2010

Sustainability Report

Statoil

Sustainability

Our long-term operational and commercial success is closely linked to our ability to effectively manage the environmental and social challenges, risks and opportunities our operations face.

Add to My report

Our ambition is to operate with zero harm to people, society and the environment in accordance with the principles for sustainable development. Our policies and requirements apply to all operations we control and to all staff and contractors involved in those operations. We expect our partners and suppliers to have standards consistent with our own.

By adhering to sound standards for HSE, business ethics and social responsibility, we believe that we are able to identify risks at an early stage.

In this section, 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 2010.

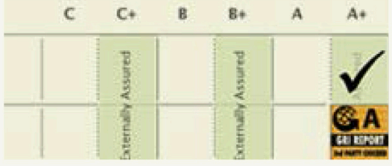
*Health, safety, climate and environment*Statoil has committed itself to ensuring safe operations that protect people, the en...

*People*Our industry is highly knowledge-based, and we endeavour to constantly develop our personnel and foster a perform...

*Society*The sustainable development of our business depends on our ability to forge enduring and mutually beneficial rela...

*Managing our risks and impacts*We take a risk-based approach to developing our business, making decisions based on ...

*Key sustainability performance data*In this section, you will find an overview of key data on our sustainability perform...



GRI Index

Managing our risks and impacts

We take a risk-based approach to developing our business, making decisions based on their potential effects on the environment and society around us as well as on our business.

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, from initial project planning to operations and decommissioning. We assess risks on the basis of their likelihood and potential effects. We apply the precautionary principle in our assessment of risk.

In addition to complying with national laws, our internal policies and guidelines for risk management are based on international standards. We employ the principles "as low as reasonably practicable" (ALARP) and "best available technology" (BAT).

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).

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.

- 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.
- We carry out risk and due diligence assessments - including of our business relationships - in order to make informed investment decisions.
- We conduct integrated impact assessments that cover all activities throughout the project life cycle.
- We regularly conduct risk assessments related to HSE, we continuously monitor performance, and we follow up with measures when necessary.
- We engage and consult with our employees, host communities and other stakeholders to ensure continued support for our presence and our operations.

Events in 2010 have in many ways underlined the importance to our industry of managing the risks and impacts of our business well. The Macondo blowout in the Gulf of Mexico is a grim reminder of the scale of the potential impact of major accidents and the need for good HSE performance as a prerequisite for long-term value creation.

The accident potential of our own Gullfaks C 06 well incident in May 2010 adds to the sense of urgency with which we need to address further improvement in safety performance. For more specific information on how we continue to address these risks, please see the section on health, safety, climate and environment.

In August 2010, our board of directors established an HSE, corporate social responsibility (CSR) and ethics subcommittee that will ensure an even stronger focus by the board of directors and facilitate the development of knowledge about often complex and evolving issues. The committee will act as a preparatory body for the board of directors and will monitor and assess the practicing, development and implementation of policies, systems and principles in the areas of HSE, ethics and CSR.

We have also continued to devote great attention to labour standards in our supply chain. In 2010, we carried out extensive senior management awareness sessions in all business areas across the company to improve understanding of the issue of labour standards in the supply chain, and the associated risks.

Additionally, EPRA, our corporate tool for integrated early-phase risk assessments, was revised to reflect our new corporate procedures for risk management. The tool has been used in connection with several major potential acquisitions and early-phase activities, and it continues to bring high-level management attention to bear on risks connected to projects.

Country risk assessments

Our country analysis team assesses business risks and opportunities in prospective countries around the world.

The purpose of country risk assessments and subsequent mitigation measures is to develop a robust knowledge platform and to understand local conditions and business culture as early as possible in the business process.

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 preparing the decision basis 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 integrated 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 to13 pre-defined risk areas. The risk to the company's reputation is also considered. In 2010, we conducted seven country risk workshops, as well as organising seven country forums on particular risk themes of relevance to 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. Through 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.

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.

Statoil's requirements for impact assessment are based on international standards, as expressed in the Equator Principles and the International Finance Corporation's Performance Standards. Statoil's ambition is to carry out impact assessments that satisfy both Statoil's requirements and the relevant national requirements for all projects that can have significant environmental or social impacts. The impact assessment process is an integral component of the overall risk management process in Statoil.

In 2010, impact assessments carried out by Statoil included assessments relating to the drilling of exploration wells in the North Makassar Strait in Indonesia and the Mediterranean Sea in Egypt, and to the gathering of seismic data in the Chukchi Sea in Alaska.

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 standards.

Where appropriate, we try to establish a dialogue directly with representatives of the affected communities and other stakeholders. In 2010, for example, direct consultations were held with the potentially affected communities during the planning of the seismic campaign in the Chukchi Sea and the exploration drilling in the North Makasser Strait.

In joint ventures and in partner-operated projects, we also endeavour to promote Statoil's principles for integrated impact assessment as a tool for achieving sustainable project performance. Examples are the In Salah Gas field in Algeria (operation phase), the Shtokman field in Russia (planning phase) and the West Qurna field in Iraq (planning phase).

Stakeholder engagement

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

We engage with our stakeholders in a variety of ways - at corporate, country and project level. Our operations affect a range of different groups of stakeholders - from local communities, customers and shareholders to suppliers, partners and governments.

CIVIL SOCIETY AND COMMUNITIES

We aim to ensure an open and clear dialogue with representatives of civil society in the countries in which we operate - the media, non-governmental organisations (NGOs), international organisations, academics and research centres, and host societies and communities.At the corporate level, we have agreements with several organisations that enable the sharing of information and expertise related to a range of sustainability issues. These corporate agreements are described in the section on "Working in collaboration."We also work with communities in the countries in which we operate in order to manage the potentially disruptive impacts of our projects and to try to maximise the shared value and benefits of our business. For more about this, see the section on "Engaging fenceline communities".We use surveys, interviews, town hall meetings and community panels to understand our impacts on communities, and to devise mitigation strategies and plans to improve our contribution to the communities concerned.We also survey stakeholders and opinion leaders - including industry experts and journalists - in order to measure our reputation in key markets. We work with the leading market research company TNS to survey key stakeholder groups about our corporate reputation, including our strategy and ability to deal with sustainability risks and opportunities.

GOVERNMENTS

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

We work with governments through multi-stakeholder initiatives such as the Extractive Industries Transparency Initiatives (EITI), the Voluntary Principles on Security and Human Rights (VPSHR), and the Global Gas Flaring Reduction (GGFR) partnership in which companies and governments work to improve the investment climate and safeguard our business standards in host countries.

We maintain close contact at political and administrative levels of government in most of the countries in which we are located, as these levels represent essential stakeholder value to us and vice versa. We have offices in key policymaking centres of particular relevance to our business, including in Washington, D.C. 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.

SUPPLIERS

As part of our business, we work with a range of suppliers worldwide. In 2010, NOK 94.4 billion was invoiced by approximately 6,700 companies located in Norway, while NOK 25.5 billion was invoiced by approximately 11,600 suppliers with registered addresses in more than 80 different countries.

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

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

INVESTORS AND SHAREHOLDERS

Investors are increasingly interested in understanding the long-term risks and opportunities for value creation that companies face, including environmental and social concerns. We aspire to build trust by being as open and truthful as possible in our dialogue with our investors and shareholders on these issues. Our approach has resulted in high ratings in several Socially Responsible Investment (SRI) indexes.

EMPLOYEES AND UNIONS

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

- relations with trade unions, including our agreement with the International Federation of Chemical, Energy, Mine and General

Workers' Unions (ICEM).

- the Statoil European Works Council, which provides 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 development of internal

CUSTOMERS

Our customers are increasingly aware of the sustainability challenges facing our industry. Through our downstream business, we engage with customers on a daily basis at our service stations, and we also conduct regular customer satisfaction and brand equity surveys in which we poll customers' opinions on the environmental and social dimensions of our performance.

Engaging communities

Engaging communities and stakeholders is a key element in managing the impact of our activities.

We do our best to involve stakeholders on a regular basis throughout the lifetime of our operations: at an early stage, to inform them about initial decisions and project design; during the construction phase, as an important part of monitoring project implementation and associated impacts; and during execution, to ensure our continued presence in the community is still welcome and wanted.

As part of our guidelines on integrated impact assessment, we have developed a set of guiding principles for our engagement with communities and other stakeholders during the impact assessment process.

- Consultations with community stakeholders must be initiated already during the early scoping process for projects, and 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.
- Consultation activities, as well as specific actions, measures or other instances of decision-making that have been influenced by, or resulted directly from the consultation process, should be documented.
- 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.
- For projects with potentially significant impacts, and where otherwise relevant, the principle of free, prior and informed consultation should guide interaction with community stakeholders. Such consultations should be "free" (free of external manipulation, interference or coercion, and intimidation), "prior" (timely disclosure of information) and "informed" (relevant, understandable and accessible information), and apply to the entire project process and not just to the early stages of the project.
- 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 will need to be addressed.

Early-phase risk assessment

The early identification and understanding of risks and opportunities is essential if we are to achieve sustainable development as we diversify our porfolio and grow internationally.

Concerted efforts have resulted in the development and implementation of a web-based early-phase eisk assessment (EPRA) tool for evaluating new business opportunities in projects with a potential high risk profile.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, ethics and anti-corruption. The EPRA-tool also includes a module called the Brownfield risk assessment tool (BRAT) for assessing the condition of existing installations.

THE EPRA PROCESS

EPRA is a stepwise process that includes establishing the context, identifying sources of risks and their potential impacts, analysing and evaluating the risks they represent, and then devising the most effective means of control. The result is shown in risk diagrams that are used to communicate results to management at project, asset and corporate level. 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. Both downsides and upsides are assessed. The process aims to promote standardised, clearly defined and transparent decision-making.

CREATING RISK OWNERSHIP

EPRA is used to support a work process in which representatives of the HSE, social responsibility and ethics and anti-corruption disciplines are brought together with the project team to discuss all relevant risks and opportunities 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, and 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 to effective follow-up and monitoring. If a risk is assessed to exceed 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. If no effective measures can be identified, senior management attention is required.

New versions of both EPRA and BRAT have been developed during 2010. They incorporate lessons learned since the tools were first introduced and include alignments with updates of our corporate risk management procedures. Version 2 of EPRA is being implemented and training courses have been rolled out to both new and experienced users.

Research and development

Statoil is committed to research, technology development and expertise to achieve its ambition of becoming a stronger, internationally competitive company.

We believe that innovative field development solutions will largely focus on the exploitation of hydrocarbons in deepwater and Arctic areas, and on areas containing heavy oil. Our research is organized in different programmes throughout the oil and gas value chain, in addition to business challenges connected to Gulf of Mexico and oil sand in Canada.

Exploration

Producing technology and knowledge which will strengthen our positions in important exploration areas.

Increased recovery

Improved reservoir models and new drilling and well solutions at reduced costs, and maturing of resources into profitable reserves for development

New development solutions

Develop cost effective technologies realising crude oil and gas fields

Oil and gas value chains

Competitive and sustainable technology for heavy oil, refining and gas value chains

New energy and HSE

Research into new forms of energy and cost-effective solutions in HSE

Gulf of Mexico

Develop new technologies quickly and cost effectively

Extra heavy oil

Energy efficient and smart solutions for producing oil sand and other onshore plants

Lab and test facilities

Operate and further develop laboratories and test facilities. Statoil have three research centre in Norway (Trondheim, Bergen and Porsgrunn/Kårstø) in addition to a heavy oil technology centre in Canada.

THE R&D CLUSTER IS RESPONSIBLE FOR:

- Building and profiling the group's leading technology positions through internationally recognized R&D results
- Establishing and executing the R&D project portfolio reflecting the corporate technology strategy
- Developing the group's R&D competence
- Pushing and positioning the group for the future's big technology leaps by looking beyond our current business
- Further developing HSE
- Operating and further developing our world-class laboratories and experimental rigs.

We believe that innovative field development solutions will largely focus on the exploitation of hydrocarbons in deepwater and Arctic areas, and on areas containing heavy oil.

We expect to see an increasing transition from topside to intelligent, remotely-operated, autonomous seabed facilities, coupled with ultra-long subsea tie-backs and wellstream compression devices. We also believe that it will be necessary to develop new drilling concepts, especially in ice-affected areas, and pipelines capable of withstanding ultra-cold and ultra-deepwater conditions.

In connection with the development of extra heavy oil value chains, we have emphasised research related to improving recovery methods, with particular emphasis on energy efficiency.

We believe that sound gas chain technology will lead to increased access to more challenging unconventional gas resources by providing leading-edge capabilities in selected technologies, such as membrane-based separation.

Environmental technology

We believe that legitimacy, or a "licence to operate", is a prerequisite for doing business. To us, this means reducing the negative impact of our activities and products on the environment.

We endeavour to minimise harm to the environment from our operations, and we are responding to increased awareness of climate change by adopting technology to mitigate the effects that our industry has on the global climate.

The following areas are examples of where we believe technology can make a difference:

- Carbon capture and storage (CCS)
- Health, safety and environment management
- New energy
- Energy efficiency

We are developing technology to improve carbon dioxide storage using experience gained from our CCS projects on Sleipner and Snøhvit on the Norwegian continental shelf and In Salah in the Algerian desert. Novel reservoir monitoring and modelling technology has been applied to improve our understanding of carbon storage at these pioneering sites. Statoil R&D groups recently presented several technical papers at the 10th International Conference on Greenhouse Gas Technologies (GHGT-10).

In 2010, our carbon capture efforts focused on the construction of the Test Centre Mongstad (TCM) and development of the full-scale carbon capture plant at Mongstad in collaboration with the Norwegian State. In addition, we have increased our efforts in carbon capture in connection with oil sands production and taken steps to stimulate the development of new capture technologies aimed at lower cost, less energy use and zero harm to environment. Another prioritised area has been to close the knowledge gap relating to the potential health and environmental effects of amine emission.

We have developed tools for environmental management that integrate risk assessment, mitigation measures and environmental monitoring. These tools are used to design and operate our installations and industrial plants. We are working to integrate observatories for monitoring changes in ecosystems in order to improve our environmental management and performance. These environmental data will be made available to the international scientific community.

We recognise the need to develop new sources of energy, and we are doing so by pursuing two main paths. We aim to develop offshore wind farms, with research efforts focused on preparing for the development of the large Doggerbank wind farm. Hywind, the world's first full-scale floating wind turbine, has been in operation for more than one year, and a large measurement campaign is still ongoing to verify our design tools. In addition, we are supplying the transport sector with alternatives to fossil fuels, which are vital in relation to reducing carbon dioxide emissions. Our research efforts are dedicated to developing technology for producing sustainable second-generation biofuels and utilising our experience in hydrogen production and handling.

Oil spill response in the Arctic

We have actively participated in managing a large research programme with the aim of strengthening oil spill response capabilities in the Arctic. The programme was concluded in 2010.

A suite of technologies for oil spill response in cold conditions and ice has been tested and developed as part of this programme, and two large-scale field experiments have been carried out. They have provided a significant dataset (32 scientific reports), leading to new knowledge, tools and technologies for responding to oil spills in ice.

Because of changes in oil's properties after being released into a marine environment, the possibility of using various oil spill countermeasures - such as mechanical recovery, dispersants, in situ burning and monitoring/surveillance techniques - changes considerably with time and is influenced by the prevailing environmental conditions (e.g. visibility, light and weather). The main focus has been on odentifying when various oil spill countermeasure can be used (time window for use) based on different oil qualities, weathering characteristics and ice conditions.

Existing tools (e.g. chemical herders, fire resistant booms, remote sensing systems) and technologies developed through this programme (e.g. mechanical oil recovery systems and dispersant application systems) have been tested in different environmental scenarios. Key findings from the programme are that all response techniques showed merit in responding to an oil spill in an Arctic environment. Having all response options available is considered to be the key to a successful oil spill response operation under Arctic conditions.

In addition, the time window for use of in situ burning and the use of dispersants in ice-covered waters can increase significantly compared with an open water scenario because of the presence of cold water and ice (ice limits the spread of oil, slowing down the weathering process).

We have played an active part in the development of an integrated oil spill response and management system that provides real-time information on the volume and relative thickness of an oil spill, thereby maximising recovery efforts. Its integration enables the operator to strengthen tactical collaboration and information-sharing on board vessels and onshore. It is also fully operational in darkness.

Operated from a vessel, this system uses a combination of an infrared camera and a newly developed radar system to monitor and collect information from an oil spill. By measuring temperature differences, the tool can distinguish between thicker and thinner parts of the slick. Clean-up efforts can thereby be concentrated on the most effective points for preventing environmental harm. The system is fully operational and has been implemented on several vessels operating on the Norwegian continental shelf, including the Barents Sea. In addition, industry players in Brazil and Denmark have also purchased this system for use in oil spill detection and monitoring.

We aim to continue to improve our knowledge about oil spill response and are playing an active part in the start-up of a joint industry effort to further strengthen oil spill technology in Arctic conditions (initiated in early 2011). The selection of a particular oil spill response technique should be the result of an analysis in which the environmental risks and benefits of using a certain response technique are evaluated against the risks and benefits of leaving oil unrecovered. In this connection, several research and development activities are ongoing and others are about to be initiated to document the effects of dispersant use in different environmental conditions (e.g. Arctic, coastal and deepwater scenarios).

Environmental monitoring

As we move into new areas, deeper waters and onshore, we encounter new and different challenges relating to environmental monitoring. Solutions are needed to monitor the direct impact of our operations.

In recent years, the objective of our research activities has been to develop an integrated system for environmental monitoring, to help us understand, document and manage environmental impacts from emissions and discharges by, for example, utilising sensor technology and existing infrastructure. In 2010, we invited research institutes and the supplier industry to cooperate on the development of new systems for environmental monitoring.

The objective of our activities in relation to occupational health and the working environment has been to avoid harm to our employees caused by noise and chemical exposure in the working environment.

Working with our suppliers

We are committed to working with our suppliers to promote high standards and ensure continuous improvement.

We strive to promote our standards and principles throughout the procurement process - when prequalifying and selecting suppliers, in contracts and through risk-based monitoring and follow-up.

In general, we expect all our partners, including suppliers, to follow our standards or an equivalent set of standards. However, we also recognise that, in many of the countries where we operate, local suppliers may not currently meet these requirements. In such cases, we aim to work with our suppliers to improve their skills and capacity.

Standards related to health, safety and the environment are promoted through HSE pre-qualification of our suppliers. All suppliers of services with a high HSE risk on the Norwegian or Danish continental shelves have to be qualified by the Achilles Joint Qualification System and HSE-qualified by Statoil. Specific HSE requirements are then included in the contract. They form the basis for HSE follow-up of the supplier's performance during the agreement phase. These same principles apply globally. Our integrity due diligence procedures are applied prior to contract award in order to screen all suppliers for material integrity, human rights and reputation risks.

All potential suppliers for contracts worth more than NOK 7 million are required to sign Statoil's Supplier Declaration in the pre-qualification phase. By signing this declaration, our suppliers commit to respecting human rights, core labour standards and employment conditions, in addition to minimum standards for ethics, anti-corruption and HSE. As part of this, suppliers also undertake to promote these principles among their own sub-suppliers. The Supplier Declaration is then made part of the contract .

In mid-2008, we initiated a review of our supply chain management procedures and systems in order to assess their effectiveness in promoting decent labour standards and working conditions as outlined in the core conventions of the International Labour Organization. As part of this review, the following focus areas were identified:

- Impove the clarity and focus of existing procedures and processes and make our commitments to international labour standards more precise and operational
- Strengthen follow-up of the Supplier Declaration
- Include labour standards in monitoring and audits
- Raise awareness and knowledge of risks, applicable standards and possible mitigations among senior management and exposed groups
- Increase attention on national labour laws in the line organisation
- Increase the focus on labour conditions in existing risk assessment processes in order to identify high risk value chains

In 2010, as part of implementing these recommendations, we have continued to review our supply chain management procedures and systems to improve their effectiveness in promoting human rights and labour standards in our supply chain.

As a first step, we have made our requirements on these topics more explicit in Statoil's governing documents for CSR and supply chain management, including our commitment to the core ILO conventions. We have further strengthened our internal 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, whereby all potential suppliers are screened prior to contract award for material integrity risks and reputation risks, now also include screening for risks relating to suppliers' conduct in relation to human rights and labour standards. We aim to monitor and follow up the mitigation actions identified to address these risks in the contract management phase.

To build a broader understanding of issues relating to labour standards in the supply chain and the associated risks to our business, awareness sessions were held with senior management across business areas. More in-depth awareness programmes are being conducted and planned for other exposed groups across the company. Specialised training programmes on implementation and follow-up of the Supplier Declaration are also under way for procurement staff, including the training of company representatives.

We recognise that managing and monitoring compliance with our standards in our supply chain is a challenging and complex task. We seek to follow up and monitor suppliers with whom we have direct contracts. Additional follow-up and monitoring in the supply chain is then considered, based on our assessment of risks.

Working in collaboration

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

Many of the challenges that the oil and gas industry is facing cannot be solved unilaterally. It is necessary to build alliances and partnerships across the industry, as well as with governments, international organisations, civil society and other stakeholders.Here, we provide an overview of the most important civil society organisations, industry associations, international organisations and multi-stakeholder initiatives that we have supported and collaborated with at corporate level in 2010.

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 business's responsibility to respect human rights. We receive information about the human rights situation in the countries in which we operate.Through the agreement, we also provide financial support for Amnesty International Norway's work on preventing and campaigning against human rights violations worldwide.

INTERNATIONAL CRISIS GROUP (ICG)

The International Crisis Group (ICG) is generally recognised to be 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.

Since 1998, we have had a global collaboration agreement with the ICEM that covers all Statoil employees in the countries in which we operate. This affirms our respect for fundamental human rights in the community and in the workplace.

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 and 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) reductions and renewables. Its mission is to contribute to limiting the threat posed by climate change by promoting carbon-free energy solutions. Based on this mission, Zero:

- urges companies to choose carbon-free energy solutions and cooperate on putting them into use
- seeks contact with policymakers to promote such solutions

- collects and distributes information to contribute to their realisation.
- 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 the solutions it supports. It cooperates with companies and industrial researchers to secure the know-how necessary to maintain that position.

We cooperate with Zero on a project basis, among other things by supporting the development of its website and publications.

INDUSTRY ASSOCIATIONS

GLOBAL BUSINESS COALITION

The Global Business Coalition on HIV/Aids, Tuberculosis and Malaria (GBC) is an association of more than 220 leading companies that work to maximise their impact in the fight against HIV/Aids, tuberculosis, and malaria.

The GBC works in concert with others who are critical about effective action being taken: governments, NGOs and strong partners around the world.Member companies also work to reach out to their workforces, their customers and public and private partners throughout the supply chain to address these issues.We have supported the GBC through a corporate agreement since 2003, and we consult the GBC on issues related to HIV/Aids, tuberculosis and malaria that are relevant to our operations and the societies in which we operate.

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 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 OGP's mission is to represent the interests of the upstream industry in relation to international regulators and legislators. From its headquarters in London, OGP represents the industry on such UN bodies as the International Maritime Organization and the Commission for Sustainable Development. OGP also works with the World Bank and with the International Organization for Standardization (ISO). It is also accredited to a range of regional bodies including OSPAR, the Helsinki Commission, the Barcelona Convention and the Arctic Council.OGP also helps members to achieve continuous improvements in safety, health and environmental performance and in the engineering and operation of upstream ventures. 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)

The IETA is dedicated to the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and, ultimately, climate protection. It is also dedicated to the establishment of effective market-based trading systems for greenhouse gas emissions for 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.The IETA works 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 for the creation of systems and instruments that will ensure effective business participation. In order to be the premier voice of 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, to participate in the design and implementation of national and international rules and guidelines, and to provide the most up-to-date and credible source of information on emissions trading and greenhouse gas market activity.We are a member company of the IETA.

INTERNATIONAL GAS UNION (IGU)

The International Gas Union (IGU) was founded in 1931. It is a worldwide non-profit organisation registered in Switzerland. Its secretariat is currently located in Oslo, Norway.

For a six-year period, the secretariat is headed by Mr Torstein Indrebø from Statoil, who was elected Secretary General in October 2007. The objective of the IGU is to promote the technical and economic progress of the gas industry.The members of IGU are associations and entities from the gas industries in 68 countries. It cooperates with many global energy organisations. IGU's working organisation covers all domains of the gas industry from exploration for and production of natural gas onshore or offshore to pipeline and piped distribution systems to customers' premises and combustion of the gas at the point of use. We are a member of the IGU.

INTERNATIONAL PETROLEUM INDUSTRY ENVIRONMENTAL CONSERVATION ASSOCIATION (IPIECA)

The International Petroleum Industry Environmental Conservation Association (IPIECA) was established in 1974 following the adoption of the United Nations Environment Programme (UNEP).

IPIECA is one of the industry's principal channels of communication with the United Nations.The IPIECA is the only global association that represents both the upstream and downstream oil and gas industry on key global environmental and social issues. The IPIECA's programme takes full account of international developments in relation to these issues. It serves as a forum for discussion and cooperation between the industry and international organisations.The IPIECA aims to develop and promote scientifically-sound, cost-effective, practical, and socially and economically acceptable solutions to global environmental and social

issues relating to the oil and gas industry. The IPIECA is not a lobby organisation, but provides a forum for encouraging continuous improvement of the industry's performance.The IPIECA draws on the skills and experiences of its international membership through various committees, which are supported by a small secretariat. The IPIECA currently has a number of working groups and task forces for: Climate Change; Biodiversity; Social Responsibility; Oil Spill; Operational, Fuels & Product Issues, and Health and Sustainability Reporting. We are a member of the IPIECA.

