>	Full	
EN1	Materials used by weight or volume	<a href="#">Environmental posters</a>	Full	
EN2	Percentage of materials used that are recycled input materials		Not reported	Not relevant for current mainstream business, as our main product is oil and gas.
EN3	Direct energy consumption by primary energy source	<a href="#">HSE performance indicators</a> , <a href="#">Environmental posters</a>	Full	There is no split between direct and indirect energy consumption in presented data, although background data distinguish between indirect and direct energy consumption.
EN4	Indirect energy consumption by primary energy source	<a href="#">HSE performance indicators</a> , <a href="#">Environmental posters</a>	Full	See above
EN5 (Add.)	Energy saved due to conservation and efficiency improvements	<a href="#">Sustainable shipping strategy</a> , <a href="#">Carbon efficiency leader</a> , <a href="#">Low-carbon technologies</a>	Full	There is a degree of uncertainty in the estimates, not least due to the difficulty of establishing a neutral point of departure.
EN6 (Add.)	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	<a href="#">Sustainable shipping strategy</a> , <a href="#">Natural gas: Low-carbon energy</a> , <a href="#">Low-carbon technologies</a>	Partial	There is no estimate of the combined effect of these initiatives in our reporting
EN7 (Add.)	Initiatives to reduce indirect energy consumption and reductions achieved	<a href="#">Sustainable shipping strategy</a>	Partial	
EN8	Total water withdrawal by source	<a href="#">Water management in Statoil</a> , <a href="#">Environmental posters</a>	Full	Total water withdrawal available in each environmental poster, but not split on sources. For offshore assets, fresh water is provided in part by desalination and in part by shipping fresh water from normal municipal water sources. Water usage from onshore Canada is reported by source. Statoil assumed operatorship for onshore shale operations in North America in late 2011 and full-year data is not available.
EN9 (Add.)	Water sources significantly affected by withdrawal of water	<a href="#">Water management in Statoil</a> , <a href="#">Sustainability &amp; oil sands</a>	Partial	The topic is described in general terms and by examples. No complete overview of water sources affected is reported.
EN10 (Add.)	Percentage and total volume of water recycled and reused	<a href="#">Water management in Statoil</a>	Partial	Not material. Water recycling and reuse described in general terms.



				Percentage and total volume is not reported
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">Sustainable Arctic operations</a> , <a href="#">Biodiversity</a>	Full	The list of locations includes noteworthy biotopes identified by Statoil – although one would be hard pressed to state that the remaining areas are void of high biodiversity value.
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<a href="#">Sustainable Arctic operations</a> , <a href="#">Biodiversity</a>	Full	
EN13 (Add.)	Habitats protected or restored	<a href="#">Sustainability &amp; oil sands</a>	Partial	Several initiatives related to wildlife protection, reforestation and wetland reclamation in relation to the development of the Leismer asset in Canada.
EN14 (Add.)	Strategies, current actions and future plans for managing impacts on biodiversity	<a href="#">Biodiversity</a>	Full	
EN15 (Add.)	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	<a href="#">Biodiversity</a>	Partial	No indications of IUCN Red List species and national conservation list species put at extinction risk due to Statoil's operations. We have internal requirements to carry out impact assessments for our operations whether or not that is required by national regulations. Potential impacts on Red List species are considered, and if adverse impacts on such species are foreseen, sufficient measures will be implemented to avoid the impact
EN16	Total direct and indirect greenhouse gas emissions by weight	<a href="#">HSE performance indicators</a> , <a href="#">Environmental posters</a>	Full	There is no split between direct and indirect GHG emissions in presented data, although background data of carbon dioxide distinguish between indirect and direct emissions.
EN17	Other relevant indirect greenhouse gas emissions by weight		Partial	The main contributors to greenhouse emissions from our business are direct emissions of carbon dioxide and methane. Indirect greenhouse gas emissions are negligible. Indirect greenhouse gas emissions from business travel by air in 2011 is calculated to be 40,700 tonnes of CO2 equivalents.
EN18 (Add.)	Initiatives to reduce greenhouse gas emissions and reductions achieved	<a href="#">Sustainable shipping strategy</a> , <a href="#">Natural gas: Low-carbon energy</a> , <a href="#">Carbon efficiency leader</a> , <a href="#">Low-carbon technologies</a> , <a href="#">Sustainability &amp; oil sands</a>	Full	
EN19	Emissions of ozone-depleting substances by weight		Not reported	Such emissions are immaterial in our business. The remaining use of freon (ozone-depleting substance) is as a cooling component in closed systems. Until 2015 we are under a Norwegian government permit to use recycled HKFK (ozone-depleting) from vendor, while legislation has been carved out to stop new and future production of HKFK. We do not currently have any internal plans to speed up the process to implement other solutions.
EN20	Nitrogen oxide, sulphur oxide and other significant air emissions by type and weight	<a href="#">HSE performance indicators</a> , <a href="#">Environmental posters</a>	Full	Total emissions of nitrogen oxide covered for the whole company. Sulphur oxide and VOC covered partially on environmental posters (only for the Norwegian continental shelf and large land-based facilities).
EN21	Total water discharge by quality and destination	<a href="#">Environmental posters</a>	Full	
EN22	Total weight of waste by type and disposal method	<a href="#">HSE performance indicators</a> , <a href="#">Environmental posters</a>	Full	
EN23	Total number and volume of significant spills	<a href="#">HSE performance indicators</a> , <a href="#">Environmental posters</a>	Full	
EN24 (Add.)	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally		Not reported	
EN25 (Add.)	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	<a href="#">Sustainable Arctic operations</a> , <a href="#">Biodiversity</a>	Partial	No complete overview of affected water bodies and related habitats is reported.

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	<a href="#">Midstream and downstream products</a> , <a href="#">Specific issues related to Statoil Fuel &amp; Retail</a> , <a href="#">Low-carbon technologies</a>	Full	The nature of the indicator applies to our downstream and midstream products.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		Not reported	Statoil is selling gross volumes of products in bulk or directly into vehicles. Therefore, packing material is not an issue at the corporate level.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	<a href="#">Fines and sanctions</a>	Full	
EN29 (Add.)	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	<a href="#">Sustainable shipping strategy</a>	Partial	Direct environmental impact of transportation is not reported.
EN30 (Add.)	Total environmental protection expenditures and investments by type		Not reported	Environmental expenditures are integrated in our business decisions and cannot be separated as isolated investments

## Social – Labour Practises

Disclosures on Management Approach

Employment	<a href="#">People and the group</a> , <a href="#">Employees in Statoil</a>
Labour/Management relations	<a href="#">Employee and industrial relations</a> , <a href="#">Organisational capabilities and change</a> , <a href="#">Human rights</a>
Occupational health and safety	<a href="#">Safety</a> , <a href="#">Health and the workplace</a>
Training and education	<a href="#">Development and deployment</a> , <a href="#">Organisational capabilities and change</a>
Diversity and equal opportunity	<a href="#">Diversity</a>

G3	Description	References	Extent	Comments
DMA-LA	Disclosures on Management Approach – Labour Practices	<a href="#">The context of our reporting</a> , <a href="#">Health and safety</a> , <a href="#">People and the group</a>	Full	References include also sub-sections
LA1	Total workforce by employment type, employment contract and region	<a href="#">Employees in Statoil</a>	Full	Statistics regarding employment contract (full-time or part-time employees) are currently not applicable outside Norway and not for Statoil Fuel & Retail.
LA2	Total number and rate of employee turnover by age group, gender and region	<a href="#">Employees in Statoil</a>	Full	Turnover rates are presented by gender and age groups in Statoil ASA. Turnover by region and turnover by gender and age groups is currently not applicable outside Norway.
LA3 (Add.)	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		Not reported	Statoil does not differentiate between permanent full-time and permanent part-time employees in terms of compensation
LA4	Percentage of employees covered by collective bargaining agreements	<a href="#">Employee &amp; industrial relations</a> , <a href="#">Social performance data</a>	Full	Statoil recognises the right to unionise <a href="#">See also Global Framework Agreement with ICEM</a> .
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	<a href="#">Employee &amp; industrial relations</a>	Partial	Operational changes are communicated to those concerned as early as possible and minimum notice periods are governed by Statoil internal policy, collective bargaining agreements, national legislation and EU/EEA directives (Work Councils/ European Work Councils).
LA6 (Add.)	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes	<a href="#">Employee &amp; industrial relations</a>	Partial	The topic is reported in general terms. However, the percentage of total workforce represented in formal joint management worker health and safety committees is not available.
LA7	Rates of injuries, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	<a href="#">HSE accounting</a> <a href="#">HSE performance indicators</a>	Partial	Occupational diseases are included in SIF (level 1 and 2), but are not reported separately. Reporting is provided on a group level, not a regional level.
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	<a href="#">Health and working environment</a>	Full	Please note, the procedures in place to address serious diseases (HIV/Aids, diabetes, RSI, stress, etc) are the same procedures that also cover less serious diseases.
LA9 (Add.)	Health and safety topics covered in formal agreements with trade unions	<a href="#">Employee &amp; industrial relations</a>	Partial	Also covered in national and local union agreements. The use of safety delegates is widely implemented.

LA10	Average hours of training per year per employee by employee category	<a href="#">Development and deployment</a>	Full	The reporting distinguishes between managers and employees by reporting separately the time (days) spent on leadership development programmes.
LA11 (Add.)	Programmes for skilled management and lifelong learning to support their continued employability and to assist them in managing career endings	<a href="#">Development and deployment</a>	Partial	Covered by different programmes, with individual needs discussed in the "People@Statoil" process. A special "senior policy" is defined in the parent company.
LA12 (Add.)	Percentage of employees receiving regular performance and career development reviews	<a href="#">Performance management, Development and deployment</a>	Full	All employees have annual performance reviews. An IT solution for the "People@Statoil" process is implemented in subsidiaries.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	<a href="#">Employees in Statoil, Diversity, Social performance data</a>	Full	Reporting on minority groups is prohibited by Norwegian legislation. Reporting on age groups is prohibited by US legislation.
LA14	Ratio of basic salary of men to women by employee category	<a href="#">Performance and reward, Social performance data</a>	Full	Statistics apply to Statoil ASA, and are currently not applicable outside Norway

## Social – Human Rights

Disclosures on Management Approach

Investment and procurement practices [Integrating human rights in our operations](#), [Working with our suppliers](#), [Integrity due diligence](#)

Core labour standards [Human rights](#), [Employee and industrial relations](#), [Integrating respect for human rights](#)

Security practices [Security and human rights](#)

Indigenous rights [Human rights](#)

G3	Description	References	Extent	Comments
DMA-HR	Disclosures on Management Approach – Human Rights	<a href="#">The context of our reporting</a> , <a href="#">People and the group</a> , <a href="#">Human rights</a>	Full	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	<a href="#">Human rights due diligence</a> , <a href="#">Integrity due diligence</a>	Full	Based on our variety of processes to screen, assess and mitigate human rights-related risks in our business and operations – including related to significant investment agreements, as described in our report – all such investment agreements in principle undergo human rights screening.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	<a href="#">Human rights due diligence</a> , <a href="#">Integrity due diligence</a> , <a href="#">Working with our suppliers</a>	Full	Our integrity due diligence procedures involve screening of integrity risks and human rights reputation of all new and amended business relationships, including suppliers and contractors, as described in our report. All significant (value of more than NOK 7 million) suppliers and contractors undergo human rights screening and suitable actions are taken based on this. This procedure has been in place since 2008 and covers 92% of all purchases (estimate based on contracts entered into in 2011).
HR3 (Add.)	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	<a href="#">Human rights training</a>	Full	Human rights training is incorporated in the corporate training programme – it is compulsory for every new employee. Specific training is added based on the task at hand.
HR4	Total number of incidents of discrimination and actions taken	<a href="#">Grievance mechanisms</a>	Partial	Incidents of discrimination can be raised through various channels – including the ethics helpline, human resources, trade unions, and line management. When potential incidents are uncovered, these are investigated and, if confirmed, we take steps to eliminate such practices. The total number of incidents of discrimination is not reported due to a lack of availability.
HR5	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights	<a href="#">Employee &amp; industrial relations</a> , <a href="#">Human rights</a> , <a href="#">Human rights due diligence</a> , <a href="#">Integrity due diligence</a>	Full	We perform due diligence as part of our entry into countries and projects in order to respect freedom of association and collective bargaining. No related incidents have been reported to the anonymous ethics helpline, human resources department or trade unions in 2011.
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to	<a href="#">Employee &amp; industrial relations</a> , <a href="#">Human rights</a>	Full	We perform due diligence as part of our entry into countries and projects

	contribute to the elimination of child labour.	<a href="#">Human rights due diligence</a> , <a href="#">Integrity due diligence</a>		in order to avoid child labour. No related incidents have been reported to the anonymous ethics helpline, human resources department or trade unions in 2011.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	<a href="#">Employee &amp; industrial relations</a> , <a href="#">Human rights</a> , <a href="#">Human rights due diligence</a> , <a href="#">Integrity due diligence</a>	Full	We perform due diligence as part of our entry into countries and projects in order to avoid forced or compulsory labour. No related incidents have been reported to the anonymous ethics helpline, human resources department or trade unions in 2011.
HR8 (Add.)	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	<a href="#">Security and human rights</a>	Full	When Statoil employs in-house security personnel, these are subject to annual human rights training. With regards to hired security personnel, human rights is part of the pre-qualification screening, integrity due diligence and contractual provisions.
HR9 (Add.)	Total number of incidents of violations involving rights of indigenous people and actions taken	<a href="#">Human rights due diligence</a>	Full	We perform due diligence as part of our entry into countries and projects in order to avoid incidents involving rights of indigenous peoples. No related incidents have been reported to the anonymous ethics helpline, human resources department or trade unions in 2011.

## Social – Society

Disclosures on Management Approach

Community [Managing our risks and impacts](#), [Society](#), [Engaging communities](#), [Integrated impact assessments](#)

Corruption, Anti-Competitive Behaviour and Compliance [Society](#), [Ethics and transparency](#), [Ethics and anti-corruption](#), [Safety](#), [Fines and sanctions](#)

Public Policy [Ethics and Transparency](#), [Transparency](#), [Stakeholder Engagement](#), [Working in collaboration](#)

G3	Description	References	Extent	Comments
DMA-SO	Disclosures on Management Approach – Social	<a href="#">The context of our reporting</a> , <a href="#">Society</a>	Full	
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	<a href="#">Risk management and sustainability</a> , <a href="#">Integrated impact assessments</a> , <a href="#">Early-phase risk assessment</a> , <a href="#">Country risk assessments</a> , <a href="#">Stakeholder engagement</a> , <a href="#">Engaging communities</a>	Full	
SO2	Percentage and total number of business units analysed for risks related to corruption	<a href="#">Ethics and anti-corruption</a>	Full	
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	<a href="#">Ethics and anti-corruption</a>	Full	
SO4	Actions taken in response to incidents of corruption	<a href="#">Ethics and anti-corruption</a>	Partial	Incidents of corruption are reported to the relevant authorities and investigated internally according to Statoil steering documents. The total number and nature of incidents are not reported in the annual report.
SO5	Public policy positions and participation in public policy development and lobbying	<a href="#">Stakeholder engagement</a> , <a href="#">Working in collaboration</a> , <a href="#">Natural gas: Low-carbon energy</a> , <a href="#">Carbon efficiency leader</a>	Partial	Statoil reports on memberships and involvement in relevant organisations. However, the company does not report in full detail regarding positions and participation in public policy development and lobbying.
SO6 (Add.)	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	<a href="#">Stakeholder engagement</a>	Full	The Statoil Ethics Code of Conduct prohibits us from supporting – financially or otherwise – political parties or individual politicians. Therefore, no such support is provided.
SO7 (Add.)	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		Full	There were no legal actions in this area in 2011.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<a href="#">Fines and sanctions</a>	Full	

## Product Responsibility

Disclosures on Management Approach

Customer health and safety	<a href="#">Our products</a>
Product and service labeling	<a href="#">Our products</a>
Marketing communications	<a href="#">Our products</a> , <a href="#">About Statoil</a>
Compliance	<a href="#">Fines and sanctions</a>

G3	Description	References	Extent	Comments
DMA-SO	Disclosures on Management Approach – Product Responsibility	<a href="#">The context of our reporting</a>	Full	
PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and the percentage of significant products and services categories subject to such procedures	<a href="#">Midstream and downstream products</a> , <a href="#">Specific issues regarding SFR</a>	Partial	The indicator is difficult to apply on the upstream part of our business.
PR2 (Add.)	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	<a href="#">Specific issues regarding SFR</a>	Full	No incident of non-compliance with regulations and voluntary codes were identified in 2011.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	<a href="#">Our midstream and downstream products</a> , <a href="#">Specific issues regarding SFR</a>	Partial	The indicator is less material to the upstream part of our business. Statoil Fuel and Retail has procedures in place to ensure the proper labelling of its products.
PR4 (Add.)	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	<a href="#">Specific issues regarding SFR</a>	Full	Three fines were reported for 2011 that fall within this category: one related to pricing, one related to the translation of product information, and one related to the labelling of hazardous waste.
PR5 (Add.)	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	<a href="#">Social performance data</a>	Not reported	The indicator is regarded as less material to Statoil's core business, as the company's products are commodities traded through the oil and gas exchange or delivered on long-term partnership conditions.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	<a href="#">About Statoil</a>	Full	We follow Norwegian and local legislation, and we always obtain internal legal approval before we enter into a sponsorship or start running an advertising campaign.
PR7 (Add.)	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		Full	Statoil has not identified any non-compliance with regulations and voluntary codes, except as stated in PR4
PR8 (Add.)	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<a href="#">Specific issues regarding SFR</a> , <a href="#">Fines and sanctions</a>	Full	There was one incident recorded in 2011 related to a customer portal serving Statoil Fuel & Retail
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<a href="#">Specific issues regarding SFR</a> , <a href="#">Fines and sanctions</a>	Full	

# UN Global Compact Index

The UN Global Compact is based on 10 basic principles in the areas of human rights, labour standards, the environment and anti-corruption.

As a signatory member to the UN Global Compact, Statoil is required to communicate progress on these principles annually to our stakeholders.

We regard the annual and

sustainability report to also be our Communication of Progress report to UN Global Compact.

The table below indicates where in the annual and sustainability report information about each of the 10

principles is presented. In our opinion, Statoils meets the requirements for the "GC Advanced". For more information about the UN Global Compact see [www.unglobalcompact.org](http://www.unglobalcompact.org).

GC Area	Principles		References
Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	<a href="#">Society</a> <a href="#">Human rights</a>
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses	<a href="#">Risk management and sustainability</a> <a href="#">Working in collaboration</a> <a href="#">Human rights</a> <a href="#">Security and human rights</a> <a href="#">Human rights due diligence</a> <a href="#">Human rights training</a> <a href="#">Grievance mechanisms</a> <a href="#">Working with our suppliers</a>
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<a href="#">Risk management and sustainability</a> <a href="#">Human rights</a> <a href="#">Employee and industrial relations</a> <a href="#">Working with our suppliers</a>
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	<a href="#">Risk management and sustainability</a> <a href="#">Human rights</a> <a href="#">Working with our suppliers</a>
	Principle 5	Businesses should uphold the effective abolition of child labour	<a href="#">Risk management and sustainability</a> <a href="#">Human rights</a> <a href="#">Working with our suppliers</a>
		mination in respect	<a href="#">Risk management and sustainability</a> <a href="#">Human rights</a> <a href="#">Working with our suppliers</a>
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	<a href="#">Risk management and sustainability</a> <a href="#">Climate and environment</a>
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	<a href="#">Midstream and downstream products</a> <a href="#">Research and development</a> <a href="#">Climate and environment</a> <a href="#">Water management in Statoil</a> <a href="#">Sustainable shipping strategy</a> <a href="#">Biodiversity</a> <a href="#">Natural gas Low-carbon energy</a> <a href="#">Carbon efficiency leader</a> <a href="#">Low-carbon technologies</a> <a href="#">Sustainability and oil sands</a>
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	<a href="#">Midstream and downstream products</a> <a href="#">Research and development</a> <a href="#">Climate and environment</a> <a href="#">Water management in Statoil</a> <a href="#">Sustainable shipping strategy</a> <a href="#">Biodiversity</a> <a href="#">Natural gas Low-carbon energy</a> <a href="#">Carbon efficiency leader</a> <a href="#">Low-carbon technologies</a> <a href="#">Sustainability and oil sands</a>
Anti-corruption	Principle 10	Businesses should work against all forms of corruption, including extortion and bribery	<a href="#">Risk management and sustainability</a>

[Working in collaboration](#)  
[Governance](#)  
[Society](#)  
[Ethics and transparency](#)  
[Integrity due diligence](#)  
[Transparency and ethics](#)  
[Ethics and anti-corruption](#)  
[Supporting EIT](#)  
[implementation](#)

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# Health and safety

Statoil is committed to ensuring safe operations that protect people, the environment, communities and material assets, and to using natural resources efficiently and providing energy that supports sustainable development.

Giving appropriate consideration to and balancing these commitments is a crucial part of our performance management and decision-making processes. Together with effective learning across the organisation, this is essential if we are to deliver

continuous improvements in our activities.

Our ambition is to be an industry leader in health, safety and the environment (HSE). This ambition pervades the

entire organisation and is a driving force behind our work on HSE. The company wants to be recognised for its sound HSE performance and results.

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## STRATEGIC PRIORITIES

We have identified four strategic HSE priorities adopted by Statoil in 2008. They are being carried forward into 2012. We consider them fundamental to delivering on our policy commitments and our ambition to be an HSE industry leader:

- Compliance and leadership
- Improved risk management
- Harmonisation and simplification

of work processes and management systems

- A stronger focus on technical barriers and integrity.

We are mindful of the fact that our ambition to be an HSE industry leader requires recognition from beyond the Statoil organisation – including our contractors, clients, peers, regulators and neighbours. Following the Macondo blowout in the Gulf of

Mexico in 2010, the whole industry faced greater scrutiny of all of its activities. The incident was a grim reminder of the scale of the potential impact of major accidents and the need for good HSE as a prerequisite for long-term value creation. It also heightened public concern about the oil and gas industry's overall integrity and HSE performance.

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## GULLFAKS INCIDENT

The accident potential of our own Gullfaks C 06 well incident in May 2010 added to our sense of urgency as regards addressing further safety performance improvements. Immediately after the incident, Statoil reviewed and assessed the work

processes in Drilling and Well (D&W), with the focus on technical requirements, expertise, risk management and change management and control, as well as quality assurance and self-assessment. In addition, Statoil

carried out its own study alongside an independent study by IRIS in order to ensure knowledge of organisational learning related to management, leadership and other organisational conditions in all parts of the company.





# Health and working environment

Statoil genuinely strives to ensure a healthy working environment for its people.

Technically, the phrase "health and the working environment" means all physical, psychological, social well-being and organisational factors relating to humans, technology and

organisation (including exposure and interaction).

In practice, it means a healthy and meaningful workplace.

However one sees it, a healthy working environment is crucial to reaching our goals.

## SYSTEMATIC IMPROVEMENT

Statoil makes systematic efforts to design and improve the working environment in order to prevent occupational accidents, work-related

diseases and sickness absence.

We emphasise the psychosocial aspects of the working environment

and promote the good health and well-being of all our employees.

## RISK ASSESSMENT

We have identified five strategic areas for risk assessment: chemical exposure, workload,

accidents, musculoskeletal diseases, respiratory diseases, hearing loss, circulatory

management, and a good work organisation.

Priorities are decided in the knowledge that human health is affected by several determining factors. They include elements of workplace risk that can lead to work

communicable diseases and others.

To prevent accidents, illnesses and disorders, Statoil endeavours to nurture a good technical and physical working environment, competent

We are also concerned with assessing the possible impact of our presence on health in the local community, which is reflected in our promotion of sustainable development and taking social responsibility.

## FULL IMPLEMENTATION

We endeavour to fully implement our health and working environment strategy. Statoil's business areas focus

on relevant working environment risks, and take the necessary actions to control risk and develop the

working environment.

## PSYCHOSOCIAL ENVIRONMENT

A good psychosocial working environment promotes better performance and creativity, greater tolerance and presence of mind.

emphasis on work-related stress. We use the PRIMA (psychosocial risk management approach) method, as well as other methods. Additional programmes have been developed to increase the management team's ability to handle employee workload.

Several parts of the company are testing a proactive HSE indicator that measures psychosocial risk. The indicator is based on questions from our annual working environment and organisation survey, and is published as a single score.

We systematically manage psychosocial risk in the working environment and place special

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## NOISE

We recognise that noise and damage to hearing are significant challenges in our industry.

Reducing the risk of noise-induced hearing damage is a priority in Statoil. Ongoing projects to identify, assess and manage noise are being carried out on Norwegian offshore installations. Statoil funds two noise research projects on hearing protection and noise exposure. This includes analysing the hearing status

of offshore workers and use of a hearing loss simulator.

In collaboration with the Research Council of Norway, research organisation Sintef and hearing protection manufacturer Nacre, we have developed a new hearing protection and communication system. The system has new functions, such as the ability to measure noise exposure in the eardrum and trigger an alarm when

noise exceeds the pre-set dose. The system is also able to monitor the user's hearing. We aspire to develop new knowledge and technology that prevents occupational hearing damage.

We have also launched a pilot programme for noise control that uses R&D experience to improve hearing protection and control.

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## ERGONOMICS

Proper ergonomics and variation of work tasks are vitally important to human health. Statoil therefore strongly emphasises workplace layout and design.

We know that user-centred workplace design contributes to more efficient and safe work performance. In

connection with the design and implementation of integrated operations, human factor expertise is important in providing analyses and ensuring a basis for efficient and error-tolerant solutions.

Expertise in human factors plays a major role when designing workplaces

such as central control rooms, driller cabins and collaboration rooms for integrated operations. Expertise in human factors has also become an important component in Statoil's approach to incident investigations.

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## CHECKING UP

We monitor risk related to the working environment and monitor the health of our people. Statoil employs highly skilled occupational health and working environment professionals.

Expatriates with dependent family undergo relevant health assessments/examinations and are

given necessary vaccinations and pertinent health training before expatriation.

While abroad, expatriates and dependent family undergo health checks that are adjusted to local needs and conditions. When the expatriation period ends, they

undergo a medical check-up at which special attention is paid to infectious diseases and other relevant issues based on a risk assessment. For certain areas, expatriates and dependent family are specifically informed about risks relating to food and water.

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## CHEMICAL RISK

Managing health risks from chemical exposure is an important part of our sustainable development policy. The business areas perform systematic occupational hygiene measurements and risk assessments of work

processes and work areas where exposure to hazardous chemicals could occur.

We also endeavour to develop and introduce new technology that

improves the chemical working environment and we are carrying out several R&D projects relating to chemical health risks.

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## OUR ACHIEVEMENTS

We strive to ensure healthy conditions and healthy workers at all our locations. The work starts with baseline studies followed by the implementation of company requirements for health and the working environment.

A work process is in place to ensure the correct choice and use of personal protective gear.

We emphasise preventive healthcare as well as high-quality treatment. To ensure rapid service for employees on

international assignments and worldwide travel, we offer a 24/7 medical duty roster telephone line from Norway.

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## INSPIRATION

Our health promotion programme "Inspiration" is motivating thousands of employees to participate in physical

activities. An internet-based health promotion programme is available to those who wish to check and perhaps

adjust their alcohol consumption.

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## PARTICIPATION

Our health and working environment professionals participate actively in national and international conferences and exhibitions. We believe it is important to share our experiences

and knowledge with others. Statoil participates actively in the OGP/IPIECA health committee and in international occupational hygiene,

occupational medicine and ergonomic networks.

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# Health-promoting lifestyle

Through various initiatives, we proactively encourage our people to live healthy lifestyles.

Our health promotion programme "Inspiration" is a good example.

Poor health due to lifestyle choices has been on the rise for decades now. We are trying to reverse this trend for

Statoil employees.

## TAKING RESPONSIBILITY

"Inspiration" is a global initiative created to inspire all employees to make healthy choices and take

responsibility for their own good health. The programme targets physical activity, a healthy diet,

substance abuse awareness and being smoke-free.