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 a commitment to implementing 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. It works 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 around 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)

The IEA Greenhouse Gas R&D Programme (IEA GHG) is an international collaborative research programme set up under the auspices of the International Energy Agency.

The IEA GHG focuses on studying technologies for reducing greenhouse gas emissions. Established in 1991, The IEA GHG aims to provide its members with sound information on the role that technology can play in reducing greenhouse gas emissions. The programme is engaged in 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. The IEA

GHG's work currently focuses on ways of controlling and reducing emissions of carbon dioxide, which is the principal greenhouse gas.The members of the IEA GHG 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.

UNITED NATIONS GLOBAL COMPACT (UNGC)

The United Nations Global Compact (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:

- To mainstream the ten principles in business activities around the world
- To catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs)

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, we communicate annually on our progress in promoting the 10 principles.In addition to our participation in the Global Compact, we also play an active part in the Global Compact Nordic Network.

UNEP - WORLD CONSERVATION MONITORING CENTRE

The Proteus project was initiated by the United Nations Environment Programme - World Conservation Monitoring Centre (UNEP-WCMC) in 2002. It 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 protect the world's biodiversity.The partnership acknowledges 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 loss of biodiversity by 2010. 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 for 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.We have been a partner since the beginning of the initiative.

WORLD BANK - CARBON FINANCE UNIT (CFU)

We are an investor in two carbon funds managed by the World Bank's Carbon Finance Unit - the Prototype Carbon Fund and the Community Development Carbon Fund.

PROTOTYPE CARBON FUND (PCF)

A partnership between seventeen companies and six governments that is managed by the World Bank, the Prototype Carbon Fund (PCF) became operational in April 2000.As the first carbon fund, its mission is to pioneer the market for project-based greenhouse gas (GHG) emission reductions while promoting sustainable development and offering its stakeholders an opportunity to learn by doing.The Fund pioneered this market through pilot production of emission reductions within the framework of Joint Implementation (JI) and the Clean Development Mechanism (CDM).In practice, this means that 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.

COMMUNITY DEVELOPMENT CARBON FUND (CDCF)

The Community Development Carbon Fund (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 capitalised at USD 128.6 million, with nine governments and 16 corporations/organisations participating. The Fund is currently closed for further subscriptions.Our share is USD 2.5 million.

MULTI-STAKEHOLDER INITIATIVES

CARBON SEQUESTRATION LEADERSHIP FORUM (CSLF)

The Carbon Sequestration Leadership Forum 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 technologies broadly available internationally and to identify and address wider issues relating to carbon capture and storage. This could include promoting the appropriate technical, political and regulatory environments for the development of such technology. The CSLF, which was established in 2003, 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 organisations that are affected by and can affect the goals of CSLF, form an essential component of CSLF activities.We are registered as a CSLF stakeholder and represent Norway as chair of the Technical Group.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 intended to act as a guide for the CSLF and its members in describing possible routes to future carbon dioxide capture, transport and storage.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

The Extractive Industries Transparency Initiative (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.The EITI is 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 Pemex, the Mexican NOC. In addition, we publish our revenues, investments and taxes paid in the countries where we operate. We also support implementation of the EITI principles in the countries in which we operate.

GLOBAL GAS FLARING REDUCTION PARTNERSHIP (GGFR)

Launched at the World Summit on Sustainable Development in August 2002, the Global Gas Flaring Reduction public-private partnership (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.The GGFR partnership, a World Bank-led initiative, facilitates and supports national efforts to use currently flared gas 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 may 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 REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is a long-term, multi-stakeholder-governed institution collaborating to produce globally applicable guidelines and standards for sustainability reporting.

The Sustainability Reporting Guidelines are now in their third version - the G3 Guidelines - which were published in 2006.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 their 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 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.

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS (VPSHR)

The initiative to develop the Voluntary Principles on Security and Human Rights (VPSHR) was taken by the US and UK 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, a dialogue was estabished on security and human rights.The participants recognise the importance of the promotion and protection of 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 extractive industry and energy companies in maintaining the safety and security of their operations 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 to ensure their 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.

Integrity due diligence

International growth and expansion not only increase our opportunities, but also our exposure to risk. 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 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 the company's reputation.

Our standards for IDD facilitate improved 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 Statoil is operating in, so that we know what to expect.

With risk to reputation and liability resulting from the actions of business partners becoming an urgent concern, IDD is one of the most effective tools available, in our opinion. Early risk identification is the key to success in managing integrity risk. In fact, the "red flags" are often not red but yellow, 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 to carry 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.

HSE and ethics committee

There has been growing recognition in recent years that sustainability risks can significantly affect the future of the company. As a result, our board of directors decided in 2010 to establish a new sub-committee 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 will assist the board of directors in its supervision of the company's health, safety and environment (HSE), ethics and CSR policies, systems and principles.

The establishment of a separate committee dedicated to HSE, ethics and CSR will ensure that the board of directors has even greater focus on and knowledge of these complex, important and constantly evolving areas. The committee will act as a preparatory body for the board of directors and will, inter alia, monitor and assess the practice, 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 will be raised and discussed, with particular focus on the lessons learned and management's response.

In relation to HSE, the committee will, inter alia, receive information about major changes in policies, systems and principles, the management's assessment of HSE risk related 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 about amendments that do not concern matters covered by the mandate of the board's audit committee.

For a more detailed description of the objective, duties and composition of the new committee, see Instructions for the Board's HSE and ethics committee, which is available at Statoil.com.

Key sustainability performance data

In this section, you will find an overview of key data on our sustainability performance, our HSE accounting and social performance, as well as the assurance report from our auditors, Ernst & Young.

HSE accounting

We strive to ensure safe operations which protect people, the environment, communities and material assets.

Social performance data

The following table presents our key social performance data, such as statistics related to gender composition,

Assurance report from Ernst & Young

This is the Assurance Report on our Sustainability Report from our official auditors...

HSE accounting

We strive to ensure safe operations which protect people, the environment, communities and material assets.

Our goal is to use natural resources efficiently, and to provide energy which supports sustainable development. We believe that all accidents can be prevented.

We are committed to:

- Integrating HSE in the way we do business
- Improving HSE performance in all our activities
- Contributing to the development of sustainable energy systems and technology
- Demonstrating the importance of HSE through hands-on leadership and behaviour
- Openness on all HSE issues and active engagement with stakeholders

Our HSE management system is an integrated part of Statoil's total management system, and it is described in our governing documents.

Our goal is zero harm.

A key element in the HSE management system is reporting and performance management in accordance with our governing documents and regulatory requirements. HSE performance indicators are established and compared with historical values. The intention is to document quantitative developments over time and use the information for decision-making and continual improvement.

HSE data is compiled by each Business Unit and reported to the Corporate Executive Committee. The Chief Executive Officer submits HSE results and associated assessments to the Board of Directors together with quarterly financial results. These results are posted both internally and externally. Quarterly HSE statistics are compiled and made accessible on our website through the performance report. The business units prepare more specific HSE statistics and analysis that is used for their own improvement efforts.

RESULTS

This section shows the trend of the HSE performance indicators over a five year period. The use of resources, emissions and waste volumes for selected Statoil operated land-based plants and for Statoil-operated activities on the Norwegian continental shelf are shown in separate environmental overviews.

During 2010, operations accounted for more than 140 million working hours (including contractors). These hours form the basis for the frequency indicators in the HSE accounting. Contractors handle a large portion of the assignments for which Statoil is responsible as operator or principal enterprise.

Statoil's safety results with respect to serious incidents have shown a positive trend in the last year. The overall Serious Incident Frequency (SIF) indicator has decreased from 2009 (1.9) to 2010 (1.4). There were no fatalities in Statoil in 2010.

There has been an increase in the number of total recordable injuries per million man hours (TRIF) in 2010 (4.2) compared with 2009 (4.1). Contractor TRIF at year end 2010 was 4.8, and Statoil employee TRIF was 3.3. The lost-time injury frequency (injuries leading to absence from work) was 1.8 in 2010, an increase from 2009 (1.6).

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 4.1 in 2009 to 4.2 in 2010. For Statoil employees, the frequency increased from 2.9 in 2009 to 3.3 in 2010, and for our contractors, the total recordable injury frequency was 4.8 in 2010, the same as in 2009.

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 1.6 in 2009 to 1.8 in 2010. The frequency for Statoil employees increased from 1.4 in 2009 to 2.0 in 2010, and for our contractors, the lost-time injury frequency was 1.7 in 2010, the same as in 2009.

SERIOUS INCIDENT FREQUENCY

Definition: The number of serious incidents (including near misses) per million hours worked (1).

Developments: The serious incident frequency (including both Statoil employees and contractors) decreased from 1.9 in 2009 to 1.4 in 2010.

(1) 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, and this forms the basis for follow-up in the form of notification, investigation, reporting, analysis, experience transfer and improvement.

SICKNESS ABSENSE

Definition: The total number of sickness absence hours as percentage of planned working hours (Statoil employees)(2). The total number of sickness absence hours as percentage of planned working hours (Statoil employees)(2).

Developments: The sickness absence decreased from 4.0% in 2009 to 3.6% in 2010. The main contribution to this reduction was a reduction in the sickness absence in Statoil ASA in Norway from a stable level over the last years at approximately 4.0% to 3.5% in 2010.

(2) In 2010 Statoil calculated sickness absences 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) (3).

Developments: The number of unintentional oil spills was 374 in 2010, as against 435 in 2009, and the volume decreased from 219 cubic metres in 2009 to 44 cubic metres in 2010. Increase in 2009 data compared to last year's report is due to late identified spill from one disposal well.

(3) 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) (4).

Developments: The number of other unintentional spills was 144 in 2010, as against 143 in 2009, and the volume decreased from 17433 cubic metres in 2009 to 5709 cubic metres in 2010. In 2010, Statoil has experienced leaks of drill cuttings/slop from disposal wells. Several actions are taken and measurements are implemented to avoid future leaks. These are particularly related to implementation of injection procedures, monitoring and interpretation of data from the disposal wells. In addition an advisory group has been established and a multidisciplinary team is working on a proposal for improvements on early detection of possible leaks. Increase in 2009 data compared to last year's report is due to late identified spills from two disposal wells.

(4) All unintentional spills of chemicals, produced water, ballast water and polluted water reaching the natural environment from Statoil operations are included. Numbers on corporate level from 2009 are verified by external auditors.

CO2 EMISSIONS

Definition: Total emissions of carbon dioxide (CO2) in million tonnes from Statoil operated activities (5)

Developments: Emissions of CO2 has increased slightly from 13.1 million tonnes in 2009 to 13.4 million tonnes in 2010. The main reason for the increased carbon dioxide emissions is the start-up of the Mongstad heat and power plant.

(5) 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 (NOx) in thousand tonnes from Statoil operated activities (6)

Developments: NOx emissions were 42.3 thousand tonnes in 2010, the same as in 2009.

(6) Nitrogen oxide emissions include nitrogen oxides from energy and heat production in our own plants, transportation of products, flaring (included well testing/well work over) and treatment plants.

CH4 EMISSIONS

Definition: Total emissions of methane (CH4) in thousand tonnes from Statoil operated activities (7)

Developments: CH4 emissions decreased from 32.9 thousand tonnes in 2009 to 29.6 thousand tonnes in 2010. The main reason for the decreased emissions of CH4 from 2009 to 2010 is reduced emissions from the Åsgard A and B platforms.

(7) CH4 emissions include CH4 from energy- and heat production in own plant, flaring (included well testing/well work over), cold venting, diffuse emissions and also storage and loading of crude oil. Numbers on corporate level from 2009 are verified by external auditors.

GLOBAL WARMING POTENTIAL (GWP)

Definiton: Global warming potential (GWP) is Statoil's share of greenhouse gas emissions from Statoil operated activities and activities operated by others (8)

Definiton: Global warming potential (GWP) is Statoil's share of greenhouse gas emissions from Statoil operated activities and activities operated by others (8) Developments: GWP has increased slightly from 10.0 million tonnes CO2 equivalents in 2009 to 10.2 million tonnes CO2 equivalents in 2010.

(8) The unit of measurement is "tonnes of carbon dioxide equivalent". 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)].

ENERGY CONSUMPTION

Definition: Total energy consumption in terawatt-hours (TWh) for Statoil operated activities (9) Total energy consumption in terawatt-hours (TWh) for Statoil operated activities (9)

Developments: Total energy consumption is at a stable level, but has increased slightly from 63.6 TWh in 2009 to 64,5 TWh in 2010.

(9) Energy consumption includes 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 party and gross energy (heat and electricity) imported from contractor.

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 (10) 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 (10)

Developments: The non-hazardous waste recovery rate has decreased from 68.7% in 2009 to 51.9% in 2010. The decrease in recovery rate for non-hazardous waste is due to an increase in onshore drilling activity, with deposition of drilling waste to landfill.

(10) 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 re-use, recycled or incinerated with energy recovery.

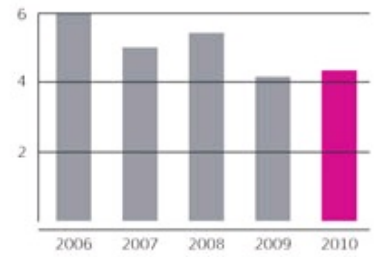
HAZARDOUS WASTE RECOVERY RATE

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 (11)

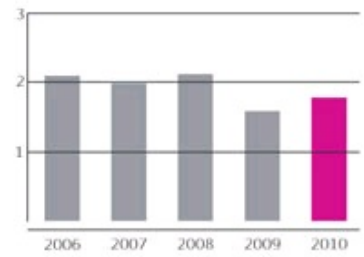
Developments: The hazardous waste recovery rate has decreased from 61.1% in 2009 to 28.7% in 2010 due to a change in Norwegian reporting practice for slop & oily water. Previously the total volume of oily water sent to the hazardous waste treatment plants onshore was classified as a recovered fraction. Now only the oil and solid phases are classified as recovered while the treated water phase discharged to sea, in accordance with the discharge permits for the treatment plants, is now classified as deposition and not as a recovered fraction.

(11) The quantity of hazardous waste for recovery is the total quantity of hazardous waste from the plant's operations that has been delivered for re-use, recycled or incinerated with energy recovery (the total amount of hazardous waste, excluding hazardous waste sent to an approved deposition facility). Numbers on corporate level from 2009 are verified by external auditors.

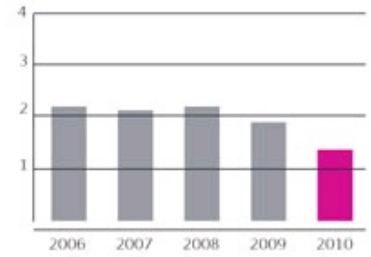
Total recordable injury frequency



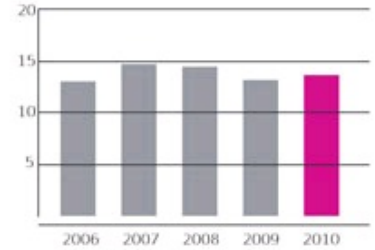
Lost-time injury frequency



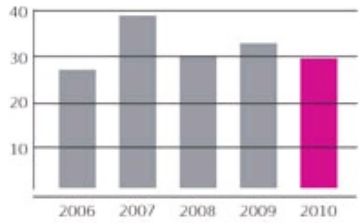
Serious incident frequency



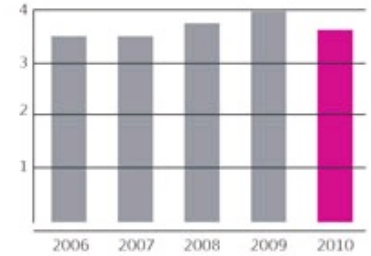
CO_2 emissions



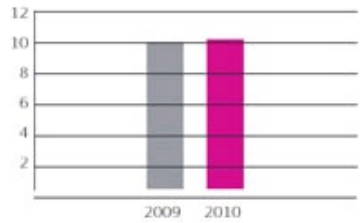
CH4 emissions



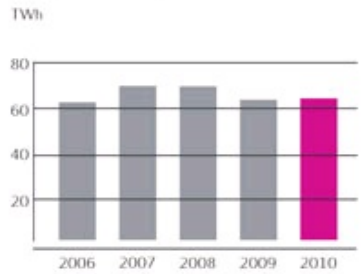
Sickness absence



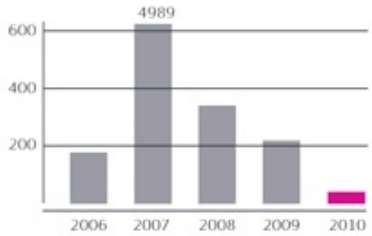
Global warming potential (GWP)



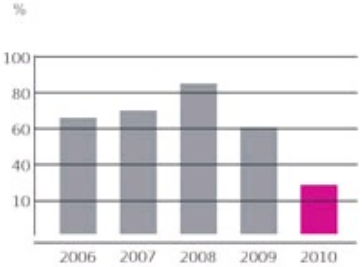
Energy consumption



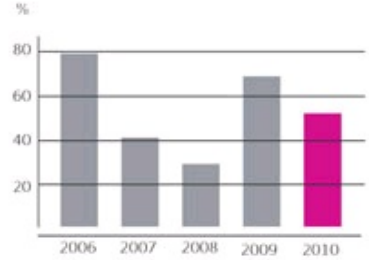
Oil spills



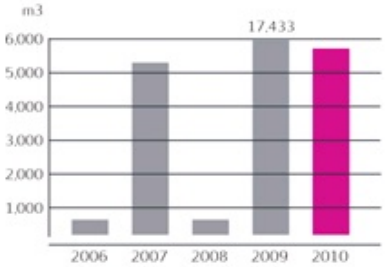
Hazardous waste recovery rate



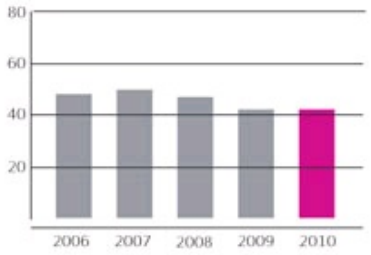
Non-hazardous waste recovery rate



Other spills



NO_X emissions



Environmental data

Environmental data for our land-based installations in Norway and Denmark.

Norwegian continental shelf

Energy Diesel 2,000 GWh Electricity 425 GWh Fuel gas 32,100 GWh Flare gas 3,680 GW...

Snøhvit LNG installation

Energy: Electricity 190 GWh Flare gas 746 GWh Fuel gas 3,610 GWh Diesel 0.30 GWh R...

Tjeldbergodden

Energy Diesel 2.13 GWh Electricity 227 GWh Fuel gas 1,500 GWh Flare gas 125 GWh Ra...

Mongstad

Energy Electricity consumption 510 GWh Fuel gas and steam 7,790 GWh Flare gas 1 49...

Sture processing plant

Energy Electricity 162 GWh Flare gas 1.36 GWh Fuel gas 312 GWh Diesel 0.15 GWh Raw...

Kalundborg

Energy Electricity 180 GWh Steam 150 GWh Fuel gas and oil 2,340 GWh Flare gas 66.7...

Kollsnes processing plant

Energy Electricity 1,660 GWh Flare gas 115 GWh Fuel gas 203 GWh Diesel 0.60 GWh Ra...

Kårstø gas processing plant and transport systems

Energy 2) Fuel gas 4,720 GWh Electricity bought 666 GWh Diesel 5 GWh Flare gas 199...

Norwegian continental shelf

Energy	
Diesel	2,000 GWh
Electricity	425 GWh
Fuel gas	32,100 GWh
Flare gas	3,680 GWh
Raw materials 2)	
Oil/condensate	82 mill. scm
Gas 3)	112 bn. Scm
Produced water	120 mill. m3
Utilities	
Chemicals process/prodn	57,300 tonnes
Chemicals drilling/well	219,000 tonnes
Water consumption	
Fresh water	334,000 m3
Products	
Oil/condensate	82 mill. scm
Gas for sale	81 bn. Scm
Emissions to air	
CO2	8.3 mill.tonnes
nmVOC 4)	25,300 tonnes
Methane 4)	15,800 tonnes
NOx	36,000 tonnes
SO2	213 tonnes
Unintentional emissions of HC gas	5750 kg
Discharges to water	
Produced water	102 mill. scm
Oil in oily water 5)	1,160 tonnes
Spills	

Unintentional oil spills	23 m3
Other unintentional spills	5,690 m3

Chemicals 6)	
Process/production	27,600 tonnes
Drilling/well	46,200 tonnes

Waste 7)	
Non-hazardous waste for deposition	2,090 tonnes
Non-hazardous waste for recovery	11,400 tonnes
Non-hazardous waste recovery rate	85 %
Hazardous waste for deposition 8)	145,000 tonnes
Hazardous waste for recovery 8)	30,300 tonnes
Hazardous waste recovery rate 8)	17 %

Other	
Produced water injected in the ground	25 mill. m3

Annotations

(1) Including British part of Statfjord

(2) Includes third party processing of production Sigyn and Skirne

(3) Including fuel gas (2.9 billion Sm3), flare gas (0.3 billion Sm3) and injected gas, including gas injected for pressure support (28.3 billion Sm3)

(4) Includes diffuse emissions, flare and energy production

(5) Includes oil from produced water, drain water, ballast water and jetting

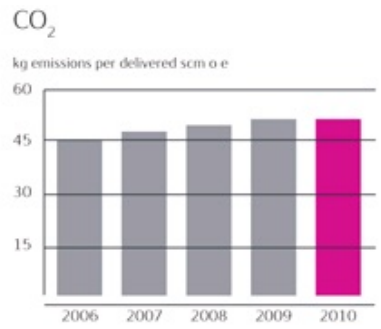
(6) Includes 65 500 tonnes water and green chemicals/ingredients

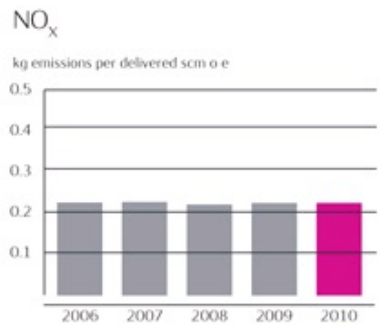
(7) Includes waste from onshore bases.

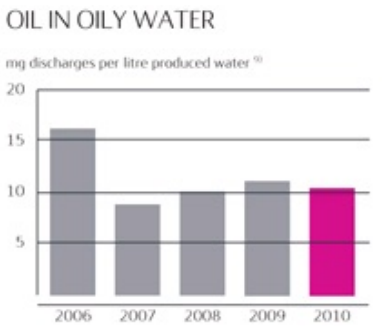
(8) The increase in amount of hazardous waste for deposition and the reduction in amount of hazardous waste recycled compared to 2009 is due to a change in the recording practise for treated water.

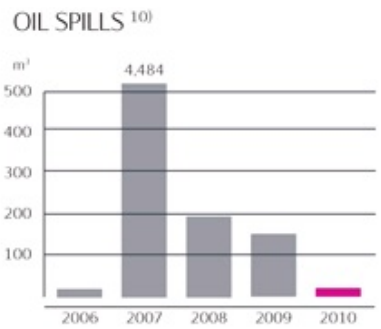
(9) History shows the dispersed oil in 2006 and the oil index from 2007, reflecting the change in government reporting requirements.

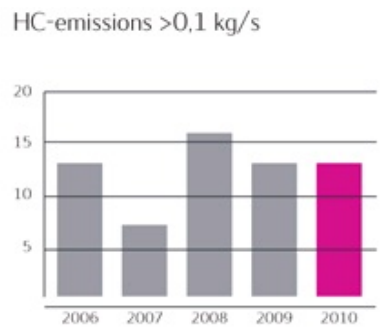
(10) Increase in 2009 data is due to identified spill from one disposal well.











Snøhvit LNG installation

Energy:	
Electricity	190 GWh
Flare gas	746 GWh
Fuel gas	3,610 GWh
Diesel	0.30 GWh
Raw materials	
Gas Snøhvit	5,960 mill scm
Condensate Snøhvit	0.83 mill scm
Utilities	
Amine	90.0 m3
Hydraulic fluids1	29.0 m3
Caustics	250 m3
Monoethylene glycol	14.1 m3
Other Chemicals	81.5 m3
Water consumption	
Fresh water	124,000 m3
Products	
LNG	8.14 mill scm
LPG	0.48 mill scm
Condensate	0.90 mill scm
Emissions to air	
CO2	1,020,000 tonnes
NOx	543 tonnes
H2S	6.41 tonnes
SO2	5.07 tonnes
nmVOC4	1,430 tonnes
Methane	2,950 tonnes
Discharges to water	
Treated water and open drain water	87,500 m3

Amine	221 kg
Ammonium	267 kg
BTEX 3	58.5 kg
Phenol	13.3 kg
Hydrocarbons	24.1 kg
TOC	1,310 kg
Heavy metals 3	0.90 kg

Spills	
Unintentional oil spills	0.00 m3
Other unintentional spills	3.76 m3

Waste	
Non-hazardous waste for deposition	464 tonnes
Non-hazardous waste for recovery	572 tonnes
Non-hazardous waste recovery rate	55 %
Hazardous waste for deposition	515 tonnes
Hazardous waste for recovery	962 tonnes
Hazardous waste recovery rate	65 %

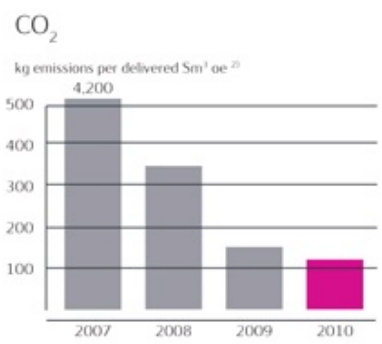
Annotations

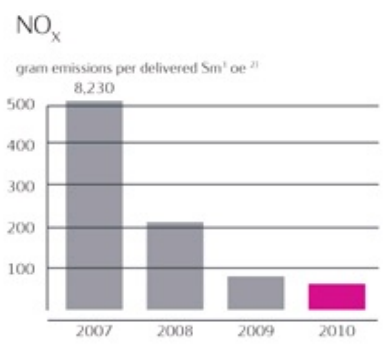
1 Utilities include hydraulic fluids used in Hammerfest LNG Offshore/subsea part System 18

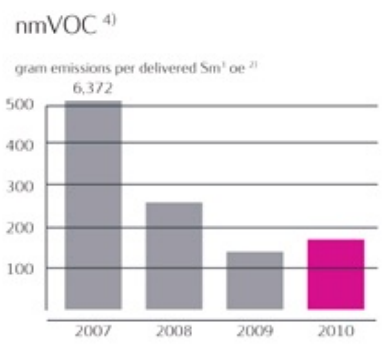
2 Calculation of OE for produced LNG/LPG is done by using OLF factor for NGL; 1tonn NGL = 1,9 Sm3 o.e.