## PHYSICAL ACTIVITY

Physical activity can help most people to enjoy long and healthy lives. We encourage our employees to carry out physical exercise daily. We offer

various activity programmes and campaigns in the workplace, and many of our offices worldwide offer access to training facilities. We have

also developed an electronic activity log to help employees keep track of their progress.

## GOOD FOOD

Healthy food options are available in our cafeterias. Salad bars, nutritious hot meals, and fresh fruit and vegetable juices are common

standards at many of our global offices and on offshore installations. We also try to inspire employees to eat healthily by providing information

about healthy diets and suggesting recipes.

## MODERATING CONSUMPTION

Greater insight into substance abuse and knowing the early warning signs are critical to living a healthy lifestyle.

An anonymous web-based health promotion programme has therefore been launched for those who wish to

check and perhaps adjust their alcohol consumption.

## SMOKE-FREE

Tobacco products are contrary to a healthy lifestyle. We encourage our

employees to kick the habit and offer smoke-free self-help programmes on

our company webpages.

# Chemical management

Reducing exposure to chemical substances is an integral part of Statoil's occupational health and working environment strategy.

Statoil is a large industrial end-user of chemicals, but also produces and distributes chemicals to a global marketplace. Consequently, we are subject to numerous national and international requirements and laws.

Managing chemical health risk is important to our sustainable development. To ensure compliance with requirements and challenge our internal choice of chemicals, we have brought together the many aspects of our health, safety and environment

(HSE) expertise into a Chemical Centre.

The Chemical Centre is at the core of our efforts to ensure consistency in chemical management.

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## GLOBAL IMPLEMENTATION

The Chemical Centre's services, as well as internal requirements and work processes, are presently implemented or under assessment for implementation in our operations in Norway, Denmark, Brazil, Canada and the USA.

Statoil's business areas continue to work on chemical risk management by performing systematic occupational hygiene measurements and carrying out risk assessments of work processes and work areas where exposure to hazardous chemicals could occur. In addition, we

endeavour to develop and implement new technology that improves the chemical working environment. We are also conducting several research and development projects relating to chemical health risks.

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## REACH

The importance of and requirement for good documentation has become much clearer in recent years as a result of the European Union's new REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) chemical regulation. REACH affects Statoil in our role as

producer and/or importer of chemical substances to the EU, as well as in our role as an industrial user of chemicals.

Similar regulations are now gradually being implemented at the global level. A globally standardised system for the

classification and labelling of chemicals (UN initiative) is also being developed. The Chemical Centre supports activities that ensure compliance with the new regulations.

# TRIPS

Statoil deems travel safety a vital part of sustainability. In 2011, we created and launched our TRIPS (Travel, Risk, Precaution and Safety) programme and workshops.

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## PROTECTING PEOPLE

Our growing focus on globalisation and value creation is generating more employee travel than ever before. People are our biggest asset and we care about their safety.

TRIPS seeks to raise employee awareness about all aspects of travelling. We focus in particular on being prepared and ensuring that employees comply with Statoil

procedures and requirements.

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## FREQUENT TRAVELLERS

The TRIPS workshop targets personnel who travel extensively across international borders, often to medium- and high-risk countries.

- The importance of being prepared
- Knowing Statoil procedures and requirements for travel
- Health issues, including vaccinations

- Travel to medium and high risk areas

TRIPS targets four main issues:

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## MITIGATING RISK

The TRIPS workshops provide hands-on instruction in planning and carrying out travel to medium- to

high-risk countries. Relevant case scenarios are combined with lectures and practical tips to transfer

experience and best practice between participants.

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## TRAVEL SITE

While developing the TRIPS workshop, we saw the need for an information portal focusing on travel information. We have since launched our new Travel@Statoil portal – a one-stop

shop for Statoil travel information.

TRIPS workshop participants are given a guided tour of the Travel@Statoil site. A link is also easily accessible on

the front page of Statoil's internal website Entry.

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## SAFE RETURN

The goal of the TRIPS workshops is to heighten employee awareness of all aspects of travelling, minimising both

personal and business risks. We want everyone to have a productive journey and return home safely.

We care, therefore we act!

# Working environment assessment

We aim to manage risk in all our activities. To improve the management of our working environment health risks, we have developed and tested an assessment workshop method that is to be used in all Statoil offshore and onshore locations worldwide.

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## LATENT CONSEQUENCES

The risk focus is typically high in the petroleum industry, especially with respect to sudden emergencies such as fire, explosions, fatal accidents, etc. Hazards with health

consequences that surface later are the most challenging to address. In worst-case scenarios, these consequences can be fatal or develop into insidious muscular and skeletal

disorders, hearing impairment or loss, lung diseases, cardiovascular diseases and cancer.

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## RISK ASSESSMENT

For prevention purposes, we carry out our working environment and health risk assessments as workshops with asset owners, risk owners, discipline engineers, operators, other employees and health and working environment professionals. The rating of risk and suggested mitigating measures are important decision-making criteria for

the risk owner. The goal of the assessment is to reduce risk as much as possible.

Our ambition is to use this method as a standard tool for reducing working environment health risk – from project inception to conclusion.

The working environment health risk assessments have been used by Statoil for many years – in new projects and during modifications – as a tool to reduce risk and improve the quality of the working environment. The assessments have mostly been used in our Norwegian operations.

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## INTERNATIONAL USE

Some projects outside Norway have tested the working environment health risk assessment method. Results from the application of a test

version in 2007 at the Leismer oil sands production plant in Canada were incorporated into a risk assessment workshop for the new

Corner development held in Calgary in the autumn of 2011.

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# Telemedicine

Statoil aims to always use state-of-the-art telecommunications technology to provide critical emergency medical services for personnel working offshore.

When electrician Ulrik Ulveseter suddenly fell ill aboard the Statfjord C platform off the coast of Norway last winter, Statoil's new telemedicine communications network helped to save his life.

The ability of Statfjord C's medical staff to communicate by video with doctors onshore led to a speedy diagnosis and treatment. Ulveseter had suffered a major heart attack. Within 90 minutes, a rescue helicopter

was transporting the 63-year-old to Haukeland University Hospital in Bergen, Norway for surgery.

## UP AND RUNNING

Introduced in 2009, we believe telemedicine is one of our greatest achievements in Norwegian offshore medical care. The service is now operational on all installations in Norwegian waters. Statoil presently leads the world in using telemedicine technology in its day-to-day

operations.

Telemedicine is the treatment of medical situations offshore via communications equipment and guidance from medical personnel at onshore hospitals.

As the recent Statfjord C incident proves, it works. Haukeland University Hospital presently cooperates with Statoil. Additional hospitals will be up and running in 2012.

## MULTIPLE USES

In addition to onshore hospital personnel seeing and talking to patients and our offshore medical staff, several real-time measurements can be transferred to onshore emergency wards.

Offshore medical staff also use the telemedicine communications equipment for regular staff meetings, emergency medical training, advanced heart and lung resuscitation training and certifications, as well as in

connection with other medical and working environment issues.

## OFFSHORE MEDICAL SERVICES

Statoil offshore installations in Norway are carried out by specialised state registered nurses. On-duty onshore

medical treatment on a 24/7 basis. In accordance with Norwegian law, all installations off the coast of Norway

have one responsible physician.

## NEW FIRST AID STANDARDS

New first aid standards were implemented in 2011 on Norwegian offshore installations. All first aid and medical preparedness procedures

have been renewed. All personnel in the first aid organisation are required to undergo simulation training in onshore simulators every second year.

In alternate years, first aid personnel must take emergency training together with all emergency teams.

## MEDICAL EVACUATION

The number of ordinary medical evacuations from offshore installations in the North Sea is at the same level as in earlier years.

Our three search-and-rescue

helicopters performed a number of emergency medical evacuations in 2011. A total of 226 missions were performed in 2011, compared with a total of 261 missions in 2010. Approximately 70% of the emergency

evacuations were due to medical conditions, compared with about 30% that were related to injuries. Cardiovascular situations are the most common medical condition.





# Safety

Our company has 40 years of experience on the Norwegian continental shelf, during which we have strived for operational excellence with safe, efficient, reliable and predictable operations, integrity management and good work processes and practices.

We intend to share and apply that expertise as we grow internationally.

Statoil's main base will remain in Norway and domestic output will

continue to dominate our portfolio for many years to come. Meanwhile, our production outside Norway is growing. We are becoming a more global company. Our expansion into new areas on both the Norwegian continental shelf (NCS) and overseas

exposes us to new and greater risk. The demand that we minimise health, safety and environment (HSE) incidents has never been more pressing.

## ASPIRATIONS

Our ambition is to be an industry leader in HSE. Effective leadership includes achieving results and setting good examples. Our aspirations are as follows:

results in the business segments in which we participate

- To continuously improve our HSE performance and be a driving force for raising HSE standards in the

- industry
- To implement technology and solutions that balance tailor-made solutions with driving overall technological change.

and processes to attain operational excellence and sustainable conduct

- To maintain industry and stakeholder recognition for sound

- HSE performance
- To be a positive example to others and to attract employees and partners

We recognise the importance of complying with industry requirements, understanding risks and running quality operations. We also know that further improvements are necessary to achieve and sustain our ambition to be an industry leader

in HSE.

## FOUR KEY AREAS

In 2008, we identified four key areas for improving safety measures. They are still valid:

- Committed leadership and compliance
- Understanding and managing our risks

- Simplification and harmonisation of our procedures and work processes
- Increased focus on technical integrity and barriers

The guidelines are clear. They call for individual discipline and active

compliance with rules and standards. Expertise and management development and all processes relating to people are crucial if we are to become genuine HSE leaders.

## ACTIONS SUPPORT STRATEGY

Our goal is zero incidents that harm people. We believe that all accidents can be prevented, and continuous improvement and safety continue to be our top priorities.

To accomplish our goal of improving safety results, we hold numerous

training sessions in compliance, leadership and risk management. We are confident in these focus areas, but will strive hard to improve them in the years ahead.

Our industry is determined to learn from incidents and accidents to

prevent similar occurrences in the future. The use of risk management and compliance measures is important, and compensatory measures are continuously implemented in order to reduce the risk of accidents.

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## COMMITTED LEADERSHIP AND COMPLIANCE

Statoil has introduced the compliance and leadership (C&L) model as a practical tool to manage risk and ensure learning. It serves as a general model that employees can apply to their own jobs. We believe that, through training, we exercise our own value-based leadership and gradually become better leaders. We build our culture through leadership. We

challenge ourselves to raise the quality of our deliveries at every level.

C&L outlines how teams or individuals plan, execute and evaluate their activities – with the goal of becoming better at identifying and managing risk. The compliance programme focuses on integrating our values in all of our activities and complying

with internal and external requirements. Where requirements cannot be met, the risk will be identified and controlled as part of our systematic handling of non-conformities. That in turn means that everyone on a work team acts safely and efficiently at all times, and thereby ensures the quality of the job.

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## UNDERSTANDING AND MANAGING OUR RISKS

Learning from accidents is critical to improving safety. Analyses of major accidents and incidents have shown that many of the root causes are related to management decisions. To support and build on our four strategic HSE focus areas, high-level managers attend a workshop on process safety and major accidents. The focus is on process safety and technical integrity.

The learning objectives for the workshop are as follows:

- To create an understanding of process safety and how management decisions can affect these types of risks
- To become aware of the risk of major accidents
- To create awareness of management responsibility for controlling and handling process safety
- To increase awareness of the factors that influence process safety

The reporting of near-misses

highlights normal causes of occupational accidents, but provides little insight into process safety risks. Managers are required to prioritise these issues and make sure that they have the necessary overview. It is management's responsibility to ensure that the whole workforce and organisation have the necessary know-how and understand the risks involved.

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## FUTURE SAFETY CHALLENGES

Maintaining our operations on the NCS is a huge challenge as offshore installations and wells age. Technical standards and integrity will be a challenge in connection with further development on the NCS.

Experience transfer from the NCS to future offshore field developments in deep waters and harsh environments is vitally important. In connection with

shale gas and shale oil, it is not only important to have a good technical overview, but also a sound grasp of the corporate social responsibility and environmental issues. We will pursue a facility concept based on design and operational simplicity.

We will continue to review, map and describe the technical condition of safety barriers and safety systems on

our installations and at our plants. The focus will be on the risk of major accidents. We will further develop our system for monitoring the risk level and safety condition of the barriers. Technical safety condition reviews are a very important supplement to basic maintenance and testing of the barriers.

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## IN CONTROL

We have developed and use excellent tools and methods for handling and controlling process safety. This minimises the risk of accidents and incidents with a high potential for escalating into major events.

Loss of containment of hydrocarbons is the most common scenario in major accidents. The design and construction of an offshore facility are crucial to reducing damage and injury in the event of an accident. Barrier elements are built in several stages to

reduce the force of explosions. Their overall functionality, reliability and vulnerability are critical to mitigating an accident's destructive potential.



## Climate and environment

Global prosperity depends on reliable, affordable energy. Meeting growing energy needs, while at the same time reducing carbon dioxide emissions and environmental impacts, is one of the world's greatest challenges today.

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### THE ENERGY REALITIES CHALLENGE

As an international energy company, Statoil has an important contribution to make to finding solutions to this energy, climate and environment dilemma. We believe we have the technology, experience and capital required to develop some of the future solutions.

One of our first responsibilities is to communicate what we consider to be "the energy realities" [1].

As indicated by the International Energy Agency's World Energy Outlook 2011, despite rapid growth in renewable energy sources, meeting the world's growing need for energy will require all sources of energy – including hydrocarbons. In that context, Statoil's greatest contribution will be to continue reducing the

carbon intensity of our oil and gas production and developing low-carbon and renewable technologies where we can utilise our capabilities. Today, we are convinced that delivering a reliable supply of natural gas is our greatest contribution to solving the energy and climate dilemma.

At a time when available resources and projects are becoming increasingly difficult, we fully recognise that accessing new energy resources depends on our capacity to explore and develop reserves without adversely affecting people and the environment. For each of our projects, we aim to assess relevant environmental and social issues and minimise the negative impact. Statoil has, for example, established a

dedicated environmental and social strategy for the Barents Sea that builds on 30 years of experience. The main objective of the strategy is to develop technology and operational procedures that will enable the company to operate in a sustainable manner anywhere in the Arctic by 2030.

Statoil also believes that unconventional resources, including oil sands, will be needed to meet the world's future energy needs. The challenges are to make production sustainable and cost effective. Statoil is now investing in developing and implementing the most environmentally advanced technology currently known to recover oil from oil sands.

## HSE AND CARBON EFFICIENCY - A COMPETITIVE ADVANTAGE

Statoil aspires to be an industry leader in HSE and carbon efficiency, measured in relation to our peers. We believe this will be a competitive advantage in a carbon- and resources-constrained world. This ambition has a central role across the organisation, driving continuous improvement.

External benchmarks already document that Statoil is one of the most efficient upstream producers in the conventional oil and gas industry. This is due in part to 20 years of regulation on the Norwegian continental shelf, a carbon tax, geological conditions in the Norwegian sector and close proximity to gas markets. However, as we move into heavier oils and more complex projects internationally, the carbon intensity of our activities is expected

to grow.

Measures to drive carbon-efficient investments are already part of Statoil's management and control system. The capital value process (CVP), which is our decision process for investment projects, requires that new investments identify technology development and concepts for carbon dioxide reduction from the beginning of the project design phase. Statoil also has an internal carbon dioxide price that we use when evaluating future projects and when making projections about future energy demand. Over time, we expect the cost of emitting carbon dioxide to rise substantially in Norway, the EU and North America compared with today's level.

Being an industry leader in HSE and

carbon efficiency means driving technological innovation. We have a strong commitment to environmental and climate research aimed at identifying new solutions for reducing carbon emissions and staying at the forefront of developing environmental management tools. Driving technological innovation also means working with our suppliers and the different sectors involved in the oil and gas value chain to find solutions that can reduce emissions. In particular, we are involved in several technology projects aimed at reducing greenhouse gases from our shipping activity. These projects focus on both new technical solutions and what type of energy carriers can be used in future.

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## ENERGY AND CLIMATE LEADERSHIP PROGRAMME

As economic conditions and the world's energy realities become increasingly complex, we believe that Statoil's management must effectively anticipate and understand market shifts in order to position Statoil for continued growth and development. To improve our executive leadership

capabilities in relation to climate and energy, we launched the climate and energy leadership programme in 2011. Ten senior executives have been nominated to take part in the programme, which started in October 2011 and lasts for one year. Ten new senior executives will be nominated

every six months. After completing the programme, participants are expected to actively invest in the company's ability to identify and respond to future uncertainties within their respective areas of responsibility.



## Water management in Statoil

Statoil is committed to responsible water resource management. This includes reducing the use of fresh water, preserving water quality, recycling and reusing water, and preventing water pollution.

To facilitate the group-wide implementation of sustainable water management, Statoil developed tools in 2011 to support the identification of water-related risks and measures to avoid or mitigate these risks. The tools have been developed both as joint industry projects (JIP) and internal Statoil projects.

Statoil has participated in an IPIECA-led project to develop a tool for high-level portfolio analysis and reporting adapted for the oil and gas industry. This tool is based on the Global Water Tool originally developed by the World Business Council for Sustainable Development.

Statoil has partnered a JIP project led by the Global Environmental Management Initiative (GEMI). The aim of this project has been to develop a tool, called the Local Water Tool, for

site-specific water risk assessments. The tool has been piloted by Statoil in order to provide feedback to the tool's developer, CH2M HILL. Both the Global Water Tool and Local Water Tool are feasible tools for assessing water risks relating to unconventional onshore activities.

Internal projects have included the review of Statoil's tool for early-phase risk assessment and the development of a toolbox of technologies for the treatment of low-quality, non-fresh water sources.

Statoil continues to update and further develop the environmental impact factor (EIF) tools for specific areas: discharges to the marine environment, produced water, drilling discharges, and costal discharges (in line with changes in EU regulation and new knowledge). The EIF tool for

onshore discharges is used to carry out environmental risk assessments in connection with onshore activities. The tool provides an indication of the volumes of soil, surface water and groundwater that are potentially at risk of contamination, either from spills or from intentional activity at a site. It can be used to assess the potential risk from activities at a site and can help to prioritise environmental management actions.

To date, the tool has been used to assess alternatives for handling mud pits for exploration drilling in Algeria, recommend how to secure old wells at an Iraqi oilfield, and identify the remaining hypothetical risk from an oil sands steam-assisted gravity drainage method (SAGD) facility in Alberta, Canada.

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### WATER MANAGEMENT IN CANADA

Oil from oil sands in Statoil's operations in Kai Kos Dehseh is produced using SAGD, in which steam is injected to heat up the reservoir and reduce the viscosity of the oil. Water requirements will be met by using a combination of fresh and brackish water from underground

reservoirs. The water is recycled to minimise the total consumption of water. Water requirements for expansion beyond the current demonstration phase will be met by brackish groundwater only. Reducing the water intensity by solvent co-injection is a major part of our

technology programme. This method has the potential to reduce water use intensity by 10–25%, with a corresponding reduction in energy – and thereby carbon dioxide – intensity.

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### PRODUCED WATER TREATMENT

Over the past 10 years, Statoil has qualified and implemented new technology to improve the cleaning of produced water from Norway's offshore sector. In 2011, we started using the Ctour produced water cleaning technology at Snorre A. Onshore at Snøhvit, we have tested a

compact flotation unit for removing benzene, toluene, ethyl benzene and xylenes (BTEX) and condensate upstream of a biological treatment plant. We also installed a permanent MPPE (macro porous polymer extraction) treatment plant at Kollsnes.

Our R&D portfolio includes activities to further improve fluid expertise and transfer this expertise to the operational units to improve the performance of the cleaning technologies.

# Sustainable shipping strategy

Statoil has some 90–100 ships sailing on its behalf at any given time – which means we are pursuing a number of important measures to reduce our maritime environmental footprint.

## HIGH AMBITIONS

In general, shipping has been shown to be an energy-efficient means of transportation. While more than 90% of world trade is transported by sea [1], only about 3% of the world's carbon dioxide emissions come from shipping [2]. We aspire to reduce this even further by becoming a top quartile, climate-efficient oil and gas

transporter by 2020. We are endeavouring to reduce our carbon footprint from shipping through lower fuel consumption and greater fuel efficiency in our activities.

Statoil strives to continually expand its commitment to a cleaner natural environment. Our sustainable

shipping strategy also addresses key environmental issues relating to the minimisation of invasive aquatic species, the reduction of exhaust gas emissions – including carbon dioxide, nitrogen oxides and sulphur oxides – and risks pertaining to accidental spills.

## TAKING INITIATIVES

A number of specific achievements support our sustainable shipping strategy.

For example, we are reducing our emissions through initiatives such as being the world's first commercial enterprise to convert a tanker from heavy oil fuel to dual fuel, enabling liquid natural gas (LNG) to be used for power generation. Compared with heavy oil fuel, the combustion of LNG

is expected to reduce nitrogen oxides emissions by 85%, carbon dioxide emissions by 25%, and sulphur oxides and other particles completely. [3]

The fouling of ships' hulls is a well-known phenomenon, causing reduced speed, increased fuel consumption and general wear and tear to vessels. To reduce fouling, Statoil employs the Norwegian service company CleanHull, which has an

environmentally responsible method of cleaning ship hulls. Hull cleaning reduces emissions and minimises the transfer of invasive species. CleanHull removes hitch-hiking marine organisms picked up in foreign waters and can cut carbon dioxide emissions by around 100,000 tonnes a year if cleaning is performed twice annually. [4]

## STOPPING SPILLS

Although the number of large oil spills from tankers has decreased significantly over the past 40 years[5], the economic and reputational impacts have increased, and the issue is still highly relevant to the shipping industry.

To identify and analyse risk, we and

Det Norske Veritas have developed an IT tool to calculate risk from our operations. The tool, which is currently being improved, includes GIS (geographical information system) functionality.

We have also stipulated technical requirements to minimise risk, and we

regularly train our emergency response personnel and hold drills. Our requirements and training programme are under greater scrutiny after an oil spill occurred during loading to a shuttle tanker in the North Sea in 2007.

## REDUCING SPEED

One action taken to reduce our emissions is the "green voyage procedure" (GVP) for shuttle tankers. GVP targets the optimisation of tanker scheduling. The strategy includes practices such as "virtual arrival", a process for tankers developed by the Oil Companies International Marine

Forum (OCIMF) that establishes a framework for agreeing to reduce a vessel's speed on voyages to meet a revised arrival time when there is a known delay at the discharge port. [6]

According to Teekay's "Shuttle Tanker Emissions Report 2008", a two-knot

decrease from 14 knots to 12 knots results in a 10% reduction in fuel consumption and an almost 6% decrease in greenhouse gas emissions. The most economically efficient speed is vessel specific, but it averages about 12 knots.

# Biodiversity

Conserving biodiversity is a natural part of sustainable development and essential to our environmental and social performance.

Biodiversity is vital in relation to ensuring the stability of ecosystems and providing sources of food, medicines and natural resources. It also has great spiritual, cultural and aesthetic significance. By mapping environmental baselines, planning activities and monitoring during and after our activities, we seek to minimise impacts and conserve biodiversity and important ecosystem

functions.

The following describes our 2011 performance and how we systematically take a precautionary approach to biodiversity challenges.

In 2011, Statoil was engaged in exploration and/or production activities in the North Sea, the Gulf of Mexico, Brazil, the Chukchi Sea in

Alaska, off the coasts of Egypt and Tanzania, and in the boreal forest of Alberta, Canada. None of our activities in 2011 were carried out inside or bordering on protected areas or locations listed in accordance with the International Conservation Union's (IUCN) classification system.

## STUDYING THE CHUKCHI SEA

Statoil is the operator of several licences – and holds stakes in licences operated by ConocoPhillips – in the Chukchi Sea off the coast of northwest Alaska.

We are working jointly with ConocoPhillips and Shell on a

comprehensive ecological science programme in the area. The studies were initiated by ConocoPhillips in 2008, and Statoil joined in 2010. The programme is a multi-year, multi-discipline research programme based on a broad ecosystem approach. It covers both physical oceanography

and marine ecology (plankton, benthic communities, fish, seabirds and marine mammals). An data-sharing agreement has been signed with the National Oceanographic and Atmospheric Administration (NOAA) in the USA.

## CO-EXISTING WITH KITTIWAKES

Following the construction of the Snøhvit LNG plant at Melkøya in Northern Norway, kittiwake seabirds established a breeding colony in the man-made cliffs alongside the LNG

The breeding population of kittiwakes has declined significantly in Norway,

and the species is now included on the official Norwegian Red List as a critically endangered species. In contrast, the colony at Melkøya is growing steadily (from around 1,700 pairs in

documented high chick survival rates – significantly higher, in fact, than

most other kittiwake colonies in the northern part of Norway. An extension of the LNG plant is in the planning phase, and studies have been initiated aimed at continued coexistence with and conservation of Melkøya's kittiwake colony.

## TANZANIA SENSITIVITY ATLAS

As part of oil spill contingency planning in connection with the Zafarani exploration well off the coast of Tanzania, Statoil has initiated environmental and socio-economic sensitivity mapping of the entire Tanzanian coastline.

The coastal atlas of Tanzania covers protected areas of national and international importance, as well as

environmental resources of particular local importance, including sensitive habitats and species such as mangroves and coral reefs, marine turtle nesting beaches, humpback whales, whale sharks, dugongs and coelechants. The atlas also covers socio-economic interests such as tourism and fisheries.

The project – called the Tanzania

Sensitivity Atlas (TANSEA) – has been carried out in cooperation with the University of Dar Es Salaam and local consultants. It is recognised by the Tanzanian authorities. The project has now been expanded to include participation by other major oil and gas companies in the region.

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## ENVIRONMENTAL MONITORING

Environmental monitoring (EM) is helpful in protecting biodiversity and essential if Statoil is to achieve its goal of zero harmful discharges.

In 2011, we awarded the world's first contract for an integrated environmental monitoring system (EM) for oil and gas activities. We also initiated an R&D programme to develop "integrated environmental monitoring", with the objective of utilising real-time sensor-based systems for environmental monitoring in our future exploration and production activities. The ambition is

to link environmental risk assessments more strongly to ongoing operations in order to enable immediate action to be taken to protect the environment if necessary.

If we succeed in transforming environmental monitoring from being a separate task to an integral part of day-to-day production, we will achieve even safer operations and reduced costs.

Statoil has already conducted three studies relating to sensor-based environmental monitoring – at the

Morvin field off the coast of Norway in connection with drilling production wells in the vicinity of a cold-water coral structure (2010), the monitoring of natural marine processes of the coast of the northern Norwegian region of Vesterålen (2009–2011), and the still-ongoing environmental monitoring of calcareous algae habitats and the potential impact of discharges of drill cuttings on the Peregrino field off the coast of Brazil (2010–2013).

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## IDENTIFYING HIGH-VALUE BIODIVERSITY

Statoil supports the maintenance and development of the World Database on Protected Areas and other GIS-based databases containing information on high-value biodiversity areas. This work is done through the Proteus programme<sup>[1]</sup>, which is run by the United Nations Environment Programme (UNEP) World Conservation Centre.

We use these databases actively in

early-phase environmental risk evaluations and as input when deciding where to operate. Recognising that significant biodiversity value exists outside protected areas and needs to be considered in project development, Statoil is working with the University of Oxford in the UK to develop an automatic web-based tool that can assess the ecological value of land outside protected areas. Ecological

factors currently considered using this tool include biodiversity, vulnerability, fragmentation, connectivity and resilience. The tool, which is capable of providing ecological valuations for parcels of land at 300-metre resolution, uses publicly available data and has almost global coverage. The tool will be refined and tested in 2012.



# Natural gas: Low-carbon energy

Bringing more natural gas to the market is Statoil's most important contribution to a cleaner energy future. Gas is an attractive energy carrier and a fuel for the future – abundant, price competitive, and the cleanest, fossil-based energy source.