3 For BTEX and metals - reported half the detection limit because the HFLNG is unable to detect these substances

4 New DIAL measurements including diffuse emissions from flare gave higher emissions of nmVOC in 2010







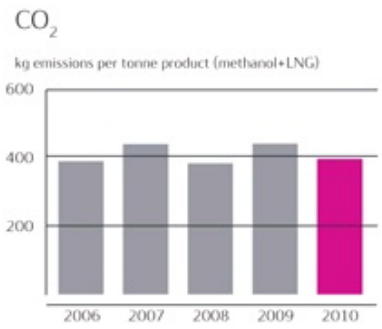
Tjeldbergodden

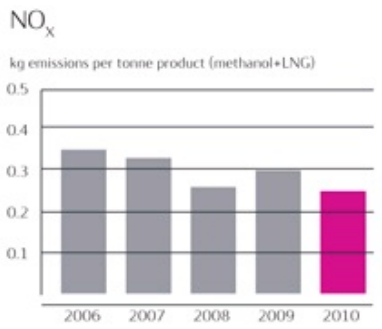
Energy	
Diesel	2.13 GWh
Electricity	227 GWh
Fuel gas	1,500 GWh
Flare gas	125 GWh
Raw materials	
Rich gas	461,000 tonnes
Utilities	
Caustics	289 tonnes
Acids	66 tonnes
Other chemicals	21 tonnes
Water consumption	
Fresh water	509,000 m3
Products	
Methanol	797,000 tonnes
Oxygen	16,600 tonnes
Nitrogen	36,300 tonnes
Argon	14,900 tonnes
LNG	9,780 tonnes
Emissions to air	
CO2	319,000 tonnes
nmVOC	251 tonnes
Methane	581 tonnes
NOx	198 tonnes
SO2	0.81 tonnes
Unintentional emissions of HC gas	6.3 tonnes
Discharges to water	
Cooling water	185 mill. m3
Total organic carbon (TOC)	2.37 tonnes
Suspended matter	0.45 tonnes

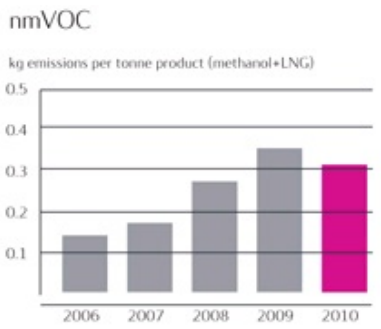
Total-N	1.46 tonnes

Spills	
Unintentional oil spills	0.01 m3
Other unintentional spills	0.11 m3

Waste	
Non-hazardous waste for deposition	3 tonnes
Non-hazardous waste for recovery	127 tonnes
Non-hazardous waste recovery rate	62 %
Hazardous waste for deposition	162 tonnes
Hazardous waste for recovery	22 tonnes
Hazardous waste recovery rate	12 %







Mongstad

Energy	
Electricity consumption	510 GWh
Fuel gas and steam	7,790 GWh
Flare gas 1	494 GWh
Raw materials	
Crude oil	7,000,000 tonnes
Other process raw materials	3,270,000 tonnes
Blending components	361,000 tonnes
Utilities	
Acids	539 tonnes
Caustics	1,780 tonnes
Additives	1,680 tonnes
Process chemicals 2	7,820 tonnes
Water consumption	
Fresh water	4,620,000 m3
Products (tonnes)	9,850,000
Propan	Butane
Naphtha	Gas oil
Petrol	Petcoke/sulphur
Jet fuel	
Emissions to air	
CO2	1,880,000 tonnes
SO2	681 tonnes
NOx	1,280 tonnes
nmVOC refinery + CHP	6,180 tonnes
nmVOC terminal	315 tonnes
Methane	5,380 tonnes
Unintentional emissions of HC gas	19 tonnes
Discharges to water	

Oil in oily water	3 tonnes
Phenol	1 tonnes
Total Nitrogen	39 tonnes
Total organic carbon (TOC)	92 tonnes
Suspended Solids (SS)	44 tonnes

Spills	
Unintentional oil spills 3	2 m3
Other unintentional spills 4	0 m3

Waste 5	
Non-hazardous waste for deposition	166 tonnes
Non-hazardous waste for recovery	5,730 tonnes
Non-hazardous waste recovery rate 6	97 %
Hazardous waste for deposition	658 tonnes
Hazardous waste for recovery 7	4,300 tonnes
Hazardous waste recovery rate	87 %

Energy	
Electricity produced	1,140 GWh

1) Increase in flaring in 2010 is due to activities regarding CHP-start-up

2) The increase in process chemicals from 2009 to 2010 is largely due to ammonium used in the SNCR process started in 2010

3) All spills are net values - to ground - none to water.

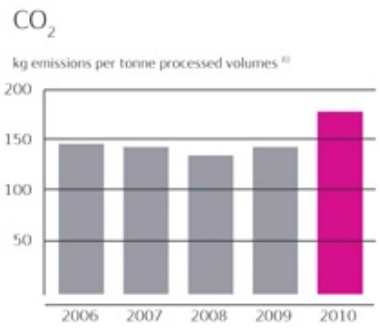
4) All spills are net values - to ground - none to water.

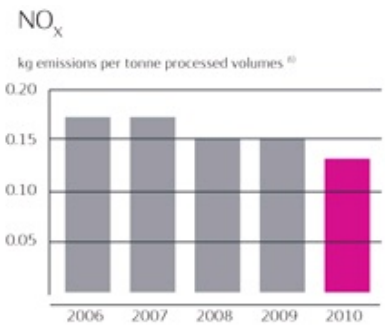
5) The hazardous waste data do not include data from Combined Heat and Power plant

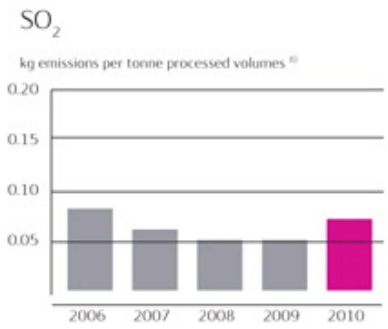
6) The increase in Non-hazardous waste recovery rate is due to the fact that deposition of non-hazardous waste was banned in 2010 and replaced by incineration with energy recovery

7) The amount of hazardous has been reduced from 2009 to 2010. In 2009 Statoil Mongstad exported over 7800 tons sludge to Europe for incineration with energy recovery. There were no similar exports in 2010. In addition cracker catalyst has been changed from hazardous waste to non-hazardous waste. Mongstad exported 2064 tons cracker catalyst in 2010 as non-hazardous waste.

8) Includes both refinery and Heat and power plant from 2010





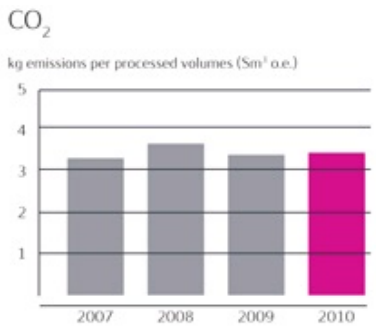


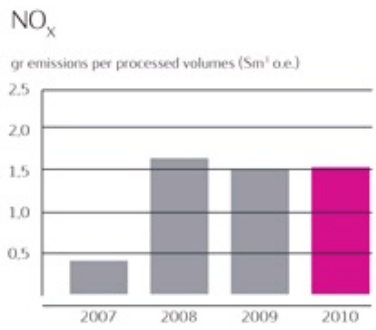
Sture processing plant

Energy	
Electricity	162 GWh
Flare gas	1.36 GWh
Fuel gas	312 GWh
Diesel	0.15 GWh
Raw materials	
Crude oil	20.6 mill. scm
Utilities	
Hydrochloric acid	7.08 tonnes
Sodium hydroxide	98.3 tonnes
Methanol	370 m3
Water consumption	
Fresh water	616,000 m3
Products	
LPG	712,000 scm
Naphtha	428,000 scm
Crude oil export	18.9 mill. scm
Emissions to air	
CO2	71,100 tonnes
NOx	31.4 tonnes
Unintentional HC-gas emissions	0 tonnes
nmVOC	3,170 tonnes
Methane	288 tonnes
Discharges to water	
Treated water and open drain water	436,000 m3
TOC	61.5 tonnes
Hydrocarbons	0.91 tonnes
Spills	

Unintentional oil spills	1.25 m3
Other unintentional spills	0 m3

Waste	
Non-hazardous waste for deposition	6.8 tonnes
Non-hazardous waste for recovery	208 tonnes
Non-hazardous waste recovery rate	97.0 %
Hazardous waste for deposition	0 tonnes
Hazardous waste for recovery	42.8 tonnes
Hazardous waste recovery rate	100.0 %





Kalundborg

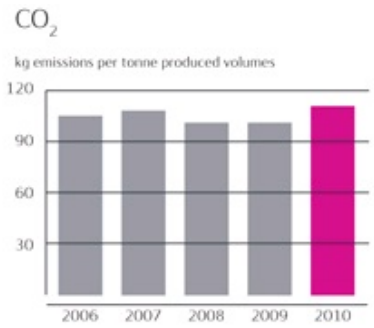
Energy	
Electricity	180 GWh
Steam	150 GWh
Fuel gas and oil	2,340 GWh
Flare gas	66.7 GWh
Raw materials	
Crude oil	4,420,000 tonnes
Other process raw materials	3,370 tonnes
Blending components	256,000 tonnes
Utilities	
Acids	571 tonnes
Caustics	973 tonnes
Additives	767 tonnes
Process chemicals	436 tonnes
Ammonia (liquid)	2,810 tonnes
Water consumption	
Fresh water	1,730,000 m3
Products	4,490,000 tonnes
Naphtha	80,600 tonnes
Petrol	1,380,000 tonnes
Jet fuel	142,000 tonnes
LPG (butane, propane)	80,200 tonnes
Gas oil	1,610,000 tonnes
Fuel oil	435,000 tonnes
ATS (fertiliser)	7,500 tonnes
Fuel	756,000 tonnes
Emissions to air	
CO2	492,000 tonnes
SO2	302 tonnes
NOx	543 tonnes
Methane	2,090 tonnes

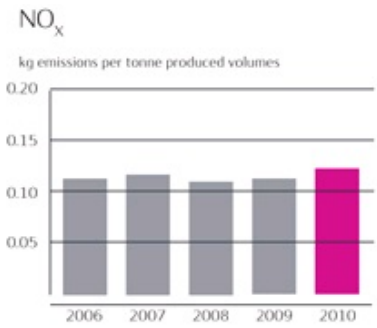
nmVOC	4,790 tonnes
Unintentional emissions of HC gas	0 tonnes

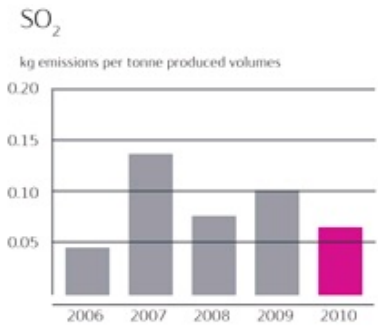
Discharges to water	
Oil in oily water	5.40 tonnes
Phenol	0.01 tonnes
Suspended matter	8.02 tonnes
Nitrogen	11.5 tonnes

Spills	
Unintentional oil spills	1.10 m3
Other unintentional spills	1.05 m3

Waste	
Non-hazardous waste for deposition	23 tonnes
Non-hazardous waste for recovery	329 tonnes
Non-hazardous waste recovery rate	93.4 %
Hazardous waste for deposition	0 tonnes
Hazardous waste for recovery	1,680 tonnes
Hazardous waste recovery rate	100 %







Kollsnes processing plant

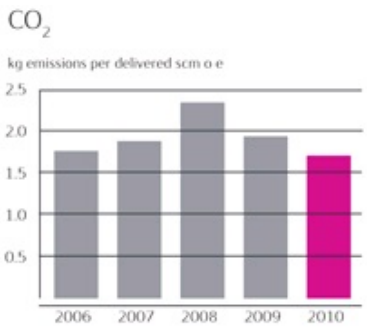
Energy	
Electricity	1,660 GWh
Flare gas	115 GWh
Fuel gas	203 GWh
Diesel	0.60 GWh
Raw materials	
Rich gas Troll A	23.2 bn scm
Rich gas Troll B	2.28 bn scm
Rich gas Troll C	3.15 bn scm
Rich gas Kvitebjørn	6.30 bn scm
Rich gas Visund	1.14 bn scm
Utilities	
Monethylene glycol	737 m3
Caustics	31 m3
Other Chemicals	130 m3
Water consumption	
Fresh water	103,000 m3
Products	
Gas	36.4 bn scm
NGL	2.01 mill. scm
Emissions to air	
CO2	65,700 tonnes
NOx	35 tonnes
CO	49 tonnes
nmVOC	546 tonnes
Methane	1,280 tonnes
Discharges to water	
Treated water and open drain water	116,000 m3
Total organic carbon (TOC)	2.09 tonnes

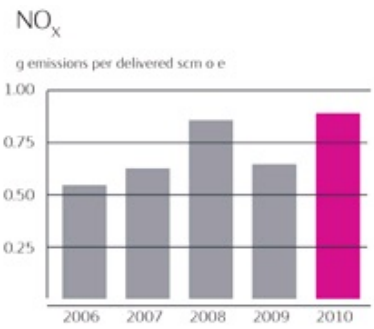
Monethylene glycol	1.72 tonnes
Methanol	0.06 tonnes
Hydrocarbons	0.02 tonnes
Ammonium	0.01 tonnes
Phenol	0.01 tonnes

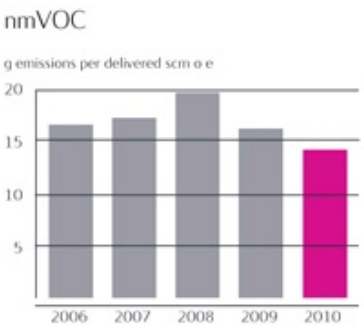
Spills	
Unintentional oil spills	0.01 m3
Other unintentional spills	1.22 m3

Waste	
Non-hazardous waste for deposition	27 tonnes
Non-hazardous waste for recovery	568 tonnes
Non-hazardous waste recovery rate	96 %
Hazardous waste for deposition	62 tonnes
Hazardous waste for recovery	591 tonnes
Hazardous waste recovery rate	90 %

1) Gassco is the operator for the plant, but Statoil is the technical service provider (TSP)







Kårstø gas processing plant and transport systems

Energy 2)	
Fuel gas	4,720 GWh
Electricity bought	666 GWh
Diesel	5 GWh
Flare gas	199 GWh
Raw materials 3)	
Rich gas (PP)	20.1 mill. tonnes
Condensate (PP)	2.30 mill. tonnes
Utilities	
Hycrocloric acid	404 tonnes
Sodium hydroxide	387 tonnes
Ammonia	15.1 tonnes
Methanol	9.2 tonnes
Other chemicals	7.4 tonnes
Water consumption	
Fresh water	0.8 mill m3
Products	
Lean gas	16.6 mill tonnes
Propane	2.30 mill tonnes
I-butane	0.47 mill tonnes
N-butane	0.90 mill tonnes
Naphtha	0.65 mill tonnes
Condensate	1.16 mill tonnes
Ethane	0.81 mill tonnes
Electricity sold	58 GWh
Emissions to air 4)	
SO2	5.80 tonnes
NOx	707 tonnes

nmVOC	1770 tonnes
Methane	1460 tonnes
CO2	1,050,000 tonnes
Unintentional HC-gas emissions	0 tonnes

Discharges to water	
Cooling water	389 mill m3
Treated water	1.01 mill m3
Oil in oily water	0.42 tonnes
Total organic carbon (TOC)	6.10 tonnes

Spills 7)	
Unintentional oil spills	0 m3
Other unintentional spills	1.20 m3

Waste 5) 6)	
Non-hazardous waste for deposition	377 tonnes
Non-hazardous waste for recovery	2,040 tonnes
Non-hazardous waste recovery rate	84.4 %
Hazardous waste for deposition	49 tonnes
Hazardous waste for recovery	897 tonnes
Hazardous waste recovery rate	94.8 %

Annotations/Additional information

1) Gassco AS is operator for the plant, and Statoil is the technical service provider (TSP)

2) Included energy from Draupner : 68 GWh from fuel gas, 2 GWh from diesel and 6 GWH from flare

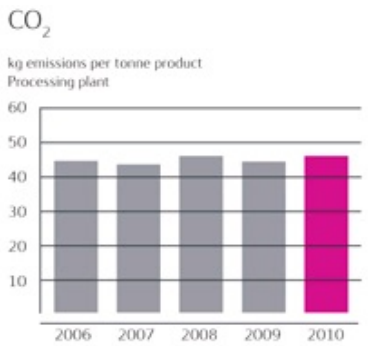
3) Except gas transport from Draupner 27,5 mill. tonnes

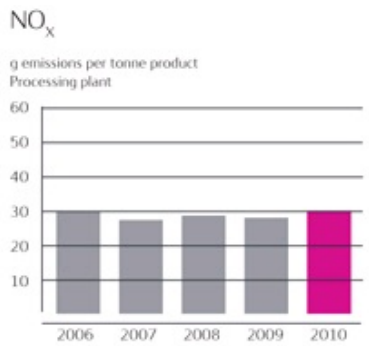
4) Included emissions from Draupner: SO2: 0,15 tonnes, Nox: 22 tonnes, nmVOC: 62 tonnes, Metane: 272 tonnes, CO2: 14 537 tonnes

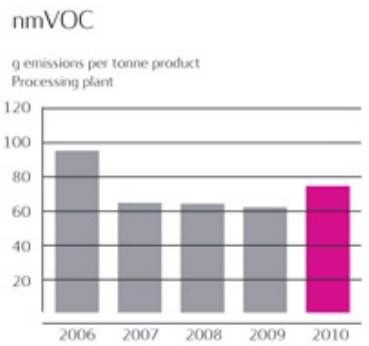
5) Non-hazardous waste included from Draupner: 2,6 tonnes for deposition, 106 tonnes for recovery

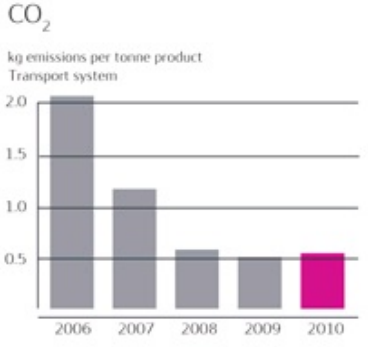
6) Hazardous waste included from Draupner: 25 tonnes for deposition, 52 tonnes for recovery

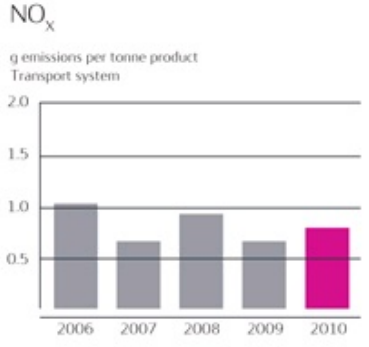
7) Spills includes an accidental spill other of 1,2 m3 fire foam at Draupner

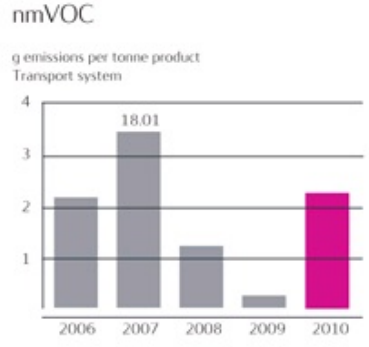












Social performance data

The following table presents our key social performance data, such as statistics related to gender composition, trade union membership, social investments and reputation rankings.

	2010	2009	2008	2007
Diversity				
% staff, non-Norwegians	**42**	41	42	41
% management, non-Norwegians	**40**	40	37	37
% new hires, non-Norwegians	**68**	59	39	36
Gender equality				
% staff, women	**37**	37	37	35
% management, women	**30**	29	27	26
% new hires, women (ASA)	**28**	33	33	34
% new hires, women	**40**	41	NA	NA
% earnings Unskilled/skilled workers (operations & support), female vs male* (ASA)	**97**	96	NA	NA
% earnings professional staff, female vs male* (ASA)	**97**	97	NA	NA
% earnings managers/executives, female vs male* (ASA)	**98**	98	NA	NA
* 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)	**68**	69	69	69
Corporate Governance				
Independent members, board of directors*	**7**	7	7	6
Women, board of directors	**4**	4	4	4
Employee elected, board of directors	**3**	3	3	3
Non-norwegians, board of directors	**3**	2	2	2
% meeting attendance, board of directors	**95**	94	97	93
* 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.				
CSR Country Plans				
% of non-OECD countries with CSR plans	80	57	50	33
Local procurement				

Estimated expenditures on local non-OECD suppliers (BNOK)*	4.0	2.5	3.1	2.5
* Estimated expenditures on goods and services from companies based in non-OECD countries (based on invoice-address)				

Lobbying and public policy participation, MNOK				
Contributions made towards lobbying and public policy (approx.) *	8.0	8.0	9.5	5.4
* Figures amount to the sums declared by our representative offices in Washington, D.C. and Brussels. Figures for 2007 only include lobbying-related expenditures in Brussels.				

Social investment, MNOK				
Sub-Saharan Africa	32.7	34.6	35.5	17.8
The Middle East and Asia	1.8	1.9	0.4	0.3
North Africa, Europe, Caspian and Russia (excl. Norway)	34.2	42.5	51	20.9
North America	13	3	4.6	0
South America	3.6	10	16.1	45.7
Norway	116.4	114.9	122	137
Voluntary	171.6	181.6	201.8	173.7
Contractual	30	25.2	27.8	48.1
Total	201.6	206.8	229.6	221.8

Reputation ranking (with special publics)				
Reputation ranking - international markets (selected peer group, media and suppliers) *	1st		1st	
Reputation ranking - Norway (selected peer group, general public) **	1st	1st	3rd	2nd

Sources: TNS international and national corporate reputation surveys.

* International corporate reputation surveys were conducted every two years, in 2008 and 2010. 2008 survey conducted in USA, Canada and Brazil, comparing against a peer group consisting of BP, Chevron, ExxonMobil and Shell, in addition to certain country-specific companies such as Husky, Petrobras and Repsol. 2010 survey conducted in USA, Canada, Brazil, Algerie and Russia, comparing against a peer group consisting of BP, Chevron, ExxonMobil and Shell, as well as certain country-specific companies as Husky, Petrobras, Eni, Repsol, Conocco Philips and Devon. CATI method used for both surveys.

** Ranked among Norwegian general public compared to peer group companies: Aker, Hydro, Storebrand, Yara (from 2008), DnBNOR, Telenor, Statkraft, Shell (from 2008) and Hafslund. Method: CAWI.

General notes for the Social Performance Data: Data is for Statoil Group unless otherwise stated. Human resources group data are based on estimates from 31.09.2010, in order to reflect the workforce composition in Statoil Group and all subsidiaries where Statoil is a major shareholder (including Statoil Fuel and Retail).

Assurance report from Ernst & Young

This is the Assurance Report on our Sustainability Report 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 "Sustainable performance" in the Statoil Annual and Sustainability Report 2010.

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) accounting for Statoil ASA in 2010, 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 "Defining the content 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 2010 to the extent that they are referenced to from within the "Sustainable performance" 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 "About the report" and "Defining the content of our reporting".

THE AUDITOR'S RESPONSIBILITY

Our task is to issue a statement on Statoil's 2010 Sustainability Report and Statoil's 2010 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 SA 3000 (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 2010

- 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 2010. 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 SA 3000 (ISAE 3000). 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:

- Interviews with a selection of Statoil's 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.
- Review of Statoil's report content against selected industry peers
- 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 the Report is, in all material respects, an accurate and adequate representation of the policy and management with respect to HSE accounting during 2010, 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 indicators was, in all material respects, performed in a reliable manner, and that the information presented is consistent with the stated criteria
- 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, 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 of the A application level of the GRI G3 sustainability reporting guidelines.

Stavanger, 14 March 2011

ERNST & YOUNG AS

Erik Mamelund

State authorised public accountant

Health, safety, climate and environment

Statoil has committed itself 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 has a central place in 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 HSE. This ambition has a central role across the organisation as a driver for the delivery of continuous improvements. However, we acknowledge the need to continue to endeavour to make improvements while taking our business forward in 2011.

We have identified the following four priority areas as drivers of improvements. They were carried forward from 2009 and will be further carried forward into 2011. We consider them to be fundamental to our ability to deliver on our policy commitments and our ambition to be industry leader in HSE:

- 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.

We are mindful of the fact that our ambition to be industry leader in HSE requires recognition from beyond the Statoil organisation - from our contractors, our clients, our peers, regulators and our neighbours.

Following the Macondo blowout in the Gulf of Mexico the industry as a whole is facing a higher level of scrutiny with respect to all activities. This incident was a grim reminder of the scale of the potential impact of major accidents and the need for good HSE performance as a prerequisite for long-term value creation, and raised public concern about the overall integrity and HSE performance of the industry as a whole.

The accident potential of our own Gullfaks C 06 well incident in May 2010 added to the sense of urgency with which we need to address further improvement in safety performance. Although the incidents were unrelated and quite different in nature and severity, we have already taken action to secure implementation of additional measures, and a summary of these actions is provided in this report. However, we recognise the need to continue concerted efforts in 2011 to rebuild confidence in our HSE performance and future licence to operate.

Health and the workplace

A good, health-promoting working environment is of great importance if we are to reach our goals.

WHAT ARE THE CHALLENGES?

We are making systematic efforts to improve the working environment in order to prevent accidents, work-related illnesses and sickness absence. The term "working environment" includes all physical and organisational factors relating to people, technology and organisation and includes exposure and interaction. We emphasise the psychosocial working environment and positively promoting the health of all employees.

We have identified five strategic areas for risk assessment: chemical exposure, workload, noise, ergonomics and health promotion.

WHAT ARE WE DOING?

We monitor risks relating to the working environment, and we monitor the health of our people. These activities are carried out throughout the value chain from business development or acquisition through project development, operation and, finally, the cessation process. We have devoted particular attention to ergonomics and human factors in workplace design and the risk assessment of operational activities. We acknowledge that a human factor-based design will help to increase efficiency and reduce the risk of human errors.

WHAT HAVE WE ACHIEVED?

Involving working environment professionals and employee representatives in the design process for new work processes and workplaces contributes to healthy workplace design. When designing integrated operations, expertise in human factors has been important in providing analyses and a basis for efficient and error-tolerant solutions. Human factors expertise has also been used to improve our methods for incident investigation. A tool for assessing organisational safety has been developed in cooperation with safety professionals.

Business areas that have worked systematically on psychosocial issues, for example the "Psychosocial Risk Management" approach (PRIMA), have shown improvements in health and well-being.

To ensure rapid service for employees on international assignments and during travel worldwide, Statoil runs a phone line medical duty roster 24/7 from Norway.

Statoil is actively involved in the Norwegian petroleum industry's joint project for the chemical working environment (OLF Kjemikalieprosjekt). Statoil has provided the project manager and chaired the management committee of the project. We participate in various management and discipline committees for sub-projects.

Our health and working environment professionals have participated at national and international conferences, giving presentations and sharing our experiences and knowledge with others.

Chemical exposure

Reduced exposure to chemical substances is a focus area in Statoil's occupational health and working environment strategy.

Statoil is a large industrial end-user of chemicals, but we also produce and distribute chemical substances and products. We are thereby subject to a number of national and international requirements laid down in statutes and regulations.

Managing chemical health risk is an important area in terms of our sustainable development. In order to ensure compliance with requirements, but also to challenge our internal choice of chemicals, we have gathered together expertise in health, safety and the environment (HSE) in a Chemical Centre. The Chemical Centre is the core of our efforts to ensure a consistent process in chemical management. The business areas continue the 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 to improve the chemical working environment. We carry out several research and development projects relating to chemical health risks.

The importance of, and requirement for, good documentation has become much clearer in recent years as a result of the European Union's new chemicals regulation, REACH (**R**egistration, **E**valuation, **A**uthorisation and Restriction of **Ch**emicals).

REACH affects Statoil in our role as producer or importer of chemical substances to the EU, as well as in our role of an industrial user of chemicals. By 2010 all produced or imported chemical substances in the EU market must have been registered with ECHA, the **E**uropean **Ch**emicals **A**gency. Statoil fulfilled this obligation within the deadline by carrying out a comprehensive registration exercise as a project and through invaluable support from the industry organisations.

Noise

Noise-induced damage to hearing is permanent and no treatment can rectify the subsequent hearing loss. 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 area in Statoil's health and workplace strategy. Ongoing projects to identify, assess and manage noise are being carried out on Norwegian offshore installations. We are funding several noise research projects relating to hearing protection and noise exposure. This includes an analysis of the hearing status of offshore workers and the use of a hearing loss simulator.

In collaboration with the Research Council of Norway, Sintef and a hearing equipment manufacturer, a new hearing protection and communication system has been developed. This system will have new functionalities such as the ability to measure noise exposure in the ear drum and an alarm triggered when a pre-set noise dose is exceeded. The technology was nominated for the Offshore Northern Seas (ONS) innovation prize 2010. We aim to develop new technology and new knowledge to prevent occupational hearing damage.

A programme has been developed for a noise control pilot that will utilise R&D experience to improve hearing protection and control.

Ergonomics

Variation in work tasks is of vital importance to people's health. Statoil has a strong focus on workplace layout and design. In Statoil, we also carry out risk assessments of manual work tasks with regard to musculoskeletal disorders (ergonomic risk).

We acknowledge that a user-centred workplace design will contribute to efficient and safe work performance. This is particularly true if the work tasks require advanced human-machine interaction. In connection with the design and implementation of integrated operations, human factor expertise has been important in providing analyses and ensuring a basis for efficient and error-tolerant solutions.

Expertise in human factors therefore plays a major role when designing workplaces such as central control rooms, driller's cabins and collaboration rooms used in integrated operations. Expertise in human factors has also become an important ingredient in Statoil's approach to incident investigations.

Workload

The management of psychosocial risks, with particular focus on work-related stress, is important to promoting health.

A good psychosocial working environment promotes performance and creativity, a higher tolerance limit and presence at work. Systematic risk management of the psychosocial working environment and the implementation of actions contributes to health-promoting workplaces.

PRIMA (Psychosocial Risk Management Approach) has been implemented as a method for following up psychosocial risk in the organisation. It is a method that combines the identification of key psychosocial hazards with in-depth risk assessment and the implementation of appropriate risk reduction measures.

In recent years, Statoil has cooperated in various international projects and shared experience relating to the management of psychosocial risks. We are taking part in a collaborative project funded by the European Commission to develop a framework for psychosocial risk management in the workplace (PRIMA-EF).This project has produced guidelines aimed at promoting policy and practice at national and enterprise level within the European Union (EU).

Statoil is also sharing its internal experience with the World Health Organisation (WHO) in connection with the development of a Global Framework for Health Workplaces. This project will provide guidelines aimed at promoting policy and practice at national and enterprise level, as well as internationally, through WHO.

Business areas that have worked systematically on psychosocial issues have shown improvements in health and well-being. Feedback from entities that have undergone this type of process highlights the value of having a concrete and manageable approach to relevant psychosocial challenges that enables context-specific interventions.

Health promoting lifestyle

The aim of Statoil's health promotion programme, "Inspiration" is to facilitate a healthy lifestyle among all employees. The programme endeavours to inspire employees to make healthy choices and take responsibility for their own health.

The main focus of "Inspiration" is movement or physical activity, food and diet, substance awareness and being nicotine-free.

The aim of movement/physical activity is to inspire employees to take part in daily physical activity. Various activity programmes are facilitated in the workplace, and an electronic activity log has been developed to enable daily physical activities to be recorded.

We offer healthy diets in our canteens and inspire employees to eat healthily by providing information about healthy diets and suggesting healthy recipes.

Greater insight into substance abuse and knowledge about early warning signs are important in relation to a health-promoting lifestyle. Employees can use an anonymous web-based "rate your drinking habits" test and can take an anonymous online self-help programme.

We offer nicotine-free self-help programmes and individual follow-up.

Safety

Our goal is to avoid harm, and we believe all accidents can be prevented. We focus on preventing personal injuries as well as major accidents. Our goal of zero injuries has become an integrated part of how we think and work.

WHAT ARE THE CHALLENGES?

Our employees, contractors, clients and neighbours should know that we operate safely. If we cannot demonstrate that we focus on safety in our day-to-day activities, we cannot be sure of retaining our licence to operate.

Our ambition is to be an industry leader in HSE. We recognise the importance of complying with industry requirements, understanding the risks and running quality operations. We also acknowledge that further improvements are necessary if we are to achieve this ambition.

We have identified the following key areas for improvement in safety measures:

- 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.

In August 2010, Statoil's board of directors supported the proposal to reinforce this framework in the time ahead. The subsequent review of the early learning from the Macondo accident in the Gulf of Mexico is seen as confirming the ability of these focus areas to provide the right framework for Statoil's operations.

WHAT ARE WE DOING?

We firmly believe that all accidents can be prevented, and our goal remains zero harm. We have a strong focus on continuous improvement.

In order to meet our goal of improving safety results, we hold a large number of training sessions in compliance, leadership and risk management. We are confident in our focus areas, and we will strive hard to improve in these areas in the years ahead.

We must think safety in the whole value chain, from planning to the execution of work. The use of risk management and compliance is in focus, and compensatory measures are continuously implemented in order to reduce the risk of accidents.

Our compliance programme will focus on integrating our values into all our activities, and on compliance 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.

We use our experience from our home operations to improve our international performance by applying the same governance system, with local adjustments to fit the local environment and culture.

WHAT HAVE WE ACHIEVED?

Our monitoring of technical safety conditions and our safe behaviour programme have been widely recognised. The target value for our key performance indicator for serious incident frequency was reached in 2010. However, we will work harder in order to be among the best in relation to safe work in our industry.

Learning from the Macondo accident

The Macondo accident experienced by BP in the Gulf of Mexico in April 2010 caused widespread environmental impact and was the focus of considerable media attention. We are using information from the incident to learn lessons for our own operations.

On April 20, 2010, a well control incident allowed hydrocarbons to escape from BP's Macondo well onto Transocean's *Deepwater Horizon*, resulting in explosions and a fire on the rig. Eleven people lost their lives, and 17 others were injured. The fire, fed by hydrocarbons from the well, continued for 36 hours until the rig sank. Hydrocarbons continued to flow from the reservoir through the wellbore and the blowout preventer (BOP) for 87 days, causing a massive offshore oil spill.

Apart from being a human tragedy, the incident inevitably also had significant impacts on Statoil and other deepwater operators in the GoM. The US government quickly adopted new standards and regulations after the event, including halting 33 deepwater drilling operations in the Gulf for up to six months. As a result of the latter measure, two wells drilled by Statoil as operator were temporarily suspended. Like many others in the industry, Statoil offered help and resources to those involved in the wake of the accident and the subsequent oil leak.

We are now using information from the incident to learn lessons and further mitigate incidents in connection with our own operations. We are conducting a critical review of our own systems and procedures, and how they are implemented and complied with in every country in which we operate. The findings of the initial reports are providing the basis for the actions we are implementing to close potential gaps in our own operations.

We are participating in several Joint Industry Projects (JIPs), where our objective is to incorporate the lessons learnt from the different activities into our management system in order to ensure organisational learning. An OLF (Norwegian Oil Industry Association) project headed by Statoil has been established to follow up the GOM incident in relation to the Norwegian continental shelf. OLF largely builds on work done by its member companies and is cooperating closely with the OGP (International Association of Oil & Gas producers) project in order to avoid duplicating efforts. We are also heavily engaged in OGP initiatives and have joined three sub-task forces in the OGP Global Industry Response Group. The task forces address Well design, Oil Spill Response and Capping and Containment.

We already have a sharp focus on risk assessments, compliance, simplification and improvement of our procedures and the technical integrity of our facilities. What is certain, however, is that there will be increasing focus on our activities and how we control our systems and procedures. In short, the value of accuracy, quality and good HSE performance will increase. The accident in the Gulf of Mexico reminds us that we can never relax our efforts to constantly improve in relation to HSE.

The Gullfaks C well incident

In 2010, we experienced a serious well incident at Gullfaks. We are now using all the learnings from this incident to further improve our safety performance.

The incident took place on 19 May 2010, as the drilling of production well C-06 at Gullfaks was about to be completed. During the final circulation and hole cleaning of the reservoir section, a breach occurred in the casing with subsequent loss of drilling fluid (mud) to the formation. Influx of gas from the reservoir led to gas being detected on the platform, with the subsequent mustering of personnel in accordance with standard safety procedures.

Situations in which drill fluid is lost may occur in all drilling operations. In such situations the routine is to work to re-establish circulation, as was done in this incident. There were no injuries to personnel or discharges to the sea; however the incident led to uncertainty and a wide-spread discussion regarding the causes and potential consequences. Securing the well was a challenging operation as it was unknown, at that point, what was the cause of the leaking fluid.

Work in connection with improvement measures commenced immediately after the Gullfaks C situation was normalised in mid-July. In November it was decided to temporarily halt all drilling operations on the Gullfaks field in connection with the investigation into the well incident. This decision was reached following close dialogue with the Petroleum Safety Authority (PSA).

Our internal investigation report raised several issues. One of them was the need to clarify work processes and requirements in relation to pressure-balanced drilling. Moreover, the report focused attention on the need to involve specialist milieus when carrying out demanding drilling operations and the need for improved risk management when executing drilling operations. Both Statoil's and the PSA's reports into the well incident were critical of the manner in which the drilling and well operation on Gullfaks C had been risk assessed, planned and executed. The reports pointed out that in several instances our governing documentation were not fully complied with.

Our investigation report identifies 18 specific measures to be implemented in addition to the orders imposed by the PSA.

One of the outcomes of the incident is a method being drawn up for checking the safety critical points in the planning work carried out in connection with all of our drilling and well activities.

Well integrity and other sub-surface matters have been on the agenda of the Gullfaks organisation since the well incident on Gullfaks C in May last year. The investigation showed that well monitoring was one of the areas that needed to be tackled, and resulted in our closing 20 wells on the field. The wells are now being scrutinised in order to evaluate their integrity. If it should emerge that there is a fault in the barriers, we will implement remedial measures. Furthermore, the pressure conditions in the Shetland formation and drilling of relief wells are areas where all our expertise has been applied in a thorough and extensive programme of work.

Fines and sanctions

In 2010, Statoil was fined NOK 0.8 million for an oil leakage to the ground.
The Petroleum Safety Authority Norway issued six orders relating to our Norwegian operations.

FINES IN **2010**

Statoil Norge AS was fined NOK 0.8 million in 2010 by the National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) for over-filling a cistern at Sjursøya in 2009. This led to a leakage of 100 cubic metres of oil products to the ground.

Svenska Statoil AB was fined NOK 16,000 for not having permission to store AdBlue in a tank at a TDA (truck diesel station) in Ängelholm, Sweden.

ORDERS RELATING TO OUR NORWEGIAN OPERATIONS IN 2010

- May 2010: The Petroleum Safety Authority Norway issued an order to Statoil following a serious lifting incident on Heidrun, in which a section of a drill pipe had come loose from the lifting gear. The end of the pipe fell approximately 10 metres down onto the drill floor.
- May 2010: The Petroleum Safety Authority Norway issued orders to Statoil, Odfjell Drilling AS and Odfjell Well Services AS after an incident on Deepsea Atlantic in which a 30-inch casing fell onto the catwalk.
- June 2010: The Petroleum Safety Authority Norway issued an order to Statoil following an audit of the follow-up of risk of noise-related harm on Statfjord.
- July 2010: The Petroleum Safety Authority Norway ordered Statoil to establish internal requirements for the use and evaluation of night work on Troll A.
- July 2010: The Petroleum Safety Authority Norway issued an order regarding accommodation on the Gjøa platform. Under the regulations, the accommodation of more people than the facility is designed for is only allowed in special cases. The planned use of reversible bunks in single cabins on Gjøa is not deemed to be such a special case.
- December 2010: The Petroleum Safety Authority Norway issued an order after auditing the company's planning for well 34/10-C-06A on Gullfaks C and identifying deficiencies.

Road safety

Statoil Fuel and Retail has focus on delivering transport fuel in a responsible manner and is taking responsibility for impact on the environment as well as the well-being of employees and customers.

Truck and lorry drivers who deliver fuel for Statoil Fuel & Retail (SFR) in Norway are required to complete a safety course every three years.

The course seeks to ensure that they have appropriate skills and attitudes to traffic safety, and focuses on practical exercises ranging from driving on slippery roads to defensive and economical driving in traffic. It also includes time in a simulator capable of reconstructing traffic accidents, so that drivers can experience virtual emergency situations.

Since initiating this course, SFR has observed a reduction in the accident rate among its truck drivers. Similar courses in Sweden and Denmark have also resulted in reductions in accident rates.

In Sweden, the programme for lorry drivers also includes "Heavy Eco" driving training. This training focuses on driving behaviour that reduces fuel consumption and, in turn, contributes to reducing the lorries' impact on the environment. In addition to this training, all new additions to the SFR truck fleet are fitted with engines that meet or exceed the new Euro 5 emissions standards.

SFR also organised a number of public road safety campaigns in 2010 in Lithuania, Poland, Russia, Norway, Sweden and Denmark.

Environment

All our operations have the potential to affect society and the environment. In Statoil, we aim to ensure safe operations that safeguard the environment, communities and material assets.

Our policy commitments and our objective of being industry leader in HSE give rise to expectations about the company's environmental performance and contribution to sustainable development. We are committed to contributing to sustainable development through our core activities wherever we work.

The impacts of our activities are wide-ranging. They can be related to emissions, discharges, land use, the use of limited natural resources, and threats to biodiversity, the cultural heritage, or human health and welfare. The impact on the environment is a function of the condition and capacity of the area affected, the type of activity, the technology applied and operational standards.

We have established a set of environmental principles that guide how we work in Statoil. An extract from these principles follows below:

- We aim to assess relevant environmental and social issues and minimise the negative impact on the environment.
- We seek to maintain biodiversity and key ecosystem functions and values, and, where possible, to make a positive contribution to preserving biodiversity.
- We endeavour to practise sustainable water resource management by continually looking for ways to ensure responsible and efficient use of limited water resources, and to preserve quality through the design and operations of our facilities.

We are committed to contributing to sustainable energy systems and technology. We endeavour to take a knowledge-based management approach in order to acquire sufficient understanding to achieve sustainable and safe operations wherever we work. We apply the precautionary principle in our understanding and management of risk

In this section, you will find examples of our efforts to contribute to sustainable energy systems and technology and environmental protection in 2010.

Stimulating use of alternative fuels

We try to encourage our customers to use more environmentally responsible transport fuels by raising their awareness of the benefits of biofuels and new fuel additives.

An increasing number of our customers wish to contribute to a more sustainable world by making reasonable, but considerate everyday choices. In order to reduce anthropogenic climate impact and enable us to continue with our modern lifestyles, we need to find ways to contribute to the reduction of carbon dioxide emissions. For Statoil, evolution in transportation fuels is one important way in which we contribute, and biofuels are an important step towards reducing emissions from the transport sector.

Statoil Fuel and Retail's ambition is to be the number one provider of responsible transport energy in Scandinavia and Eastern Europe. We wish to be a leading player in biofuels in our markets.

Based on a pan-European campaign platform, we increased the focus on biofuels in our markets in 2009 and we continued this information campaign in 2010. We have communicated the benefits of biofuels and new fuel additives. The aim has been to increase awareness of more environmentally responsible transport fuels and to inform and encourage our customers to choose them. We have launched new, upgraded standard fuels in Norway - both diesel and petrol. Across all our markets in Scandinavia, our standard diesel now contains up to 5% (7% in Norway) biodiesel, and all of our standard petrol (Petrol 95) contains up to 5% bio ethanol. This gives our customers an opportunity to contribute to reducing carbon dioxide emissions.

Going forward, Statoil will continue to provide more responsible transport energy products. We also inform and educate our customers about what they can do to reduce their own carbon footprint. We therefore believe that we are stimulating our customers to use more environmentally responsible fuels.

Sustainable shipping strategy

More than 90% of world trade is transported by sea. Although only 3% of the world's carbon dioxide emissions stem from shipping, there are still important measures that need to be pursued in order to further reduce the the industry's footprint.

We are heavily exposed to the shipping sector, as there are approximately 90 ships sailing for us at any given time.

Our ambition is to develop sustainable shipping solutions that result in reduced greenhouse gas (GHG) emissions through reduced bunker consumption and increased fuel efficiency in our activities.

More specifically, our *Sustainable Shipping* strategy focuses on the following parameters:

- Apply operational experience to reduce emissions
- Improve energy efficiency
- Support the development and implementation of new technologies to reduce emissions.

One action taken to reduce emissions has been to develop a "Green Voyage Procedure" (GVP) for shuttle tankers. GVP focuses on optimisation of tanker scheduling, such as virtual arrival, the use of a standby berth and speed optimisation. 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% reduction in GHG emissions. The most economical speed is vessel-specific, but it is around 12 knots on average. Another action taken to reduce emissions of carbon dioxide is the use of LNG as fuel for suitable vessels.

Fouling of ship hulls is a well known phenomenon. It causes reduced speed, increases fuel consumption, releases GHG, leads to more chartering days and more wear and tear on the hull and machinery, which results in increased maintenance costs. In general, a 1% increase in speed resistance results in a 3% fuel boost. To decrease fouling, Statoil uses CleanHull, an environmentally friendly service for the underwater cleaning of vessels. On average, a 5% fuel saving has been achieved through hull cleaning.

In addition to GVP and CleanHull, we are involved in several technology projects aimed at reducing GHG emissions from our shipping activity. These projects focus both on new technical solutions and on what type of energy carriers can be used in future.

Biodiversity

Conserving biodiversity is a key aspect of sustainable development, and it has a central place in our environmental policy.

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

The following are highlights of our 2010 performance in this area.

In 2010, Statoil was engaged in exploration or production activities in the North Sea, Gulf of Mexico, Brazil, Chukchi Sea, off the coasts of Iran and Egypt, Tanzania and Mozambique and in the boreal forest of Alberta, Canada. None of our activities in 2010 was carried out inside or bordering on protected areas or locations classified in accordance with the International Conservation Union's (IUCN) classification system.

INTERNAL CAMPAIGN "BIODIVERSITY - OUR MOST IMPORTANT SUPPLIER"

In connection with the 2010 UN International Year of Biodiversity, an internal information campaign on biodiversity was launched in October. We used this opportunity to reflect on achievements as well as challenges we face in connection with delivering on our long-term business strategy. The campaign included interviews and videos on Statoil's internal website, and a dedicated seminar at the annual internal environment summit. The focus was on the importance and beauty of biodiversity. Employees were invited to use the opportunity to learn about the role played by the energy industry, and how Statoil can utilise existing tools in helping to protect biodiveristy. The campaign was run by ENERGY, which is a focus group consisting of young and committed Statoil employees with a mandate to engage and challenge the company in its environmental policy.

SEISMIC SURVEY IN THE CHUKCHI SEA

The Chukchi Sea is located off the coast of Alaska, north of the Bering Strait in the Arctic. It is a frontier area with limited exploration activity so far. The climate is harsh, with ice cover seven to ten months of the year. The area is home to whales, porpoises, seals, walruses and polar bears, as well as local and migratory seabirds and fish populations. Many of these animals are important subsistence resources for local villages.

Statoil is operator of 16 leases in the Chukchi Sea and has a 25% share in 50 leases operated by ConocoPhillips. Statoil cooperates with Shell and ConocoPhillips in a joint environmental baseline study and monitoring programme. The programme includes seabed and water sampling, monitoring of old drillings sites, monitoring of marine mammal and seabird activities, and ecological studies of fish populations. The objective of the study is to increase understanding of the Chuckhi Sea environment and ecosystems. The results will be used to assess what impacts petroleum activity may have on the area, and how they can be prevented or mitigated.

The protection of marine mammals had high priority when Statoil conducted its seismic survey in the Chukchi Sea from August to October 2010. Safety and disturbance zones for marine mammals, and requirements and procedures for power downs, shut-downs and ramp-ups to avoid impacts were pre-defined in permits. A team of 13 marine mammal observers were stationed on board the survey vessels with reponsibility for spotting and recording marine mammals, and for recording any observable reaction to the seismic activity. A novel infrared (IR) camera system was tested in order to increase night-time detection of marine mammals, as well as providing automated detection that counteracts observer fatigue.This was combined with the deployment of passive acoustic monitoring instruments on fixed buoys and towed behind one of the survey vessels. They recorded sound produced by the survey, verified sound propagation models and recorded marine mammals' vocalisation. During the voyage - from Dutch Harbour to Dutch Harbour - there were a total of 397 encounters with marine mammals. Only 30 were whales. Unexpectedly, there were mass occurrences of Pacific Walrus in the licence area.

MONITORING WILDLIFE IN ALBERTA, CANADA

Statoil and the former operator NAOSC have been running a wildlife research programme for the oil sands leases in Alberta since 2006. The programme measures the extent to which wildlife is influenced by the presence of the oil industry. The focus is on moose, caribou and wolves in the lease area and their physiological health. As exploration drilling can only be carried out in winter, and since winter is a stressful time for large mammals, it has been important to understand the pre-development state of the animal population and to find a measure for the impact of winter drilling activities.

The progamme is based on the collection and analysis of scat (faeces) of wolves, moose and caribou. By testing for hormones secreted in response to external and nutritional stress, reproductive hormones and DNA, researchers can identify species, gender and individual animals, and assess their physiological condition.

The scat locations are obtained using GPS, and they can thus be combined to provide information about the spatial distribution of animals as well as the approximate timing of disturbances. The scat locations have also been used to develop an empirical habitat model (resource selection model) for caribou, moose and wolves. Scat samples were collected in the winters of 2006, 2007 and 2009 using specially trained scat detection dogs. These dogs are able to locate samples from all three species at considerable

distances, even if covered by snow. Members of the local indigenous community assisted in the programme.