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## NATURAL GAS: A KEY ROLE IN A SUSTAINABLE ENERGY FUTURE

We believe natural gas offers the following advantages:

- It emits about 50% less carbon dioxide than coal and can effect significant, immediate reductions in emissions when it replaces coal
- It is cost competitive in relation to coal and the construction costs of nuclear plants, and no subsidies are necessary
- It is flexible and can be used as back-up energy for enabling intermittent energy carriers such as wind and solar power
- It has the potential to be combined
  - with carbon capture and storage (CCS) when this technology is matured
  - It is an abundant resource, which is also illustrated by the potential of shale gas

The International Energy Agency estimates at least a 50% increase in global gas demand by 2035, and Statoil is well positioned to capture this growth.

However, for gas to fully play its role in the energy mix, political will is needed in both consuming and

producing countries. For producing countries, it is important to ensure access to gas resources when demand increases. In Norway, for example, access to new exploration areas is essential to maintaining and growing our position as a reliable supplier of low-carbon energy. Moreover, while gas resources are abundant, a large number of projects will need to be developed to bring these resources to the market, and some of them are more challenging and costly than others.

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## NATURAL GAS PART OF EU EMISSIONS REDUCTION STRATEGY

Statoil is the second-largest supplier of natural gas to the European market.

In 2011, Statoil took several initiatives to ensure that natural gas is properly addressed by EU policy makers in their attempt to define a "decarbonised" society. In October 2009, EU member states agreed on a target for the reduction of greenhouse gas emissions of 80–95% by the middle of the century compared with 1990 levels. The 2050 targets have led to discussion about how to design energy systems in the future and they have intensified the competition between different fuels for shares in Europe's future energy mix.

Together with Centrica, Eni, E.On-Ruhrgas, Gazprom Export, GdF-Suez, Qatar Petroleum and Shell, Statoil has taken part in the European Gas Advocacy Forum (EGAF), which produced a joint position paper in spring 2011 on how natural gas can

help Europe to reach its target of an 80% emission reduction by 2050 [1]. To promote the role of natural gas in Europe, Statoil also launched "The Gas Machine" campaign online in early 2011 [2].

Both Statoil and the position paper's main argument is that the use of natural gas in power generation offers significant emission reductions, is cost efficient and a proven technology. Replacing old coal plants with new natural gas-fired plants could lower carbon emissions by 70% per kilowatt-hour generated. This takes into account the entire life cycle from exploration and extraction through to decommissioning and disposal. Even the most modern coal plants emit twice as much carbon dioxide per kilowatt-hour as natural gas combined-cycle power plants.

In the medium term, combining investments in natural gas plants with renewable energy investments could

ensure a secure supply of energy with reduced carbon dioxide emissions – even when the wind is not blowing or the sun is not shining. As natural gas-powered plants can start up or shut down within minutes, this flexibility can complement intermittent renewable energy sources.

In the long term, CCS could enable natural gas to play an important part in the energy mix in a decarbonised 2050. After 2030, CCS could be retrofitted to natural-gas power plants to achieve near-zero emissions. According to an IEA report from 2008, CCS technology alone could have the potential to reduce greenhouse gas emission by 20% by 2050. Mitigation targets can be reached up until 2030 using existing technologies. This would give us until 2030 to demonstrate the maturity of CCS technology.

## GAS IN TRANSPORT AND RESIDENTIAL SECTOR

The use of gas in transport can contribute significantly to dealing with local pollution and poor air quality. This is already true in countries such as Pakistan, India, Argentina, Iran and Brazil. At present, the transport sector represents a very small part of total gas consumption. Growth is strong, however, and, in some estimates, as much as 80–100 billion cubic metres of gas will be used in the transport

sector towards 2030–35. For highly congested urban areas, electric vehicles in combination with vehicles that run on gas can make a big difference in combating both climate change and local pollution.

In a similar fashion, natural gas can work together with biomass in modern low-carbon heating systems in the residential sector. Gas can fuel combined heat and power systems,

and even decentralised heat pumps. In fact, we believe that having natural gas available is often the decisive element that triggers the other elements in modern energy systems in which renewable energy plays an increasing role.

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## THE SHALE GAS REVOLUTION

The shale gas revolution has the potential to transform the global energy picture. Statoil has already secured important positions onshore in the USA and is well placed to take

part in this development. As we increase our shale gas and shale oil energy presence in the USA, we will utilise our value chain expertise from Europe to maximise production value

and ensure that environmental and climate challenges are properly addressed.

# Carbon efficiency leader

Statoil's ambition is to be an industry leader in carbon-efficient oil and gas production. We believe this will provide a competitive advantage due to expected higher carbon dioxide prices and stronger regulatory requirements in the future.

## MAINTAINING OUR LEADING POSITION IN CARBON EFFICIENCY

External benchmarks document that Statoil is today one of the most efficient upstream producers in the conventional oil and gas industry. In the 2011 International Association of Oil and Gas Partners (OGP) benchmark, the average emission intensity for 35 companies was 23 kilograms of carbon dioxide/barrel of oil equivalent (kg CO<sub>2</sub>/boe), while Statoil's average was 9 kg CO<sub>2</sub>/boe (based on the "operational control" principle). However, our business plans forecast that this figure will increase towards 2020, driven by growth in the international portfolio, maturing assets on the Norwegian continental shelf (NCS) and a growing

share of heavier oil.

We have chosen a comprehensive approach to the industry leader in carbon efficiency concept. Based on the different segments in which we operate, we have established 2020 carbon intensity targets for both operated and non-operated assets (CO<sub>2</sub> equity share). Such targets are expected to incentivise energy efficiency and CO<sub>2</sub> emissions reduction projects in each of the seven segments. Since the end of 2011, these targets have been included as part of Statoil's performance system (Ambition to Action) and from 2012 onwards, each

of our business areas will have to report progress towards meeting these targets on a regular basis.

Being an industry leader in carbon efficiency implies to measure ourselves and be compared against our peers. There are, however, several obstacles to this – including the lack of reliable benchmarks. Statoil is working closely with industry associations such as OGP and IPIECA to ensure that relevant cross-industry benchmarks will be developed in the coming years.

## CARBON EFFICIENCY PERFORMANCE TARGETS 2020

Segments	Definition/comments	Performance targets for 2020 (including CO <sub>2</sub> intensity target when possible[1])
Upstream conventional oil and about 90% of all Statoil hydrocarbon-producing assets and around 58% of Statoil's equity greenhouse gas emissions in 2011	In a "no-action" scenario. CO <sub>2</sub> emissions per energav towards 2020 mainly due to field maturation. For our existing portfolio this is about operational excellence and fuel switching when possible. For the growth portfolio this means use of BAT (best available techniques).	Performance target is to remain among the top 10% most carbon-efficient upstream companies. 2020 intensity target for both operated and non-operated assets: 11 kg CO <sub>2</sub> /boe  For our assets on the Norwegian continental shelf, the target is set by the Konkraft report (see paragraph below).
Heavy oil – This segment represents less than 1.5% of Statoil's equity greenhouse gas emissions in 2011	There is no external benchmark available for this segment at present. Heavy oil assets are sensitive to tail-end production and on average are more energy intensive than conventional oil. Towards 2020, this segment is expected to cover an increasing share of Statoil's CO <sub>2</sub> emissions and therefore requires the implementation of key energy-efficiency projects.	2020 intensity target for both operated and non-operated assets: 17 kg CO <sub>2</sub> /boe
Extra-heavy oil (including oil sands) – This segment represents 2% of Statoil's equity greenhouse gas emissions in 2011	Statoil has established a technology road map for oil sands, with the goal of reducing CO <sub>2</sub> emissions by 25% by 2020 and 40% by 2025 in comparison to a "no-action" scenario.	2020 intensity target for both operated and non-operated assets: 50 kg CO <sub>2</sub> /boe
Shale gas – This segment represents less than 1% of Statoil's equity greenhouse gas emissions in 2011	Shale gas is a new business segment for Statoil. Our ambition is to be among the leading industry players when it comes to limiting the climate and environmental impacts of our shale gas operations. The industry needs to collaborate further to develop relevant benchmarks for the segment.	2020 intensity target for both operated and non-operated assets: 6 kg CO <sub>2</sub> /boe

Refining and processing – This segment represents around 34% of Statoil's equity greenhouse gas emissions in 2011	This segment includes our downstream operations. Initiatives include operational excellence, product mix and continued work on CCS (Mongstad refinery).	2020 performance target: Place in the top quartile (based on the Solomon/EU ETS index)[2]
LNG – This segment represents around 3.5% of Statoil's equity greenhouse gas emissions in 2011	Today, Statoil is already "best in class" in the LNG segment thanks to CO2 injection in the Snøhvit project. Our ambition is to retain our industry leader position and work with OGP to mature benchmark LNG intensities based on ambient temperature	2020 intensity target for both operated and non-operated assets: 24 kg CO2/boe
Others (including office buildings, IT, procurement, power, methanol, and transportation)	Statoil is in the process of setting absolute emissions targets for procurement and supply chain, office facilities, IT and transportation (ship transport; pipelines systems, and air transport)	Our objective is to reduce the energy consumption in our office buildings by 12% by the end of 2012 (compared with 2008 consumption). For our new office buildings, our objective is to be a top-quartile energy-efficiency performer in the host country. For methanol, our ambition is to be in the top quartile based on external benchmarks.

[1] Field lifetime emissions for the individual assets are expected to be higher than the 2020 targets per segment

[2] Solomon Index is a benchmark index calculated by an independent company (Solomon Associated) and has been widely used by most companies in the downstream sector for energy-efficiency performance benchmarking over the last 20–30 years

## VERY EFFICIENT PRODUCTION ON THE NORWEGIAN CONTINENTAL SHELF (NCS)

Statoil's energy management on the NCS is based on field-specific energy-efficiency plans. The plans are continuously updated, and consist of more than 150 different operational, maintenance and modification actions. We are committed to contributing to the overall industry goal of achieving improved energy efficiency on the NCS equivalent to carbon emission reductions of one million tonnes by 2020, compared with 2007. (This is the result of work on the Konkraft report No 5 (2008)

and later follow-up of the report). Since Statoil is the largest operator on the NCS, we have an internal target to contribute 80% of the petroleum industry's pledge for 2020. By the end of 2011, we had already achieved approximately 500,000 tonnes of carbon dioxide reductions, but, since many of the large projects have been completed (e.g. new power turbines on the Heimdal installation), the remaining 300,000 tonnes will be a more complex challenge.

Since the early 1990s, we have implemented energy-efficiency measures that have helped us to reduce our carbon dioxide emissions by approximately 40 million tonnes on the NCS compared with a business-as-usual scenario. All new installations and large modifications of existing installations will base their energy solutions on our vast experience from earlier energy-efficiency measures.

## "NO PRODUCTION FLARING" POLICY

Pursuant to our internal technical requirements, we do not accept continuous flaring for gas disposal purposes (production flaring) in our operations. For safety reasons as well, process systems must be designed to minimise sporadic flaring. These are among our main successes on the NCS since the carbon tax was introduced in 1991. The result is that current flaring levels are less than 0.4% of global gas flaring volumes. We are now bringing this success to our international projects and collaborating with our partners through technology and business development to find value for associated gas.

Statoil was a funding partner when the World Bank established the Global Gas Flaring Reduction (GGFR) initiative in 2002, and we are still one of the funding partners. The GGFR's mission

statement is to be a catalyst for policy change and project implementation and a facilitator for investments that reduce the wasteful practices of gas flaring and venting of associated gas. Satellite data for 2010 show a global gas flaring level of 134 billion cubic metres, compared with approximately 0.5 billion cubic metres on the NCS. Among the first efforts of this partnership was the creation of an international agreement – the International Standard for Flaring and Venting Reduction – which calls for operator and government planning to identify and execute flare reduction projects. GGFR has gained considerable experience in the generation and execution of these plans and the facilitation of government-operator collaboration to maximise success. Furthermore, in the context of its participation in the UN Secretary-General High-Level

Group on Sustainable Energy for All, Statoil has called for a global industry effort to reduce gas flaring in oil production as one example of a win-win measure to increase energy efficiency, reduce carbon emissions, and potentially increase energy access for more people. Statoil will lead this initiative together with the GGFR.

A collaborative project between Statoil and Pemex to reduce gas flaring on the Tres Hermanos oilfield in Mexico was registered under the United Nations Framework Convention for Climate Change's Clean Development Mechanism (CDM) in 2010. This was the first gas flaring reduction project to be registered as a CDM by the UN and opens up interesting funding opportunities for similar projects globally.

## THE RIGHT POLICY SIGNAL NEEDED

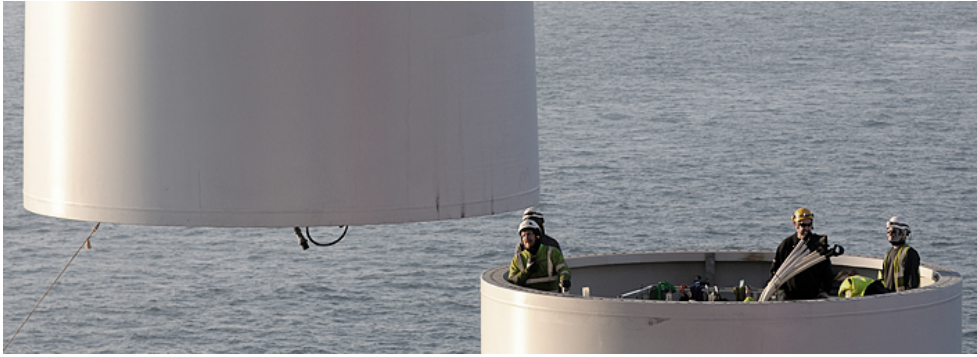
Statoil is one of the companies in the world with the highest exposure to carbon emissions costs – this is mainly due to the carbon tax regime in Norway. In that context, Statoil works with governments, businesses and other stakeholders to support viable worldwide policies and regulatory frameworks encouraging carbon-efficient solutions and the development of low-carbon

technology. We believe that the most efficient vehicle for promoting energy efficiency is to establish a sufficiently high worldwide price for carbon. A global framework for carbon prices would create a level playing field for the industry to reduce emissions.

Statoil strongly supports the development of international carbon markets through clean development

mechanisms and future international climate offset mechanisms. We believe that international trading in emission credits will not only improve the environment but also result in greater financial freedom of action in countries that sorely need economic growth and sustainable development.

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# Low-carbon technologies

Statoil is a technology-driven company that has a clear role to play in providing solutions for a more sustainable energy future.

As part of our technology strategy, we have decided to focus part of our R&D efforts on three areas that are deemed to be critical to addressing climate challenges:

- Better resource management
- The development of carbon capture and storage

technologies (CCS)

- Renewable energy

Statoil's strategy for low-carbon technologies is to utilise existing core capabilities and current business positions to create profitable positions in renewable energy, prioritising offshore wind projects

while keeping track of new opportunities. At the same time, we believe it is important to contribute to understanding of the challenges associated with the commercialisation of technologies such as offshore wind or CCS.

## IMPROVING CARBON EFFICIENCY

Statoil continuously endeavours to minimise energy use through the development of technological solutions relating to process design and concept choices (well design, more efficient gas turbines, potential

Electrification of offshore installations from the land-based grid instead of conventional

energy generation from topside gas-driven turbines is one of the solutions deemed to reduce carbon dioxide emissions.

We evaluate electrification for all new developments and

example, the Troll A installation is fully electrified from shore. This saves

carbon dioxide emissions in the range of 100,000–150,000 tonnes per year. In many cases, however, electrification is too expensive, due to the distance from shore and the necessary on-site energy back-up solutions, as well as possible space and weight limitations on floating installations.

## CCS DEVELOPMENT LEADER

Statoil is considered a global leader in the development of CCS. According to the "450 ppm" scenario from the International Energy Agency (IEA), CCS will have to account for 18% of the required global greenhouse gas abatement by 2050 in order to limit the average increase in temperature to two degrees Celsius. IEA analyses

suggest that, without CCS, the overall costs of reducing emissions sufficiently to reach the 2050 climate objective will increase by 70%. At present, CCS projects are mainly projects for separating carbon dioxide directly from the natural gas stream or carbon dioxide-EOR (enhanced oil recovery) projects. Since 1996, Statoil

has become a world leader in the development and application of such carbon removal technologies, operating some of the world's largest projects in the North Sea (Sleipner), Barents Sea (Snøhvit), and Algeria (In Salah).

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## SLEIPNER CARBON STORAGE PROJECT

On Sleipner, the carbon dioxide is captured from the produced gas and stored in a geologic layer around 1,000 metres below the seabed, where it is trapped and cannot seep out to the atmosphere. By Sleipner's 15th anniversary in August 2011, 12.7 million tonnes of carbon dioxide had been injected. The spread of the carbon dioxide underground has been

monitored in various research projects partially funded by the European Union. In 2011, the Sleipner carbon storage project was one of three world-class projects to receive an award for global achievement from the Carbon Sequestration Leadership Forum (CSLF) ministerial meeting in Beijing. The Sleipner project also became a member of the European

CCS Demonstration Project Network in 2011. This network is sponsored and coordinated by the European Commission with the aim of uniting public and industry efforts towards the common goal of advancing large-scale CCS deployment.

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## IN SALAH GAS KRECHBA FIELD

Located in the Algerian Sahara, the In Salah Gas (ISG) Krechba field is the site of an industrial-scale greenhouse gas mitigation operation; the first geological storage of carbon dioxide in the deep saline formation of an active gas reservoir. Since start-up in 2004, more than three million tonnes of carbon dioxide have been stored underground.

In 2005 a comprehensive monitoring programme was established to study the movement of the injected carbon dioxide in order to better predict its behaviour in the reservoir. Statoil, BP and Sonatrach, as well as several R&D groups in Europe and the USA, participate in the programme. Due to preliminary conclusions on reservoir characteristics (primarily related to capacity), the injection of carbon

dioxide was reduced in mid-2010 and suspended in June 2011 as a precautionary measure. The latest well and seismic data are now being evaluated as part of the assessment of the present injection strategy. Pending a final recommendation, the carbon dioxide is being vented in accordance with normal industry standards.

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## CARBON CAPTURE FACILITY AT MONGSTAD

Reaching the emissions reduction potential described by the IEA also means that post-combustion capture technologies must become commercially available. CCS could then be applicable not only to the power sector (coal or gas), but also to industrial applications such as cement, steel etc.

Statoil is currently devoting important R&D resources to demonstrating post-combustion CCS technology on a scale that could contribute significantly to reducing carbon emissions from large point sources worldwide. In cooperation with

Gassnova (which represents the Norwegian government in CCS matters), Norske Shell and Sasol, Statoil will in 2012 start up the CO2 Technology Centre Mongstad (TCM). The USD 1 billion test centre, which is now 85% complete, is unique in the global context. Two different technologies will be tested on two different exhaust gas sources (CHP and refinery). This makes the findings from TCM relevant to both gas- and coal-fired power plants.

In 2006, the Norwegian government and Statoil also entered into an agreement to build a full-scale carbon

capture facility at Mongstad. Early in 2009, Statoil delivered a master plan that set out the best possible basis for the process leading up to full-scale carbon dioxide capture from the combined heat and power (CHP) plant and other substantial sources at the refinery. Since 2009, the project has been subject to some delays, mainly due to immaturity of the capture technology compared with expectations in 2006, but Statoil remains strongly committed to the realisation of this project.

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## CORE EXPERTISE TO OFFSHORE WIND

We are using our offshore expertise in marine operations and offshore maintenance to sharpen our competitive edge in offshore wind projects. Statoil has taken significant offshore wind positions over the last few years. They include a NOK 5 billion investment in the Sheringham Shoal offshore wind farm in the UK that is scheduled to start operations in 2012, and securing options in the big Dogger Bank licence in the UK.

Statoil has also developed Hywind, the world's first floating wind turbine. The

Hywind pilot has demonstrated excellent performance and regularity since it was installed in September 2009. The next step will be the development of pilot wind farms.

Statoil aspires to play a proactive role in reducing offshore wind costs. In order to do this, technologies and projects based on a clear road map to becoming independently profitable are essential. On this basis, Statoil has chosen to exit its onshore Norwegian wind project portfolio and concentrate exclusively on offshore wind, so that

Statoil can utilise its offshore development and operations experience in the best possible way. With the development of larger and lighter units and the realisation of other economies of scale, cost-competitive floating offshore wind may soon be on the horizon.

In addition to our strong focus on offshore wind, we are pursuing some research activities in biofuels (from algae, wood or wheat straw) and geothermal energy.



## Sustainability & oil sands

The environmental, social and economic issues involved in oil sands development are difficult, but not impossible to overcome. We and our partners are steadily learning and improving on our oil sands performance.

Like all sources of unconventional oil, the Canadian oil sands are more expensive, more difficult and require more energy to extract than conventional oil. These issues have raised concerns about the industry's ability to develop the oil sands in a responsible manner. Statoil believes the environmental, social and economic issues facing oil sands development are difficult, but not impossible to overcome. By using the skill and expertise we acquired resolving some of the most challenging issues posed by developing the Norwegian continental

shelf, we are working to advance oil sands science and expand our knowledge base.

Our involvement in the Canadian oil sands is based on clear economic facts, and a sound understanding of our company's technical ability.

Given rising world energy demand and declining reserves of conventional oil, the Canadian oil sands cannot and should not be ignored. They are the third-largest estimated proved oil reserve in the world, after Saudi Arabia and Venezuela. The oil sands

contain proved reserves of 170 billion barrels of bitumen that are considered economically recoverable using present technologies.

Located in the province of Alberta, the oil sands are a huge, long-term investment opportunity in a politically stable, highly regulated environment. While still in the early stages of development, the oil sands already play a major role in meeting global energy demand, with production of 1.5 million barrels per day (bpd) in 2010.

### TWO BILLION BARRELS OF RECOVERABLE OIL

Statoil has a 60% interest in and operates facilities related to the Kai Kos Dehseh (KKD) oil sands leases, which comprise 1,129 square kilometres of land located in the Athabasca region of north-eastern Alberta. Purchased in 2007, our leases are estimated to contain more than two billion barrels of recoverable resources. We plan to eventually produce more than 200,000 bpd from these leases for the next 30 years or more.

Statoil entered into a partnership with PTT Exploration and Production (PTTEP), of Thailand, through the sale of a 40% interest in our KKD leases, with effect from 1 January 2011. PTTEP is aligned with Statoil's step-by-step approach to oil sands development, which involves testing new processes and technologies on a small scale at our Leismer Demonstration Project before initiating full-field KKD development.

Leismer is a dedicated,

integrated research facility, constructed for research and development experiments to be conducted throughout the entire life of the plant. We are undertaking a mix of long and short-term projects in conjunction with Statoil's Heavy Oil Technology Centre (HOTC), in Calgary, and our heavy oil group in Norway. This work is also supported by the Canadian government's Scientific Research and Experimental Development programme.

### START-UP AND OPERATIONS

Leismer reached an important milestone in January 2011 with the first commercial-scale bitumen production. Start-up took place safely and efficiently, with higher production than anticipated. Statoil has received approval from Alberta regulators to increase Leismer's licensed capacity to 40,000 bpd, and to produce another

40,000 bpd from a future steam-assisted gravity drainage (SAGD) project called Corner.

SAGD – the most common commercial method used to develop in-situ oil sands – involves drilling pairs of stacked, parallel wells vertically to reach the reservoir, and then

horizontally across the reservoir. Steam is injected into the top well to heat the reservoir until the bitumen flows into the lower well and is moved to the surface. SAGD has a much smaller surface footprint than surface mining operations. Statoil has no oil sands mining plans at this time.



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## TECHNOLOGY AND INNOVATION

A technology-based company, Statoil believes research and innovation will result in new technologies and processes that will reduce the energy and water consumed by our SAGD operations. We are seeking a 25% reduction in the carbon dioxide intensity of our oil sands operations by 2020, and have a long-term ambition of a total 40% reduction in carbon dioxide intensity by 2025. We are also aiming for a 45% reduction in water intensity over the next 10 years. To accomplish this, Statoil has established a USD 30 million oil sands technology plan. This five-year plan identifies technologies and development strategies that will improve project economics while meeting our carbon dioxide and water intensity targets.

In response to concerns about

cumulative effects of oil sands developments on biodiversity, Statoil has undertaken and supported a variety of research and monitoring initiatives to address habitat disturbance, and larger-scale, regional fragmentation of ecosystems. Most of this work has been related to regional wildlife populations, but we are also working to enhance biodiversity in reforestation and wetland reclamation projects.

Recognising the value of collaboration, Statoil helped to establish the Oil Sands Leadership Initiative (OSLI), a collaborative network of major oil sands companies that is committed to accelerating technology and innovation that will improve the environmental, social and economic performance of in-situ and mining development. With a budget of

USD 25 million, OSLI has more than 50 joint venture projects under way. These projects are driven by employees from OSLI companies who sit on four working groups that meet regularly to map out potential areas of mutual interest.

At Statoil, our ambition is that every asset, every construction process and every operation crew involved in our oil sands operations, should be better than the previous one. Through our research and development work and collaborative efforts with industry peers and research organisations, we are committed to becoming an industry leader in environmentally and socially responsible oil sands development.

# Sustainable Arctic operations

Statoil is committed to exploring for, developing and producing Arctic resources with minimal impact on the natural environment and our stakeholders.

Norway's long experience with the polar regions has resulted in in-depth knowledge and respect for the Arctic. We know the far north's fury as well as its fragility – and apply that insight in pursuing a progressive sustainable development policy.

The Arctic's hydrocarbon resource potential is well documented. The United States Geological Survey (USGS) estimates that 22% of the world's undiscovered, technically recoverable

hydrocarbons lie north of the Arctic Circle, or, to be more specific, 30% of the world's undiscovered gas (47.3 trillion cubic metres), 13% of the world's undiscovered oil (90 billion technically recoverable barrels) and 20% of the world's undiscovered natural gas liquids (44 billion barrels). Approximately 84% of this is believed to be offshore. (1)

Arctic hydrocarbon resources are already being actively explored for,

developed and produced. Greater activity is almost inevitable. We aim to do everything possible to ensure that Arctic operations comply with our principle of reducing the negative environmental impact from our activities and products. We focus on technological developments to reduce risk from a variety of actual and potential discharges to sea and emissions to air from all our operations.

## STATOIL ARCTIC ACTIVITIES

In the Arctic, Statoil operates the producing Snøhvit gas field in the Barents Sea and the world's northernmost LNG facility in northern Norway. We are partners in the producing Terra Nova and Hibernia fields, and the Hebron and Hibernia Southern Extension field

developments off the coast of eastern Canada. We also have two exploration licences in Baffin Bay off the coast of Greenland. We are a development partner in the Russian Shtokman gas field in the Barents Sea, and have made discoveries in the Havis and Skrugard fields off the coast of

northern Norway, and the Mizzen field off the coast of Newfoundland, Canada. We also have 16 operated leases in the Chukchi Sea off north-west Alaska, and are a partner with ConocoPhillips in 50 leases there.

## ARCTIC R&D

The Arctic is a natural fit for Statoil. We have extensive harsh environment experience and are using that foundation to move

for safe and sustainable exploration and production of hydrocarbons in the far north. These include the Sustainable

exploitation and transport from and within the Arctic. It is also the basis for developing environmentally adapted coastal infrastructure.

Research and development are critical to finding optimal sustainable solutions in the Arctic. We are conducting several long-term industrial research projects with universities and institutions that focus on developing innovative technologies

and the Arctic Materials project.

The eight-year SAMCoT project was established by the Research Council of Norway in 2011. The goal is to develop technology that ensures sustainable and safe exploration,

The five-year Arctic Materials project started in 2008 with the aim of establishing criteria and solutions for the application of materials for low-temperature service.

## RELIABLE TOOLS

We continually develop decision support tools that help to enable safe and cost-effective operations and the design of structures and vessels in the Arctic. The key focus here is the reliable prediction of ice loads on both fixed and moored offshore structures.

technical solutions and concepts with a view to launching new and innovative technology developments for handling risks and challenges, and widening the operational window in the Arctic. Full-scale data are necessary to achieve reliable ice load and response simulations.

Consequently, we are developing technologies and procedures for operating under Arctic conditions.