Statoil's environmental programme for the oil sands leases in Alberta includes a conservation and reclamation plan containing measures to prevent, mitigate, or ameliorate impacts. Land disturbed by the project will be returned to equivalent, pre-disturbance land capability.

OFFSHORE DRILLING AND OPERATIONS

We have carried out extensive and systematic monitoring in connection with our operations on the Norwegian continental shelf (NCS) over the last 30 years. Monitoring results indicate limited impacts on biodiversity of discharges to sea. The impacts that are seen are limited to the vicinity of the installations, inside the 500 m safety zone.

In cooperation with SERPENT, exploration drilling wells have been monitored in more detail using remote-operated vehicles (ROVs). Impacts on biodiversity are mainly found within the area covered by drill cuttings, which can extend 50 -100 m from wells. Recovery has been demonstrated by revisiting an exploration well on the Morvin field in the Norwegian Sea after three years; in 2006 the area visibly impacted by drilling was 26,600 sq.m, while in 2009 it was reduced to 3,500 sq.m. In 2010, SERPENT was engaged in the monitoring of Statoil's Egyptian deepwater exploration well.

Statoil has introduced seabed observatory platforms - landers - for continuous or time-lap measurement of a range of physical, chemical and biological parameters that define background conditions and can be used to predict and measure possible impacts. In 2010, Statoil had landers operating in the Nordland VII area and on the Morvin field, both in the Norwegian Sea, and on the Peregrino field off the coast of Brazil. A special issue in relation to Peregrino is the banks of calcareous algae, which could be harmed if drilling discharges reduce light penetration to the seabed. On Morvin, the issue is drilling discharges and potential impacts on cold water corals.

The deployment of landers on Peregrino, Morvin and Nordland VII is part of Statoil's research programme for further developing landers and sensor technology for remote and continuous monitoring of the marine environment and our activities.

EARLY PLANNING OF PIPELINE ROUTE FROM GREECE TO ITALY

Statoil is a partner and shares the operatorship of a joint venture that is planning a new gas pipeline from Thessaloniki in Greece, through Albania and across the Adriatic to Southern Italy. Initial plans for the Trans Adriatic Pipeline (TAP) included crossing a national park in Albania (Bredhi i Hotova National Park), which protects one of the best preserved and most continuous Macedonian fir forests. The park includes a wide range of habitats, has high biodiversity and is home to several endangered species.

When joining the project, Statoil took the initiative to consider alternative routes for the pipeline and initiated an impact assessment process considering several alternative routes. A new pipeline route was identified, and it has been decided to proceed with this route as the new base case.The new route avoids crossing the Bredhi i Hotova National Park, is shorter and passes through less difficult terrain than the initial one.

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 the reuse of water, as well as the prevention of water pollution.

A preliminary screening of Statoil's portfolio undertaken in 2008 showed that the assets in Algeria, Libya and Iran were located in areas with scarce water supplies. Since 2008, we have entered into the West Qurna II licence in Iraq with Lukoil as operator, have started preparations for production from oil sands in the Kai Kosh Desheh leases in Alberta, Canada, and farmed into the development of shale gas and oilfields in the USA. All these assets involve potential issues in relation to access, use or impact on water that could be in conflict with other users of the same water resources.

The West Qurna II development will require water for the desalting of oil and water injection, as well as for fire water systems, domestic and other needs. From 2015, when injection is scheduled to start, the supply source will be desalted seawater, imported via a 200km pipeline from the Persian Gulf that is to be built by a consortium of operators, thus avoiding any conflict with other users. From the scheduled start-up in 2013 until injection starts, the Iraqi authorities have approved the use of water taken from the Euphrates. Estimated water needs in this early stage range from 420 to 600 m3/h, which is approximately 5% of what will be required in the full production stage.

Oil from oil sands in Kai Kosh Desheh will be produced using the steam-assisted gravity drainage method (SAGD), in which steam is injected to heat up the reservoir and reduce the viscosity of the oil. Water requirements will be met by utilising a combination of fresh and brackish water from underground reservoirs. The water will be recycled to minimise the total consumption of water. Water requirements for expansion beyond the current demonstration phase will be provided 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.

Water issues and water management in shale gas development and production are described in Section 5.3.8 Shale Gas.

Statoil has developed the "Environmental Impact Factor (EIF) for Onshore Discharges" as a tool for environmental risk assessment in connection with onshore activities. The tool provides an indication of the volumes of soil, surface water and groundwater that are potentially at risk from 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, to recommend how to secure old wells at an Iraqi oilfield, and to identify the remaining hypothetical risk from an oil sands SAGD facility in Alberta, Canada.

Sustainable shale gas development

Careful sourcing, use, treatment and disposal, as well as well-planned water management programmes, are critical success factors in shale operations.

Unconventional resources are called unconventional because they are found in rocks with low permeability and porosity. In other words, it is difficult for the gas or liquids to flow through the rock.

The hydraulic fracturing method is used to enhance permeability by injecting water, sand and a small amount of additives into the rock, opening up new fissures and fractures through which the gas or liquids can flow into the well bore. A common issue in shale development in any location is responsible management of the water resources used in hydraulic fracturing operations.

Surface spill prevention and protection, correct handling of fracturing fluid and appropriate well design are all important aspects of responsible shale operations. A US federal Environmental Protection Agency (EPA) study is currently being carried out to investigate the potential risk of hydraulic fracturing fluid travelling from the fracture zone to the surface in an uncontrolled way. It will be completed by 2014. We are looking forward to the results and to learning from this study.

Well construction and completion techniques are designed to protect groundwater aquifers beneath the surface in areas where drilling takes place. Due to the geology of the region, this is particularly relevant in northern and western areas of Pennsylvania, where some of Statoil's Marcellus joint venture activity takes place. In some parts of this area, methane is naturally present very close to the surface, and it has been known to enter drinking water aquifers. It is therefore important to ensure that drilling activity does not increase the frequency and risk of this occurring.

Some five million gallons of water are used for each hydraulic fracturing job for a well that can produce for decades. This compares very favourably per unit of energy produced with the water usage of other energy forms. Nevertheless, water for hydraulic fracturing must be sourced, transported and stored for use at the well pad. The water used in our Marcellus wells comes from nearby rivers in accordance with strict local permitting rules. It is transported by road or pipeline to centrally located impoundments from which it can be easily transported to nearby well pads.

After the fracturing job, the water is recovered, treated and recycled or disposed of in accordance with state and federal regulations. Chesapeake, the operator of the Marcellus joint venture, currently recycles almost all water recovered from hydraulic fracturing operations.

Statoil is committed to responsible water resource management and intends to implement similar programmes in cooperation with joint venture partner Talisman in Eagle Ford.

STATOIL SHALE FACTS

Statoil entered into a joint venture with operator Chesapeake in November 2008, acquiring a 32.5% interest in its Marcellus shale assets in the north-east of the United States.

- Statoil and Chesapeake have jointly signed a two-year study agreement with the South African company SASOL to study shale resources in the Karoo basin in South Africa.
- In September 2010, Statoil further increased its position in unconventional shale resources by entering into a 50/50 joint venture with Talisman in the Eagle Ford basin in south-west Texas. Under this agreement, Statoil will operate 50% of the wells in the joint venture within two to three years.

Climate

One of the most overarching global challenges today is to balance the increasing need for affordable energy against the ambition to reduce greenhouse gas emissions.

WHAT ARE THE CHALLENGES?

We know that greenhouse gas emissions must be dramatically reduced in order to limit changes in global average temperatures. But we also know that greenhouse gas emissions, energy consumption and economic growth are closely interrelated. Every day the equivilant of 60 million people in Europe depend on gas deliveries from the Norwegian Continental Shelf for their welfare. Currently, some 1.6 billion people globally have no access to electricity. Failure to deliver energy production in the future is also failure to help this population out of poverty.

The dilemma between fundamental energy needs in the world and need for fundamental reduction of greenhouse gas emissions, is what we call the energy realities.

NATURAL GAS AND THE ENERGY REALITIES

Hydrocarbons will continue to be a main component in the energy mix for decades to come as renewable energy technology gradually matures and costs are reduced. Our growth strategy maximises the resource potential from our upstream oil and gas production while at the same time gradually increasing investments in renewable energy. We believe one of the most efficient and effective ways to cut emissions significantly in the short term and at moderate cost would be to increase the use of natural gas, which:

- is cost competitive vis-à-vis coal and the construction costs of nuclear plants
- is flexible and can be used as back-up energy for less stable energy carriers such as wind and solar
- emits less CO2 than coal and can effect significant, immediate reductions in emissions in Europe
- will be combined with carbon capture and storage (CCS) technology when this technology is matured.

Global price on carbon

There are many ways of reducing emissions of greenhouse gases, but we believe that the most efficient vehicle would be a sufficiently high global price on carbon. A global framework for carbon prices would create a level playing field for industry enterprises to reduce emissions.

And in Norway, we know this works. Since 1991 we have paid CO2 tax from our emissions in Norway, and from 2008 this also includes quotas in the EU emission trading system (EU ETS). The result is 60% less emissions per barrel produced on the Norwegian Shelf compared to the world average and more then 40 million tonnes of CO2 reductions over the years. This almost corresponds to Norway's total emissions per year.

Looking into the future, we believe that CO2 will gradually become costly elsewhere in the world as well. That is why we calculate in a CO2 price when we decide to go forward with new investments regardless of the current carbon regime at the location of the project. We believe this makes our portfolio more robust when climate policies tighten further down the road.

W**hat have we achieved?**

- From an environmental perspective, exports of Norwegian gas are a key contributor to reducing the use of coal-fired power in Europe. Assuming that 75 per cent of the gas exported from Norway replaces coal in electricity generation, today's deliveries of 100 billion standard cubic metres per year could avoid some 230 million tonnes of carbon emissions from coal-fired power stations. (Source: Konkraft)
- Through energy efficiency and non-flaring projects on the NCS, Statoil has avoided emitting approximately 40 million tonnes of CO2 compared to a business as usual scenario. This will equal approximately 130 million tonnes over the lifetime of the projects.
- A significant position in the wind segment has been developed through our 5 billion NOK investment and operatorship on Sheringham shoal and potentially also at Dogger Bank in the UK.
- Outside Karmøy in the North Sea, we are pioneering the world's first floating wind turbine, Hywind, which may revolutionise wind energy production.
- Statoil is an industry leader in terms of carbon capture and storage (CCS). 14 years of experience with CCS from the Sleipner field in the Utsira formation in the North Sea has now developed into a series of full-scale CCS projects that puts Statoil in the forefront of carbon management.
- A collaboration project between Pemex and Statoil for reducing gas flaring at the Tres Hermanos oil field in Mexico has now been registered under the Clean Development Mechanism (CDM) in United Nations (UN).
- Through our Technology Center on heavy oil in Canada we aim to reduce our CO2 emissions at our oil sands facilities in Canada by more than 40% by 2025, taking on an important climate leadership in a controversial, but necessary segment.

Natural gas

We believe that natural gas must play an increasingly important part in the energy mix, since it is the cleanest fossil fuel, it is price competitive, and it has flexibility to accomodate intermittent energy carriers.

Carbon emissions from new gas power plants are up to 70% lower than from existing coal plants, and 50% lower than from state-of-the-art coal plants.

There is no doubt in our minds that renewables too will have an important role to play in the future energy mix, but we see two major challenges. Firstly, the scale of the global energy industry means that the time needed for any energy source to materially increase its share of the energy mix is measured in decades rather than years. Most renewables are still in the early stages of technology development, and it will take time to bring down their cost. We are part of such efforts in Statoil, among others, through our offshore wind projects — Sheringham Shoal, Hywind and Dogger Bank.

Secondly, renewable sources such as wind and solar energy provide an intermittent energy supply. Power systems that are increasingly dependent on such intermittent supplies need to be balanced by the installation of flexible base-load power. This is essential in order to ensure stable electricity prices. More robustness in the energy system means less frequent and less severe price shocks when the wind doesn't blow or the sun doesn't shine.

Gas is the ideal fuel to accompany the growth of renewables in this way, because it is plentiful, cheap, is flexible, and has low carbon dioxide emissions.

Political will is needed to achieve the full potential of gas.

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

For producer countries, it is important to ensure access to gas resources when increased demand materialises. In Norway, for example, access to new exploration areas is essential to maintain and grow 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.

We believe that Europe has a time window to act now. A large proportion of Europe's coal-fuelled power capacity will need to be replaced in the next few years as almost a third of the installed capacity is ageing. Gas-fuelled power is the most cost-efficient and readily available way to replace this capacity while reducing emissions at the same time. This would be a powerful signal that would encourage the development of additional gas resources. And it would largely contribute to achieving Europe's emission targets, without any subsidies and without putting strain on currently distressed national budgets.

Energy efficiency

Oil and gas production requires substantial amounts of energy. That is why energy efficiency is important to us. It will help us to lower both our emissions and operating costs, and thereby give us a competitive advantage.

The intention of our energy management plans is to map steps that increase our energy efficiency. The plans give us an overview of implemented actions, actions to be carried out and actions that may be implemented if regulatory conditions change.

To ensure the right focus on energy efficiency, the energy management process is run by the energy manager in Norway, who is supported by energy coordinators on every Statoil-operated installation on the Norwegian continental shelf (NCS).

More than 150 operational, maintenance and modification actions have been identified as a result of the energy management process. Since the early 1990s, we have implemented energy-reduction activities that have helped us to reduce our carbon dioxide emissions by 40 million tonnes on the NCS compared with a business-as-usual scenario. This figure is expected to increase to a total of 130 million tonnes over the installations' lifetime.

In 2010, the energy management process has identified strategic energy modifications to reduce energy demand by approximately 10 MW. These strategic modifications are also expected to reduce carbon emissions by 37,500 tonnes per year. This is the equivalent of the annual emissions from 15,000 cars.

Combined heat and power at Mongstad

The combined heat and power plant (CHP) at Mongstad started regular production of electricity in December 2010.

The CHP will increase the feedstock from and energy integration between the offshore Troll field in the North Sea and the refinery and pertaining installations and facilities at Mongstad.

The project will increase the energy efficiency of the refinery through the closure of old inefficient boilers and furnaces and improved integration of process heat. In addition, the refinery will be able to implement new energy-saving projects that will increase refinery fuel gas volumes to the CHP plant. Previously, there was no possible use for surplus refinery fuel gas.

The project has enabled full electrification of the new Gjøa platform (in operation from 2010) via a direct power cable from Mongstad.

The intention behind the project is to achieve environmental improvements in relation to transportation emissions and energy efficiency.

Statoil and flaring

We aim to avoid both continuous and sporadic flaring for both safety and environmental reasons.

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

Statoil was one of the funding partners when the World Bank established the Global Gas Flaring Reduction (GGFR) initiative in 2002. The GGFR's mission statement is to be a catalyst for policy change and project implementation and a facilitator for investments that will reduce the wasteful practices of gas flaring and the venting of associated gas. Satelite data for 2009 show a global gas flaring level of 146 billion cubic metres compared with approximately 0.5 billion cubic metres on the NCS.

Statoil and Pemex started a pioneering collaboration back in 2004 to identify Clean Development Mechanism (CDM) projects, particularly in gas flaring reduction. A collaboration project between Statoil and Pemex to reduce gas flaring on the Tres Hermanos oilfield in Mexico was registered under the CDM in autumn 2010. This was the first gas flaring reduction project in the Mexican oil industry to be registered as a CDM by the United Nations (UN).

Electrification of offshore installations

When planning a development project with a multi-billion kroner budget, we are obliged to give consideration to socio-economic factors such as the electrification of offshore installations using power from the land-based grid.

Electrification from the land-based grid instead of conventional energy generation from topside gas-driven turbines is one of the solutions considered. In most cases, however, electrification is too expensive, as the distance from shore and the necessary on-site energy back-up solutions, as well as possible space and weight limitations on floating installations, can make electrification projects far too expensive to consider. However, in some cases, for example when developing the Troll A installation a few years ago and the Gjøa installation in 2010, electrification was considered to be a viable solution.

The Troll A installation is fully electrified from shore. This saves carbon dioxide emissions in the range of 100,000 to 150,000 tonnes per year. The installation will need more power from 2015, and it will import additional power from shore, resulting in approximately the same amount of carbon dioxide savings.

Statoil was responsible for building the Gjøa installation. The installation, now operated by Gas de France Suez, started production in January 2011. It is partly electrified from shore.

The relatively short distance from shore to the installations was important when opting for electrification in these cases. The two projects illustrate that we take alternative energy solutions under consideration during field development.

Investing in renewables

Climate change and the growing demand for clean energy are opening up new business opportunities. Statoil is in a position to seize these opportunities by utilising long-standing core capabilities from the oil and gas industry.

New renewable energy is among the most exciting growth areas in the energy market. We are focusing on establishing a position in markets where we have natural advantages, particularly in offshore renewable energy.

Next generation biofuel

Statoil's strategy for the next generations of biofuels is to build technological expertise and secure access to winning technologies through demonstration projects, involvement in technology development and active monitoring of technology.

We have joined some interesting next-generation biofuel development projects in recent years.

BIOFUELS FROM ALGAE

There is considerable potential for commercial cultivation of macroalgae (sugar kelp) in Norway, due to the cold and nutritious water along its long coastline. Statoil and Bio Architecture Lab (BAL) have entered into a collaboration agreement to execute a plan for the production of bio ethanol from seaweed. The purpose of the joint development project is to demonstrate small-scale seaweed farming, develop a seaweed fermentation process based on BAL's technology and prove the commerciality of the concept.

Statoil has also joined a collaborative research initiative to investigate promising technologies to produce biofuel from microalgae grown naturally in offshore or near-shore locations. The initial trials will be conducted in Chesapeake Bay, USA, where algae may also play a future role in cleaning up the polluted water system. The College of William & Mary in Virginia started the initiative in which Statoil has funded the initial phase of the project in the amount of USD 3 million.

BIOFUELS FROM WHEAT STRAW

Dong Energy's demonstration plant for the production of bioethanol from wheat straw, which is located in Kalundborg in Denmark, started operation in November 2009. The plant is one of the largest second-generation bioethanol demonstration plants in the world, and the technology is based on hydrothermal pre-treatment combined with an enzymatic process.

Our involvement consists of taking part in an EU project together with Inbicon and purchasing and marketing the production from the first year of operation.

GEOTHERMAL

Geothermal energy is a technology in which energy from the core of the earth can be utilised for electricity and heat production in almost any location. Statoil is focusing on enhanced geothermal development, and next generation technologies may provide a game-changing energy option for electricity production. Our aim is to build upon our oil and gas core expertise, such as geology, drilling and reservoir management, to realise the potential of geothermal power.

Wind energy

The offshore wind segment has grown by more than 50% over the last year, and Statoil has become an important player owing to its groundbreaking technology and large operating projects.

While onshore wind has been a power source for more than 1500 years, offshore wind turbines were first installed in full-scale wind farms some ten years ago. The technology is rapidly maturing, however. More efficient turbines and better foundations have significantly altered the picture.

The UK has become a key region for our wind business development. This is partly due to stable wind conditions, but also to attractive regulatory conditions.

SHERINGHAM SHOAL

In partnership with Norwegian utility Statkraft, we are building one of the largest offshore wind farms in the UK - Sheringham Shoal - off the Norfolk coast. The wind farm will cover more than 35 square kilometres and consist of 88 wind turbines each 80 metres in height. The site was chosen for its high wind speeds, shallow water depths, low level of fishing activity and location outside protected zones.

When Sheringham Shoal starts full operation in 2012, it will generate an estimated 1.1 TWh annually, which is equivalent to the annual energy consumption of 220,000 British homes.

HYWIND

Hywind is the world's first full-scale floating wind turbine prototype. Until now, offshore turbines have been fixed on the seabed. In 2008, however, we designed and built the first floating wind turbine with the ability to produce electricity further away from shore and at greater depths. Not only does this mean that larger areas will be available, it also means that the windmills can be installed out of sight of people along the coast. After one year's testing off western Norway, we can conclude that the Hywind technologies are proven. Hywind's unique floating cylinder is based on the philosophy of utilising familiar technology from the wind power and offshore industries, combining them in a new way.

The ballasted vertical tubular structure resembles a spar buoy, and the first year of operation confirms less oscillations than models first predicted. We are now looking into commercial feasibility, first by identifying markets for a demonstration site.

DOGGER BANK

Just before Christmas 2009, Forwind, a consortium consisting of Statoil, Statkraft, RWE and Scottish and Southern Energy, was awarded development rights for the Dogger Bank area in the UK sector of the North Sea. Surveys and planning are now being conducted and the first investment decision is expected some time after 2014.

Dogger Bank could be the world's largest wind power development, with a targeted capacity of 9GW, which would meet nearly 10% of the UK's total electricity needs. Dogger Bank covers nearly 9,000 square kilometres off the Yorkshire coast, where water depths range from 18 to 63 metres. Due to the size of the project, we will pursue a step-wise development.

Carbon capture and storage

Carbon capture and storage (CCS) is regarded as an important technology in relation to combating climate change, and we operate some of the largest CCS projects in the world.

We operate three CCS projects where carbon dioxide is stripped directly from the well stream of natural gas. The captured carbon dioxide is stored in the ground.

Developing cost-effective technologies for carbon capture from other sources, such as from the flue gas of coal and gas-fired power plants and refineries, is the focus of our efforts at our technology centre at Mongstad.

Based on this experience, we intend to generate business from carbon management, primarily focusing on storage.

Is CCS safe?

Safe and permanent geological storage of carbon dioxide is possible to the same extent that oil and gas have been trapped underground.

A key challenge is to identify and verify safe storage sites and monitor the storage process. Through the development of the CO_2 Storage Mapping Programme (COSMaP), Statoil is working on a methodology to characterise safe storage sites. Part of this work consists of identifying mitigating actions if seepage occurs.

Given our knowledge, technology and expertise from oil, gas and storage activities, we believe that it is possible to identify safe storage sites with high predictability.

Storage sites can be monitored using a wide range of techniques, from direct measurement (like wells), to indirect measurement from the surface (for example gravimetric and seismic measurement) to satellite measurement. A "fit for purpose" monitoring programme has to be designed for any given storage.

In general, geological storage of carbon dioxide can take place in saline formations, abandoned oil and gas fields, coal seams and salt caverns. We are presently concentrating on saline formations and abandoned oil and gas fields.

In a climate perspective, the alternative to storing captured carbon dioxide is to emit it to the atmosphere.

Climate partnership

We collaborate with various partners to understand how climate change and climate policy and regulations will affect our business.

In addition to our partners in fields and projects, we are working with several international partners to address the climate challenge. They include the United Nations, the World Bank, the World Business Council for Sustainable Development, the International Energy Agency, OECD, Oxford Institute, Ipieca, Xynteo and Cicero.

In 2010, we have been an active member of the UN Secretary General's Advisory Group on Energy and Climate Change (AGECC), in which CEO Helge Lund has been directly involved.

We are the only oil and gas company represented on the AGECC, which consists of more than 20 industry executives, UN representatives and experts from research organisations. In its report to the Secretary General in April 2010, the group announced the ambitious goal of ensuring universal access to modern energy services by 2030. The group continued to meet throughout the year.

People

Our industry is highly knowledge-based, and we endeavour to constantly develop our personnel and foster a performance and values-based culture.

People and the group

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

Employees in Statoil

The Statoil group[1] employs approximately 30,000 permanent employees in 32 countries, with almost 19,000 of them...

Diversity

We are committed to building a workplace that promotes diversity and inclusion through its people processes and p...

People and the group

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

WHAT ARE THE CHALLENGES?

During the last few years, Statoil has expanded into new business activities, both geographically and into emerging technologies, such as deep waters, heavy oil and shale gas. In order to succeed in these activities, we must have the right organisational and people capabilities, as well as the ability to attract new talents globally.

In response to these challenges, the Statoil 2011 project was initiated in early 2010 to ensure that we have a corporate structure that provides optimal support for our ability to maximise the potential of the Norwegian continental shelf and further pursue international growth. It was also a response to feedback from the organisation calling for simplification and a reduction in internal interfaces.

To successfully deliver on the business ambition, Statoil needs an organisation that gives the highest priority to safe and efficient operations. The organisation should also reflect the global footprint and reinforce international growth platforms and our ability to deliver and operate anywhere in the world. Furthermore, our professional standards and policies must be clearly defined and understood wherever we operate

The shortage of science and technology students is a concern in relation to our long-term recruitment needs. We need to ensure that we are in a strong position in key talent markets in order to attract and retain a diverse and highly qualified and engaged workforce. It is therefore important that we continue to focus on building an inclusive working environment that rewards and develops talents equally and fairly.

WHAT ARE WE DOING?

Through global people policies, Statoil aims to ensure consistent common standards across the organisation. Together with our values and ethics code of conduct, our people policies are the most important guidelines for the people processes. We endeavour to ensure a good match between the professional interests and goals of every employee and the needs of the business. Through our global development and deployment process, we endeavour to offer challenging and meaningful job opportunities. Statoil remains committed to providing financial and non-financial rewards that attract and motivate the right people, and it continues to focus on equal opportunities for all employees.

WHAT HAVE WE ACHIEVED?

Attraction and recruitment:

- During 2010, Statoil maintained its employer of choice status in Norway among technical and finance talents. We have also increased our focus on security in the recruitment context, performing background checks on all relevant candidates.

Development and deployment:

- In 2010, Statoil has endeavoured to simplify and improve the development, deployment and performance review processes, and launched new development programmes for talents and leaders.

Performance and rewards:

- Statoil's people policy promotes an open and non-discriminatory rewards and compensation system that supports equal opportunities and equal rewards across gender groups.