Modelling techniques are being developed to simulate effects of the ice environment with the same reliability and validity as in open water structures. There is a strong demand for field analyses and full-scale data, theoretical studies and evaluations of

Station-holding techniques such as dynamic positioning (DP) systems are required for vessels and floating structures operating under various ice scenarios. We have decades of experience with DP operations in open waters, but they differ from DP in ice.

Statoil is also developing procedures and tools for Arctic marine operations, such as simulator-based training courses for navigation in ice and ice management, and including focusing on detection, forecasting, threat analysis, physical management and, if necessary, suspension of operations and disconnections.

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## ARCTIC ECOLOGY

The Statoil ARCTOS Arctic Research Programme (SAARP) is a long-term research programme we initiated in collaboration with the international ARCTOS Network of marine ecologists. The six-year programme, which ended in 2011, helped to increase fundamental knowledge about Arctic ecosystems, including sensitivity to petroleum components.

A new extensive ecological research programme is being initiated by Statoil in 2012, with the aim of increasing knowledge about the physics and ecology of the Lofoten/Vesterålen area through real-time monitoring and field studies. This will contribute to improving ecosystem understanding and provide support for future impact assessment processes in Arctic areas.

In 2011, Statoil established the basis for an ecosystem-based model (Symbiosis) that calculates potential impacts of oil spills on zooplankton and fish populations in northern Norway. Results from the ecological research programme will be synthesised and used as the basis for the Symbiosis project model.

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## OIL SPILL RESPONSE

Challenges in relation to oil spill response in the far north are primarily related to ice-covered waters, the cold and darkness of the winter months, and limited access to clean-up resources. Prevention is our ultimate goal, but, in the event of an oil spill, we endeavour to ensure that the response is robust, efficient and well-adapted to local conditions.

To meet stakeholder concerns about

strengthening oil spill response capabilities in the Arctic, Statoil actively participated in managing a large research programme that ended in 2010. Conducted together with eight other oil companies, it is the world's largest programme to date dedicated to improving oil spill response in ice.

Select technologies for oil spill response in cold conditions and ice

were tested and developed as part of the programme, and two large-scale field experiments were carried out in the Norwegian part of the Barents Sea. These tests produced a significant dataset and led to new knowledge, tools and technologies for responding to oil spills in ice. They also boosted stakeholder confidence in the industry's ability to operate in the far north with minimal impact.

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## CONTROLLING WATER DISCHARGES

In 2011, we completed a programme comparing the sensitivity of Arctic and non-Arctic species. We concluded that the sensitivity differences were not

statistically significant and that no organism group was consistently more sensitive than other groups. Consequently, toxicity data obtained

for temperate organisms can serve to detect first indications of risks in polar regions.

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## MONITORING MARINE MAMMALS

Most global whale stocks show positive growth trends since industrial whaling was halted.

Statoil respects the presence of marine mammals and we observe precautionary rules and regulations to minimise potential negative effects of our activities, especially during seismic data acquisition. We establish, for example, a safety zone around the seismic vessel and stop data

acquisition if a marine mammal enters the zone.

To improve the observation of marine mammals day and night, Statoil has tested an advanced infrared (IR) camera system with a 360° view and picture refresh rate fast enough to pick up whale blows that are only visible for 1.5 to 2 seconds. The test was carried out in the Chukchi Sea, Alaska, in 2010 and the retrospective

data analysis lasted until 2011. Blows from larger baleen whales were detectable up to eight kilometres away and from smaller whales up to several hundred metres away. Pacific walrus were detected up to a distance of 1,500 metres. Statoil's pioneering use of the IR system was positively recognised at two scientific conferences in 2011.



## People and the group

Statoil's overall strategic objective is to build a globally competitive company and to be an exceptional place to perform and develop.

### THE CHALLENGES

Statoil is broadening its portfolio into new geographies and new business activities, such as deep waters, heavy oil and shale gas. At the same time,

Statoil continues to focus on the Norwegian continental shelf to fully maximise its potential. To succeed in these activities, Statoil must secure

the right people capabilities by attracting and developing talent across key markets.

### WHAT WE ARE DOING

At the beginning of 2011 a new corporate structure was established to provide optimal support by ensuring that we maximise the potential of the Norwegian continental shelf and that we fully leverage international growth business opportunities.

standards and practises across the organisation. Together with our values, ethics and code of conduct, our people policy are the most important guidelines for our people processes. We endeavour to ensure a good match between employees' professional interests and goals.

deployment process, we seek to offer challenging and meaningful job opportunities. We remain committed to providing financial and non-financial rewards that attract and motivate the right people, and we continue to focus on equal opportunities for all employees.

Our global people policy aim to ensure consistent and common

through our global development and

### ATTRACTION AND RECRUITMENT

- During 2011, Statoil maintained its employer-of-choice status in Norway among technical and business economics students and professionals. We have increased our focus on security in the recruitment process, performing background checks on all relevant candidates workforce
- We increasingly recruit from a global talent base, thereby increasing the diversity of our

### DEVELOPMENT AND DEPLOYMENT

- Through the Statoil 2011 reorganisation, we have accelerated the development of new managers and significantly increased the proportion of female and international leaders. easier transition to their new positions.
- Following the 2011 reorganisation, Statoil carried out a top team alignment process to accelerate the performance of our top management teams and supported a large number of the newly appointed senior executives through transition coaching to enable a swifter and

## PERFORMANCE AND REWARD

- Statoil's people policy promote an open and non-discriminatory reward and compensation system that supports equal opportunities and a consistent reward approach across all groups.
- In 2011 the reward concept was developed to strengthen our competitive position in defined local markets.

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## ORGANISATIONAL CAPABILITIES AND CHANGE

- Throughout 2011 the majority of our workforce remained proud, enthusiastic and committed to working for Statoil, as indicated in our latest Global People Survey. the Statoil 2011 change process – globalisation, simplification and renewal – a new corporate structure was implemented on 1 January 2011. Statoils Global People Survey results indicate that employees have embraced the change and have trust in the new leadership.
- Based on our three drivers for

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## EMPLOYEE AND INDUSTRIAL RELATIONS

- In 2011 a new global employee relations strategy was approved and launched in the company. During 2011 management and employee representatives in Statoil ASA have collaborated closely in important processes.



# Employees in Statoil

The Statoil group has approximately 21,300 permanent employees in 36 countries. Almost 19,000 of these are employed in Norway.

The Statoil group [1] recruited approximately 1,900 new employees in 2011. The table below provides an overview of the number of permanent employees in the Statoil group and the percentage of women, from 2008 to 2011. The total number of

permanent employees is reduced from 2010 due to the establishment of Statoil Fuel & Retail as a separate listed company, Statoil Fuel & Retail employs approximately 10,400 people. Following this we also see an reduction in the

proportion of women by 6% from 2010 when not including Statoil Fuel & Retail employees.

Numbers of permanent employees\* and percentage of women in the Statoil group from 2009 to 2011

Geographical Region	Number of employees			Women		
	2011	2010	2009	2011	2010	2009
Norway	18,922	18,838	18,100	30 %	31 %	31 %
Rest of Europe	880	10,335	9,593	31 %	49 %	50 %
				28 %	30 %	28 %
Asia	146	145	150	59 %	58 %	55 %
North America	1,030	713	584	34 %	33 %	34 %
South America	210	173	147	40 %	46 %	48 %
<b>TOTAL</b>	<b>21,309</b>	<b>30,344</b>	<b>28,739</b>	<b>31 %</b>	<b>37 %</b>	<b>37 %</b>
Non - OECD	593	2,732	2,703	41 %	63 %	64 %

\* Service station personnel are included 2009 - 2010

\*Statoil Fuel & Retail employees excluded in 2011

Total workforce by region, employment type, employment contract and new hires in the Statoil group in 2011

Geographical Region	Permanent employees 2011	Consultants	Total Workforce*	% Consultants**	% Part - Time	New Hires
Norway	18,922	3,095	22,017	14%	3%	1373
Rest of Europe	880	223	1,103	20%	1%	100

Africa	121	43	164	26%	NA	6
Asia	146	22	168	13%	NA	30
North America	1,030	138	1,168	12%	NA	352
South America	210	299	509	59%	NA	51
TOT	21,309	3,820	25,129	15%	3%	1913
Non - OECD	593	400	993	40%	NA	106

\*Total workforce consists of number of permanent employees and consultants

\*\* Consultants do not include enterprise personnel

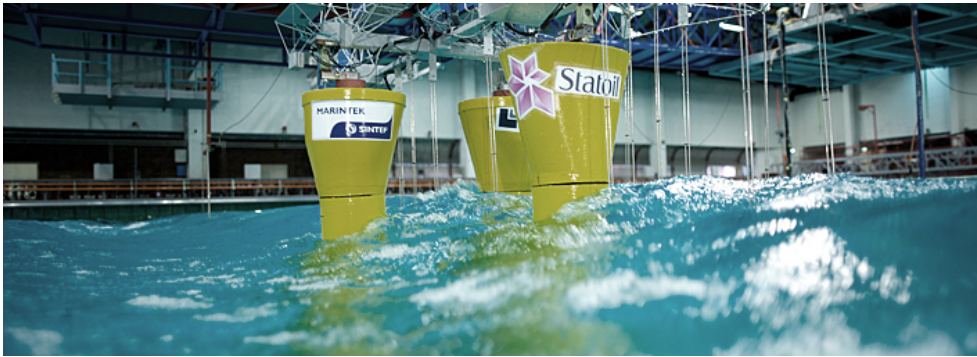
Statoil's low personnel turnover rates reflect a high level of satisfaction and engagement among its employees. In Statoil ASA, the total turnover rate for 2011 was 1.4%. The figure below

provides an overview of the total turnover rate by gender and age in Statoil ASA from 2009 to 2011.

[1] The Statoil group is defined as

Statoil ASA and the subsidiaries in which Statoil ASA is the major shareholder. Statoil Fuel & Retail (SFR) is excluded from the statistics.





## Attraction and recruitment

In every country where we operate, the sustainable growth of our business depends on our ability to recruit and retain the right talent.

Statoil has maintained its position as the employer of choice among technical students and business students in Norway. We have achieved this rating among technical students every year since 1998 and among business students every year since 2002.

In 2011, Statoil recruited 1,900 new employees worldwide. While 70% were recruited to jobs in Norway, 18% were recruited to our business in North America, reflecting our growth ambitions in that region.

We work systematically to build a diverse workforce by attracting, recruiting and retaining people of both genders and different nationalities and age groups across all types of positions. 34% of our new hires in 2011 were women and 42% other nationalities than Norwegian.

In Norway, Statoil maintained its position as one of the companies that employs the most apprentices, with 177 new apprentices joining the

company in 2011 and a total of 376 apprentices employed in Statoil. These numbers reflect our commitment to the education and training of young technicians and operators in the oil and gas industry. Although only 19% of the applicants were women, 29% of the candidates recruited were women. This reflects our systematic efforts to foster young female talent in a male-dominated industry.

The oil and gas industry needs more people with science expertise to solve future energy challenges. In 2011, we continued to participate in several sponsorship activities that aim to increase the general interest in, and quality of, education in the natural sciences. Each year, Statoil invites second-year upper secondary school students in Norway to take part in a science competition for Statoil's Natural Science Award. In addition, together with the city of Oslo, we continued Teach First Norway, a programme for recruiting natural science and mathematics teachers to Oslo schools. In 2011, 17 young

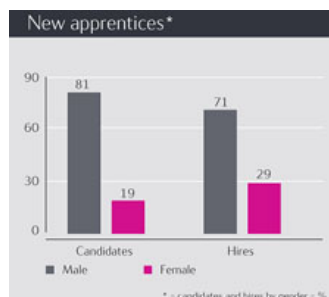
talents were given the opportunity to join the two-year programme, which now employs 35 young talents at 17 schools.

We also invest in science centres to increase motivation for science and technology subjects. The science centres emphasizes a hands-on approach, featuring interactive exhibits that encourage visitors to experiment and explore.

Statoil supports the establishment of Newton energy rooms, where the pupils learn through practical assignments and exercises. The focus is energetic lessons about wind, water, electricity, power, coal and oil. The room has more equipment than the schools are normally able to acquire themselves, and it is staffed by teachers with expertise in science subjects.

Statoil has increased its sponsorship of the First Lego League (FLL), and has signed its first global sponsorship agreement. For 10 years Statoil has supported the FLL Scandinavia, and

now we are also entering into a global sponsorship agreement.





# Development and deployment

Statoil continues to develop and deploy its people through the People@Statoil process, a common platform for measuring performance, rewards, development and deployment.

The Statoil 2011 reorganisation accelerated the development of new managers and significantly increased the proportion of female and international leaders.

To accelerate the performance of our top management teams we delivered a top team alignment process. The process focused on aligning teams around the most essential leadership and management focus areas. We also supported a large number of newly appointed senior managers through transition coaching to enable them to make a swifter and easier transition to their new positions.

We believe on-the-job learning and stretch assignments are important to strengthen skills, knowledge and competencies. Deployment of our people is a key enabler to accelerate people development. During 2011,

3,800 leaders and employees, representing 18% of the total workforce, moved to a different role. Approximately 800 moved to a position in a new business area.

We have implemented a talent management system to improve the tracking and follow-up of talents and strengthen succession planning for critical positions. In addition, we have launched a framework for mentoring graduates as part of our leadership development programme. This programme is designed to strengthen the development of leadership talents through a systematic mentoring programme in which mentors and mentees are matched across business areas.

Building excellence in operational leadership has also been a priority in 2011, and this work will continue in

2012 in order to support safe, efficient and reliable production in a global environment.

Statoil has launched a corporate initiative called "compliance and leadership" to improve quality in the way we work by reinforcing the interaction between leadership, risk management and governance. A rigorous training concept for the whole organisation has been launched to support the implementation. The compliance and leadership principles will also be institutionalised in Statoil's work processes, leadership development programmes and operating model.

The fact box below provides an overview of training and development activities centrally registered in the Statoil Academy from 2009 to 2011.

	2011	2010	2009
Number of participants who have completed learning programmes	79,669	79,251	76,120
Registration for e-learning programmes	141,903	138,475	133,492
Number of leaders participating in corporate leadership development programmes	1,166	1,237	448
Total number of participation days in leadership development programmes	5,212	5,025	2,856

# Performance and reward

Our reward concept is designed to attract and retain the right people.

At Statoil we reward our people on the basis of their performance, giving equal emphasis to delivery and behaviour. Our rewards concept is transparent and non-discriminatory. Our reward programmes are adapted to local market conditions in the locations in which we operate, aligned with statutory regulations and corporate governance requirements. We reward both short-term and long-term contributions and results.

The purpose of Statoil's performance-based reward concept is to be competitive without being leading in a total reward context. Encompassing tangible components (a competitive basic salary, variable pay and benefits) as well as non-tangible elements such as personal

recognition, growth and development, we believe our reward concept constitutes an attractive overall employee value proposition.

Our employees participate in a corporate variable pay scheme or may be eligible for variable pay schemes adapted to local market conditions. All employees in Statoil can participate in the corporate share savings scheme provided that no restrictions apply in the form of local legislation or business requirements. The company will match the employee's share purchases on a one-to-one basis following a lock-in period of two years after the year of purchase. At the end of 2011, the share savings programme covered 14 of the countries in which we operate where approximately 15,000

employees save on a regular basis. In Statoil ASA, approximately 80% of employees participate in this programme. The share savings scheme is a reward element that is intended to strengthen the common interests of Statoil's employees and the company's shareholders.

Our reward system supports equal opportunities. Given the same position, experience and performance, our employees will be at the same remuneration level relative to the local markets.

The figure below shows a comparison of salary levels by gender for positions at different levels in our organisation.



# Organisational capabilities

Our people are highly committed and engaged with a strong ability to change.

Our Global People Survey confirms that we have a highly committed and engaged workforce. Employees respond that they are satisfied, proud, enthusiastic and committed to working for Statoil. The level of trust and confidence between employees and their leaders is high. Employees

state that they have clear goals and strong support from their colleagues and teams. They recognise Statoil as a company with strong values, integrity and social responsibility, and our values and ethics code of conduct are embedded into the way we work.

We will continue to strengthen our global operating capabilities by developing high-performing managers and teams, a learning and innovative organisation, and simpler and more cost conscious ways of working.

## STATOIL 2011

Statoil's corporate restructuring in 2011 established a new corporate structure and leadership to support our ability to maximise the potential

of the Norwegian continental shelf while further pursuing international opportunities. Statoil 2011 had three key drivers – globalisation,

simplification and renewal.

## GLOBALISATION

Statoil 2011 represents a significant milestone on Statoil's journey towards globalisation. The establishment of two business areas outside Norway reflects our ambition to accelerate our

international growth. We endeavour to ensure a "one Statoil" approach by implementing The Statoil Book and further defining core non-negotiable factors. This requires a sharp and

steady focus on simplifying our requirements and standards.

## RENEWAL

Statoil's management underwent a significant renewal as a result of Statoil 2011. The appointment of three international executives of British and American nationality to the corporate executive committee serves

as a strong example. To deliver on our growth ambitions, we are increasing our diversity by developing and recruiting managers and other professionals with international experience. We are also working hard

to develop organisations in our key international business locations with a strong local talent base and leadership pipeline.

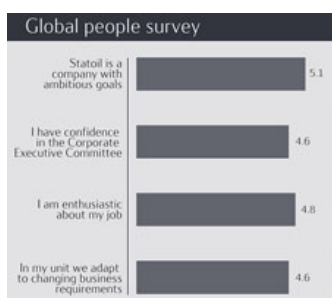
## SIMPLIFICATION

The new corporate structure aims to provide clearer accountability and more effective decision-making across business areas. Further simplification and effective collaboration are key priorities in our

efforts to further strengthen our organisational and operational capabilities.

The figure below shows how our employees reported in our 2011

Global People Survey on a scale from 1 to 6 (6 is highest) on selected key questions regarding Statoil's ambition, trust in top management, enthusiasm and ability to change.



# Employee & industrial relations

We believe that good cooperation and strong employee relations lead to greater employee engagement, stronger performance and higher employee retention.

By employee relations, we mean all dealings with our employees, including compliance with national and international laws and Statoil requirements. Through this focus, we ensure that we act as a responsible employer and that there is a strong, trust-based relationship between our people, their representatives, where applicable, and management wherever Statoil operates.

Collaboration arenas for employees and management are established where required by law or agreement and in accordance with local practice. We believe in involving our people and their appropriate representatives, where applicable, in the development

of our group.

In 2011, a new global employee relations strategy was approved and launched in the company. Prioritised countries were required to define their own country-specific employee relations strategies, and the remaining countries followed up on the strategy through an employee relations survey.

Statoil continues to contribute to global dialogue in the oil and gas industry by promoting good employee and industrial relations practices through various networks, in dialogue with the International Federation of Chemical, Energy, Mine and General

Workers' Unions (ICEM) with whom we have an agreement, and through participation by our employee representatives in these networks.

During 2011 management and employee representative have collaborated closely in important processes such as the evaluation of the offshore operations model, and measures to follow up safety incidents on the Norwegian continental shelf. In these processes we have endeavoured to engage in open and honest communication both inside and outside formal meeting arenas.

# Diversity

We are committed to building a workplace that promotes diversity and respect for the individual.

Statoil recognise the value of diversity across our business and have focused on strengthening women in leadership and professional positions, ensure the right age-profile and build broad international experience in our workforce.

In the oil and gas industry Statoil has a leading position regarding the proportion of women and women in leadership positions. In 2011, the overall percentage of women in the company was 31%, and 40% of the members of the board of directors were women, as were 20% of the corporate executive committee. We aim to increase the number of female managers through our development programmes. The total proportion of female managers in Statoil ASA in 2011 was 26%, and, among managers under the age of 45, the proportion was 32%.

We also pay close attention to male-dominated positions and discipline

areas. In 2011, 26% of staff engineers were women, and, among staff engineers with up to 20 years' experience, the proportion of women was 30%.

Statoil believes that being a global and sustainable company requires people with a global mindset. In 2011, 18% of the managerial staff in the Statoil group held nationalities other than Norwegian. Outside Norway, Statoil aims to increase the number of people and managers who are locally recruited, and to reduce long-term, extensive use of expats in our business operations. Building a culture characterised by a global mindset thus includes employing new role models with international experience in leading positions.

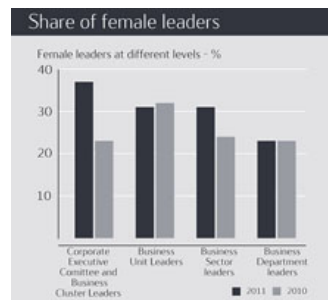
During the Statoil 2011 restructuring we have deployed identified talents in new leading positions. The leadership pipeline represents a significant improvement in leadership diversity,

and is summarised in the figures below.

The results from the 2011 Global People Survey show that both men and women report satisfaction with their career opportunities in Statoil and the ability to utilise their expertise. We value diversity and provide equal opportunities, and our people score zero tolerance for discrimination and harassment high.

Figures "Share of non-Norwegian leaders" and "Share of female leaders": Proportion of female and non-Norwegian managers with personnel responsibility in Statoil ASA and its fully owned subsidiaries

Figure "Global People Survey": Score in the Global People Survey on a scale from 1 to 6 on selected questions.





# Society

Developing our business in a sustainable way depends on our ability to cultivate and maintain enduring, mutually beneficial relations with the societies in which we operate.

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## MEETING THE CHALLENGES

Wherever we operate, our decisions revolve around their impact on our interests and those of the societies around us.

Our presence in a society is often a long-term one. The time frame of our

projects typically spans several decades. Our business thus depends on our ability to understand and respond to the needs and interests of stakeholders. We have an obligation to demonstrate that, on the whole, the benefits of our presence outweigh

the potential downsides. It is our responsibility to generate and maintain support from local people and their communities from the time we decide to enter a new area until the day we exit.

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## HOW WE DO IT

Our corporate social responsibility policy reflects our commitment to cultivating sustainable development based on our core activities in the countries in which we operate. We endeavour to achieve this by making

decisions based on how they impact on our interests and the interests of the societies around us. We endeavour to ensure transparency, promote anti-corruption and respect for human rights and labour standards, as well

as contributing to local content by developing skills and opportunities in the societies in which we operate.

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## OUR ACHIEVEMENTS

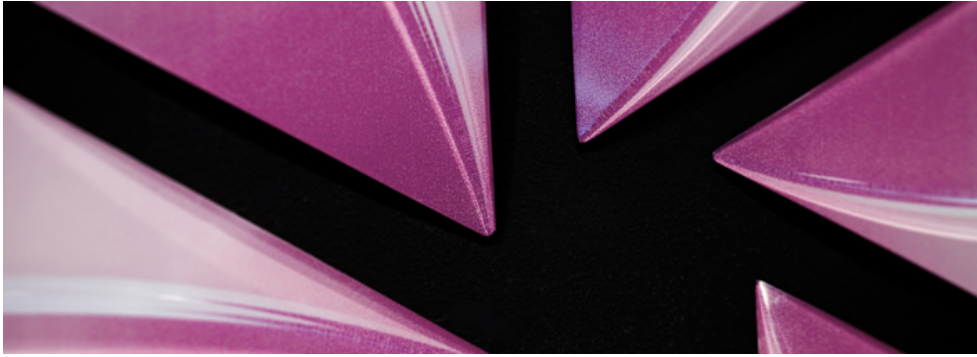
In 2011, we progressively strengthened compliance with our policies and standards for social responsibility, human rights, ethics

and anti-corruption across our operations.

This section on society summarises

the challenges we have encountered and our achievements in these areas.

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# Human rights

We actively advocate respect for human rights and basic labour rights in all of our operations.

We are present in parts of the world where human rights and decent working conditions may be at risk,

whether directly through our own operations or indirectly through the supply chain.

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## OUR COMMITMENT

We make every effort to run our business in a way that respects human rights and labour standards. Our commitment is based on the Universal Declaration of Human Rights, and the International Labour Organization's (ILO) 1998 Declaration on Fundamental Rights and Principles at Work. We also actively support the

Voluntary Principles of Security and Human Rights (VPSHR) and the United Nations Global Compact Principles.

We promote respect for fundamental labour rights and standards such as decent wages, regulated working hours, the prohibition on child or forced labour, and freedom of

association and collective bargaining.

While practices of association may vary in different countries in accordance with local standards, we endeavour to involve our employees and their appropriate representatives in development of the company.

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We believe in diversity and equal opportunity and prohibit discrimination and harassment in the workplace, whether based on race,

gender, age, disability, sexual orientation, religion, political views, or national or ethnic origin. We also recognise the special rights of

indigenous peoples.

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# Security and human rights

A proactive approach to corporate social responsibility (CSR) is often the single most important factor in ensuring the safety and security of our company staff and operations worldwide.

It does not matter how high you build the walls around a compound if you do not address the concerns of the local inhabitants on the outside.

Identifying social risk and making decisions based on our interests and the interests of the societies in which we operate are integral to our CSR

policy.

## FULL COMPLIANCE

Statoil conducts all safety and security activities in accordance with applicable laws and internationally recognised human rights.

To strengthen its commitment, Statoil has been a supporting member of the Voluntary Principles on Security and Human Rights (VPSHR) since 2002. We strive to make sure that our use of

security resources complies with the Voluntary Principles.

## RESPONSIBLE POLICY

Our CSR policy reflects our commitment to the VPSHR. The principles are further integrated in our security procedures and management system. The procedures outline how to manage and deploy security resources. They emphasise how

important it is that all security personnel working on Statoil's behalf display universal respect for human rights, act within the law and comply with the company's rules on the use of force and firearms, which are in accordance with the UN Principles on

the Use of Force and Firearms by Law Enforcement Officials and the UN Code of Conduct for Law Enforcement Officials.

## RELEVANT TRAINING

All Statoil security providers must be given initial training commensurate with their duties. As a minimum, the training must also include human rights training as well as the rules of necessity and proportionality in relation to the use of force. Security providers should also undergo refresher training once a year, including updates on policy and

procedures, and reminders on ethics, human rights, the use of force and first aid. Further training in human rights, including our commitment to the Voluntary Principles, is also provided for all staff as part of our general training in corporate social responsibility. More in-depth human rights awareness sessions were held in 2011 for exposed groups

throughout the organisation.

In all contracts with private security personnel, we include human rights criteria as part of pre-qualification screening, integrity due diligence and contractual provisions and clauses.

## PRIMARY RESPONSIBILITY

We are a major operator in Norway, but most of our equity production outside Norway is operated by joint ventures or licences in which we are a minority partner. Consequently, in many countries we are primarily only responsible for the security of office activities and for assurance and follow-up in partner committees.

Our approach to security varies, taking into account differing risk

levels in diverse locations. While circumstances in some locations require using armed security, our security personnel are unarmed in most locations. All of our locations are covered by the same corporate requirements, including our commitment to the VPSHR. In 2011, VPSHR-relevant activities and follow-up took place in several countries.

In late 2011, we employed an NGO –

Search for Common Ground (SFCG) – to carry out a risk assessment in coastal communities affected by our exploration activities off the coast of Tanzania. SFCG will also provide VPSHR-compliance training in the use of force and firearms for security personnel guarding our rigs against piracy in Tanzanian waters. Our armed security response will come from the Tanzanian Navy.



# Grievance mechanisms

Concerns relating to our activities can be raised through a variety of different channels: at the operational level, the corporate level and through our externally managed ethics helpline.

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## OTHER GRIEVANCE MECHANISMS

Other mechanisms for feedback and the voicing of concerns include community consultation and dialogue, both as an ongoing process and as part of our impact assessment activities.

Impact assessment processes – community consultations, in particular – in connection with our operations provide additional avenues for voicing concerns and grievances. Pursuant to our internal guidelines on integrated

impact assessment, all "category A" projects (with a potential for significant adverse impact on health, safety, environment/corporate social responsibility) and, depending on the impacts in question, some "category B" projects (with a potential for limited adverse impacts), must establish grievance mechanisms for the duration of the project.

In line with the expectations of effective access to remedies

prescribed by the UN Protect, Respect and Remedy framework and the UN Guiding Principles on Business and Human Rights, we are considering other suitable grievance mechanisms for use by the communities in which we operate. We are also participating in a joint industry initiative at IPIECA to identify and develop suitable grievance mechanisms for oil and gas projects.

# Human rights due diligence

We conduct human rights due diligence reviews of our ongoing activities and new business opportunities in order to avoid adverse impacts on our workforce and the communities in which we operate.

Following the establishment of the UN Protect, Respect and Remedy framework, and the more recently endorsed UN Guiding Principles on Business and Human Rights (June 2011), we have reviewed and improved our governing requirements and work processes to prevent and address adverse human rights impacts of our operations by integrating human rights due diligence and risk management in all the company's general systems for assessing and mitigating non-technical risks.

Key elements of this on-going process include:

- Systematically conducting analyses of countries relevant to our operations in order to develop robust knowledge about local conditions, business culture and
- external factors – including human rights and broader social, political, security and ethical risks.
- Conducting additional risk and impact assessments before making an investment decision. In countries or contexts in which human rights risks are considered to be particularly significant, we also carry out dedicated human rights risk assessments (HRRAs). Over time, HRRAs have been integrated and incorporated into the ongoing risk management and impact assessment processes in the company. These include the risk review tools early-phase risk assessment (EPRA) and related risk registers, as well as our integrated impact assessment procedures.
- Ensuring robust procedures for
- integrity due diligence reviews of third parties. These include screening the human rights reputation of partners, suppliers and other third parties with whom we may enter into a business relationship. Our standard contract requires adherence to national laws and regulations, and, where necessary, all efforts are made to include specific provisions relating to human rights in contracts with partners. Additional procedures apply to contracts with security providers.

These and other processes help us to identify the source and nature of potentially adverse impacts of our activities on the human rights of our stakeholders. On that basis, we develop a remedial plan to mitigate any potential adverse impacts.

## CONTINUED COLLABORATION

In 2011, in order to better understand the business implications of our commitment to human rights, we continued to collaborate with various partners and stakeholders. Among others, we participated in consultations with John Ruggie, former United Nations Special Representative on Business and Human Rights. Since 1998, we have also had a collaboration agreement with the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), covering all

Statoil employees in all countries in which we operate. This further affirms our support for fundamental human rights in the community and workplace. Through corporate agreements, we continued to support the work of Amnesty International Norway.

In 2011, we also reviewed our governance mechanisms, policies, processes and tools to check their consistency with the recently launched UN Guiding Principles on

Business and Human Rights, and we identified gaps, and needs for improvement, including training and awareness needs, and our external stakeholder relations on human rights issues. We are also participating in a joint industry initiative at IPIECA to improve existing human rights due diligence approaches and tools and to further develop any new tools where necessary.

# Human rights training

Human rights due diligence in Statoil includes our training and awareness-raising efforts in human rights issues and risks, and our corporate obligation to respect human rights.

The provision of employee training is an important part of our endeavours to respect human rights and prevent

potential human rights violations from occurring in our business activities and business relationships.

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## AWARENESS TRAINING

Human rights awareness training is integrated into our general training in corporate social responsibility. The training includes an overview of our policies and commitments to human rights, core labour standards, awareness of our corporate responsibility to respect human

rights, and the approaches, tools and resources devoted to promoting respect for human rights in our operations.

In addition to the overall human rights awareness and training that is an integrated part of our general training

in corporate social responsibility, specialised training is also available on topics such as core labour standards and human rights and labour standards in the supply chain.

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## KNOWING OUR COMMITMENT

As in previous years, all new employees are given an introduction to our commitment to human rights and labour standards as part of the group-wide training of new employees.

More in-depth human rights awareness training is an integrated part of the project management training we offer to project managers and project members across the organisation. As part of our review of labour rights risks in our supply

chain, we conduct special awareness sessions with the senior management teams in all business areas, key procurement staff and relevant staff in our country offices.

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## FURTHER ENHANCEMENT

Human rights-related issues are also discussed by the company's ethics committees and the corporate executive committee, and they were the subject of several sessions this year.

In 2011, we reviewed our company-wide training and awareness initiatives to identify what further improvement is required to ensure consistency with the recently launched UN Guiding Principles on Business and Human Rights. The

identified areas for improvement will be followed up in 2012. In addition, we are participating in a joint industry initiative at IPIECA to improve human rights training and awareness relevant to the oil and gas industry.

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## Ethics and transparency

Our commitment to ethics and transparency is integral to how we conduct our business and vital to ensuring that the wealth derived from the energy we produce is put to effective and equitable use.

We wish to be known for our high ethical standards and our

commitment to transparency and openness, and we have zero tolerance

for ethics violations in our operations.

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### SUPPORTER OF THE EITI

Our commitment to integrity and transparency is based on a number of international initiatives. We support

the Extractive Industries Transparency Initiative (EITI) and respect and promote the EITI principles

throughout our operations.

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### OTHER ENDORSEMENTS

We have also endorsed the United Nations Global Compact principles, including the 10th Principle on Anti-Corruption. We report annually on our progress in implementing the 10

principles. We also support the World Economic Forum's Partnering Against Corruption Initiative (PACI), the Business Principles for Countering Bribery (BPCP), and the OCED

Guidelines for Multinational Enterprises.

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# Integrity due diligence

International growth and expansion increase both our opportunities and the threats we face. Our company-wide integrity due diligence (IDD) requirements aim to improve our integrity control of potential business partners.

It is especially important in countries where corruption is endemic, and where partners and business practices are unfamiliar to us, that we identify

ethical "red flags" before entering into commitments. Procurement is one of the first areas of businesses to enter new countries. In-depth knowledge of

suppliers is therefore vital to success and to the company's reputation.

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## INTEGRITY DUE DILIGENCE

Our standards for IDD facilitate access to knowledge about potential suppliers, how their business is conducted and what their values are. They also increase our understanding of the business environment we operate in, so that we know what to expect.

With the possible reputational impact and liability that can result from the actions of business partners becoming an urgent concern, IDD is, in our opinion, one of the most effective tools available. Early risk

identification is the key to success in managing integrity risk. In fact, the "red flags" are often not red but amber – a warning that something needs to be looked at in more depth or that some action needs to be taken before proceeding.

We have a separate and independent staff function that is responsible for carrying out IDD. When a risk is deemed significant, cases are referred to the business integrity function for further analysis.

Only a small number of business partners represent an integrity risk, and a simple set of tests can identify whether or not a risk is present. The evaluation of high-risk cases needs to be thorough, however, and this requires resources. Given the inherent risks in our operations, however, integrity due diligence can be one of the best investments we can make. A good reputation takes years to build, but it can be lost in a moment.

# Transparency and ethics

We believe that transparency is a cornerstone of good governance and a productive business environment. Transparency allows businesses to prosper in a predictable environment and enables citizens to hold governments accountable.

Statoil is one of the first major oil companies to start disclosing all revenues and payments in the countries in which it operates. It is a practice we intend to continue.

We have supported the Extractive Industries Transparency Initiative (EITI) since its inception in 2002/2003, and became a board member of the organisation in 2009, representing the national oil company (NOC) constituency together with

Pemex of Mexico. Through the EITI, we work to promote principles of revenue transparency in the countries in which we operate. Statoil also has a collaboration agreement with Transparency International Norway.

In 2011, with a view to improving industry disclosure and reporting on sustainability issues, we continued our active membership of both the Global Reporting Initiative's (GRI) Sector Supplement Working Group on

the oil and gas industry and the International Petroleum Industry Environmental Conservation Association's (IPIECA) revision of the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting.

Our aim is to work with industry, governments and civil society to operationalise our commitments in the countries in which we operate.

# Ethics and anti-corruption

Our Ethics Code of Conduct defines our ethical commitment, the requirements for our business practices and for the personal conduct of everyone who acts on behalf of Statoil.

## ETHICS CODE OF CONDUCT

We are committed to complying with applicable laws and regulations and acting in an ethical, sustainable and socially responsible manner. Respect for human rights is an integral part of our value base and our corporate social responsibility. We wish to be

known for our high ethical standards and see this as a competitive advantage.

Statoil has established policies and procedures aimed at ensuring that ethics and anti-corruption work are

an integral part of our business operations. We believe that strong ownership in relation to compliance and ethics at all levels is vital to our ability to manage and mitigate integrity risks.

## MANAGING INTEGRITY RISKS

A business relationship with a potential counterparty must only be established or amended if the particular relationship satisfies our requirements for integrity due diligence (IDD). We practise strict

requirements for IDD in order to improve our processes for managing integrity risks in our business relationships, and we screen new investments, partners, contractors and suppliers for integrity violation

and human rights violation risks. Moreover, as part of an overall assessment of risk exposure, all seven of our business areas carried out an integrity risk assessment in 2011.

## ETHICS AND ANTI-CORRUPTION TRAINING

We provide both online and face-to-face ethics and anti-corruption training for Statoil employees. In the autumn of 2011, we introduced an improved version of our anti-corruption e-learning programme. All employees are required to complete the new programme by 31 March

2012. By the end of 2011, close to 50% of all Statoil employees had completed the new compulsory anti-corruption, e-learning programme. In 2011, we conducted day-long anti-corruption workshops for Statoil employees exposed to corruption, and provided live ethics and

anti-corruption training for selected groups of suppliers and contractors in key markets. We encourage and sometimes require suppliers to complete our e-learning programme.

## WHISTLEBLOWING

Since 2005, we have had a global ethics helpline, which is a channel through which individuals can express concerns about the legal and ethical conduct of our business. The ethics helpline is accessible to all Statoil employees, board members and hired consultants, who can report confidentially and anonymously. The ethics helpline is managed by an external party and available in local languages 24 hours a day, every day of the year. Statoil employees are also encouraged to raise ethical issues through the line management, our human resources department, their

trade union representatives or the internal entity responsible for following up such matters.

In order to ensure that ethics and anti-corruption issues are given full consideration at the appropriate management level, we have established an ethics committee system. The corporate executive committee is Statoil's primary ethics committee. Three ethics committee meetings were held at this level in 2011. We have also established ethics committees in the individual business areas, each of which held three to

four meetings in 2011. The committees are intended to ensure strong focus on, a common understanding of, and compliance with Statoil's ethical requirements. The decisions and clarifications can be passed on to staff or incorporated into an ethics policy as it is developed. Statoil's board of directors has also established a new sub-committee for HSE, ethics and CSR to support Statoil's commitment in this context.

# Supporting EITI implementation

We continue to support the Extractive Industries Transparency Initiative (EITI), of which we have been a board member since 2009. We actively encourage implementation of their criteria and principles when we operate in EITI countries.

We have operations in eight countries that are committed EITI – including Azerbaijan, Indonesia, Iraq, Kazakhstan, Mozambique, Nigeria, Norway and Tanzania. Moreover, in

five of these countries – Azerbaijan, Iraq, Kazakhstan, Nigeria and Norway – we have played an active role in supporting implementation during 2011. The following is a summary of

the efforts undertaken to support implementation in these countries:

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## AZERBAIJAN

Azerbaijan was the first country in the world to commit itself to undergo EITI's strict implementation programme. At the 2009 EITI Conference and Board meeting in Doha, Azerbaijan became the first

EITI-compliant country. We have been an active promoter and partner of Azerbaijan's EITI implementation process since its early beginnings, and we are currently an alternate representative to the

multi-stakeholder group. Azerbaijan released its most recent EITI report in June 2011 disclosing data from fiscal year 2010.

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## INDONESIA

Indonesia was admitted as a candidate country to the EITI in October 2010. By implementing the EITI, the government of Indonesia commits to disclosing all taxes, royalties and fees it has received from

the oil, gas and mining sectors. Companies operating in these sectors will publish what they have paid to the government. These figures will be reconciled by an independent reconciler in a process overseen by

representatives from government, industry and civil society organisations.

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## IRAQ

Iraq, the single largest country in terms of proved oil reserves to commit to the EITI, became a EITI member in February 2010. Statoil participated in the launch of the Iraqi

EITI (IEITI) in Baghdad in January 2010. We have since continued to support and follow IEITI through the "Friends of Iraq EITI" informal multi-stakeholder support group, which is

facilitated by the international EITI Secretariat.

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## KAZAKHSTAN

Kazakhstan became an EITI candidate country in September 2007, and it published its third and fourth EITI reports in 2010. They cover payments and government receipts from a majority of the country's oil and gas and mining companies. Since late 2010, Kazakhstan was judged to be

"close to compliant" by the EITI board. Statoil is a member of the EITI National Stakeholder Council (NSC), and it participates in three working groups in the NSC (social payments, reporting, and communication). In 2010, we also contributed to the translation into Kazakh of the

Kazakhstan Validation Report, which was submitted to the EITI Board and presented at "Voluntary vs. Mandatory Industry EITI Participation" at the 3rd National EITI Conference in June 2010.



## NIGERIA

Nigeria was accepted as an EITI candidate country in September 2007 and has produced audited reports for the years 1999–2005 that go beyond the EITI minimum requirements. The third report covering 2006–2008 was published on 1 February 2011. EITI is in the processing of procuring a 2009–2011 report from an established auditor, aiming for publication by the Fall of 2012. In 2011, NEITI commenced a

nation-wide training for Civil Society Organisations aiming to strengthen their capacity on the interpretation, management and use of information contained in the audit report to hold government and companies to account.

Nigeria is on EITI's list of compliant countries. Statoil has supported EITI implementation in Nigeria since its establishment, and participated in

both the audits conducted so far. Statoil is also a supporter and member of the Bayelsa Expenditure and Income Transparency Initiative (BEITI) in the Nigerian state of Bayelsa. The BEITI is a complementary initiative to the EITI aimed at promoting the principles of transparency in relation to both revenues and expenditure at the state level.

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## NORWAY

Norway was accepted by the board as an EITI candidate country in February 2009, and it remains the first OECD country to have implemented the EITI criteria. In 2010, Norway published its first and second report, covering 2008 and 2009, respectively. The

validation process was also initiated, and a complete validation report was submitted to the EITI Board in late 2010 and Norway was accepted as fully compliant in March 2011. The Norwegian multi-stakeholder group is in the process of finalizing the report

covering payments in 2010. Statoil participates in the multi-stakeholder group as a representative of the oil company constituency, together with Shell, DNV and the Norwegian Oil Industry Association.



## Positive local impacts

Through our core business activities and the resulting benefits, we aim to contribute to sustainable development in the countries and communities where we operate.

We recognise that, in most countries where we have business activities, our projects are often long term. We aim to make sustainable investments that will benefit our host communities and help us to be welcome.

We contribute locally through the taxes and contributions that we make to governments, the staff that we hire and develop, the services and goods that we buy from local firms, and the social investments made directly in our host societies and

communities.

In this section, you can read more about our local development activities and impacts in 2011.

# Gov't payments & contributions

Our business generates significant revenues for governments. In 2011, we made payments and contributions to governments estimated at NOK 191 billion.

An estimated 62.7% of our total payments and contributions went to the Norwegian State. Of the remainder, an estimated 12.8% went to North Africa and Europe (including Russia and the Caspian region), 17.1%

went to sub-Saharan Africa, and 6.9% to the Middle East and Asia. Of the total amount, we paid NOK 118 billion in tax on income and NOK 32.6 billion in indirect taxes. Direct and indirect taxes paid in Norway amounted to

NOK 119.8 billion. Direct and indirect taxes paid outside Norway totalled NOK 30.8 billion.

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## IN-KIND CONTRIBUTIONS

Based on production sharing agreements, depending on the value of petroleum and the requirements stipulated in the agreements, we also made in-kind contributions ("profit

oil") estimated at NOK 40.4 billion towards government finances in six countries (Algeria, Angola, Azerbaijan, Iran and Nigeria). We also paid a total of NOK 5 million in

bonuses for licences in Indonesia and Mozambique.

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## FINANCIAL DISCLOSURE

In many of the countries in which we operate, the finances that we provide are often the main source of government revenue. If managed well, these funds can be translated into vital services and infrastructure required for sustained economic and social development. However, transparency and accountability are

necessary in order to ensure that the wealth derived from energy resources is used to full effect. To this end, we publish the revenues, investments, taxes and other contributions that we pay in all countries in which we operate and support the Extractive Industries Transparency Initiative (EITI).

Note: Payments and contributions to governments in North and South America are approximately 0.6% of overall payments, and therefore do not figure above.

# Local content

We aim to make investments that create and maximise shared value for the benefit of both our shareholders and the countries in which we operate.

Energy-rich countries increasingly expect opportunities for their local industry and labour to participate in oil and gas-related activities. Wherever we have an active presence, our aim is to contribute to local content in our operations by developing skills and opportunities.

Hiring and buying goods and services locally is an effective way of

generating local content and contributing to development. It has a direct impact on the local economy, creates jobs, and builds and enhances local capacity and capabilities. We strive to continuously search for opportunities to work with our host country partners to develop sustainable local enterprises that meet our expectations and requirements.

Investing in local content helps us to mitigate risks, while enhancing the benefits to both our business and the societies in which we operate. Ultimately, we believe it helps to drive efficiency, reduce costs and improve project execution.

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## BUILDING LOCAL CONTENT WORLDWIDE

We aim to recruit locally, offer a safe working environment to all of our employees and provide attractive training opportunities that build local capacity and skills. In non-OECD countries in particular, we are working to achieve a higher proportion of national staff, including at management level.

Throughout the Statoil group, we have an ambition to increase the proportion of non-Norwegians. For

our workforce as a whole, and among staff in management positions, this proportion was 18 % in 2011. The proportion of non-Norwegians among new hires was 42% in 2011. Statoil Fuel & Retail, whose workforce is largely non-Norwegian, is not included in these figures

We support training and competence-building in close dialogue with relevant authorities and local partners in many countries, including Brazil,

Canada, Nigeria and Russia. In Angola, we are helping the Ministry of Education to build a safety centre and HSE training programme at the Institute for the Petroleum Industry (Instituto Nacional de Petróleos). Our contribution is focused on delivering training equipment and advising teachers on HSE management and risk assessment.

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## LOCAL PROCUREMENT AND SUPPLIER DEVELOPMENT GLOBALLY

local sourcing and look for opportunities to support sustainable and competitive enterprises.

For example, in support of our offshore operations in eastern Canada, we are endeavouring to operationalise the principle that first

to local personnel and businesses and to goods manufactured in Newfoundland and Labrador, where such goods and services are competitive in terms of fair market price, quality, and delivery. We monitor and report on these activities annually in order to meet our regulatory responsibilities.

While this is done in part to meet local requirements, we will continue to demonstrate our commitment to local value creation and the sharing of benefits in the communities in which we operate.

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## LOCAL PROCUREMENT

We are also making efforts to increase local purchase of goods and services in our operations in non-OECD countries. In 2011, we spent an estimated NOK 9.8 billion on goods and services from companies based in non-OECD countries, up from NOK 4

billion in the previous year.

To achieve our goal of increasing local procurement, we support capacity-building initiatives and invest in local enterprises – including in Brazil, Nigeria and north-west Russia – in

order to provide them with the skills and expertise, standards and certifications they need to compete successfully and work in the oil and gas industry.

## BUILDING LOCAL CONTENT IN NORWAY

We have a long tradition in Norway of contributing to local industrial development and employment generation in support of our operations. A selection of current initiatives that continue this tradition is described below.

We support and have ownership interests in industrial parks and incubators that aim to support the development of competent local suppliers. Over the last decade, we have supported the development of

the construction sector in northern Norway, particularly subcontractors in relation to possible infrastructure and oil and gas projects in north-west Russia.

The LOOP programme is Statoil's technology development programme. Statoil's contribution to a project may include financial support, project supervision and control, access to pilot testing, technical expertise and idea tuning, networks, access to third-party capital, and business

insight and general advice. The technologies can range from small improvements to game-changing inventions. We initiated 11 LOOP projects and three pre-studies in 2011. In 2010 we initiated five projects. Since the programme started in 1990, 259 projects have been supported and the total grants from Statoil and other interested parties amount to more than NOK 1 billion.

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## EDUCATION AND TRAINING INITIATIVES

We are contributing to education and training in oil and gas disciplines through our apprenticeship programme, which provides students with practical, on-the-job training at our sites and operating locations. Statoil took on 177 apprentices in 2011, including 53 new apprentices from Norway's three northernmost counties.

Through our Academia Programme we support research and competence-building at Norwegian universities and research institutes. We have bilateral agreements with eight universities and institutions in Norway, and we cooperate with leading international universities.

Attracting the right talents to our industry includes inspiring young

people to focus on science and technology. To support this effort, we contribute to initiatives that encourage science education through regional science centres and "Newton Rooms" that communicate science to the public and inspire young people to choose a science education.

# Positive impacts

Our operations have a substantial economic impact on the communities in which we operate. Our operations benefit employees, suppliers, providers of capital, local communities and the tax authorities in various ways.

## CREATING POSITIVE IMPACTS

We aim to be a partner of choice by increasing the local content of our business and by working to create positive impacts from our business and supporting development in host countries.

Because the nature of our business requires highly specialised skills and technology, there is a risk that direct benefits reach a relatively small minority, and potentially exclude some others.

Although some of our R&D efforts aim at developing proprietary solutions, a considerable amount is spent on industry-wide initiatives and research that benefits the wider community.

## LOCAL RECRUITMENT

We aim to recruit locally, and demonstrate that we are a good employer by offering a safe working environment, attractive training opportunities and future growth potential. We promote local sourcing and work with local businesses, suppliers and contractors where possible, and we invest in

developing sustainable and competitive local enterprises. We support training and skills development in the local community and among our suppliers and contractors in order to build lasting capacity and to help them to develop the skills, standards and certifications required to work in the

oil and gas industry.

We seek to deepen our commitments to sustainable investments for the benefit of stakeholders in the countries in which we operate, but also to secure necessary skills and local capacity.

## WHAT ARE THE CHALLENGES?

- Maintaining a balance between the costs of social/environmental responsibility and actual financial returns
- Engaging local suppliers and talent
- Creating a safe environment for all employees, both internal and external
- Making sure that acting responsibly makes Statoil a legitimate partner in developing resources for many years to come
- Deepening the involvement and engagement of local communities in the business that Statoil conducts
- Clarity about the role and responsibilities of governments, civil society and other stakeholders and their fulfilment.

### Selected figures from the business

2011      2010      2009

#### Taxes, bonuses and royalties

Direct taxes paid in NOK billion	118.0	91.3	98.5
Indirect taxes paid in NOK billion	32.6	32.3	27.3
Signature bonuses paid in NOK billion	5.0	0.5	1.4
Value of profit oil in NOK billion	40.4	29.5	18.6

#### Capital providers

Proposed dividend in NOK billion	20.7	19.9	19.1
Interest paid on loans in NOK billion	3.9	2.6	2.9

#### Employment and recruiting\*

Approximate number of employees	21,319	34,340	28,700
Pay and social benefits in NOK billion	30.7	29.1	27.1

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Procurement\*

Approximate number of suppliers	12,330	18,300	18,500
Goods and services purchased (invoiced value) in NOK billion	133.7	120.0	129.8

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Investments

Investment in own business operations in NOK billion	133.5	84.4	85.0
Social investment in NOK million	216.9	201.6	206.8

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Research and Development

R&D Expenditures in NOK billion	2.2	2.0	2.1
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# Social investments

Our main goal in connection with social investment projects is to cultivate self-sustaining, mutually beneficial activities in communities affected by our presence.

In 2011, our spending on social investments was approximately NOK 217 million, NOK 195 million of which was spent

voluntarily and NOK 22 million on a contractual basis. The biggest social investments in 2011 outside Norway were made in Angola, the USA,

Azerbaijan and Nigeria.

## SOCIAL INVESTMENT POLICY

Social investments are the voluntary contributions that our operations or projects make to strengthening local capacities and to promoting transparent operating environments and respect for human rights, so that affected communities can benefit from our operations. Our goal is to support initiatives that help to build self-sustaining activities in host communities. We endeavour to avoid

creating dependency and supporting unproductive projects.

The identification and selection of social investment projects is the result of a comprehensive process that reflects business objectives and priorities, stakeholder context and local needs and capabilities. The project proposal for social investments must be established on

the basis of environmental and social impact assessments, and other relevant analyses. The aim is to meet expressed community needs and expectations, align with Statoil's requirements and focus areas for social investments, design appropriate projects and ensure a sustainable outcome.

## MANAGING SOCIAL INVESTMENTS

We endeavour to manage our social investment projects with the same care and professionalism as any other business activity. We aim to constantly improve our procedures to increase effectiveness and quality control, including additional measures to reduce third-party compliance and corruption risks.

Our main focus area in social

investment projects is education and competence development. These are areas that benefit both Statoil and the recipients. This includes collaborating with higher education and vocational training centres as well as technical institutions related to the oil industry. This is seen as a way to build competence among the local potential workforce and local suppliers. Social investment projects are implemented

through professional counterparts and selected in accordance with our procurement process and internal requirements for social investment management. The beneficiaries are identified through the analysis of the impact assessments and data collected in connection with our projects.

## INITIATIVES IN RUSSIA

In Russia, we have supported a supplier development project since 2005. Statoil established a database to identify oil and gas industry suppliers and sponsored training courses and seminars aimed at developing the competence of local supplier companies.

Building upon the Norwegian model and using experience from Norway's oil and gas industry, Statoil assisted and financed the establishment of two supplier associations in north-west Russia. One such association,

Murmanshelf, started its activities in Murmansk and the other, Sozvezdye, in Arkhangelsk. Statoil financed the activities of both associations in the start-up phase, while simultaneously transferring industry experience and preparing them for further commercialisation activities.

Today, the associations are fully independent. In 2011, Statoil changed its supplier development strategy. We now consider ourselves co-sponsors, supporting independent associations by organising

conferences, workshops and seminars. During 2011 and 2012, Statoil in Russia is sharing its LOOP programme, which identifies and assists with the development of innovative niche technologies for the energy sector, with select participants. Statoil launched the programme together with the supplier associations as a sponsor of several conferences and seminars in Murmansk and Arkhangelsk, focusing on the Arctic and the need for relevant technology, including subsea.

## CSR PLANS

Social investment projects are a component of our social responsibility plans. Social responsibility plans are required for all projects and operations

requirements set out in our CSR policy and our strategy, as well as the business activities in the country, and the pertaining social risks, impacts

social responsibility plans were prepared for 95% of the non-OECD countries where our international exploration, development and production



in the countries in which we operate (this is required in all non-OECD countries and in projects with high risks). Social responsibility plans reflect the operating principles and

and social investments. The follow up of CSR actions defined in the social responsibility plan is done through our internal monitoring process. The plans are updated regularly. In 2011,

activities took place, up from 80% the year before.

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#### APPRENTICESHIP PROGRAMME

We contribute to education and training in oil and gas disciplines through our apprenticeship programme in which students are

given practical, on-the-job training at our sites and operating locations. Statoil took on 177 apprentices in 2011, including 53 new apprentices

from Norway's three northernmost counties.

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#### COOPERATION WITH ACADEMIC INSTITUTIONS

Through our Academia Programme, we continue to support research and competence-building at Norwegian universities and research institutes. We have bilateral agreements with eight universities and institutions in Norway, and we also cooperate with leading international universities. In 2011, approximately NOK 76 million

was channelled through these programmes.

Attracting the right talents to our industry also means inspiring young people to focus on science and technology. In support of this, we contribute to initiatives to stimulate science education through regional

Science Centres and "Newton Rooms" that communicate science to the public and inspire young people to choose an education in science subjects. In 2011, approximately NOK 28 million was channelled through these programmes.

# Engaging communities

Engaging communities and stakeholders is a key element in managing the impacts of our activities.

As an operator, we endeavour to gain support for our presence by involving local stakeholders in a timely manner throughout the lifetime of our operations. Statoil strives to share information about initial decisions

and project design at an early stage. We continue the dialogue during development and implementation in order to identify and address concerns in a timely manner. Irrespective of such feedback, we

independently monitor projects in order to identify associated impacts that affect local communities and stakeholders.

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## GUIDING PRINCIPLES

In our guidelines for project development and integrated impact assessment, we have developed a set of guiding principles for our engagement with communities and other local stakeholders during the impact assessment process. In summary:

- Consultations with community stakeholders must be initiated already during the early scoping process for projects, and they must be held on a regular basis during the remainder of the impact assessment process in order to identify and follow up potential impacts on these stakeholders so that their views can be incorporated into the decision-making process.
- If ongoing impacts on and risks to the affected communities are

expected, arenas for dialogue should be established throughout the project's lifetime (regular meetings, newsletters, stakeholder forums, etc).