Organisational capabilities and change:

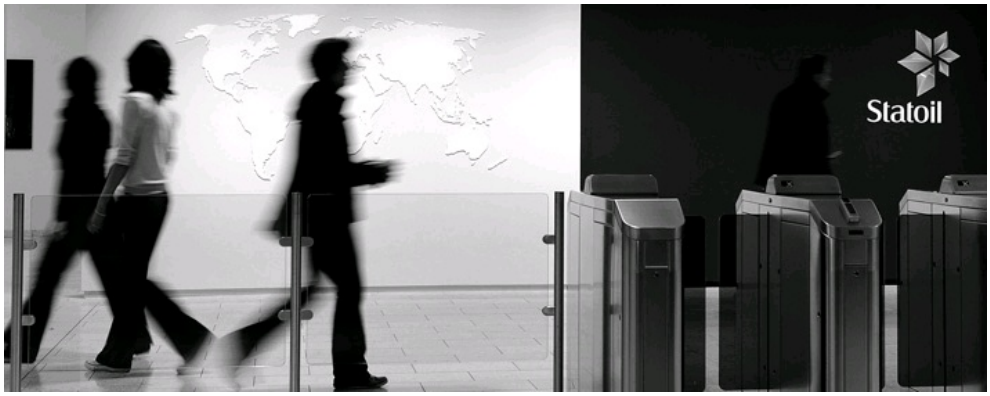
- The new corporate structure is characterised by a clear and fit-for-purpose division of accountability, and is a good fit with our global footprint. In 2010, Statoil also established the retail business as a separate company to provide new opportunities for growth and development.

Employee and industrial relations:

- In 2010, the collaboration model for the Norwegian part of our business agreed on by the unions and the company served as an important and well functioning vehicle for cooperation in the Statoil 2011 project

Equal opportunities:

- Through the Statoil 2011 reorganisation, Statoil has accelerated the development of new leaders, and significantly expanded the proportion of female and international leaders.



Employees in Statoil

The Statoil group[1] employs approximately 30,000 permanent employees in 32 countries, with almost 19,000 of them being employed in Norway.

In October, Statoil's retail subsidiary was listed as Statoil Fuel and Retail (ticker: SFR) with the parent company as its major shareholder.

At the end of 2010, 10,300 of the Statoil group's employees were employed in Statoil Fuel and Retail. The Statoil group recruited almost 3,400 new employees in 2010.

The table below provides an overview of the number of permanent employees in the Statoil group and the percentage of women from 2008 to 2010.

Table 1: Numbers of permanent employees and percentage of women in the Statoil group from 2008 to 2010*

Numbers of permanent employees* and percentage of women in the Statoil group from 2007 to 2010

	Number of employees			Women		
Geographical Region	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Norway	**18,838**	18,100	17,891	**31%**	31%	30%
Rest of Europe	**10,335**	9,593	10,475	**49%**	50%	47%
Africa	**140**	165	144	**30%**	28%	32%
Asia	**145**	150	169	**58%**	55%	54%
North America	**713**	584	448	**33%**	34%	39%
South America	**173**	147	102	**46%**	48%	53%
TOTAL	**30,344**	28,739	29,229	**37%**	37%	35%
Non - OECD	**2,732**	2,703	3,009	**63%**	64%	65%

* Service station personnel are included

Table 2: Total workforce by region, employment type, employment contract and new hires in the Statoil group in 2010

Geographical Region	Permanent employees 2010	Consultants	Total Workforce*	%Consultants**	%Part - Time	New Hires
Norway	18,838	4907	23,745	21%	4%	1209
Rest of Europe	10,335	2475	12,810	20%	6%	1999
Africa	140	27	167	16%	NA	6
Asia	145	29	174	17%	NA	12
North America	713	51	764	7%	NA	123
South America	173	264	437	60%	NA	30

TOT	30,344	7,753	38,097	20%	11%	3379
Non - OECD	2,732	374	3106	12%	NA	172

*Total workforce consists of number of permanent employees and consultants

** Consultants do not include enterprise personnel

Statoil's low turnover rates reflect a high level of satisfaction and engagement among its employees. In Statoil ASA, the total turnover rate for 2010 was 0.9 %. The figure below provides an overview of the total turnover rate by gender and age in Statoil ASA from 2008 to 2010.

[1] Statoil group is defined as Statoil ASA and the subsidiaries in which Statoil ASA is major shareholder. Whenever SFR is excluded from the statistics the text will state "Statoil ASA and its fully-owned subsidiaries ".

Attraction and recruitment

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

Since 1998, Statoil has been rated the employer of choice for technical talent in Norway. Since 2002, we have also been the number one employer for business students in Norway.

Statoil works systematically to attract, recruit and retain people of both genders and different nationalities and age groups in all types of positions. Of our new hires in Statoil ASA in 2010, 28% were women, and 6.2% were non-Norwegians.

In 2010, Statoil maintained its position as one of the companies that employs most apprentices in Norway, with 181 new apprentices joining the company in 2010. Of the apprentices hired in 2010, 33% were female. This is part of our commitment to the education and training of young technicians and operators in the oil and gas industry. By hiring a higher percentage of female candidates than the overall percentage of female applicants (16%), we work systematically to foster young female talent in a male-dominated industry. In total, Statoil employed 347 apprentices at the end of 2010.

In 2010, we implemented a global work process for attraction, recruitment and induction in order to ensure quality, efficiency and security in recruitment.

This work process improves our ability to hire the most suitable candidates, and it reduces the risk of hiring individuals who are involved in illegal or non-compliant activities that represent a threat to our technology, reputation and operations.

With an aging workforce in the oil and gas industry, it is important that Statoil takes responsibility for the development of the next generation of oil and gas talent. As a result, we have participated in several sponsorship activities that aim to increase the general interest in and quality of education in natural sciences. Together with the City of Oslo, Statoil also continued Teach First Norway, a programme for recruiting natural science and mathematics teachers to schools in Oslo. Eighteen young talents were given an opportunity to join this two-year programme in 2010.

Development and deployment

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

It has been a priority in 2010 to simplify and improve the People@Statoil process by implementing new simplified tools for performance appraisal and focusing on the opportunity to give more qualitative feedback when appraising leaders, peers and subordinates.

People development in Statoil is characterised by processes that result in a good match between professional interests and goals, while at the same time offering challenging and meaningful job opportunities. People@Statoil is supported by a common career model that develops the professional and leadership expertise required to meet business needs and provides a clear direction for career planning.

As part of Statoil's development strategy, we have also launched a new concept for on-the-job learning that specifies which elements to focus on in order to ensure learning-by-doing.

Our internal, global job market provides Statoil employees with numerous opportunities to embark on challenging career paths within the company. In addition, the Statoil Academy offers a comprehensive portfolio of courses and training programmes that are carefully designed to support business needs and ensure alignment with Statoil's common career model. In 2010, we have strengthened our talent management by launching a new programme that supports the development of identified talents. We have also expanded our course portfolio by launching new programmes for leaders.

The fact box below provides an overview of activities in the Statoil Academy from 2008 to 2010.

	2010	2009	2008
Number of participants who have completed learning programmes	79,251	76,120	73,099
Total number of course participation days	138,475	133,492	125,008
Registration for e-learning programmes	50,019	59,555	35,000
Number of leaders participating in corporate leadership development programmes	1,237	448	388
Total number of participation days in leadership development programmes	5,025	2,856	2,300

Performance and reward

Statoil's rewards systems are open, reputable and non-discriminatory, and they support equal opportunities.

Performance goals have been established for all employees in the People@Statoil process, which is our common process for managing people performance, development and rewards. Individual goals are set and evaluated in two dimensions, delivery and behaviour, reflecting that delivery and behaviour are equally weighted and rewarded.

Our approach to rewards includes both financial and non-financial rewards. The rewards are competitive and designed to attract and retain talented people. The main remuneration elements are basic salary, variable pay and benefits. Together with non-financial rewards such as personal growth, development and recognition, these elements constitute a whole.

Statoil's employees participate in a corporate variable pay scheme or are eligible for local variable pay. The rewards concept reflects our competitive market strategy and local market conditions and is aligned with statutory regulations and corporate governance requirements. We reward both short-term and long-term contributions and results.

All employees in Statoil can participate in the corporate share savings scheme provided that no restrictions apply as a result of local legislation or business requirements. The company will match every share bought with one bonus share if kept for a period of two calendar years. At the end of 2010, the share savings programme covered 17 of the countries in which we operate, and approximately 14.000 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 strengthens the common interests of Statoil's employees and the company's shareholders.

The rewards system in Statoil is non-discriminatory and supports equal opportunities, which means that, given the same position, experience and performance, men and women will be at the same salary level. The figure below shows the development of women's salaries compared with men's salaries in 2009 and 2010.

Organisational capabilities and change

It is essential that our organisation has a committed and enthusiastic workforce if we are to implement the constant change necessary to ensure successful and sustainable operations in the future.

In 2010, Statoil underwent two major changes: the reorganisation of the corporate structure and the divestment of our retail business as a separate company.

In August, we announced the reorganisation of our corporate structure through the Statoil 2011 project. The main drivers behind the project are globalisation, simplification and renewal. Two new business areas were established outside Norway: Development and Production North America in Houston and Global Strategy and Business Development in London.

The overall changes, which were effective from 1 January 2011, have resulted in simplification of the organisational structure and renewal of the management teams. All of these elements are essential ingredients if we are to ensure safe, efficient and sustainable operations.

In October, we divested our retail organisation from the rest of the organisation as an independent company, Statoil Fuel & Retail, with Statoil as the major shareholder. For both companies, the new ownership structure provides new opportunities for growth and development. The new structure also allows for targeted management systems and people policies that facilitate customised people practices.

The simplification and consolidation of the value chain benefits customers and contractors, and gives employees an opportunity to focus on the most value-creating and meaningful tasks for their respective business areas.

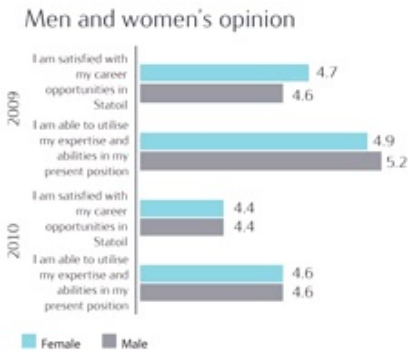
We are also working systematically to improve the culture and working environment, focusing on monitoring activities and involving employees in improvement work.

The most important tool in this area is Statoil's annual organisation and working environment survey, the global people survey (GPS). This survey provides an opportunity for our employees to give feedback on their current work situation and on issues that are vital to their well-being and effectiveness.

The results from the 2010 GPS survey show that employees are generally satisfied with their work situation and proud to work for Statoil. In 2010, 74 % report that they strongly agree or agree that they tell their friends that Statoil is a great company to work.

The somewhat less positive feedback from employees in 2010 is a reminder to us of the importance of paying attention and being open for dialogue during times of uncertainty and change.

The fact that men and women in different age groups value aspects of the culture equally does indicate, however, that the culture is perceived as inclusive and supportive of equal opportunities. The figures below show how men and women and people in different age groups reported on a scale from 1 to 6 on selected key questions in 2009 and 2010



Employee and industrial relations

We believe in involving our people and their appropriate representatives in the development of the group.

Through this focus, we ensure that we act as a responsible employer with a good, trust-based relationship between our people, their representatives and the company wherever Statoil operates.

In a global context, this means that Statoil is at the forefront with regard to international labour and human rights standards as spelled out in the ILO core conventions and the United Nations Global Compact. This is also in line with the requirements in the Norwegian Government's White Paper No 10 on Corporate Social Responsibility, the International Federation of Chemical, Energy, Mine and General Workers Union (ICEM) agreement , the Organisation for Economic Cooperation and Development (OECD) guidelines and other voluntary engagements Statoil has entered into.

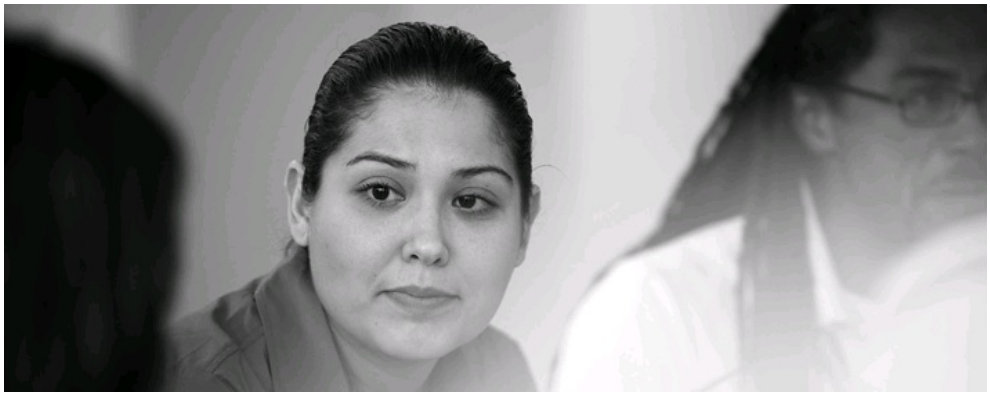
Work councils and working environment committees are established where required by law or agreement and in accordance with local practice. These bodies are informed about and involved in business plans and perspectives, organisational changes and health, safety and environment (HSE) issues.

An estimated 68% of employees in Statoil ASA are members of a trade union. In 2010, the collaboration model for the Norwegian part of our business agreed on by the unions and the company served as an important and well-functioning vehicle for cooperation on the Statoil 2011 project. The collaboration model was established in 2009 upon finalisation of the merger between Statoil and Norsk Hydro's oil and gas division. It is based on the principles of simplification and decentralisation.

In 2010, the European Works Council (EWC) served as a central arena for dialogue between the company's management and employees in the demerger of Statoil Fuel and Retail. The EWC is an arena in which Statoil's employees in Europe receive relevant information on a regular basis, and engage in direct dialogue with management on matters concerning the group as a whole. Two conferences were held in 2010 at which the main topic was the demerger.

Statoil has contributed to global dialogue in the oil industry by promoting good employee and industrial relations practices through contributing in the expert group for international frame agreements in the European Commission and participation in the global tripartite ILO (International Labour Organization) oil industry meeting.

In 2010, the ICEM agreement with the International Federation of Chemical, Energy, Mine and General Workers Union was renewed for another two-year period. This agreement supports and facilitates Statoil's ambition to further promote and develop good employee and industrial relations on a broad global basis.



Diversity

We are committed to building a workplace that promotes diversity and inclusion through its people processes and practices.

In 2010, the overall percentage of women in the company was 37%, and 40% of the board of directors were women, as were 20% of the corporate executive committee. Through our development programmes, we aim to increase the number of female managers, and we endeavour to give equal representation to men and women in leadership development programmes. The total proportion of female managers in Statoil ASA in 2010 was 25%, and, among managers under the age of 45, the proportion is 34%.

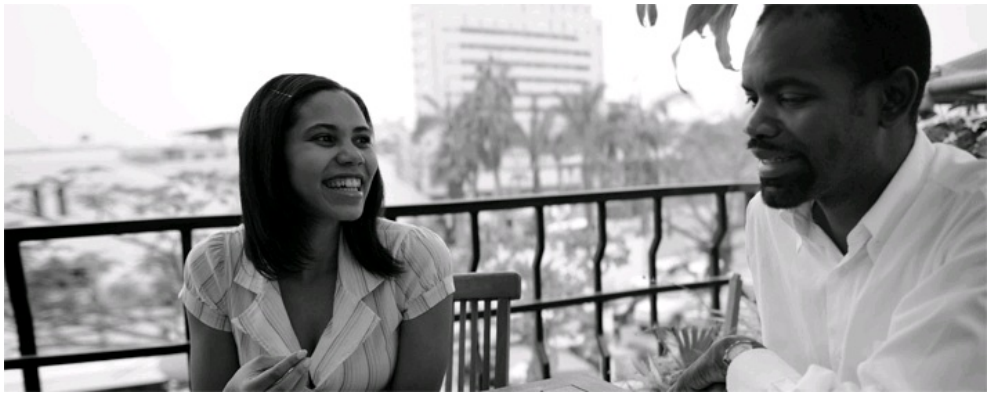
We also devote close attention to male-dominated positions and discipline areas. In 2010, 26% of staff engineers were women, and among staff engineers with up to 20 years' experience, the proportion of women is 31%. The proportion of female skilled workers in 2010 was 16%.

CULTURAL DIVERSITY

Statoil believes that being a global and sustainable company requires people with a global mindset. In 2010, 40% of the managerial staff in the Statoil group were non-Norwegians, whereas the proportion in Statoil ASA was 6%. 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 deploying new role models with international experience in leading positions. One of the main objectives of the Statoil 2011 project, has been to ensure renewal and globalisation of the company and its fully owned subsidiaries through a comprehensive leadership deployment process. One of the main priorities in this process has been to increase the proportion of female and international leaders, and to deploy identified talents in new leading positions. The composition of the leadership pipeline, effective from 1 January 2011, represents a significant improvement in leadership diversity, and is summarised in the figure below.

Figure: Proportion of female and non-Norwegian managers with personnel responsibility in Statoil ASA and its fully owned subsidiaries



Society

The sustainable development of our business depends on our ability to forge enduring and mutually beneficial relationships with the societies in which we operate.

WHAT ARE THE CHALLENGES?

Wherever we operate, we are committed to making decisions based on how they affect our interests and those of the societies around us.

Our presence in societies is usually a long-term one, with the time frame of our projects typically spanning several decades. Our business therefore depends on our ability to understand and respond to the needs and interests of local stakeholders, to demonstrate that the benefits of our presence on the whole outweigh the potential downsides, and to generate and sustain support from people and communities from the moment we decide to enter a new area until the day we leave.

WHAT ARE WE DOING?

Our corporate policy on social responsibility means we are committed to contributing to sustainable development based on our core activities in the countries in which we operate, by:

- Making decisions based on how they affect our interests and the interests of the societies around us
- Ensuring transparency, anti-corruption and respect for human rights and labour standards, and
- Contributing to local content in our projects by developing skills and opportunities in the societies in which we operate.

WHAT HAVE WE ACHIEVED?

Throughout 2010, we have continued to strengthen compliance with our policies and standards for social responsibility and ethics and anti-corruption across our operations. This section summarises the challenges we have experienced and the achievements we have made in these areas.

Human rights

We promote respect for human rights and fundamental labour rights in our operations.

Whether directly through our own operations or indirectly through our supply chain, we are exposed to areas of the world where human rights and good working conditions may be at risk.

We make every effort to run our business in a way that respects human rights and labour standards. The Universal Declaration of Human Rights, together with the International Labour Organization's (ILO) 1998 Declaration on Fundamental Rights and Principles at Work, forms the basis for our commitment. 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, the regulation of 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 the development of the company.We believe in diversity and equality of opportunity and prohibit discrimination and harassment in the workplace, be it 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.

Security and human rights

Maintaining the safety and security of company staff and operations must be achieved in accordance with applicable laws and internationally recognised human rights.

To strengthen the company's commitment to this, Statoil has been a supporting member of the Voluntary Principles on Security and Human Rights (VPSHR) since 2002. We endeavour to ensure that our use of security resources is in accordance with the Voluntary Principles.

POLICIES AND PROCEDURES

Our commitment to the VPSHR is enshrined in our policy on corporate social responsibility, and the principles are further integrated into our security procedures and management system. These procedures outline how security resources are managed and deployed, and underscore 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.*

All Statoil security providers must be given initial training commensurate with their duties. As a minimum, the training shall also include training in human rights as well as rules of necessity and proportionality in 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 2010 for exposed groups across 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.

OUR ACTIVITIES

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

Our approaches to security vary in order to take account of differing risk levels in the diverse locations. While circumstances in some locations necessitate the use of armed security, our security personnel are unarmed in most of our locations. However, all of our locations are covered by the same corporate requirements, including our commitment to the VPSHR. In 2010, VPSHR-relevant activities and follow-up took place in seven countries.

Integrating human rights in our operations

We conduct human rights' due diligence reviews of our ongoing activities in order to prevent harm to our workforce and the communities in which we operate.

Following the establishment of the UN *Protect, Respect and Remedy* framework, we began a process to become aware of, prevent and address adverse human rights impacts of our operations by integrating human rights 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 a robust knowledge platform 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 particularly significant, we may also carry out dedicated human rights risk assessments (HRRAs). In developing the HRRA method, pilot risk assessments were carried out in five countries. Over time, the human rights risk assessment has 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 that procedures are in place for integrity due diligence 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, but all efforts are made to include specific provisions relating to human rights in contracts with partners. For contracts with security providers, additional procedures apply (see the article on 'Security and human rights').

These and other processes help us to identify the source and nature of potentially adverse affects of our activities on the human rights of our stakeholders. On that basis, we can develop a remedial plan to mitigate potential adverse impacts.

In 2010, in order to better understand the business implications of our commitments to human rights, we continued to collaborate with various partners and stakeholders. Among others, we participated in consultations with John Ruggie, the 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, thereby further affirming our support for fundamental human rights in the community and workplace. Through corporate agreements, we also continued to support the work of Amnesty International Norway and the Norwegian Refugee Council.

Human rights training

Human rights due diligence in Statoil includes our training and awareness-raising efforts in relation to human rights issues and risks, as well as our corporate duty to respect human rights.

The provision of employee training is an important part of our endeavours to prevent potential human rights violations from occurring in our business activities and our business relationships.

Human rights awareness training is integrated into our general training in corporate social responsibility. Our training includes an overview of our policies and commitments to human rights, and 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.

While the overall, human rights awareness and training is integrated into 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.

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 is integrated into our project management training offered to project managers and project members across the organisation. As part of our review of labour rights' risks in our supply chain, we also held special awareness sessions with the senior management teams in all business areas, key procurement staff and relevant staff in four countries in which we operate.

Human rights-related issues are also discussed by the company's ethics committees, and the corporate executive committee, and were the subject of several sessions this year.

Grievance mechanisms

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

Since 2005, we have established a global Ethics Helpline that can be used to confidentially and anonymously report concerns about ethical issues - including potential incidents relating to human rights - that involve Statoil or those acting on the company's behalf.

The helpline is managed by an external party and is available in local languages 24 hours a day, every day of the year. Employees are also encouraged to raise such issues through the line management, our human resources department, and/or their trade union representatives.

Impact assessment processes, community consultations in particular, in connection with our operations can also provide avenues for voicing/expressing concerns and grievances relating to our operations. Pursuant to our new guidelines on integrated impact assessment, all "category A" projects (with a potential for significant adverse HSE/CSR impacts) and, depending on the impacts in question, some "category B" projects (with a potential for limited adverse impacts), will have to establish grievance mechanisms for the duration of the project. In line with the expectations of effective access to remedy set out in the UN *Protect, Respect and Remedy* framework, we are also considering other systems and channels to enable communities in which we operate to voice and raise their grievances and concerns.

Ethics and transparency

Commitment to ethics and transparency is integral to how we conduct our business and a vital element in 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.

Our commitment to integrity and transparency is founded upon a number of international initiatives. We support the Extractive Industries Transparency Initiative (EITI) and respect and promote the EITI principles throughout our operations. 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 OECD Guidelines for Multinational Enterprises.

Ethics and anti-corruption

Our Ethics Code of Conduct describes our ethical commitment and the requirements for our business practice and the personal conduct of everyone who acts on behalf of Statoil.

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.

There has been continued focus in 2010 on making ethics and anti-corruption work an integral part of our business operations. This has helped to ensure strong ownership in relation to compliance and ethics at all levels. It also improves our ability to manage and mitigate integrity risks.

A business relationship with a potential counterparty must only be established or amended if the resulting relationship satisfies our requirements for Integrity Due Diligence (IDD). We screen new investments, partners, contractors and suppliers for integrity and human rights risks. We also practice strict requirements for IDD in order to improve our processes for managing integrity risks in our business relationships. Moreover, as part of an overall assessment of risk exposure, five out of six business areas carried out an integrity risk assessment in 2010.

We provide both online and face-to-face ethics and anti-corruption training for Statoil employees. By the end of 2009, 93% of all Statoil employees had completed the compulsory anti-corruption e-learning programme. In addition, approximately 1,100 Statoil employees and consultants completed the programme during 2010. An improved e-learning programme has been developed in 2010 with the aim of continuing to strengthen our common understanding and ownership of our Ethics Code of Conduct. We also hold whole-day anti-corruption workshops for corruption-exposed employees in Statoil. In 2010, 595 Statoil employees were given this training. We also provide live ethics and anti-corruption training for selected groups of suppliers and contractors in key markets, and encourage and sometimes require suppliers to participate in our e-learning programme.

Since 2005, we have had a global Ethics Helpline, which is a channel for individuals to express concerns about the legal and ethical conducting 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 is 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 to the internal entity whose duty it is to follow up such matters.

In order to ensure that ethics and anti-corruption issues are given thorough consideration at the appropriate management level, we have established a system of ethics committees. The corporate executive committee is Statoil's ethics committee. Six ethics committee meetings were held in 2010. In addition, ethics committees have been established in the individual business areas. Each business are held three to four ethics committee meetings in 2010. The committees are intended to ensure strong focus on, a common understanding of and compliance with Statoil's ethical requirements. Their decisions and clarifications can be passed on to staff or incorporated into 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 the criteria and principles of the EITI in several countries in which we operate.

We have operations in eight countries that implement the EITI, including in 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 2010. The following is a summary of efforts undertaken to support implementation in these countries:

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 are currently an alternate representative to the multi-stakeholder group. In August 2010, we submitted our 13th EITI report. It covered the period January to June 2010.

IRAQ

Iraq, the single largest country in terms of proved oil reserves to commit to the EITI, became a member of the EITI 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 facilitated by the international EITI Secretariat.