- The consultation process should be tailored to the language preferences of the affected communities, their decision-making processes and the needs of disadvantaged or vulnerable groups.
- In projects with potentially significant impacts, and where otherwise relevant, community grievance mechanisms should also be considered from the very beginning of the project process. They should be in place during construction and operations and until the end of the project.
- In projects where indigenous peoples could be among the

impacted communities or individuals, free, prior and informed consultations should be held in order to facilitate effective participation in matters that affect them directly, such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The consultation process should be culturally appropriate and commensurate with the risks to and potential impacts on indigenous peoples. Specific consideration of literacy levels is required. Furthermore, the special rights of indigenous peoples as recognised by host-country legislation and international standards will need to be addressed.

## STAKEHOLDER DIALOGUE IN BRAZIL

In some countries like Brazil, there are governmental requirements specific to the dialogue with local communities. Our engagement there has been carried out in the following manner:

The Environmental Education Campaign (PEA) and the Social Communication Project (PCS) in Brazil are processes mandated by the National Environmental Agency (IBAMA) as part of the licensing requirements. Both processes have been implemented and will continue through the life cycle of the Peregrino project, in local fishing communities and municipalities affected by the offshore field's activities.

During its first two years, the PEA process is being implemented in two municipalities as a pilot project. The process is aimed at strengthening community organisations directly and indirectly involved in local fishing activities. The method is educational. It supports the emancipation of

women and recognises their role in society, economic life, social issues and environmental activities.

In many fishing communities, women are considered secondary. They do not fish in the open sea and are left to harvest crabs and shellfish and clean shrimp. Their income is very small compared with the price of the end product sold. For example, they might clean 20 kilograms of fish for the equivalent of one US dollar, while a dish made from some 200 grams of fish is sold in tourist areas for 25 times that amount.

By the end of the PEA programme's second year, a common agenda will be established with participating groups regarding social and environmental issues and mitigation of impacts created by the oil industry.

The Social Communication Project's main objective is to annually inform local fishing communities about our

offshore operations and to monitor the 500-metre safety zone around our platforms on a daily basis. In 2011, we achieved the project's main objectives, and shared information about new government rules and benefits for fisherman that are in effect in 2012. We also established a partnership with an organisation called Federal Public Attorneys, who inform local fishermen and their wives about important matters such as retirement, disability and pregnancy insurance benefits. Many are not aware of these benefits.

These programmes are essential to the process of building good relationships with the local fishing communities that we impact. Good project management is imperative if we are to avoid conflicts that cause delays in the permit process and in building the necessary reliability for other engagements we pursue in the future.

# Working with our suppliers

We are committed to working with our suppliers to promote high standards and ensure continuous improvement.

We continue to promote our standards and principles throughout the procurement process – when

pre-qualifying and selecting suppliers, in contracts and through risk-based monitoring and follow-up.

## OUR EXPECTATIONS

Statoil expects all partners, including suppliers, to follow our standards or an equivalent set of standards. However, we also recognise that, in many of the countries in which we operate, local suppliers may not yet meet these requirements. In such cases, we endeavour to work with our suppliers to improve their skills and capacity.

Standards related to HSE are promoted through an HSE pre-qualification of our suppliers.

Statoil requires that all suppliers providing services with high HSE risk to our operations in Norway and Denmark initially must be qualified by the Achilles Joint Qualification System and found acceptable by Statoil's final

prequalification for the planned purpose. Specific HSE requirements are then included into contracts. These form the basis for HSE follow-up of the supplier's performance during the agreement phase.

## INTEGRITY DUE DILIGENCE

These same principles apply globally. Our integrity due diligence procedures are applied prior to

contract awards in order to screen all suppliers for material integrity, human rights and reputation risks.

## SUPPLIER DECLARATION

All potential suppliers for contracts worth more than NOK seven million are required to sign Statoil's Supplier Declaration in the pre-qualification phase. This commits our suppliers to respecting human rights, core labour standards and employment conditions, in addition to minimum

standards for ethics, anti-corruption and HSE. The declaration also requires signatory suppliers to promote these principles among their own sub-suppliers. The Supplier Declaration is then made part of the contract. Using procurements based on 2011 contracts as a point of departure,

92.7% of the procurements measured by value included this declaration. For the remaining purchases, supplier declarations are common, but not required.

## PROMOTING DECENT LABOUR STANDARDS

We continue to strengthen our supply chain management procedures and improve their effectiveness in promoting decent labour standards and working conditions – as outlined in the core conventions of the International Labour Organization – by focusing on the following:

- Improving the clarity and focus of existing procedures and processes and making our

commitments to international labour standards more precise and operational

- Strengthening follow-up of the Supplier Declaration
- Including labour standards in monitoring and audits
- Raising awareness and knowledge of risks, applicable standards and possible mitigations among senior management and groups with

significant risk exposure

- Increasing attention to national labour laws in the line organisation
- Increasing the focus on labour conditions in existing risk assessment processes in order to identify high-risk parts of the value chains

## PROCEDURES FURTHER STRENGTHENED

We have further strengthened our internal supply chain management procedures by including requirements for handling human rights and labour standard issues in the supply chain in our procurement procedures.

Our integrity due diligence (IDD) procedures, which screen all potential suppliers prior to contract award for material integrity risks and reputation risks, include screening for risks relating to a supplier's conduct regarding human rights and labour

standards. We aim to monitor and follow up identified mitigating actions in order to address these risks during the contract management phase.

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## FOLLOW-UP AND MONITORING

To heighten understanding of issues relating to labour standards in the supply chain and associated risks to our business, specialised training programmes on the implementation and follow-up of the Supplier Declaration are now developed for our

procurement staff and company representatives.

We recognise that managing and monitoring compliance with our standards in the supply chain is challenging and complex. We

endeavour to follow up and monitor suppliers with whom we have direct contracts. Additional follow up and monitoring of the supply chain is consequently considered, based on our assessment of risks.



## Case study: The shale revolution

Statoil strives to develop and produce shale oil and gas and tight oil in the most responsible and sustainable way possible.

Shale gas and tight oil are hydrocarbons sealed within hard and deep subterranean rock formations. Recent technological advances make it profitable to tap the trapped oil and gas using special drilling and stimulation processes.

The shale gas and tight oil "revolution" has literally redefined the

global energy outlook. It has also triggered considerable media attention.

Statoil has actively prepared for an operatorship in shale oil and gas, and through our 2011 acquisition of US oil company Brigham Exploration, graduated into a full-fledged operatorship role within tight oil.

Statoil is part of the US shale gas and tight oil industry through active partnerships with Chesapeake Energy in the Marcellus formation in several north-eastern states and Talisman in the Eagle Ford play in south Texas, and our operatorship of tight oil activities in North Dakota and Montana.

### NUMEROUS ADVANTAGES

There are many upsides to developing and producing shale gas and tight oil. Reserves are abundant. Global natural gas reserves, for example, are now estimated by the International Energy Agency (IEA) to last 250 years (at present consumption levels) due to reserve additions from shale gas [1].

IEA Chief Economist Fatih Birol believes unconventional gas has the potential to change the global energy supply structure. "It will have massive economic and geopolitical implications," he said recently in

Davos [2].

The USA has initially led the shale gas and tight oil charge, but China and other countries are now poised to follow [3].

"We have a supply of natural gas that can last America nearly 100 years," said US president Barack Obama in his 2012 State of the Union address in January. "My administration will take every possible action to safely develop this energy. And I'm requiring all companies that drill for gas on public

lands to disclose the chemicals they use. Because America will develop this resource without putting the health and safety of our citizens at risk." [4]

This abundance of natural gas not only gives the USA greater energy independence [5], it is leading some people to propose natural gas-fired power plants as lower-carbon emission replacements for coal-fired plants [6].

### FAST TRACK

Shale gas and tight oil production have developed rapidly. Shale hydrocarbon output in the USA has grown from virtually nothing in 2000 to some 30% of the country's natural gas supply in 2011. That proportion is expected to climb towards 50% in coming years [7]. Shale gas is

expected to reach 30% of total global gas production by 2040 [8].

In recent years, investments have increasingly shifted to natural gas liquids and oil trapped in shales and tight oil reservoirs. Some analysts expect production from shales and

tight oil plays in the USA to exceed two million barrels per day by 2020[9], similar to daily oil output for the entire Norwegian continental shelf.

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## SOCIO-ECONOMIC SUSTAINABILITY

Shale gas and tight oil development are fuelling an economic revolution. By the end of 2010, the industry had created some 600,000 jobs in the USA, and that number is expected to rise to 870,000 by 2015 [10].

In North Dakota, where we have a tight oil operatorship, the socio-economic outlook is exceptionally bright. While many US states are struggling with huge budget deficits, income from tight oil and gas

production in North Dakota has contributed to a state budget surplus of USD 1 billion. Forbes ranked the state fourth in the USA in its annual "Best State for Business and Careers" list in 2011, up seven places from 2010. Bloomberg named North Dakota No. 1 in economic growth and Gallup had the state as No. 1 in job creation [11].

"We want to make sure as many people as possible benefit from this money," says Bruce Gjovig, director at The Center for Innovation at the University of North Dakota. "This is a state with a great educational system and we now have the chance to raise it to the next level with this income. This will really help our people. Like Norway has done." [12].

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## FRACKING FOCUS

Despite the many advantages, public scrutiny of shale gas and tight oil is intense, especially regarding the part of the production process known as hydraulic fracturing (fracking).

Hydraulic fracturing combined with horizontal drilling is providing industry operators with access to an abundance of previously uneconomic shale gas and tight oil resources in the USA and other parts of the world.

The technique involves pumping specialised stimulation fluids (water, chemicals and proppants, generally sand) into hard subterranean rock formations at high pressure, to cause localised fractures that allow the oil and gas to flow from the rock. Water and proppant typically comprise 99% of the fluids pumped into the well.

Concerns about fracking mostly focus on risks related to water use and

contamination, chemicals and micro-seismic events.

Scientific studies commissioned by the industry and regulators show no absolute link between modern, properly executed hydraulic fracturing techniques and water contamination, but concerns remain [13].

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## SAFE PRACTICES

"It's all about safe practices," says Bill Maloney, head of Statoil's Development and Production North America (DPNA) business area. "Done responsibly, there's nothing inherent in hydraulic fracturing that should scare anyone. We, the industry, must be able to demonstrate this. We should expand our baselines by testing water and determining exactly what is in it before we start drilling

wells and doing hydraulic fracturing in an area, and then repeat testing after we complete fracking."

Access to water resources for use in hydraulic fracturing is an issue in some areas. Many shale gas and tight oil operators including Statoil are looking into ways to fracture wells and limit the use of water through recycling or an overall reduction in

water consumption.

Another contentious issue has been the disclosure of chemicals used in hydraulic fracturing fluids. The industry and regulatory regimes now appear to be moving towards more transparency and Statoil supports this disclosure [14].

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## PUBLIC DISCLOSURE

We believe that the public interest is best served by promoting transparency through our operations. Statoil will follow all requirements for reporting to all the appropriate state

and federal agencies. In the absence of government disclosure requirements, Statoil supports public disclosure of fracking fluid additives through the Ground Water Protection

Council and Interstate Oil and Gas Compact Commission's disclosure website ([www.fracfocus.org](http://www.fracfocus.org)).

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## SEISMIC SPECULATION

Speculation that hydraulic fracturing may cause minor earthquakes was recently investigated by the US Geological Survey (USGS) and the privately commissioned UK Geomechanical Study on Seismicity [15].

Subsequent reports found no conclusive correlation between fracking and quakes. The USGS report additionally stated that "it may also be possible to identify what criteria may affect the likelihood of anthropogenically induced

earthquakes and provide oil and gas operators the ability to minimise any adverse effects." [16].

Most scientists concur that seismic tremors due to fracking are extraordinarily rare. More likely, yet still rare, are small quakes (most under 2.7 on the Richter scale) related to the pressurised injection of waste-water from gas and oil drilling operations into the ground [17].

"Drilling for shale gas in the UK won't cause dangerous earthquakes and poses little risk to the environment given appropriate safeguards", Bloomberg reported UK scientists as saying in early 2012.

"Most geologists think this is a pretty safe activity," Mike Stephenson, head of energy science at the British Geological Survey, said at a briefing in London on January 10. "We think the risk is pretty low and we have the scientific tools to tell if there is a problem." [18].

## ABOVE GROUND

Surface disturbances like increased vehicle traffic and construction are an inevitable part of oil and gas development everywhere.

Tight oil activities in the Bakken region of North Dakota and eastern Montana – the site of most of the onshore operations we purchased from US oil company Brigham Exploration – are experiencing a boom [19]. Consequently, infrastructure, hospital services, housing and other basic necessities are under pressure [20]. Some affected townships are starting to say no to new zoning permits, access to water and sewers, etc, and are

challenging the oil companies to find their own solutions [21].

We aim to do our part. For example, we are continuing the best practices established by Brigham and building pipeline gathering systems to transport oil, gas and water. This dramatically reduces the demand for tank trucks. Typically, the development and production of each individual tight oil and shale gas well requires as many as 4–5,000 truck loads to transport oil and water. That means congested roads, diminished traffic safety and a lot of wear and tear on both locations and roads. We like to think that we are making a

positive difference. To date, about 60% of all our tight oil and shale gas operations in North Dakota and Montana are serviced by pipeline transport systems – and that is expected to grow to between 80–90% in the near future, according to Lance Langford, Statoil vice president in the DPNA Bakken business unit.

We are also planning to reduce the flaring of associated gas in our tight oil operations by capturing and commercialising the gas. Our plans call for significantly reducing flaring proportionate to production by the end of 2013, Langford said.

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## BOOSTING EFFICIENCY

A steady focus on drilling and completion efficiency is another way to boost production while reducing our footprint. (see related article A measured approach )

For example, we increasingly practice single-location, multiple-well pads during tight oil drilling, as it

significantly reduces the total number of well sites necessary to develop a field. This contributes to less vehicle traffic, a lower number of access roads and pipelines, and fewer impacts on local communities.

Statoil wants to be a good neighbour in the communities in which we

operate, and we strive to ensure that our presence has minimal impact. Meeting with and listening to the concerns of local residents, representatives and state officials will be an integral part of our approach towards promoting sustainable shale gas and tight oil operatorships.

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## CONSTANT CHANGE

One constant in the dynamic US shale gas and liquids industry is the apparent inevitability of continued development and production.

"As shale gas grows and becomes an increasingly important part of our nation's energy supply, it is crucial to

bring a better understanding of the environmental impacts – both current and potential – and ensure that they are properly addressed. The current output of shale gas and its potential for future growth emphasises the need to assure that this supply is produced in an environmentally sound

fashion, and in a way that meets the needs of public trust," said John Deutch, subcommittee chairman of a special shale gas advisory panel to US energy secretary Stephen Chu in August 2011 [22].

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## MORE THAN THIS

We believe a comprehensive regulatory framework is essential to a truly sustainable shale gas and tight oil "revolution", but it will take more than just regulations.

It is equally imperative that operating

companies demonstrate sincere commitment to corporate social responsibility and health, safety and environment practices to help cultivate sustainability in the long term. Operators must take the initiative to both ensure public safety

and optimise profitable production. This must become as inevitable as the sustained growth of the shale gas and tight oil industry itself.



# Room for improvement

Statoil strives to actively improve performance and efficiency to promote greater sustainability in its shale gas and tight oil operatorships.

In 2011, Statoil was listed in Fortune magazine's "World's Most Admired Companies" rankings as the world's most admired petroleum company (as chosen by our peers), in addition to the number-one company globally in

social responsibility regardless of industry and the seventh-most innovative enterprise regardless of industry [1].

honour, it does not mean that we will stop looking for better ways of working.

While these results are quite an

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## INNOVATING SOLUTIONS

We are constantly seeking innovative technical solutions for our future shale gas and tight oil operatorships in North America.

There is a great potential to make better wells and improve performance. Recent evaluation of production logging performed on horizontal shale wells in the US reveals that almost one-third of all perforation clusters are not contributing to production. This highlights a significant opportunity to

improve overall completion effectiveness and economics [2].

Much current production is recovered using traditional fracking methods that have been around for decades. Shale gas and tight oil are not more complicated than what Statoil has done in the past. It is a business that has been pioneered by many small independent companies, many of them without a lot of focus on HSE dimensions. As bigger operators gain larger positions in

shale gas and tight oil production, HSE approaches are expected to become more streamlined.

Statoil has the will and financing available to take a longer term view of its shale gas and tight oil assets. This results in a focus on technological developments that should result in cleaner, more efficient and ultimately more productive operations.

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## NEW AND IMPROVED

We have clear goals to optimise fracturing design and fracturing job performance, based on comparing our competence with what we know about present practice. A sharper focus on production, including more diligent collection of data and better well design and construction, can result in dramatic gains.

On our Bakken tight oil play in North Dakota and eastern Montana, we have set up pilot areas to test different well spacings to maximise well efficiency

and contribute to sustainable production.

"I want a lot of science and engineering behind this, to really understand the nature of the subsurface and to become a truly efficient operator. It's no different than anywhere else in the world where we operate. We use the best science we can, do our absolute best not to harm the environment, address the concerns of the local communities and go for the best economic

solution," says Development and Production North America head Bill Maloney.

"Offshore, we are surrounded by sea. Onshore, it is people – friends and family – and we have a genuine responsibility to care for them. Statoil intends to be a good neighbour wherever we operate. It comes with the territory and is inherent to running a sustainable operation."

# Ready on time

Shale gas and tight oil assets in North America are an integral part of our strategy to produce 2.5 million barrels of oil equivalents per day by 2020.

They are also critical components in relation to sustaining North America's future energy mix.

"We believe they can and should be developed responsibly – based on good science and high industry

standards," says Kathy Kanocz, vice president for HSE in Statoil's Development and Production North America business area.

"Our perennial goal is zero injury, zero occupational illness and zero

adverse environmental impact on all who take part in our activities and live in the communities affected by our presence."

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## COMPREHENDING RISK

Statoil endeavours to understand the concerns and needs of local stakeholders and communities. We strive to conduct all of our operations with respect for the local and global environment. We aim to systematically identify and manage risks.

On new projects, we conduct risk assessments to identify environmental, socio-economic and health impacts.

"These systematic evaluations look at community concerns, including land use, environmental and occupational

issues," says Kanocz. "The assessments are used to anticipate and plan for the avoidance, minimisation and mitigation of potential impacts, and enhance potential benefits on future projects."

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## MUTUAL AGREEMENT

Cultivating mutual understanding and trust with communities, governments and non-governmental organisations (NGOs) is imperative.

"This is essential to developing and

producing sustainable energy. It is part of the way we approach our operations," she says.

"As our business as an onshore operator of shale gas and tight oil

grows, our success will be as much about being a responsible operator and good corporate citizen as it is about managing technical risks and developing new technologies."

# A measured approach

Organisational integrity is one aspect of sustainability that is sometimes overlooked. To sustain a business, society, environment, and for that matter, anything, you need to build a solid foundation.

An essential part of Statoil's plan for operating shale gas and tight oil

activities is taking the time necessary to build a foundation that ensures we

can do the job properly.

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## GETTING READY

"We are building the US onshore organisation by employing three basic principles – strong technical expertise, clear working practices and high standards. These principles, along with effective support to achieve standardisation where appropriate, will enable us to move quickly and operate as efficiently as possible. We also maintain a strong relationship with high-quality

suppliers," says Torstein Hole, Statoil senior vice president in Development and Production North America, US onshore.

To improve recovery, reduce costs and lighten our environmental footprint, we have developed guidelines to ensure the selection of established supplier companies with excellent track records that reflect our

HSE standards.

"It's all part of our foundational approach," Hole says. "We want to work with well-run, financially stable companies that use modern equipment, who employ good people, and who take care of their people."

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## STAYING FOCUSED

Working with reliable suppliers lets us focus our attention on developing other operational facets.

"We get more time to work on efficiencies, like reducing well cycle durations from, say, 55 days to 25 or

fewer days. Your costs go down proportionately, you get your wells drilled and on line faster, you use less water, your economics work better and you accelerate production," says Hole.

Once basic operational efficiency gains are established, HSE and other practices are usually easier to synchronise – thus making the whole operation more manageable.

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## STABLE DEVELOPMENT

Statoil is known for its long-term approach to pursuing the development of its assets.

While many other companies react to short-term market conditions, Statoil endeavours to steer a stable course.

Stability has its rewards. Indeed, our sustained focus on finding technological solutions has helped us to become a technology leader. Statfjord, our largest oil field in

Norway, is a classic example. Brought on stream in 1979, Statfjord should have shut down by now based on original projections. Because of our sustained focus on increased oil recovery – and injections of gas and water to maintain reservoir pressure in particular – Statfjord is scheduled to keep producing until at least 2020. It is estimated that 66% of the field's oil and 71% of its gas will eventually be recovered. That is 14% more oil – totalling more than 591 million extra

barrels – and 17% more gas than originally planned [1].

"We are a technology-driven company, and when all of the foundational parts are working right, we're able to really leverage that technology," says Hole. "Using technologies without all the fundamentals in place never really works."

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## TIME TO ACT

Statoil's team in North America is now striving to translate our intrinsic characteristics into actions.

"We have a mission to deliver production in a cost-effective and

efficient way and do it responsibly with respect to health, safety and environment. If we can do this, year in and year out, then we have a sustainable business because there are decades of shale gas and tight oil

development and production operations ahead of us," Hole says.

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## NOTE

[1] Statfjord late life and Statoil petroleum technology manager Anne Grethe Hansen, "Jeg har funnet et reservetall for olje fra 1979 på 572 MSm<sup>3</sup>. Dagens reservetall er på 666 MSm<sup>3</sup>. Differansen: 94 MSm<sup>3</sup> eller 591 M fat.", internal email, 31 Jan.

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## Key sustainability data

In this section, you will find an overview of key data on our sustainability performance, our local economic impact, our HSE accounting and certain data on social performance.

### Economic impact by country



An overview of our activities by country – including investments, revenues, taxes pa...

### HSE accounting



We aim to ensure safe operations that safeguard people, the environment, communities and material assets. We will...

### Social performance data



The following table presents our key social performance data, such as statistics related to gender composition, t...

### Fines and sanctions



Fines and sanctions are an indication of regulatory compliance.



## Economic impact by country

An overview of our activities by country – including investments, revenues, taxes paid, social investments, pay and social benefits, and number of employees – follows below:

Twelve months ended 31 December 2011										
Overview of activities by country (in NOK million)	Investments (1)	Revenues (2)	Purchase of goods and services (3)	Indirect taxes paid (4)	Direct taxes paid (5)	Profit oil In kind (6)	Social investments (7)	Signature bonuses (8)	Pay and social benefit (9)	Number of employees (10)
Algeria	1,691	4,938	29		1,618	2,608	0		26	28
Angola	13,622	13,880	48	2	3,445	24,340	31		15	32
Azerbaijan	1,323	8,354	56		930	9,931	8		22	45
Bahamas	412	171	110		-		1		40	68
Belgium	(193)	-	446		(134)		-		27	85
Brazil**	2,070	5,007	4,100	214			4		435	174
Canada	1,827	11,268	2,698	1,138	(40)		5		455	436
China	2	-	39		-		0		5	17
Denmark	591	27,649	3,833	5,614	(15)		-		1,024	2,753
Egypt	7	1	787	1	-		-		4	8
Estonia	24	1,026	262	509	3		-		59	599
Faeroe Islands	9	1	20		-		0		5	8
Finland	-	-	31		-		-		-	-
Germany	21	803	799		-		-		31	20
India			28						-	
Indonesia	23	-	98	1	-		0	4	24	19
Iran	(21)	870	35	2	13	2,205	-		13	19
Iraq	275	-	5		2		-		-	-
Ireland	771	134	184		-		-		6	4
Kazakhstan	1	1	0		-		0		3	4
Latvia	47	2,213	353	875	21		1		110	817
Libya	35	44	2		47		-		10	21
Lithuania	42	1,758	257	630	-		-		80	592

Mozambique	2	-	2	3	-	0	1	-	-	
Netherlands**	455	6,463	2,254	40	31	1		19	7	
Nigeria	458	9,025	14	1	3,495	1,354	5	54	32	
Norway***	44,896	589,774	99,852	11,183	108,611		142	25,568	20,042	
Poland	231	9,083	1,057	180	1			254	3,216	
Russia	65	791	253	136	149		3	74	195	
Singapore	-	12	805		3			48	34	
Sweden	945	24,687	4,181	11,948	(91)			862	1,578	
Turkey	-	-	1		-		1	-	-	
Turkmenistan	-	-	0		-			-	1	
United Arab Emirate			229						7	
United Kingdom	2,374	1,497	4,214	38	(113)		4	401	292	
United Republic of Tanzania	48	-	18	2	-		0	-	-	
United States of America	58,996	74,698	4,534	133	(20)		8	968	526	
Venezuela	9	1	31	7	-		1	27	36	
Rest of Europe	2	808	1,134	4	0		0	6		
Rest of the World	834	-	978		0			3		
Eliminations*	(182)	(125,634)	(149)		-			-	-	
<b>Total</b>	<b>133,520</b>	<b>670,203</b>	<b>133,727</b>	<b>32,661</b>	<b>117,955</b>	<b>40,438</b>	<b>217</b>	<b>5</b>	<b>30,678</b>	<b>31,715</b>

\* Elimination of intra-group sales.

\*\* A significant part of the investment in Brazil is accounted for in the Netherlands due to Statoil's legal structure.

\*\*\* The social investments figure for Norway does not include investments made by partner-operated fields.

(1) Investments include non-cash effects of entering into capital lease agreements and exclude sales of assets.

(2) Sales revenues (excluding share of net income of affiliates) by company location.

(3) Based on invoice address. Part of the cost is charged to partners in activities we operate, including those we conduct as a technical service provider. Does not include the purchase of petroleum products.

(4) Indirect taxes are taxes levied on consumption, sales, expenditure, privilege or right rather than directly

on income or property. They include customs duties, excise duties, energy duties etc. (excluding value added tax).

(5) Income taxes paid for the fiscal year 2011, but also taxes for earlier fiscal years paid in 2011. We do not pay income tax in a number of countries because we have no production or other income-generating activities there. Lead times in the oil and gas industry (the period from discovery until production begins) can be long. This means that we invest substantial sums for a number of years before generating any taxable income.

(6) The host government's share of production after oil production has been allocated to cover costs and expenses under a PSA.

(7) The voluntary or contractual contribution made by the company either to help a community to meet its development priorities (for example education, health, income generation) or to examine ways in which it can

enhance existing opportunities such as local content development and the building of long-term skills to enable communities to participate in local and regional development.

(8) A one-off payment made to the government of the host country once awarded a licence.

(9) Includes pension and payroll taxes.

(10) Based on company location (the country in which the company with employees is registered). The actual number of employees present in the country is therefore likely to be different: a lower number than stated for Norway, since more employees are expatriated from Norway, and a higher number of employees in most other locations. In some countries, for instance China, we are prohibited from employing local personnel on permanent contracts. This table only includes permanent employees, not temporary employees or apprentices.

Twelve months ended 31 December 2010

	Invest- ments (1)	Revenues (2)	Purchase of goods and services (3)	Indirect taxes paid (4)	Direct taxes paid (5)	Profit oil In kind (6)	Social invest- ments (7)	Signature bonuses (8)	Pay and social benefit (9)	Number of employees (10)
Algeria	1,344	3,476	29	-	960	2,699	1		14	26
Angola	9,045	14,812	56	1	3,299	14,587	27	20	17	33

Azerbaijan	1,286	9,219	36	0	607	8,460	10	19	43	
Bahamas	-	-	2		-			-	61	
Belgium	0	80	125	3	452			70	79	
Brazil***	4,781	-	2,729	287	(2)		1	6	381	147
Canada	3,010	3,657	3,042	1,298	(69)		12	335	336	
China	-	10	7		-		0	0	11	
Denmark*	308	24,408	2,151	5,771	(17)			291	2,377	
Egypt	510	0	314	0	-		1	5	11	
Estonia	(0)	655	54	511	-			-	562	
France	-	-	352		-		-	-		
Georgia	-	-	1		16		2	-		
Germany	85	939	651	1	(39)		0	30	19	
Indonesia	67	0	66	1	-		2	13	16	
Iran	255	995	64	24	-	1,514	0	273	16	35
Ireland	722	134	179	-	1		6	6	4	
Italy	-	-	751		-			-		
Japan	-	-	301		-			-		
Latvia	0	1,730	79	944	5			-	925	
Libya	189	692	12	-	-	1,163	2	2	12	34
Lithuania	(0)	976	56	552	-			-	748	
Mexico	-	0	1		-		-	-		
Mozambique	1	-	1	11	-		2	1	-	
Nigeria	1,276	7,767	21	4	-	1,040	3	70	36	
Norway****	38,636	477,681	94,373	11,277	85,414		116	26,595	18,672	
Poland	(0)	6,531	235	106	37			-	3,104	
Russia	344	1,188	30	92	239		7	-	448	
Singapore	-	170	319	-	-			35	34	
South Korea	-	-	2		-			-		
Sweden	142	22,826	2,364	11,219	159			-	1,944	
Switzerland	-	(0)	201		-			-		
Tanzania	-	62	6	8	-		1	-		
The Netherlands***	2,351	29	1,449	25	7		1	25	4	
UK	1,119	2,080	4,148	28	236		2	330	243	
USA	18,923	55,148	5,395	179	47		1	180	812	341
Venezuela	5	1	43	6			2	20	36	
Rest of Europe	-	291	210					-		
Rest of the World	1	38	189				1	3	15	
Eliminations**	-	(105,944)	-					0		
<b>Total</b>	<b>84,399</b>	<b>529,648</b>	<b>120,042</b>	<b>32,349</b>	<b>91,349</b>	<b>29,463</b>	<b>202</b>	<b>482</b>	<b>29,099</b>	<b>30,344</b>

Overview of activities by country (in NOK million)

Twelve months ended 31 December 2009

	Invest- ments (1)	Revenues (2)	Purchase of goods and services (3)	Indirect taxes paid (4)	Direct taxes paid (5)	Profit oil In kind (6)	Social invest- ments (7)	Signature bonuses (8)	Pay and social benefit (9)	Number of employees (10)
Algeria	1,517	3,853	159	0	911	1,603	6	-	17	24



Angola	8,978	15,225	39	2	2,909	10,130	27	10	15	32
Azerbaijan	981	6,418	43	0	241	5,399	12	-	19	42
Bahamas	2,214	-	-	-	-	-	-	-	-	-
Belgium	2	73	129	12	-	-	-	-	72	72
Brazil***	3,217	(2)	1,258	18	1	-	3	-	435	103
Canada	4,378	2,199	4,338	680	(22)	-	2	1	315	288
China	-	295	2	-	(137)	-	-	-	-	10
Denmark*	415	24,185	3,161	5,421	(30)	-	-	-	1,093	2,067
Egypt	-	-	26	0	-	-	1	-	4	12
Estonia	27	901	104	591	-	-	-	-	59	585
France	-	-	319	-	-	-	1	-	-	-
Georgia	-	-	1	-	-	-	4	-	-	-
Germany	109	854	842	2	116	-	-	-	23	21
Indonesia	4	-	32	1	-	-	2	-	10	16
Iran	649	778	7	87	-	275	-	-	14	48
Ireland	1,504	141	160	6	2	-	3	-	6	4
Italy	-	-	614	-	-	-	-	-	-	-
Japan	-	-	2	-	-	-	-	-	-	-
Latvia	48	2,091	142	1,235	1	-	-	-	115	782
Libya	77	511	175	203	-	902	3	-	12	44
Lithuania	47	1,468	105	824	2	-	-	-	80	670
Mexico	-	-	0	-	-	-	-	-	-	-
Mozambique	3	-	-	0	-	-	1	3	-	-
Nigeria	1,014	5,248	58	2	-	253	6	-	45	54
Norway****	41,128	410,572	102,162	8,333	93,723	-	115	-	22,595	18,094
Poland	136	7,721	352	137	-	-	-	-	255	3,118
Russia	652	1,432	34	66	-	-	8	-	-	184
Singapore	4	111	67	-	-	-	-	-	24	25
South Korea	-	-	470	-	-	-	-	-	-	-
Sweden	887	21,875	1,994	9,440	229	-	-	-	775	1,822
Switzerland	-	(223)	124	-	-	-	-	-	-	-
Tanzania	-	-	2	1	-	-	-	-	-	-
The Netherlands***	9,928	385	2,318	22	157	-	-	-	19	5
UK	791	2,268	4,129	25	(1)	-	3	-	329	236
USA	6,289	41,022	5,837	216	362	-	1	1,431	677	295
Venezuela	1	32	73	13	-	-	7	-	40	41
Rest of Europe	4	443	321	-	-	-	2	-	-	6
Rest of the World	0	2	159	0	0	0	0	0	2	7
Eliminations**	0	(84,432)	0	0	0	0	0	0	0	0
Total	85,004	465,446	129,753	27,336	98,463	18,562	207	1,445	27,050	28,707

# Taxes

A large proportion of Statoil's total value creation goes to the authorities in the form of direct and indirect taxes.

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## DIRECT AND INDIRECT TAXES

In 2011, Statoil paid NOK 118.0 billion in tax on income and NOK 32.6 billion in indirect taxes.

Direct and indirect taxes paid in Norway amounted to NOK 119.8 billion.

Direct and indirect taxes paid outside Norway totalled NOK 30.8 billion. In 2010, Statoil paid NOK 91.3 billion in tax on income and NOK 32.3 billion in indirect taxes.

The increase of NOK 27 billion from 2010 to 2011 in taxes paid was a direct result of the increase in revenues in 2011.

The most significant contribution to

the increase in taxes paid in 2011 was the increase in taxes paid in Norway and Nigeria. This was partly offset by the decrease in tax paid to a few countries, including the United Kingdom and the USA.

In Norway, oil companies currently pay income tax in six instalments per year. Three instalments are paid in the income year: on 1 August, 1 October and 1 December. The remaining three instalments are paid in the following year: on 1 February, 1 April and 1 June. The instalments paid in the income year are based on 50% of the forecast income for the year, and the estimate is made in mid-June. Over-estimated and paid amounts are compensated at market interest rates,

but cannot be changed until the 1 February payment the following year. The tax expense was NOK 108.6 billion in Norway and NOK 9.3 billion in other countries. We must pay taxes on our investments in other countries that generate production and revenues. Taxes paid to the authorities in these countries are expected to increase as our revenues increase. Direct and indirect taxes will not normally accrue during the investment phase. Since a long time elapses from a discovery until production starts up, there will be many countries in the list of activities in which we have investments but in which we do not yet pay taxes.

# Bonuses and royalties

Production sharing agreements and signature bonuses are two types of arrangements that may be relevant when carrying out projects internationally.

## PRODUCTION SHARING AGREEMENTS (PSA)

Under a PSA, the host government typically retains the right to the hydrocarbons in place. The contractor under a PSA normally receives a share of the oil produced to recover its costs, and it is also entitled to an agreed share of the oil as profit. The allocation of profit oil between the state and the contractors typically increases in favour of the state based upon agreed success factors. Examples of success factors include

surpassing certain specified internal rates of return, production rates or accumulated production. Normally, the contractors carry the exploration costs and risk prior to a commercial discovery and are then entitled to recover those costs during the production phase. Fiscal provisions in a PSA contract are to a large extent negotiable and unique to each PSA. Contractors to a PSA are generally insulated against legislative changes

in a country's general tax laws.

The value of the petroleum retained by host countries is estimated to be NOK 40.4 billion for 2011. The procedure applies in Algeria, Angola, Azerbaijan Iran and Nigeria. The value of the petroleum retained by host countries in 2010 was estimated to be NOK 29.5 billion.

## SIGNATURE BONUSES

Authorities in certain host countries demand payment in advance of exploration activities for the right to develop an exploration area. This type of payment is called a signature

bonus. The size of the signature bonus is based on the exploration licence's presumed recovery potential and value, and the market's interest in the rights. In 2011, Statoil paid NOK 5

million in signature bonuses, compared with NOK 0.5 billion in 2010.

## THE KWANZA TRANSACTION

In late December 2011, Statoil was awarded operatorship for blocks 38 and 39 and partner position in blocks 22, 25 and 40 in the Kwanza Basin in Angola. Statoil will have a financial

commitment of approximately USD 1.4 billion relating to the awards, including signature bonuses and a minimum work commitment. These signature bonuses did not fall due in

2011 and are not included in our 2011 reporting.

# Capital providers

The Norwegian State is Statoil's biggest shareholder, holding a 67% stake in the company at the end of 2010.

At year end, Statoil had approximately 100,589 shareholders registered in the Norwegian Central Securities Depository. Some of these shareholders are so-called nominee accounts, and the actual number of shareholders is therefore greater. At year-end 2011, approximately 15,400 employees of the company were participants in Statoil's share savings programme, which was introduced in 2004. The board of directors has proposed an ordinary dividend of NOK 6.50 per share for 2011.

In 2011, Statoil paid NOK 3.9 billion in interest on loans. Interest expenses on non-current financial liabilities including derivatives amounted to NOK 2.8 billion, while the interest expense on current financial liabilities and other financial expenses amounted to NOK 1.9 billion.

In 2011, the total amount of new bonds was equivalent to NOK 10.1 billion, partly offset by the repayment of bonds of NOK 7.4 billion. On 23 November 2011, Statoil ASA issued a USD 0.65 billion bond

maturing in November 2016, a USD 0.75 billion bond maturing in January 2022 and a USD 0.35 billion bond maturing in November 2041. The registered bonds were issued under the registration Form F-3 ("Shelf Registration") filed with the SEC in the United States.

Gross interest-bearing financial liabilities were NOK 131.5 billion at year-end 2011, compared with NOK 111.5 billion at the end of 2010.

# Procurement

In 2011, the invoiced value of goods and services purchased by Statoil was NOK 133.7 billion.

We make substantial purchases in connection with the development and operation of our activities. In 2011, the invoiced value of goods and services, excluding petroleum products, purchased by Statoil was NOK 133.7 billion. Part of these costs is covered by our partners. Projects often involve a combination of national and foreign suppliers.

In 2011, Statoil (excluding Statoil Fuel & Retail) paid NOK 97.8 billion to approximately 4,900 companies located in Norway, while NOK 26.3 billion was paid to approximately 7,400 suppliers with registered addresses in 86 different countries.

In 2010, the invoiced value of goods and services, excluding petroleum products, purchased by Statoil was

NOK 120 billion.

We endeavour to encourage local deliveries and to support local enterprises as contractors and suppliers where possible. We also invest and make efforts to develop sustainable and competitive local enterprises.



## HSE accounting

We aim to ensure safe operations that safeguard people, the environment, communities and material assets. We will use natural resources efficiently, and will provide energy that supports sustainable development. We believe that accidents can be prevented.

A key element in our HSE management system is the recording, reporting and assessment of relevant data. HSE performance indicators have been established to provide information on historical trends. The intention is to document quantitative developments over time and to use the information in decision-making aimed at systematic learning and improvement.

Our HSE data is compiled by the business areas and reported to the corporate executive committee, which evaluates trends and decides on the required improvement measures at the corporate level. In addition, the business areas prepare more specific HSE statistics and analyses that are used in their own improvement efforts.

The corporate executive committee submits the HSE results and associated assessments to the board of directors together with the group's quarterly financial results. We communicate key results internally and externally. As a part of this, quarterly HSE statistics are made available in the performance report. HSE data from activities at all assets and projects in which Statoil is the operator are included. Among our group-wide performance indicators for HSE, the following were most closely followed up at group level in 2011:

- Serious incident frequency (SIF) – The number of serious incidents per million hours worked
- Technical safety condition (TTS) –

- Status, observations and actions
- Climate – Tonnes of carbon dioxide emitted per kilotonne of produced hydrocarbons

Several other performance indicators are being monitored. The key performance indicators are reported quarterly at the corporate level for Statoil employees and contractors. Statistics on our employees' sickness absence are reported annually at the corporate level.

Historical data include figures relating to acquired operations from the acquisition date. Correspondingly, figures relating to divested operations are included up to the divestment date.

### RESULTS

The HSE accounting shows the development of the HSE performance indicators over the past five years.

During 2011, our operations account for 142 million working hours (including contractors). These working hours form the basis for the frequency indicators in the HSE accounting. Contractors handle a significant proportion of the assignments that Statoil is responsible for as the operator or principal enterprise.

Statoil's HSE results with regard to serious incidents have shown a positive improvement over the past four years. The overall serious

incident frequency (SIF) indicator decreased from 2010 (1.4) to 2011 (1.1). When excluding the Fuel & Retail (SFR) segment, SIF was 0.9 in 2011, compared with 1.3 in 2010.

There was one fatality in 2011. A contractor employee performing maintenance work at service stations in Riga (Latvia) was killed in a traffic accident. In addition, on 6 October, a contractor employee was reported missing from the Visund platform in the North Sea. An extensive search operation, both at the platform, in the sea and on the seabed around the platform was unfortunately unsuccessful.

There has been an increase in the number of total recordable injuries per million working hours (TRIF) in 2011 (4.4) compared with 2010 (4.2). Contractor TRIF at year-end 2011 was 5.1, and Statoil employee TRIF was 3.3. The lost-time injury frequency (injuries leading to absence from work) was 1.9 in 2011, an increase from 2010 (1.8).

The number of accidental oil spills was 376 in 2011 compared with 374 in 2010. The volume was at the same level in 2010 and 2011 (44 cubic metres).



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# HSE performance indicators

These are the charts and statistics for our key HSE performance indicators.

## TOTAL RECORDABLE INJURY FREQUENCY

**Definition:** The number of fatalities, lost-time injuries, cases of substitute work and other injuries requiring treatment by a medical professional per million hours worked.

**Developments:** The total recordable

injury frequency (including both Statoil employees and contractors) increased from 4.2 in 2010 to 4.4 in 2011. The frequency for Statoil employees was the same in 2011 as in 2010 (3.3), but the total recordable injury frequency for our contractors

increased from 4.8 in 2010 to 5.1 in 2011.

## TOTAL RECORDABLE INJURY FREQUENCY PER COUNTRY IN 2011

**Definition:** The number of fatalities, lost-time injuries, cases of substitute work and other injuries requiring treatment by a medical professional

per million hours worked shown per country in 2011 (1).

(1) Countries having less than 1

million work hours in 2011 are included in the category "Other"

## LOST-TIME INJURY FREQUENCY

**Definition:** The number of fatalities and lost-time injuries per million hours worked.

**Developments:** The lost-time injury

frequency (including both Statoil employees and contractors) increased from 1.8 in 2010 to 1.9 in 2011. The frequency for Statoil employees decreased from 2.0 in 2010 to 1.9 in

2011, while the lost-time injury frequency for our contractors increased from 1.7 in 2010 to 1.9 in 2011.

## SERIOUS INCIDENT FREQUENCY

**Definition:** The number of worked (2).

**Developments:** The serious incident frequency (including both Statoil employees and contractors) decreased from 1.4 in 2010 to 1.1 in 2011. There was one fatality in 2011. A contractor employee performing

maintenance work at service

(2) An incident is an event or chain of events that has caused or could have caused injury, illness and/or damage to/loss of property, the environment or a third party. Matrices for categorisation have been established

in which all undesirable incidents are categorised according to the degree of seriousness. This forms the basis for follow-up in the form of notification, investigation, reporting, analysis, experience transfer and improvement.

## SICKNESS ABSENCE

**Definition:** The total number of sickness absence hours as a percentage of planned working hours (Statoil employees) (3).

**Developments:** Sickness absence

increased from 3.6% in 2010 to 3.8% in 2011. The increase is most significant in our Norwegian operations.

(3) In 2010 and 2011, Statoil

calculated sickness absence as a percentage of planned working hours. Previous years' sickness absence was calculated as a percentage of planned working days.

## OIL SPILLS

**Definition:** Unintentional oil spills to the natural environment from Statoil operations (in cubic metres) (4).

**Developments:** The number of

unintentional oil spills was 376 in 2011, compared with 374 in 2010, and the volume in 2011 was the same as in 2010 (44 cubic metres).

(4) All unintentional oil spills reaching the natural environment from Statoil operations are included in the figure.



## OTHER SPILLS

Definition: Other unintentional spills to the natural environment from Statoil operations (in cubic metres) (5).

Developments: The number of other unintentional spills was 146 in

2011, compared with 144 in 2010, and the volume in 2011 was 134 cubic metres compared with 5709 cubic metres in 2010.

(5) All unintentional spills of chemicals, produced water, ballast

water and polluted water reaching the natural environment from Statoil operations are included. Figures at the corporate level from 2009 are verified by external auditors.

## CO2 EMISSIONS

Definition: Total emissions of carbon dioxide (CO<sub>2</sub>) in million tonnes from Statoil operated activities (6)

Developments: Emissions of CO<sub>2</sub> have increased slightly from 13.4 million tonnes in 2010 to 13.7 million tonnes in 2011. Emissions from our international operations have increased in 2011 due to increased activities, mainly Leismer (Canada)

and Peregrino (Brazil). The emissions from our mid and downstream activities have increased, mainly due to the first year of ordinary operation of the combined heat and power plant at Mongstad. Emissions on the Norwegian continental shelf have decreased due to lower production. CO<sub>2</sub> emissions from flaring have decreased from 1.3 million tonnes in 2010 to 1.2 million tonnes in 2011.

(6) Carbon dioxide emissions include carbon dioxide from energy and heat production, flaring (including well testing/well work-over), rest emissions from carbon dioxide capture and treatment plants and process emissions.

## NOX EMISSIONS

Definition: Total emissions of nitrogen oxides (NO<sub>x</sub>) in thousand tonnes from Statoil operated activities (7)

Developments: Emissions of NO<sub>x</sub>

have decreased from 42.3 thousand tonnes in 2010 to 41.4 thousand tonnes in 2011.

(7) Nitrogen oxide emissions include nitrogen oxides from energy and heat

production at our own plants, from the transportation of products, flaring (including well testing/well work-over) and treatment plants.

## CH4 EMISSIONS

Definition: Total emissions of methane (CH<sub>4</sub>) in thousand tonnes from Statoil operated activities (8)

Developments: Methane emissions have decreased slightly from 33.4 thousand tonnes in 2010 to 33.1 thousand tonnes in 2011. Emissions from our international operations have increased due to increased

activities, while emissions on the Norwegian continental shelf have decreased by 8.2 % from 2010 to 2011 due to lower production.

(8) CH<sub>4</sub> emissions include CH<sub>4</sub> from energy and heat production at own plants, flaring (including well testing/well work-over), cold venting, diffuse emissions and also storage

and loading of crude oil. The correction in the 2010 data compared with last year's report is due to missing registration of data for Åsgard A and Åsgard B. Figures at the corporate level from 2009 are verified by external auditors.

## NMVOC EMISSIONS

Definition: Total quantity of non-methane volatile organic compounds (nmVOC) in thousand tonnes released to the atmosphere from Statoil operated activities (9)

Developments: Emissions of nmVOC decreased from 45.4 thousand tonnes in 2010 to 41.6

thousand tonnes in 2011. The main reason for the reduced emissions is a 50% reduction in loaded volumes of oil from the Gullfaks A platform on the Norwegian continental shelf.

(9) Includes emissions of nmVOC from energy and heat production, transportation of products, flaring

(including well testing/well work-over), cold venting, diffuse emission sources, storage and loading of crude oil and products, and also rest emissions from nmVOC recovery plant. Figures at the corporate level from 2011 are verified by external auditors.

## SOX EMISSIONS

Definition: Total volume of sulphur oxides (SO<sub>x</sub>) in thousand tonnes released to the atmosphere from Statoil operated activities (10)

Developments: Emissions of sulphur oxides increased from 1.4 thousand

tonnes in 2010 to 3.4 thousand tonnes in 2011. The main reason for the increase in SO<sub>x</sub> emissions is the start of production at the Peregrino field in Brazil, where diesel is currently used as an energy source.

(10) Includes emissions of SO<sub>x</sub> from energy and heat production and flaring (including well testing/well work-over). Figures at corporate level from 2011 are verified by external auditors.

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## GLOBAL WARMING POTENTIAL (GWP)

Definition: Global warming potential (GWP) is Statoil's share of greenhouse gas emissions from Statoil operated activities and activities operated by others (11)	increased from 10.2 million tonnes in 2010 to 10.9 million tonnes in 2011. Equity share CO2 emissions have increased, but equity share methane emissions have decreased .	This indicator is calculated based on Statoil's share of emissions of carbon dioxide and methane, using the following formula:[1 *(emissions of CO2)]+[21 *(emissions of CH4)].
Developments: GWP is reported on an equity share basis and has	(11) The unit of measurement is "tonnes of carbon dioxide equivalent".	

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## ENERGY CONSUMPTION

Definition: Total energy consumption in TWh for Statoil operated activities (12)	in 2011 due to increased activity, mainly from Leismer and Peregrino. The energy consumption at our land-based facilities has increased, while energy consumption on the Norwegian continental shelf has decreased due to lower production.	energy from power and heat production based on combustion, unused energy from flaring (including well testing/well work-over and venting), energy sold/delivered to third parties and gross energy (heat and electricity) imported from contractors.
Developments: Total energy consumption has increased from 64.5 TWh in 2010 to 66.5 TWh in 2011. Energy consumption in our international operations has increased	(12) Energy consumption includes	

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## NON-HAZARDOUS WASTE RECOVERY RATE

Definition: The recovery rate for non-hazardous waste comprises non-hazardous waste from Statoil operated activities and represents the amount of non-hazardous waste for recovery as a proportion of the total quantity of non-hazardous waste (13)	Developments: The non-hazardous waste recovery rate has decreased from 51.9% in 2010 to 44.8% in 2011.  (13) The quantity of non-hazardous	waste for recovery is the total quantity of non-hazardous waste from the plant's operations that has been delivered for reuse, recycled or incinerated with energy recovery.
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## HAZARDOUS WASTE RECOVERY RATE

Definition: The hazardous waste recovery rate comprises hazardous waste from Statoil operated activities and represents the amount of hazardous waste for recovery as a proportion of the total quantity of hazardous waste (14)	Developments: The hazardous waste recovery rate has decreased from 28.7% in 2010 to 17.2% in 2011.  (14) The quantity of hazardous waste for recovery is the total quantity of hazardous waste from the plant's operations that has been delivered for	reuse, recycled or incinerated with energy recovery (the total amount of hazardous waste, excluding hazardous waste sent to an approved deposition facility). The figures at the corporate level from 2009 are verified by external auditors.
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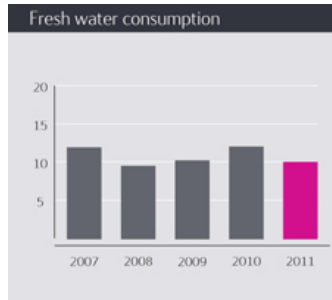
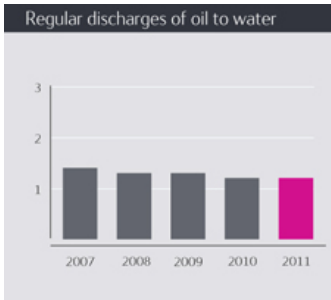
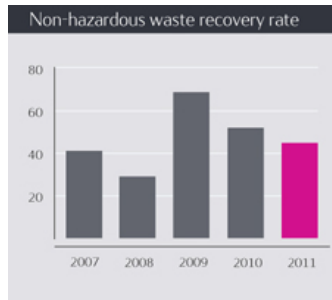
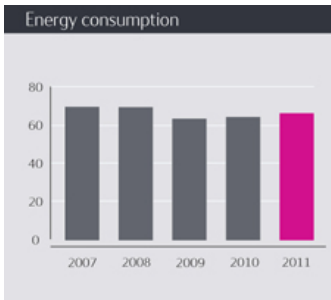
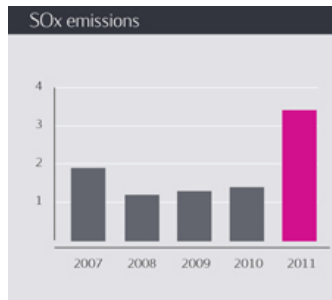
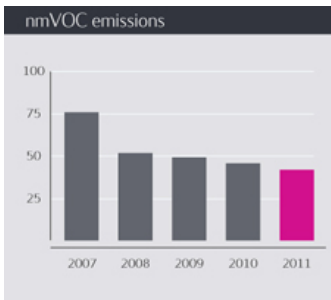
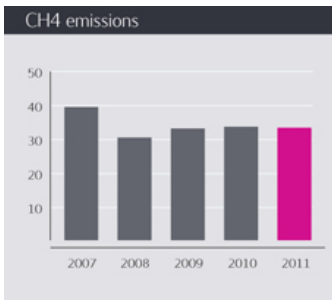
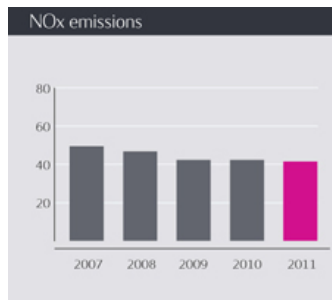
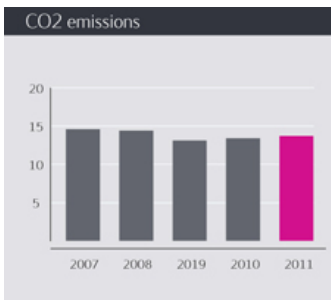
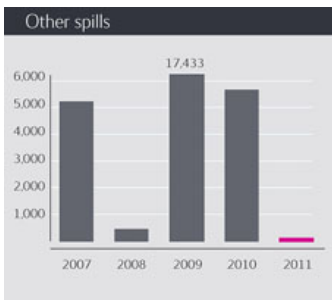
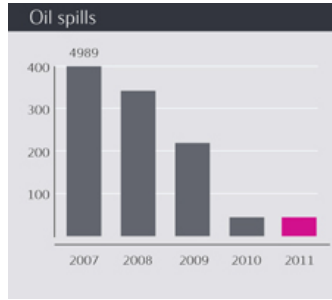
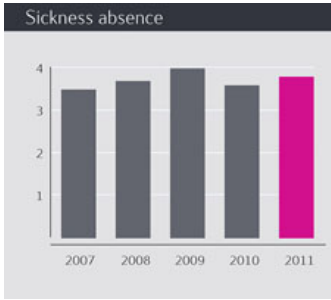
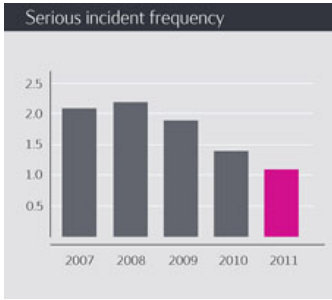
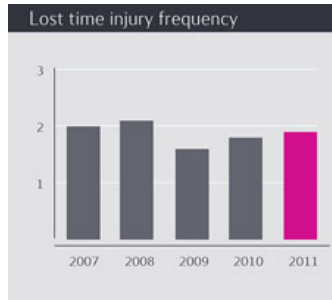
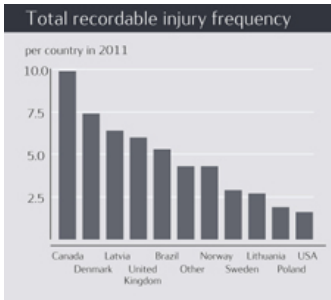
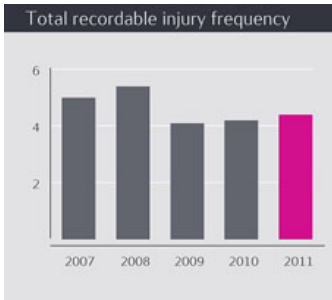
## REGULAR DISCHARGES OF OIL TO WATER

Definition: Regular discharges of oil to water in thousand tonnes represent the total amount of oil via regulated or controlled discharges to water environment (both freshwater recipients and sea) from Statoil	operated activities (15)  Developments: The amount of regular discharges of oil to water is at a stable level, and was the same in 2011 as in 2010 (1.2 thousand	tonnes).  (15) Figures at the corporate level from 2011 are verified by external auditors.
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## FRESH WATER CONSUMPTION

Definition: The total consumption of fresh water, including water from public installations, wells (included reservoirs), lakes, streams, rivers and fresh water that is bought from Statoil operated activities in million cubic metres (16)	Developments: The fresh water consumption has decreased from 12.1 million cubic metres in 2010 to 10.1 million cubic metres in 2011.  (16) Fresh water produced from salt	water on facilities/installations is not included. Figures at the corporate level from 2011 are verified by external auditors.
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# Environmental overviews

Environmental data from our larger activities in Norway, Denmark, Canada and Brazil.