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. In 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 working groups). In 2010, we also contributed to the translation into Kazakh of the Kazakhstan Validation Report 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. Nigeria has produced two EITI Reports (for the periods 1999-2004 and 2005), which are full audits of tax, royalties and bonus payments in the sector, as well as efforts to cover the physical flows. By conducting a financial, physical and process audit of the sector, these reports go far beyond the EITI minimum requirements. A third report, covering 2006-2008, has been commissioned. It is expected to be completed in early 2011. In late 2010, Nigeria was considered to be "close to compliant" by the EITI Board. Statoil has supported EITI implementation in Nigeria since its establishment, and it has participated in both the audits conducted so far. We have also participated in roadshows and other events aimed at raising awareness in civil society and among other stakeholders. Statoil is also a supporter and member of the multi-stakeholder group for the recently established Bayelsa Expenditure and Income Transparency Initiative (BEITI) in the State of Bayelsa in Nigeria. 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.

NORWAY

Norway was accepted by the board as an EITI candidate country in February 2009, and it remains the first and only OECD country to implement the EITI principles. 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. Statoil participates in the multi-stakeholder group as a representative of the oil company constituency, together with ENI and the Norwegian Oil Industry Association.

Local development

Through our core activities and the benefits that result from them, we aim to contribute to sustainable development in the countries and communities in which we operate.

We recognise that in most countries where we have business activities our projects often have lifecycles that last a generation. We aim to make sustainable investments that will benefit our host communities and help us to be well received there.

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 2010.

Government payments and contributions

Our business generates significant revenues for governments. In 2010, we made payments and contributions to governments estimated to total NOK 154 billion.

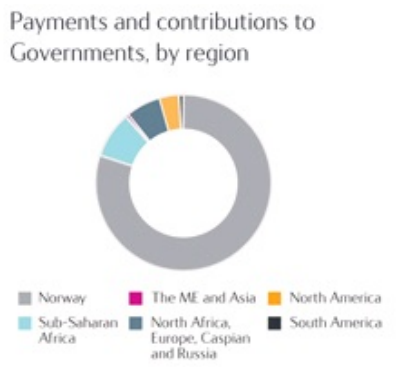
An estimated 63% of our total payments and contributions went to the Norwegian State. Of the remainder, an estimated 22% went to North Africa and Europe (incl. Russia and the Caspian region), 12% went to Sub-Saharan Africa, 1% each to the Middle East and Asia and to North America. Of the total, we paid NOK 91.3 billion in tax on income and NOK 32.3 billion in indirect taxes. Direct and indirect taxes paid in Norway amounted to NOK 96.7 billion. Direct and indirect taxes paid outside Norway totalled NOK 27.0 billion. 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 29.5 billion towards government finances in six countries (Algeria, Angola, Azerbaijan, Iran, Libya and Nigeria). And, finally, we also paid a total of NOK 0.5 billion in bonuses for licences in Angola, Brazil, Iran, Libya, Mozambique and the USA.

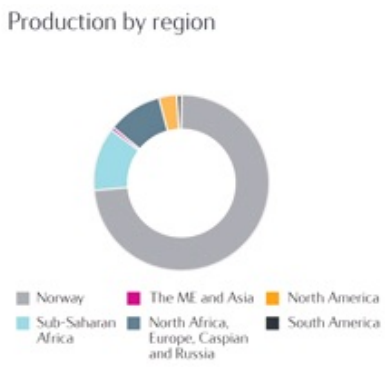
In many of the countries in which we operate, the finances that we provide are often the main source of government revenue. If managed well, these funds can be translated into vital services and infrastructure required for sustained economic and social development. However, transparency and accountability 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 (see 'Overview of activities by country'), and support the Extractive Industries Transparency Initiative (EITI) (see 'Supporting EITI in-country implementation').

Payments and contributions to governments, by region

Note: Payments and contributions to governments in South America are approximately 0.2% of overall payments, and therefore do not figure above.

Production by region





Social investments

Our social investments aim to mitigate social risks and contribute to the well-being of societies in which we are present. This is part of our social responsibility.

In 2010, our spending on social investments was approximately NOK 202 million, NOK 172 million of which was spent on a voluntary basis and NOK 30 million on a contractual basis. The biggest social investments in 2010 outside Norway were made in Angola, Canada, Azerbaijan, Russia, Ireland and Nigeria (see 'Overview of activities by country' for social investment spending by country).

Social investments are used to build local content and capacity, as well as to promote transparent operating environments and respect for human rights so that affected communities can share in the benefits generated by our operations. Social investments are based on commercial considerations and aim to build self-sustaining activities in host countries. We endeavour to avoid creating dependency and supporting unproductive projects.

Social investments are used strategically to manage the impacts of our business activities. They are established on the basis of relevant risks and opportunities as identified in relevant risk and impact assessments. The identification and selection of social investment projects involves stakeholder engagement and local needs assessment. The aim is to meet expressed community needs, design projects appropriately and to promote sustainable operations.

Social investment projects form part of Statoil's business and social responsibility plans that are required to support our projects and operations in countries in which we operate. In 2010, corporate social responsibility (CSR) plans were prepared in 80% of the non-OECD countries in which we are active, up from 57% the year before. In addition, CSR plans were prepared in Canada, Mexico and the USA, including Alaska, to take account of the particular social and environmental risks that our operations face there.

Our social investment projects are managed with the same care and professionalism as any other business activity. In 2010, we have been improving our procedures in order to increase effectiveness and quality control. This also includes additional measures to reduce third-party compliance and corruption risks.

Our social investment projects involve training and capacity building, including technical training relating to the oil industry, which is seen as a way of build competence among local suppliers. Typical recipients of our social investment funds are education and training schools and institutions, mostly through Norwegian universities that collaborate with local technical training institutes. Some projects also relate to infrastructure development, such as investments in community health care and water and sanitation. The recipients tend to be local non-government organisations and, in a few cases, government organisations. These projects are often supported through international NGOs, while the beneficiaries are local communities.

Overview of Social Investment by region (in NOK million)	Voluntary contributions	Contractual contributions	Total contributions
Year ended 31 December 2010			
Norway	116	1	116
Sub Saharan Africa	13	20	33
North Africa and Europe*	25	9	34
Middle East and Asia	2	-	2
North America	13	-	13
South America	4	-	4
Total	**172**	**30**	**202**

Entry into Iraq / WQII

On 11 December 2009, Statoil won the right to participate in the development of one of the largest oilfields in Iraq — West Qurna 2. Together with Lukoil (the operator), we are contractually bound to reach plateau production of 1.8 million bpd in 2017.

Entering Iraq has been a long and elaborate process. We have had teams working to establish a position in the country since 2004 and have cooperated with the Iraqi authorities since 2005. However, it was only when the Iraqi government announced two licensing rounds that an opportunity arose to take the next step.

Together with Lukoil, Statoil bid USD 1.15 per barrel in fees and plateau production of 1.8 million bpd in 2017. This was the winning bid, and the agreement was finally signed by Statoil CEO Helge Lund in Baghdad on 10 February 2010. Statoil has an 18.75% interest in the contract, while Lukoil has 56.25% and the Iraqi state (through the North Oil Company) 25%.

The field, which is located in Basra province in what is partially marshland, is an undeveloped field. There are local communities in the southern parts of the field. In addition to Iraq being a post-conflict society, this presents specific challenges with regard to corporate social responsibility (CSR) and security. The security of our employees remains a key priority under the challenging security situation that everyone is encountering in Iraq, and one way to achieve this is through the planning and execution of a good CSR strategy.

It has therefore been integral to the planning and preparations for the execution of the project to prioritise the key elements of a CSR strategy in the first year of the project. The focus of our work on CSR is related to stakeholder engagement, land acquisition and social investment plans. We are working with the operator Lukoil on these issues through a CSR committee.

Iraq is ranked number 176 on Transparency International's Corruption Perception Index (CPI), which indicates the perceived level of corruption in 180 countries. To counter this perception, the Iraqi authorities conducted an open and transparent bidding process and have introduced strict anti-corruption clauses in the contractual framework. Moreover, attention to corruption risk is and continues to be high on the project's agenda.

Another significant challenge for the developers of such a field is the amount of associated gas. Flaring has been the normal procedure for associated gas in Iraq, but changing this is in the interests of both Iraq and the companies in the consortium. Work is therefore being done in the planning stage to minimise the need for flaring and to find solutions that will utilise this valuable resource.

The project will require water for several needs. From 2015, when injection starts and the need is at its greatest, it will be met using desalinated seawater imported from the Persian Gulf in a 200km pipeline built by a consortium of operators. From start-up in 2013 until injection starts, Iraqi authorities have approved that water can be taken from the Euphrates. The demand for water during that period will only be about 5% of the level expected during full production.

Our products

We produce and sell a wide range of products developed from fossil and renewable sources. Our aim is to develop high quality products that meet customer requirements while resulting in the lowest possible resource consumption and environmental impact.

WHAT ARE THE CHALLENGES?

One of the main challenges in the industry is to reduce greenhouse gas (GHG) emissions. The blending of bio-components in transportation fuel is one measure aimed at addressing this challenge. The focus is on energy efficiency in the production and supply of biofuels as well as on developing new feedstock and technologies to increase biofuel's contribution to GHG reduction. In addition to setting targets for GHG reduction, sustainability requirements also address environmental, human rights and land use issues. Regulative and legislative frameworks are being established in the European Union through the adoption of the Renewable Energy Directive (RED). National systems to follow up sustainability in the biofuel supply chain are under development as well as biofuel certification schemes.

WHAT ARE WE DOING ABOUT IT?

We are addressing the challenge of sustainable supplies of biofuel by imposing requirements on our suppliers, who are expected to comply with national laws on soil management, contamination and depletion of water sources, emissions to air and burning practices. Compliance is also required with national laws and applicable International Labour Organisation standards with respect to forced labour, child labour, freedom of association and discrimination. Our suppliers are also expected to operate in accordance with the United Nation's Global Compact Initiative (UN) and UN Declaration on Human rights, in particular the rights of indigenous people, the right to food and water and the prohibition on forced displacement. Sellers should also commit to respecting land rights and to preventing displacement of food production.

At the Statoil Mongstad oil refinery, the energy supply is central to the new combined heat and power (CHP) plant. Surplus gas from refining operations is used along with supplies from Troll to generate electricity for the grid and heat for refinery processes. This is an important contribution to meeting regional energy needs, which in turn enables Troll and Gjøa (offshore installations in the North Sea) to be supplied safely and efficiently with power from shore as well as contributing to energy efficiency at the refinery.

Statoil also joined forces with the Norwegian state enterprise Gassnova and Shell to develop and test various types of technology for capturing carbon dioxide from power station flue gases. The objective of these efforts, which are taking place at the Mongstad oil refinery, is to come up with solutions that can be applied internationally.

Material safety datasheets (MSDS) and product data sheets contain descriptions of what the products and substances consist of, how to handle them and any detrimental health or environmental effects. These descriptions comply with EU legislation. When developing new products, we actively seek to find less harmful components and chemicals in order to reduce the negative impacts of our products.We are cooperating closely with a technical oil industry organisation, CONCAWE, on studies of fuel quality, energy use and greenhouse gas emissions from motor fuel, as well as production processes and engine technology. The health and safety impacts of our products are assessed for improvement through the EU's chemical regulation programme (REACH).

WHAT HAVE WE ACHIEVED?

In January 2009, the Directive of the European Union on Renewable Energy Sources (RED) set a range of sustainability conditions to be met by any biofuel source on the EU market. Statoil has developed sustainability criteria for all its biofuel supplies based on the RED standards. Based on these sustainability criteria, requirements for sustainable supplies have been put into effect and included in Statoil's biofuel purchase contracts. Statoil is entitled to independently audit the seller's contractual commitments to sustainability and to audit information on sustainability requirements supplied to Statoil.

As the first company in Norway, Statoil started selling petrol with 5% ethanol (E5) at stations in Eastern Norway. In 2010, about 34% of the petrol Statoil sold in Norway contained up to 5% ethanol.

In cooperation with the automotive industry, the European Commission and CONCAWE, a "well to wheel" study is regularly updated and the results published on the internet (http://ies.jrc.ec.europa.eu/WTW). The database resulting from this work forms the basis for our selection of environmentally appropriate solutions.In 2010, the volumes of biofuel sold by Statoil reduced carbon dioxide emissions by 329,000 tonnes.

Case study: Canadian oil sands

Our involvement with oil sands has been the subject of considerable media attention. This section examines the background for our involvement, the
nature of our operations and the efforts we have put into taking a responsible approach to development.

Oil production from bitumen is controversial on environmental grounds and the oil sands industry is under increasing pressure — from the public, governments, regulators and its primary export market, the United States — to further reduce its environmental impact.

In Statoil, we are highly aware of our environmental and social responsibility and from the outset of our involvement with oil sands, we have focused on taking a responsible approach to development. Our goal is to become an industry leader in responsible oil sands development.

Our demonstration facility at Leismer will trial over 20 experimental technologies to achieve improved recovery and lower CO_2 emissions. Steam was first injected in September 2010 with first oil in Q1, 2011. Within two years, we plan to produce 18,800 barrels per day and will continue to increase production to create a profitable and sustainable business from this attractive resource base.

Our ambition is to reduce CO_2 intensity from production by over 25% by the year 2020. We are committed to not emitting any poisonous waste to the air, rivers, fresh water or soil; we will reclaim any disturbed areas before leaving, and any forest cleared will be replanted. We are also implementing various community initiatives to ensure benefits for the local population.

Why oil sands?

Canadian oil sands are attractive because they are one of the world's largest remaining untapped oil resources. With the increasing difficulties in meeting the world's energy demand it is inevitable that they will be produced.

The Canadian oil sands provide access to huge, long-term oil reserves in a politically stable and highly regulated environment. The majority — 77 per cent — of the world's oil reserves are now owned or controlled by national governments. Of the remaining 23 per cent accessible to the private sector, 51 per cent are in the Canadian oil sands.

Stable Canadian supply
The Canadian oil sands are already a major contributor to the world's energy supply. Of the 2.8 million barrels per day of oil Canada produced in 2010, about 1.5 million barrels per day came from the oil sands. In comparison, Canada exported about 1.9 million barrels per day to the United States, making up more than 15 per cent of that country's crude oil imports.

Established regulatory regime
Canada is politically stable and internationally recognized for its business reliability and high technical standards. The oil sands are being developed under a comprehensive regulatory regime. The Canadian federal and Alberta provincial governments and regulatory bodies oversee all aspects of oil sands operations, monitoring impacts on air, land, water, wildlife and local communities.

Proposed oil sands projects must undergo rigorous regulatory scrutiny that includes a public consultation process before a decision is made to approve a project. Once a licence to operate is granted, oil sands operators must submit a detailed annual report of their technical, environmental and community activities that meets the terms of their license and all applicable federal and provincial regulations.

Statoil and the oil sands

Our approach to the development of oil sands reflects the way we do business: pursuing breakthoughs in technology and ensuring responsible development. Our demonstration project will trial more than 20 methods to improve recovery and reduce emissions.

In 2007, Statoil acquired North American Oil Sands Corporation (NAOSC) and operatorship of the Kai Kos Dehseh (KKD) leases. The KKD comprise 1,129 square kilometres of oil sands located in the Athabasca region of Alberta.

Our KKD leases are estimated to contain more than two billion barrels of recoverable resources, and we plan to produce more than 200,000 barrels per day from these leases for thirty years or more.

In November 2010, we sold a 40 per cent interest in the Kai Kos Dehseh leases to PTT Exploration and Production of Thailand. We will continue to operate all project facilities, related infrastructure and project development.

Leismer Demonstration Project
The Leismer Demonstration Project (LDP) is the first phase of Statoil Canada's oil sands development plan. The LDP facility has a capacity of approximately 18,800 barrels per day of bitumen.

Since the oil on our leases is located deep beneath the earth's surface, it will be developed *in situ* using Steam Assisted Gravity Drainage (SAGD) technology. SAGD is the principal *in situ* recovery method applied commercially in the Athabasca oil sands.

SAGD involves drilling two parallel wells vertically and then horizontally into the reservoir. The upper well is used to inject steam into the reservoir to heat the bitumen, which is too thick to flow naturally. After several months of steam injection, the bitumen becomes liquid enough to drain by gravity into the lower well and is pumped to the surface.

At Leismer, steam was first injected in September 2010 with first oil production in Q1, 2011. We expect to reach production capacity within 24 months. Continued development of our leases will occur in phases to build our understanding of this resource and benefit from our findings.

Our 2010 performance

Our 2010 figures represent the initial phase of our Leismer Demonstration Project. From September to December 2010, steam was injected in 15 well pairs before small amounts of oil were produced at the end of 2010.

This is typical of SAGD operation start-ups. Energy consumption is very high at the beginning of the project in relation to the amount of bitumen produced. This affects the steam/oil ratio (SOR), one of the key indicators used to assess efficiency of SAGD operations; namely, how many barrels of water (as injected steam) needed to produce one barrel of bitumen.

As expected, Leismer's SOR for 2010 is high - as are carbon dioxide emissions per barrel of bitumen - but it is declining and will continue to do so as bitumen production increases.

Key performance indicators

Key Performance Indicators (KPIs)

	2010	2009
Bitumen Production		
Barrels	84,087	-
Barrels per day (bbl/d)	801	
Energy Consumption		
Natural gas consumption (1000 m3)	28,499	-
Electricity consumption (GWh)	40.40	-
Flare gas consumption (1000 m3)	484	-
Air		
CO2 emissions (tonnes)	56,373	-
kg/bbl bitumen	670	-
SO2 emissions (tonnes)	~0	-
NOx emissions (tonnes)	46.80	-
Water		
Fresh water use m3	171,938	-
bbl/bbl bitumen (SOR)	12.86	-
Produced water recycle (%)	44.2	-
Disposal water m3	57,658	-
bbl/bbl bitumen	4.31	-
Land		
Seedlings planted	62,850	32,000

All KPIs refer to production, consumption and emissions related to SAGD operations only. Indirect emissions from production of imported products or services (i.e. electricity generation, accommodation and transportation),or exploration and drilling, are not included.

Ambitious targets

Statoil's goal is to become an industry leader in environmentally and socially responsible in situ oil sands development.

Achieving our goal means reducing greenhouse gas intensity, water consumption and land disturbance while making a positive contribution to the communities in which we operate.

Our technology plan
We have developed a technology plan consisting of techniques, technologies or processes that will increase bitumen recovery, improve the economics and reduce the carbon dioxide intensity of our operations. The plan covers a 10-year period and has strong focus on research and development over the next five years, largely at our Heavy Oil Technology Centre in Calgary.

CAD 30 MILLION
PER YEAR ON R&D

Under the plan, Statoil will spend roughly CAD 30 million (approximately NOK 200 million) annually over the next five years on researching and developing methods aimed at improving oil sands energy efficiency and recovery, while reducing the environmental footprint of our operations.The cost of actual pilots and field demonstrations to ensure that these technologies are suitable for wider use in the field is expected to be of a higher magnitude.

As a recent entrant to the oil sands, Statoil is focused on technologies that improve:

- our understanding of reservoir geology and fluids;
- bitumen recovery in challenging reservoirs;
- drilling techniques and well integrity;
- facilities optimisation and energy efficiency; and
- environmental footprint.

GOAL TO REDUCE CARBON DIOXIDE INTENSITY BY 25% BY 2020

Through technology development, Statoil's sustainability goal is to:

- reduce carbon dioxide intensity by 25% by 2020 for SAGD, applied to our next development, the Corner project;
- reduce water intensity by 45% over 10 years for SAGD;
- further develop the technology plan with the ambition of reducing carbon dioxide intensity by 40% by 2025 through the application of novel technology.

Environmental impact

For nearly forty years, environmental impact assessment has been recognized in Canada as an important decision-making and planning tool for development. Statoil submitted an integrated application and Environmental Impact Assessment (EIA) in August 2007.

We submitted our EIA as part of the Public Disclosure Document giving notice of intent to develop Leismer Demonstration Project, covering all aspects of the environment: land, water, air and people.

Alberta Environment issued Statoil more than 300 Supplementary Information Requests to gather information and provide clarity on information previously submitted. After Statoil responded to three rounds of Supplementary Information Requests, Alberta Environment deemed the EIA to be complete in 2009.

Some of the key findings of the EIA regarding how Statoil's project will impact the land, vegetation and wildlife are:

- The project will result in some disturbance to the land for 40-50 years,
- Some temporary disruption to wildlife habitat will occur in the project area,
- Air emissions will increase in the area but will have minimal impact on the environment and
- Impacts to wildlife will be temporary in nature, and will not threaten the viability of wildlife populations in the area

Statoil aims to keep the footprint of the project to a minimum by meeting or performing better than required under federal and provincial regulations, using best practices and developing new technology. Our mitigation strategy reflects our intent to maintain a healthy environment for people, wildlife and plants while developing our oil sands leases.

In order to help mitigate our impact on the land, we aim to:

- Minimize disturbance to land and animals by using existing clearings where possible,
- Design aboveground pipelines to minimize the impacts to larger wildlife,
- Use low impact seismic techniques to minimize impact and disturbance on standing cover and wildlife,
- Continue to use the Alberta-regulated Caribou Protection Plan; where possible Statoil will avoid prime Woodland Caribou habitat (e.g., treed muskeg, bogs and fens) and implement "Early in - Early out" concepts,
- Work closely with trappers and community traditional land users to minimize disturbance,
- Reclaim disturbed land as soon as possible,
- Conduct a distinctive wildlife scat study to monitor the location, population, gender and health of caribou, moose and wolves in the project area.

WATER

Local communities consider water a main concern. To this end:

- The Steam Assisted Gravity Draining (SAGD) process relies on groundwater for its operations; we do not use river or lake water in the process.
- For our Leismer Demonstration project we use non-saline groundwater from reservoirs approximately 280 metres below ground surface in our SAGD operations. For future projects we plan to use saline groundwater from below 300 metres.
- We intend to recycle more than 90% of produced water returned with our production to create more steam. The small portion not reused in our in-situ water-recycling program will be pumped 400 metres below ground to saline water reservoirs approved by the ERCB.
- Our operations will be monitored to ensure we do our part to protect drinking water sources used by the local communities, the closest some 25 kilometres to the east, and to ensure that our use of lake water (in building ice roads, dust control and some drilling operations) is conducted in accordance with regulatory requirements.
- Statoil will monitor shallow groundwater at key project infrastructure locations (e.g. Leismer central processing facility or CPF). All surface water runoff collected at the CPF will be monitored and tested to ensure it is suitable for discharging. If it is contaminated, it will be treated and reused in the process. We are also working with Alberta Environment to develop additional water quality monitoring in our operation that will continue throughout the duration of the project.

In 2010, our environmental achievements include:

- Planting 94,850 tree seedlings in 2009 and 2010
- Reducing mulch depth on cleared Oil Sands Exploration (OSE) wells to create a more suitable environment for re-vegetation
- Conducting groundwater sampling twice a year, once in the spring and once in the fall, and submitted an annual report to Alberta Environment.
- Inspecting more than 500 abandoned OSE well sites to identify locations requiring remediation. We intend to apply for reclamation certificates for those sites that meet regulatory requirements.
- Developing a Central Fluid Stripping Site (CFSS) that separates drilling mud and water. It allows us to recycle the water and reuse

it in our drilling operations. Last year the CFSS enabled us to recycle 16,500,000 litres of water.

As part of EIA requirements, Statoil conducts traditional knowledge / traditional land use and socio-economic impact assessment studies with affected local aboriginal communities. These studies are used to identify regional and project-specific concerns as they relate to these aboriginal communities' cultural and spiritual values.

The government's process for reviewing and approving projects also includes consulting with nearby communities. Statoil conducts on-going regulatory consultation, open houses and attends monthly meetings and tradeshows with local stakeholders. We receive important information and constructive feedback from communities through this process. This information allows us to plan better, determine how community members are being affected by our project and discover new ways to improve. Consultation to meet government requirements is only one part of our engagements with local communities.

We also have a transparent and respectful community engagement programme with Statoil employees dedicated to regularly meet and connect with the local population. We work with our local communities to develop social investment programs that focus on local employment and training, local business, and education. Statoil opened the Local Opportunities Centre in the autumn of 2009 to support Statoil's economic commitment to involve local people in our operations. Our local community sponsorships and donations are focused to support and help community members, particularly youth and seniors.

In 2010, Statoil signed community benefits agreements with local aboriginal communities. These important agreements formalize our cooperation in working near these communities.

Sustainable development activities

The following section details our efforts to improve oil sands recovery and at the same time act responsibly and sustainably in relation to environmental and social challenges.

Air

Since 2008, we have been an anchor member of ICO2N. This is an industry group that works on technical and regulat...

Water

A groundwater monitoring programme has been developed in order to assess the effects of thermal oil recovery on t...

Land

A third party wildlife research program has been conducted that used dogs to locate wildlife scat from a large st...

Technology plan

A solvent co-injection pilot is being planned for the Leismer Demonstration Project for early 2012.

Oil sands leadership initiatives

In 2010, a network of oil sands operators joined together to improve the environment...

Air

Since 2008, we have been an anchor member of ICO2N. This is an industry group that works on technical and regulatory issues relating to the development of carbon capture and storage (CCS) in the oil sands industry.

We have been a partner in the Heartland Area Redwater Storage Project (HARP) since 2008. The current phase consists of drilling a data well and designing a 100,000-tonne/year carbon dioxide injection pilot. The plan involves injecting carbon dioxide into the Redwater Reef aquifer in the Alberta Industrial Heartland.

Statoil is participating in the Praxair oxyfuel project, which will determine how existing SAGD steam generators can be fired using oxygen instead of air to improve our ability to capture carbon dioxide emissions. Oxyfuel technology has the potential to be cheaper and have environmental advantages in relation to other carbon dioxide capture technologies.

Water

A groundwater monitoring programme has been developed in order to assess the effects of thermal oil recovery on the mobility and attenuation of naturally occurring trace elements, including arsenic.

The results of the monitoring programme will be used to verify the findings of an environmental risk assessment and to help to ensure that operations are not adversely affecting groundwater quality or the surrounding watershed.

A programme will be developed to monitor both the quality and quantity of surface water running through our leases. Although this is not a regulatory requirement, establishing a monitoring programme is in accordance with Statoil's environmental policies and aims to meet local stakeholder concerns. The results will increase our understanding of the aquatic health of the surface waters in our lease area.

In February 2011, Statoil Canada Ltd. received a legal summons from Alberta Environment for allegedly contravening parts of its water licence and providing false and misleading information regarding water withdrawals for drilling activities.

The alleged contraventions of the Water Act date back to 2008 and 2009 and are related to winter drilling activities. During winter drilling, water is mainly used to build ice roads for transportation of equipment in the field.

We are taking these charges very seriously and are helping Alberta Environment in their investigation.

Land

A third party wildlife research program has been conducted that used dogs to locate wildlife scat from a large study area to analyse population densities and stress levels among moose, caribou and wolves.

The programme provides scientifically based and statistically defendable population estimates.

- We are continuing a tree-planting programme, which reclaims land affected by our development to its natural state sooner than required by government regulation. By planting trees at test-well sites and along seismic lines, the land will be rehabilitated sooner than if left until the end of the project.
- Statoil is seeking and proposing alternatives to building conventional all weather roads for intermittent use. The use of temporary roads will reduce the need for road fill and lead to more rapid re-establishment of native vegetation when projects are decommissioned.

Technology plan

A solvent co-injection pilot is being planned for the Leismer Demonstration Project for early 2012.

Injecting condensate, a very light hydrocarbon, together with steam into the reservoir has the potential to reduce water usage by 10 to 25%, with a corresponding reduction in carbon dioxide emissions, since less energy will be needed to turn the water into steam.

Other technologies are also being tested at the Leismer Demonstration Project, such as high-temperature electric submersible pumps, completion alternatives and operating strategies. Novel technologies and practices will be piloted when they are ready to be field-tested.

Oil sands leadership initiatives

In 2010, a network of oil sands operators joined together to improve the environmental, social and economic performance in oil sands development by establishing the Oil Sands Leadership Initiative or OSLI.

In March 2010, the CEOs of ConocoPhillips Canada, Nexen, Suncor, Statoil Canada and Total E&P Canada signed a formal charter that will guide OSLI's direction and activities in the oil sands context. Shell also joined the OSLI partnership in autumn 2010.

The companies will collaborate by sharing best practices, co-operating on the assessment, development and implementation of new technologies and practices, utilising resources for optimum benefit, and working effectively with regional stakeholders to achieve greater and faster performance improvements than they would have done on their own.

OSLI has established coordinating and steering committees, which oversee five working groups that meet regularly to map potential areas of mutual interest and define projects:

- Water management
- Land stewardship
- Sustainable communities
- Communication
- Technology breakthrough

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 greater 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 on and enhances local capacity and capabilities. We are constantly searching 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 both to our business and the societies in which we operate. Ultimately, we believe it helps to drive efficiency, reduce costs and improve project execution.

BUILDING LOCAL CONTENT INTERNATIONALLY

Hiring locally and building capacity

We aim to recruit locally, to offer a safe working environment to all our employees and provide attractive training opportunities that build on 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 also have an ambition to increase the proportion of non-Norwegians. For our workforce as a whole, this proportion increased slightly in 2010, to 42% compared with 41% the previous year. Among staff in management positions, the proportion of non-Norwegians remained constant at 40%. However, the proportion of non-Norwegians among new hires across the group was 68% in 2010.

We support training and competence-building in close dialogue with relevant authorities and local partners in many countries, including in Brazil, Canada, Nigeria and Russia. In Angola, we are helping the Ministry of Education to build a Safety Centre & HSE training programme at the Institute for the petroleum industry - Instituto Nacional de Petróleos. Our contribution is focused on delivering training equipment and on advising teachers on HSE management and risk assessment.

Local procurement and supplier development globally

In general, we promote 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 consideration should be given 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.

We are also making efforts to increase local procurements in our operations in non-OECD countries. In 2010, we spent an estimated NOK 4 billion on goods and services from companies based in non-OECD countries, up from NOK 2.5 billion in the previous year.

To achieve our aim of increasing local procurement, we also support capacity-building initiatives and invest in local enterprises - including in Brazil, Nigeria and North-West Russia - to provide them with the skills and expertise, standards and certifications they require 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 in particular with a view to facilitating subcontracting for possible infrastructure and oil and gas projects in North-West Russia.

Through the LOOP programme, we also provide financial, technical and commercial support to entrepreneurs to develop and qualify new, innovative products and services. We initiated eight LOOP projects in 2010 and thirteen projects in 2009. In addition, we have invested in start-up companies with the objective of developing technologies that benefit our operations and those of our industry more generally.

We are also contributing to education and training in oil and gas disciplines through our apprenticeship programme in which students get practical, on-the-job training at our sites and operating locations. Statoil took on 181 apprentices in 2010, including 51

new apprentices from Norway's three northernmost counties. The Hammerfest LNG plant at Melkøya is one of the facilities that has increased its intake in 2010, taking on 17 new apprentices.

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.

Attracting the right talents to our industry also means that we have to inspire 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.

Promoting local opportunities

Everywhere we work, we are committed to providing economic opportunities to communities potentially affected by our development. This is also the case in our oil sands operations in Northern Alberta.

DEVELOPING LOCAL CAPACITY

Statoil undertakes to provide economic engagement opportunities to communities potentially impacted by our development. The availability of a skilled and safe workforce of local labour and suppliers that can meet Statoil's strict health, safety & environment (HSE) and procurement requirements is essential to the project's success. In order for us live up to our commitment to meaningful engagement and build sustainable business capacity in our local communities, we established the Local Opportunities Centre (LOC) in the autumn of 2009.

In Northern Alberta, Canada, we have established the Local Opportunity Centre (LOC) to help meet this goal. The availability of a skilled and safety-conscious workforce of local labour and suppliers that can meet our strict health, safety and environment (HSE) and procurement requirements is essential to the success of our operations. We established the LOC in autumn 2009 in order to live up to our commitment to meaningful engagement and build sustainable business capacity in our local communities.

The LOC is a unique, collaborative approach involving industry, communities impacted by oil sands development and the government. This employment and business resource centre helps us (and other industry) to develop a skilled and safety-conscious workforce of and for local businesses. It provides local vendors with access to training and business development tools and ensures that contractors have access to information about current and future business opportunities - with us and with other companies.

The success and scope of the services offered by the LOC is a direct result of a multi-level partnership between the local community, service providers, industry and government. The strategic alignment and participation of all parties in building local capacity and developing sustainable communities has been essential in relation to establishing a long-term business resource centre for local communities.

By partnering with Alberta Employment and Immigration (AEI), the LOC is able to offer additional services and support that include:

- Job search assistance
- One-on-one career counselling
- Ready, Set, Work workshops: writing CVs and cover letters, conducting job searches and preparing for interviews
- Job match services and CV collecting for employers
- Job advertising services for employers.

The LOC has also aligned with Business Link, a federally and provincially-funded organisation with a permanent staff at the LOC. They can provide information and advice on a wide variety of business topics, including start-up, incorporation, financing, loan programmes and cash flow management.

In 2010, more than 1,100 people have been through the LOC's doors. It has been instrumental in encouraging local companies to participate in our projects, resulting in a 178% increase in participation in our projects, while maintaining our strict HSE standards. Local and community-affiliated companies generated in excess of CAD 81million in contracts with us. Our improved level of local business involvement and vendor participation and the improvement in relation to industry-accepted HSE standards is a direct result of the services provided by the LOC.

BEING PART OF THE COMMUNITY

Our goal is to work with local communities near our development to create meaningful, long-term economic and social benefits.

Statoil's Education and Training programmes support our local employment goals and help communities work toward creating sustainable businesses and long-term career opportunities. Our programmes include:

- Portage College: Apprenticeship programmes
- Summer Student Job Learning programme
- Drilling Rig Employment and Training programme.

Building community capacity

In our oil sands operations in Canada, we work with local communities near our development with the aim of generating meaningful, long-term economic and social benefits.

Through our education and training programmes, we support local employment goals and help communities to work toward creating sustainable businesses and long-term career opportunities. Our programmes include:

DRILLING RIG TRAINING AND EMPLOYMENT PROGRAMME

Last year's Drilling Rig Training and Employment programme was our most successful to date, with eight out of 10 candidates completing the programme. To qualify, candidates participated in an intensive interview process that included reference checks and drug testing. Once qualified, we cover all candidates' costs associated with enrolling in Enform's Floor-hand Training programme in Nisku, Alberta. Candidates must pass the Floor-hand training course to move to the next stage of the programme: a paid position working on one of our contracted drilling rigs for the winter drilling season.

This success of this programme is important to us, and we have staff who are focused on helping these candidates to complete the programme and ensure that they have a positive, meaningful experience. Giving students an opportunity to secure long-term employment with our drilling contractors is at the heart of the programme.

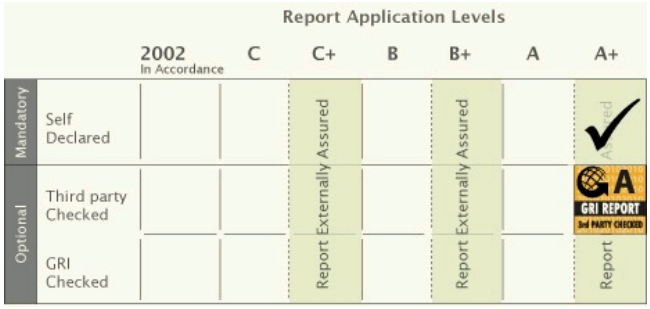
PORTAGE COLLEGE: POWER ENGINEERING AND APPRENTICESHIP PROGRAMMES

We are continuing to work with Portage College to offer practical work experience opportunities to students. Partnering with the college's Power Engineering department, we developed a pilot practicum work experience programme for power engineering students. Starting in January 2011, fourth and third-year power engineering students will be given short-term training opportunities to supplement their studies at the college. We give culinary students an opportunity to receive on-the-job training at our Leismer Lodge cafeteria, which provides meals for up to 400 staff and contractors. We are also currently working with the college to develop additional apprenticeship programmes in administration/office service roles.

SUMMER STUDENT JOB LEARNING PROGRAMME

This summer, we will be holding our third summer student job learning programme for youth who have graduated from local community high schools. This programme gives students exposure to local industry career opportunities, including our own business operations, through academic and hands-on learning experiences. We hope to expand this programme in the near future to include youth from the ninth grade through graduation to help prepare them for the workforce after graduating.

GRI Index



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.	CEO letter	Full	
1.2	Description of key impacts, risks and opportunities.	CEO letter health, safety, climate and environment, environment, people, climate, our products and society	Full	
2	**Organisational profile**			
2.1	Name of organisation	Name on website and on paper edition front cover	Full	
2.2	Primary brands, products, and/or services	Our operations	Full	
2.3	Operational structure of the organisation, including main division, operating companies, subsidiaries and joint ventures.	Our operations	Full	
2.4	Location of organisation's headquarters	Our business	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.	Our business, overview by map in paper edition	Full	
2.6	Nature of ownership and legal form	Our business	Full	
2.7	Markets served (including geographic breakdown, sectors served, and types for customers/beneficiaries)	Our operations	Full	
2.8	Scale of the reporting organisation.	Our operations	Full	
2.9	Significant changes during the reporting period regarding size, structure or ownership.	Manufacturing and Marketing key events 2010	Full	Statoil Fuel and Retail (SFR) a separate subsidiary in Q4 2010
2.10	Awards received in the reporting period		Full	Farmand Gold, Corporate Knights Award; 'Gold Class' SAM Sustainability Yearbook
3	**Report parameters**			
	Report profile			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	About the report	Full	
3.2	Date of most recent previous report	About the report	Full	
3.3	Reporting cycle (annual, biennial, etc)	About the report	Full	
3.4	Contact point for questions regarding the report or it contents.	About the report	Full	
	Report scope and boundary			
3.5	Process for defining report content	Defining the content of our reporting	Full	
3.6	Boundary of the report (eg, countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Defining the content of our reporting	Full	
3.7	State any specific limitations on the scope or boundary of the report.	Defining the content of our reporting	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 organizations.		Full	Basis for reporting on joint ventures, subsidiaries, leased facilities etc have not been substantially altered. The separation of Statoil Fuel and retail in Q4 2010 does not alter the basis for reporting apart from cases where corporate policies do not apply to the subsidiary.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations	Key sustainability performance data, HSE accounting, social	Full	

	applied to the compilation of the indicators and other information in the report.	performance, Overview over activities by country		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.		Full	There have 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.		Full	There are no significant changes in scope, boundary or measurement methods.
	GRI content index			
3.12	Table identifying the location of the standard disclosures in the report.	GRI index	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 organization and the assurance provider(s).	Assurance report from Ernst & Young	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 organizational oversight.	Corporate governance, general meeting of shareholders, nomination committee, corporate assembly, board of directors	Full	
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Board of directors	Full	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Board of directors	Full	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	General meeting	Full	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Compensation to the governing bodies and note 3 in statutory accounts + statement on corporate governance (in Statutory report)	Full	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate governance principles	Full	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Nomination committee	Full	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Our values, Ethics code of conduct, Disclosures on Management Approach in table below.	Full	
4.9	Procedures of the highest governance body for overseeing the organization'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.	The work of the board of directors ; HSE and Ethics Committee	Full	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	The work of the board of directors ; HSE and Ethics Committee	Full	
	Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Managing our risks and impacts	Full	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Working in collaboration; human rights, integrity and transparency	Full	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Working in collaboration	Full	
	Stakeholder engagement			
4.14	List of stakeholder groups engaged by the organization.	Working in collaboration, Stakeholder engagement	Full	
4.15	Basis for identification and selection of stakeholders with whom to engage.	Working in collaboration, Stakeholder engagement	Full	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Working in collaboration, Stakeholder engagement	Full	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Working in collaboration, Stakeholder engagement, Defining the content of our reporting	Full	

Management Approach and Performance Indicators

Economy

Disclosures on Management Approach	
Economic performance	Positive impacts; Overview of activities by country; Government payments and contributions; Shareholder information
Market presence	Local development; Local content
Indirect economic impacts	Managing our risks and impacts; Integrated impact assessments; Local development; Positive impacts; Social investments

G3	Description	References	Extent	Comments
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.	Positive impacts; Overview of activities by country; Government payments and contributions; Taxes, bonuses and royalties; capital providers; Employment and recruiting; Procurement	Full	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	CEO letter; Climate; Natural gas; Energy efficiency; Statoil and flaring; Electrification of offshore installations; Investing in renewables; Carbon capture and storage; Climate partnerships; Risk factors (Form 20-F)	Full	
EC3	Coverage of the organisation's defined benefit plan obligations.	Note 24 to group financial statements	Full	
EC4	Significant financial assistance received from government.	Shareholder information	Full	Statoil benefits in its credit rating from the Norwegian government's majority shareholding. No other financial assistance is received from any government.
EC5	Range of ratios of standard entry wage level compared to local minimum wage at significant locations of operation.		N/A	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. In Scandinavia and Poland, where we have the majority of our direct employees, salary levels are subject to union negotiations. Since 1998, Statoil has also had a collaboration agreement with the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), covering all Statoil employees in all our countries of operation, which commits us to pay fair wages and provide benefits according to generally accepted industry standards in the country concerned. Moreover, the agreement further commits us to all fundamental labour rights, as well as relevant health, safety and environmental standards.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Local content; Promoting local opportunities; Overview of activities by country; Social performance data	Full	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Local content; Overview of activities by country; Social performance data	Partial	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Managing our risk and impacts; Local development; Local content; Social investments; Overview of activities by country	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 charity purposes.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Managing our risk and impacts; Local development; Local content; Social investments; Overview of activities by country	Full	

Environment

Disclosures on Management Approach	
Materials	Managing our risks and impacts; Environment; Climate
Energy	Environment; Climate; Energy Efficiency; Electrification of offshore installations
Water	Environment; Water management in Statoil; Sustainable shale gas development
Biodiversity	Environment; Biodiversity
Emissions, effluents, and waste	Environment; Climate; Natural gas; Statoil and flaring; Electrification of offshore installations; Investing in renewables; Carbon capture and storage
Products and services	Environment; Our products; Stimulating use of environmentally responsible fuels
Compliance	Fines and sanctions
Transport	Sustainable shipping strategy
Overall	Environment; Climate; Investing in renewables

G3	Description	References	Extent	Comments
EN1	Materials used by weight or volume.	Environmental posters	Full	Statoil's currently operated business is taking place in Norway and Denmark; hence data for international activities regarding this indicator is negligible.
EN2	Percentage of materials used that are recycled input materials		Not reported	Not relevant for current main stream business, as our main product is oil and gas.
EN3	Direct energy consumption by primary energy source.	Environmental posters; HSE accounting	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.	Environmental posters; HSE accounting	Full	
EN5	Energy saved due to conservation and efficiency	Energy efficiency	Full	

	improvements.			
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Energy efficiency; Carbon capture and storage; Wind energy	Full	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Combined heat and power at Mongstad	Full	
EN8	Total water withdrawal by source.	Environmental posters	Partial	Total water withdrawal available in each environmental data page, but not split on sources.
EN9	Water sources significantly affected by withdrawal of water.	Sustainable shale gas development; Case study: Our Canadian oil sands; Water management in Statoil	Partial	
EN10	Percentage and total volume of water recycled and reused.		Not reported	Our main current business (Statoil operated) is located offshore or in areas where water scarcity is of little relevance. Scarcity is of some relevance in Canada. Produced water from offshore activities is treated or injected.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Biodiversity	Full	
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Biodiversity	Full	
EN13	Habitats protected or restored.	Biodiversity	Full	
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	Biodiversity	Full	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		N/A	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.	HSE accounting; Environmental posters	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.		Not reported	The main contributors to greenhouse emissions from our business are direct emissions of carbon dioxide and methane. Indirect GHG emissions are negligible.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Energy efficiency; Carbon capture and storage	Full	
EN19	Emissions of ozone-depleting substances by weight.		Not reported	The remaining use of freon (ozone depleting substance) is as cooling component in closed systems. Until 2015 we are under a 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, sulfur oxide and other significant air emissions by type and weight.	HSE accounting; Environmental posters	Partial	Total emissions of nitrogen oxide covered for the whole company. Sulfur 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.	Environmental posters	Full	
EN22	Total weight of waste by type and disposal method.	HSE accounting; Environmental posters	Full	
EN23	Total number and volume of significant spills.	HSE accounting; Environmental posters	Full	
EN24	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	Import or export of hazardous waste is not relevant to our main stream operations.
EN25	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.	Biodiversity	Partial	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Carbon capture and storage; Energy efficiency	Full	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		Not reported	Statoil ASAis selling gross volumes of products in bulk or directly into the customers' car, hence packing material is not an issue at corporate level. For non-fuel products there are several national level initiatives to recycle used materials. Statoil Fuel and Retail activites are members of local packaging recovery organisations. For example, four of Statoil's subsidiaries were members of PRO Europe during 2010.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fines and sanctions	Full	
EN29	Significant environmental impacts of transporting products		Not	The emissions are partially covered by other topics / GRI

	and other goods and materials used for the organisation's operations, and transporting members of the workforce.	reported	indicators.
EN30	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	People and the group; Employees in Statoil
Labour/Management relations	Employee and industrial relations; Organisational capabilities and change; Human rights
Occupational health and safety	Safety; Health and the workplace
Training and education	Development and deployment; Organisational capabilities and change
Diversity and equal opportunity	Diversity

G3	Description	References	Extent	Comments
LA1	Total workforce by employment type, employment contract and region.	Employees in Statoil	Full	Statistics regarding employment contract (full time or part time employees) are currently not applicable outside Norway.
LA2	Total number and rate of employee turnover by age group, gender and region.	Employees in Statoil	Full	Turnover rates are presented by gender and age groups in Statoil ASA. Turnover by region and turnover by gender and age groups are currently not applicable outside Norway.
LA3	Benefits provided to full time employees that are not provided to temporary or part time employees, by major operations.		N/A	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.	Employee and industrial relations; Social performance data	Full	Statoil recognise the right to unionise. See also Global Framework Agreement with ICEM. Link: http://www.icem.org/index.php?id=107&la=EN&doc=1219.
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Employee and industrial relations	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	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	Employee and industrial relations	Partial	
LA7	Rates of injuries, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	HSE performance indicator	Partial	Occupational diseases are included in SIF (level 1 and 2), but are not reported separately. Reporting is provided on group level, not regional level.
LA8	Education, training, counselling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.	Health and the workplace	Full	
LA9	Health and safety topics covered in formal agreements with trade unions.	Employee and industrial relations	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.	Development and deployment	Full	The human resource system in Statoil operates with course participation days. Average participation days per employee category is currently not applicable in Statoil's human resource system.
LA11	Programs for skilled management and lifelong learning to support their continued employability and to assist them in managing career endings.	Development and deployment	Partial	Covered by different programs, individual needs discussed in "People@Statoil" process. Aspecial "senior policy" is defined in the parent company.
LA12	Percentage of employees receiving regular performance and career development reviews.	Development and deployment	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.	Employees in Statoil; Diversity; Social performance data	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.	Performance and reward; Social performance data	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
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Integrating human rights in our operations; Integrated impact assessments; Integrity due	Partial	We do not report specifically on the percentage or total number of such agreements as we do not find this a meaningful indicator. We have a variety of processes to

		diligence		screen, assess and mitigate human rights related risks in our operations, as described in our report.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Integrating human rights in our operations; Working with our suppliers; Integrity due diligence	Full	We do not report specifically on the percentage of significant suppliers as we do not find this a meaningful indicator. 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.
HR3	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.	Human rights training	Partial	We do not report on the total hours of human rights training as we do not find this to be a meaningful indicator.
HR4	Total number of incidents of discrimination and actions taken.	Human rights	Not reported	We do not report on this indicator due to the difficulty in collecting and reporting accurately on this information. However, incidents of discrimination can be raised through various channels - eg 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.
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.	Human rights; Integrating human rights in our operations; Employee and industrial relations	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 2010.
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Human rights; Integrating human rights in our operations; Employee and industrial relations	Full	We perform due diligence as part of our entry into countries and projects in order to avoid child labour. No related incidents have been reported to the anonymous ethics helpline, human resources department or trade unions in 2010.
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 labor.	Human rights; Integrating human rights in our operations; Employee and industrial relations	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 2010.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Security and human rights	Full	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human rights; Integrating human rights in our operations	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 2010.

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
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Managing our impacts; Integrated impact assessments; Engaging communities	Partial	
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Ethics and anti-corruption	Full	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Ethics and anti-corruption	Full	
SO4	Actions taken in response to incidents of corruption.	Ethics and anti-corruption	Full	
SO5	Public policy positions and participation in public policy development and lobbying.	Stakeholder engagement; Working in collaboration; Social performance data; Natural gas; Climate partnership; Learning from the Macondo accident; Why oil sands?	Partial	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		N/A	Statoil does not support individual political parties or individual politicians.
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		Full	No legal actions in this area in 2010
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fines and sanctions	Full	

Product Responsibility

Disclosures on Management Approach	
Customer health and safety	Our products
Product and service labeling	Our products

Marketing communications	Our products; About Statoil
Compliance	Fines and sanctions

G3	Description	References	Extent	Comments
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Our Products	Partial	
PR2	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.		Partial	Reports from Denmark, Norway and Sweden show no incidents of such non-compliance.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Our Products	Full	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		Partial	During 2010 there have been 120 contaminations according to our HSE reporting tool.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Stakeholder engagement	Partial	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	About Statoil	Full	We follow Norwegian and local legislation and we always obtain internal legal approval before we enter into a sponsorship or before we start running an advertising campaign.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		Not reported	Nothing to report for 2010
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fines and sanctions	Full	There have not been any substantiated complaints during 2010.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	HSE accounting; Fines and sanctions	Full	Statoil Norge AS was fined NOK 0.8 million in 2010 by The National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim) for over-filling a cistern at Sjursøya that led to a leakage of 100 cubic metres of oil products to the ground in 2009.

UN Global Compact Index

United Nations Global Compact Index

GC Area	Principles		References
Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	Society (overview) Human rights
	Principle 2	Make sure that they are not complicit in human rights abuses	Human rights Integrating human rights in our operations Human rights training Security and human rights Grievance mechanisms Working with our suppliers
Labour	Principle 3	Businesses should uphold the freedom of assocation and the effective recognition of the right to collective bargaining	Human rights People and the group Employee and industrial relations
	Principle 4	The elimination of all forms of forced and compulsory labour	Human rights Managing our risks and impacts Working with our suppliers
	Principle 5	The effective abolition of child labour	Human rights Managing our risks and impacts Working with our suppliers
	Principle 6	The elimination of discrimination in respect of employment and occupation	Human rights People and the group Diversity
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges	CEO Letter Health, Safety, Climate and the Environment Environment Climate Managing our risks and impacts
	Principle 8	Undertake initiatives to promote greater environmental responsibility	Health, Safety, Climate and the Environment Environment Climate Natural gas Carbon capture and storage Research and development Water management in Statoil Sustainable shale gas development Our products
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies	Health, Safety, Climate and the Environment Environment Climate Research and development Environmental technology Oil spill response in the Arctic Environmental monitoring
Anti-corruption	Principle 10	Businesses should work against all forms of corruption, including extortion and bribery	Society Ethics and transparency Transparency Ethics and anti-corruption