## Canadian oil sands



Environmental data from our Canadian oil sands operations.

## Peregrino



Environmental data from our Peregrino operations in Brazil.

## Norwegian continental shelf



Environmental data from our operations on the NCS.

## Snøhvit LNG installation



Environmental data from the Snøhvit LNG installation.

## Tjeldbergodden



Environmental data from Tjeldbergodden.

## Sture processing plant



Environmental data from the Sture processing plant.

## Mongstad



Environmental data from Mongstad.

## Kalundborg



Environmental data from Kalundborg.

## Kollsnes processing plant



Environmental data from the Kollsnes processing plant.

## Kårstø gas processing plant



Environmental data from the Kårstø gas processing plant.



# Canadian oil sands

Environmental data from our Canadian oil sands operations.

## Energy

diesel	28.6 GWh
electricity	146 GWh
fuel gas	1,330 GWh
flare gas	1.03 GWh

## Raw materials

produced gas	11.0 mill. m3
diluent	275 mill. m3
natural gas (pipeline)	121 mill. m3
diesel	2,800 m3

## Water consumption

Fresh water	529,000 m3
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## Products

bitumen	586,000 m3
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## Emissions to air

CO2	334,000 tonnes
NOx	243 tonnes
CH4 (Methane)	14.1 tonnes
SOX	45.0 tonnes
nmVOC	42.3 tonnes

## Discharges to water

Regular discharges of oil to water environment	0 m3
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## Spills

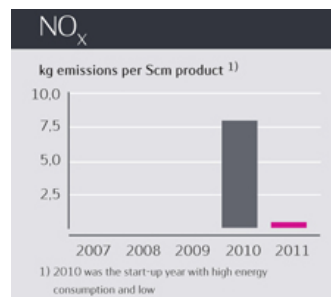
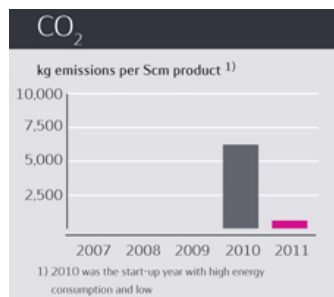
Oil spills	23.8 m3
Other spills	3.9 m3

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Waste

Non-hazardous waste for deposition	14,200 tonnes
Non-hazardous waste for recovery	16.5 tonnes
Non-hazardous waste recovery rate	0.12 %
Hazardous waste for deposition	128 tonnes
Hazardous waste for recovery	6.28 tonnes
Hazardous waste recovery rate	4.66 %

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# Peregrino

Environmental data from our Peregrino operations in Brazil.

## Energy

Flare	119 GWh
Diesel	784 GWh
Fuel Gas	126 GWh

## Raw materials

Oil	1,520,000 m <sup>3</sup>
Gas	18,400,000 m <sup>3</sup>
Produced Water	21,300 m <sup>3</sup>

## Utilities

Chemicals process/prodn	563 tonnes
Drilling/well	58,700 tonnes

## Water consumption

Fresh water	26.9 m <sup>3</sup>
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## Chemicals

Chemicals process/prodn	94.0 tonnes
Drilling/well	44,000 tonnes

## Products

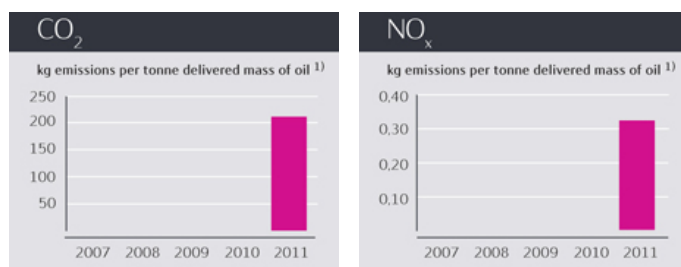
Oil	1,520,000 m <sup>3</sup>
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## Emissions to air

CO <sub>2</sub>	269,000 tonnes
NO <sub>x</sub>	412 tonnes
CH <sub>4</sub> (Methane)	33.9 tonnes
SO <sub>x</sub>	2,010 tonnes
nmVOC	94.0 tonnes

Discharges to water	
Regular discharges of oil to water environment	
Produced water	519 kg
Drainage water	1.23 tonnes
Spills	
Oil spills	0.11 m <sup>3</sup>
Other spills	0.81 m <sup>3</sup>
Waste (kg)	
Non-hazardous waste for deposition	170 tonnes
Non-hazardous waste for recovery	202 tonnes
Non-hazardous waste recovery rate	54%
Hazardous waste for deposition	64.6 tonnes
Hazardous waste for recovery	209 tonnes
Hazardous waste recovery rate	76%

(1) The production started on April 8th 2011. However, emissions numbers are included since the commissioning period (January-March).







# Norwegian continental shelf

Environmental data from our operations on the NCS.

## Energy

Diesel	2,400 GWh
Electricity	399 GWh
Fuel gas	30,800 GWh
Flare gas	3,400 GWh

## Raw materials (2)

Oil/condensate	74.6 mill Scm
Gas (3)	103 bn Scm
Produced water	116 mill Scm

## Utilities

Chemicals process/prodn	59,300 tonnes
Chemicals drilling/well	180,000 tonnes

## Water consumption

Fresh water	269,000 m <sup>3</sup>
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## Products

Oil/condensate	74.6 mill Scm
Gas for sale	71.5 bn Scm

## Emissions to air

CO <sub>2</sub>	8.04 mill.tonnes
NO <sub>x</sub>	36,000 tonnes
CH <sub>4</sub> (Methane) (4)	17,600 tonnes
SO <sub>x</sub>	547 tonnes
nmVOC (4)	22,900 tonnes

## Discharges to water

Regular discharges of oil to water (5)	1,150 tonnes
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Produced water	97.8 mill.m3
Chemicals in process/production (6)	30,400 tonnes
Chemicals in drilling/well (6)	55,000 tonnes

Spills

Oil spills	8.60 m3
Other spills	105 m3
Unintentional emissions of HC gas	5,820 kg

Waste (7)

Non-hazardous waste for deposition	525 tonnes
Non-hazardous waste for recovery	15,300 tonnes
Non-hazardous waste recovery rate	97.0%
Hazardous waste for deposition	188,000 tonnes
Hazardous waste for recovery	23,600 tonnes
Hazardous waste recovery rate	11.0%

Other

Produced water injected in the ground	21.9 mill.m3
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1) Including British part of Statfjord

2) Includes third party processing of production on Sigyn and Skime

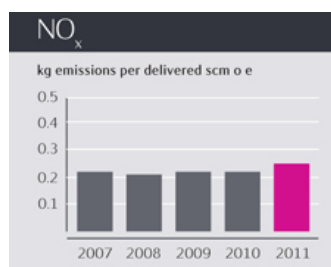
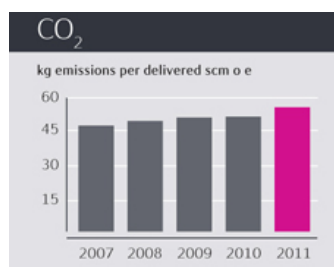
3) Including fuel gas, flare gas and injected gas amongst other to pressure support

4) Includes diffuse emissions, flaring and energy production

5) Includes oil from produced water, drain water, ballast water and jetting

6) Includes 75 501 tonnes water and green chemicals/substances

7) Includes waste from onshore bases





# Snøhvit LNG installation

Environmental data from the Snøhvit LNG installation.

## Energy

Electricity	105 GWh
Flare gas	1,020 GWh
Fuel gas	3,260 GWh
Diesel	1.00 GWh

## Raw materials

Gas Snøhvit	5,180 mill. m <sup>3</sup>
Condensate Snøhvit	0.70 mill. m <sup>3</sup>

## Utilities

Amine	64.2 m <sup>3</sup>
Caustics	246 m <sup>3</sup>
Monoethylene glycol	850 m <sup>3</sup>
Hydraulic fluids (2)	48.1 m <sup>3</sup>
Other Chemicals	41.4 m <sup>3</sup>

## Water consumption

Fresh water	165,000 m <sup>3</sup>
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## Products

LNG	3,150,000 tonnes
LPG	210,000 tonnes
Condensate	520,000 tonnes

## Emissions to air

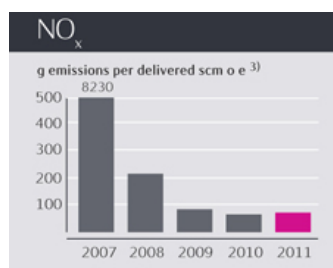
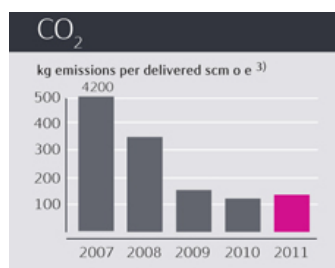
CO <sub>2</sub>	964,000 tonnes
NO <sub>x</sub>	506 tonnes
CH <sub>4</sub> (Methane)	3,070 tonnes
SO <sub>2</sub>	4.43 tonnes
nmVOC	1,210 tonnes

H2S	5.93 tonnes
<b>Discharges to water</b>	
Regular discharges of oil to water environment	24.1 kg
Amine	220 kg
Ammonium	178 kg
Phenol	12.6 kg
TOC	755 kg
BTEX (1)	55.2 kg
Heavy Metals (Hg, Cr, Ni) (1)	0.99 kg
Drain water	84,100 m <sup>3</sup>
<b>Spills</b>	
Oil spills	0.08 m <sup>3</sup>
Other spills	0 m <sup>3</sup>
Unintentional emissions of HC gas	810 kg
<b>Waste</b>	
Non-hazardous waste for deposition	180 tonnes
Non-hazardous waste for recovery	961 tonnes
Non-hazardous waste recovery rate	84.2 %
Hazardous waste for deposition	881 tonnes
Hazardous waste for recovery	259 tonnes
Hazardous waste recovery rate	22.7 %

(1) For BTEX and metals – reported half the detection limit because the HFLNG is unable to detect these substances

(2) Utilities include hydraulic fluids used in Hammerfest LNG Offshore/subsea part System 18

(3) Production on Melkøya started august 2007. During the startup phase we experienced high emissions levels linked primarily to flaring. The graphs reflect that the Hammerfest LNG is now in an operational phase, where the emissions per delivered volume have decreased significantly and generally come from regular operations. This is perhaps most obvious in that the emissions from turbines have increased, while the emissions from flare are reduced.





# Tjeldbergodden

Environmental data from Tjeldbergodden.

## Energy

Diesel	1.30 GWh
Electricity	251 GWh
Fuel gas	1,600 GWh
Flare gas	115 GWh

## Raw materials

Rich gas	497,000 tonnes
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## Utilities

Caustics	281 tonnes
Acids	69 tonnes
Other chemicals	27 tonnes

## Water consumption

Fresh water	516,000 m <sup>3</sup>
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## Products

Methanol	864,000 tonnes
Oxygen	15,600 tonnes
Nitrogen	37,800 tonnes
Argon	15,400 tonnes
LNG	9,220 tonnes

## Emissions to air

CO <sub>2</sub>	332,000 tonnes
NO <sub>x</sub>	196 tonnes
CH <sub>4</sub> (Methane)	636 tonnes
SO <sub>x</sub>	0.86 tonnes
nmVOC	130 tonnes
Unintentional emissions of HC gas	27 tonnes

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Discharges to water

Regular discharges of oil to water environment	0 tonnes
Cooling water	198 mill.m3
Total organic carbon (TOC)	3.12 tonnes
Suspended matter	0.79 tonnes
Total-N	2.50 tonnes

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Spills

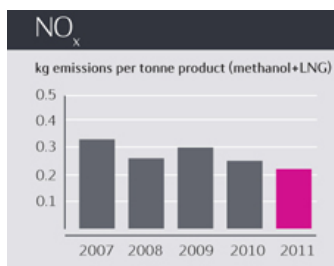
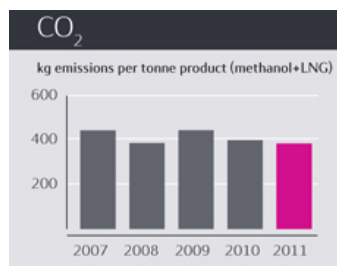
Oil spills	0 tonnes
Other spills	0 tonnes

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Waste

Non-hazardous waste for deposition	22 tonnes
Non-hazardous waste for recovery	153 tonnes
Non-hazardous waste recovery rate	87.3 %
Hazardous waste for deposition	247 tonnes
Hazardous waste for recovery	28 tonnes
Hazardous waste recovery rate	10.2 %

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# Sture processing plant

Environmental data from the Sture processing plant.

## Energy

Electricity	147 GWh
Flare gas	1.00 GWh
Fuel gas	336 GWh
Diesel	0.28 GWh

## Raw materials

Crude oil	18.2 mill. scm
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## Utilities

Hydrochloric acid	7.08 tonnes
Sodium hydroxide	98.0 tonnes
Methanol	316 m3

## Water consumption

Fresh water	614,000 m3
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## Products

LPG	827,000 scm
Naphtha	498,000 scm

Crude oil export	16.7 mill. scm
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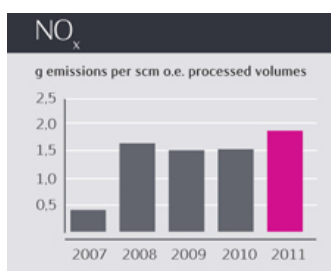
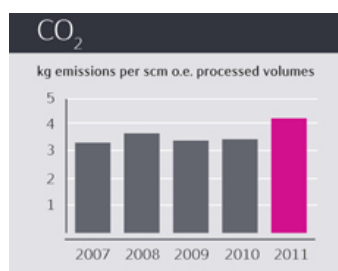
## Emissions to air

CO2	76,500 tonnes
NOx	33.8 tonnes
CH4 (Methane)	272 tonnes
nmVOC	3,140 tonnes

## Discharges to water

Treated water and open drain water	293,000 m3
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TOC	47.1 tonnes
Hydrocarbons	1.08 tonnes
<b>Spills</b>	
Oil spills	0.00 m <sup>3</sup>
Other spills	0.10 m <sup>3</sup>
<b>Waste</b>	
Non-hazardous waste for deposition	41.1 tonnes
Non-hazardous waste for recovery	215 tonnes
Non-hazardous waste recovery rate	83.9%
Hazardous waste for deposition	0 tonnes
Hazardous waste for recovery	171 tonnes
Hazardous waste recovery rate	100%







# Mongstad

Environmental data from Mongstad.

## Energy

Electricity consumption	1,370 GWh
Fuel gas and steam	9,040 GWh
Flare gas	277 GWh

## Raw materials

Crude oil	8,800,000 tonnes
Other process raw materials (1)	3,350,000 tonnes
Blending components	217,000 tonnes

## Utilities

Acids	1,120 tonnes
Caustics	3,070 tonnes
Additives	1,910 tonnes
Process chemicals	6,020 tonnes

## Water consumption

Fresh water	4,330,000 m3
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## Products

Gasoline	3,430,000 tonnes
Gas oil	4,370,000 tonnes
Jet fuel	781,000 tonnes
Petcoke	196,000 tonnes
LPG	1,120,000 tonnes
Naphtha	1,410,000 tonnes
Sulphur	14,800 tonnes
Heavy fuel (prod)	46,700 tonnes

## Emissions to air

CO2	2,120,000 tonnes
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NOx	1,240 tonnes
CH4 (Methane)	6,780 tonnes
SOX	310 tonnes
nmVOC	7,080 tonnes

#### Discharges to water

Oil in oily water	4.41 tonnes
Phenol	1.19 tonnes
Total Nitrogen	40.0 tonnes
Total organic carbon (TOC)	142 tonnes
Suspended Solids (SS)	86.5 tonnes

#### Spills

Oil spills (2)	0.48 m3
Other spills (3)	0.05 m3

#### Waste

Non-hazardous waste for deposition	622 tonnes
Non-hazardous waste for recovery	4,000 tonnes
Non-hazardous waste recovery rate	86.5 %
Hazardous waste for deposition	368 tonnes
Hazardous waste for recovery	5,000 tonnes
Hazardous waste recovery rate	93.2 %

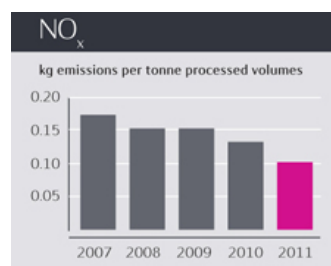
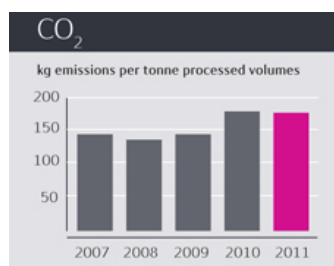
#### Energy

Electricity produced	984 GWh
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(1) Other process raw materials includes fuel gas from Troll gas and Refinery gas at the Combined Heat and Power plant.

(2) All spills are net values.

(3) All spills are net values.





# Kalundborg

Environmental data from Kalundborg.

## Energy

Electricity 1)	178 GWh
Steam	131 GWh
Fuelgas, LPG and oil	2,230 GWh
Flare gas	69.5 GWh

## Raw materials

Crude oil	4,060,000 tonnes
Other proces raw material	6,500 tonnes
Blending components	272,000 tonnes

## Utilities

Acids	634 tonnes
Caustics	1,200 tonnes
Additives	940 tonnes
Process chemicals	1,490 tonnes
Ammonia (liquid)	2,560 tonnes

## Water consumption

Fresh water	1,350,000 m3
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## Products

Naphtha	61,000 tonnes
Petrol	1,340,000 tonnes
Jet fuel	39,000 tonnes
LPG (butan, propan)	60,100 tonnes
Gas oil	1,680,000 tonnes
Fuel oil	271,000 tonnes
ATS (fertiliser)	6,400 tonnes
Fuel	703,000 tonnes

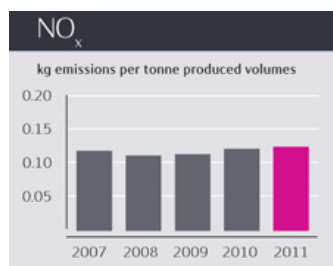
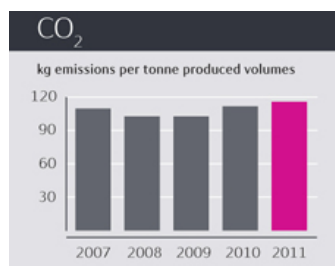
Emissions to air	
CO2	475,000 tonnes
NOx	516 tonnes
CH4 (Methane)	2,090 tonnes
SO2	358 tonnes
nmVOC	4,790 tonnes

Discharges to water	
Regular discharges of oil to water environment	1,560 kg
Phenol	6.63 kg
Nitrogen	7,840 kg
Suspended matter	6,570 kg

Spills	
Oil spills	0.50 m3
Other spills	0.51 m3

Waste	
Non-hazardous waste for deposition	75.0 tonnes
Non-hazardous waste for recovery	2,470 tonnes
Non-hazardous waste recovery rate	97.1 %
Hazardous waste for deposition	3.00 tonnes
Hazardous waste for recovery	4,780 tonnes
Hazardous waste recovery rate	99.9%

1) Imported energy (electricity and steam) are netto energy





# Kollsnes processing plant

Environmental data from the Kollsnes processing plant.

## Energy

Electricity	1510 GWh
Flare gas	132 GWh
Fuel gas	195 GWh
Diesel	0.67 GWh

## Raw materials

Rich gas from Troll A	20.0 bn. scm
Rich gas from Troll B	1.71 bn. scm
Rich gas from Troll C	3.14 bn. scm
Rich gas from Kvitebjørn	6.72 bn. scm
Rich gas from Visund	0.57 bn. scm

## Utilities

Monoethyleneglycol (MEG)	468 m3
Caustic	81 m3
Acid	63 m3
Other Chemicals	125 m3

## Water consumption

Fresh water	57,200 m3
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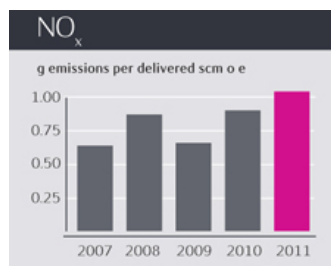
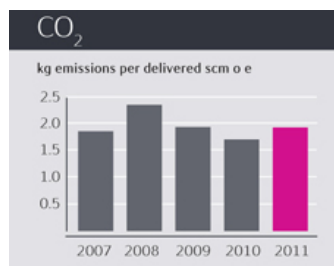
## Products

Gas	32.4 bn. scm
NGL/Condensate	1.86 mill. scm

## Emissions to air

CO2	66,400 tonnes
NOx	35.7 tonnes
CH4 (Methane)	1280 tonnes
SOx	0.21 tonnes

nmVOC	608 tonnes
Discharges to water	
Treated water and open drain water	149,000 m3
Regular discharges of oil	0.02 tonnes
Regular discharges of TOC	2.20 tonnes
Regular discharges of ammonium	0.02 tonnes
Regular discharges of phenol	0.01 tonnes
Regular discharges of methanol	0.11 tonnes
Regular discharges of MEG	1.60 tonnes
Spills	
Oil spills	0.09 m3
Other spills	0.20 m3
Waste	
Non-hazardous waste for deposition	36.6 tonnes
Non-hazardous waste for recovery	905 tonnes
Non-hazardous waste recovery rate	96.1 %
Hazardous waste for deposition	241 tonnes
Hazardous waste for recovery	1240 tonnes
Hazardous waste recovery rate	83.7 %





# Kårstø gas processing plant

Environmental data from the Kårstø gas processing plant.

## Energy

Flare gas	149 GWh
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## Raw materials

Rich gas	21.1 mill. tonnes
Condensate	2.67 mill. tonnes

## Utilities

Hydrochloric acid	475 tonnes
Sodium hydroxide	186 tonnes
Ammonia	15.1 tonnes
Methanol	9.2 tonnes
Other chemicals	6.1 tonnes

## Water consumption

Fresh water	0.90 mill m3
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## Products

Lean gas	17.7 mill tonnes
Propane	2.34 mill tonnes
I-butane	0.50 mill tonnes
N-butane	0.95 mill tonnes
Naphtha	0.64 mill tonnes
Condensate	1.50 mill tonnes
Ethane	0.86 mill tonnes
Electricity sold	0 GWh

## Emissions to air

CO2	1,020,000 tonnes
NOx	601 tonnes
CH4 (Methane)	1260 tonnes

SOX	6.4 tonnes
nmVOC	1500 tonnes
Unintentional HC-gas emissions	0 tonnes

Discharges to water

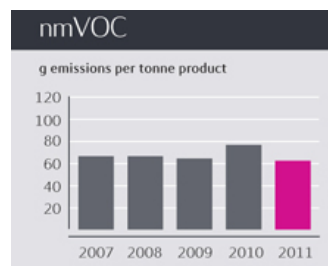
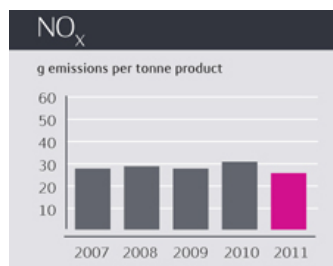
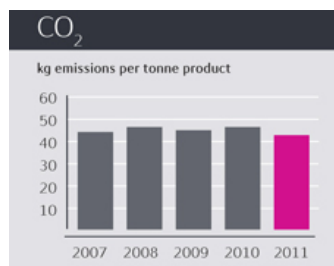
Cooling water	387 mill m3
Treated water	0.8 mill m3
Oil in oily water	496 kg
Total organic carbon (TOC)	5.7 tonnes

Spills

Oil spills	0 m3
Other spills	0 m3

Waste

Non-hazardous waste for deposition	123 tonnes
Non-hazardous waste for recovery	1950 tonnes
Non-hazardous waste recovery rate	94%
Hazardous waste for deposition	41 tonnes
Hazardous waste for recovery	1930 tonnes
Hazardous waste recovery rate	98%







## Social performance data

The following table presents our key social performance data, such as statistics related to gender composition, trade union membership, social investments and reputation rankings.

	2011	2010	2009	2008
<b>Diversity</b>				
% staff, non-Norwegians	18	42	41	42
% management, non-Norwegians	18	40	40	37
% new hires, non-Norwegians	42	68	59	39
<b>Gender equality</b>				
% staff, women	31	37	37	37
% management, women	27	30	29	27
% new hires, women (ASA)	34	28	33	33
% new hires, women	34	40	41	NA
% earnings Unskilled/skilled workers (operations & support), female vs male* (ASA)	98	97	96	NA
% earnings professional staff, female vs male* (ASA)	97	97	97	NA
% earnings managers/executives, female vs male* (ASA)	99	98	98	NA

The abbreviation "ASA" indicates that figures are composed of Statoil and Statoil's Norwegian operations. Otherwise, data show the composition of the full Statoil Group including non-Norwegian subsidiaries. Group figures from 2010 are based on estimates from 31.09.2010 which include Statoil Fuel & Retail (SFR). Following a de-merger, the 2011 figures no longer reflect the workforce of SFR. Because a significant proportion of SFR employees were non-Norwegian, the proportion of non-Norwegians appears to decline despite extensive hiring of non-Norwegians into the Statoil Group.

\* Due to changes in the salary-band structure implemented by Statoil in 2009, equivalent statistics are unavailable for 2008 and 2007.

### Labour relations

% staff, member of trade union (ASA)	66	68	69	69
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### Corporate Governance

Independent members, board of directors*	7	7	7	7
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Women, board of directors	4	4	4	4
Employee elected, board of directors	3	3	3	3
Non-norwegians, board of directors	3	3	2	2
% meeting attendance, board of directors	93	95	94	97

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\* Statoil's board of directors consists of members elected by shareholders and employees, none of whom are executive officers of the company. The directors elected by Statoil's employees would not be considered "independent", as defined under NYSE Rule 303A.02, but are independent for the purposes of Rule 10A-3(b)(1) of the US securities Exchange Act of 1934, which applies to members of the company's audit committee. Statoil's board of directors has determined that, in its judgement, all of the shareholder-elected directors are independent.

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## Fines and sanctions

Fines and sanctions are an indication of regulatory compliance.

In January 2011, Statoil accepted a NOK 3.0 million fine. The fine was issued in December 2010 and was related to an accident in September 2008 when, during removal work, an external hired worker was seriously injured by a falling object.

Statoil obtains licences from Alberta Environment to use surface water during winter drilling campaigns. The water is mainly utilised to freeze ice roads for transportation of equipment (Statoil does not use surface water in its oil sands production process). In

November 2011, Statoil accepted NOK 1.05 million in penalties for contravention of the terms or conditions of its licence to withdraw water between December 2008 and May 2009. The penalty consisted of a 5,000 CAN fine and a creative sentencing order in the amount of 185,000 CAN to be put towards the creation of an online training portal to communicate best practices for surface water diversion to the oil and gas industry in Alberta. Statoil had been underestimating water withdrawal from an approved location

by withdrawing water from two waterholes not included in the licence, by using an intake screen with a larger opening than authorised, and by not properly measuring water diversion pursuant to the requirements in the licence. There was no pollution associated with Statoil's water use or breach of its licence.

In 2011, Statoil did not receive any orders from the Petroleum Safety Authority in Norway.