

# Proposal from shareholders and response from the board of directors

## Item 9 for Statoil's annual general meeting 15 May 2018

### Proposal from shareholder regarding business transformation from producing energy from fossil sources to renewable energy

A shareholder has proposed the following:

*"As provided by Section 5-11 of the Public Limited Liability Companies Act I, as a shareholder, ask that the following matter be presented for discussion and vote at Statoil's annual general meeting on 15 May 2018.*

*Business is booming for Statoil, and we shareholders note with satisfaction that we will get dividends also this year. But when the reason for the big profit may be at the expense of future generations, both the Grandparents' Climate Campaign and I find it hard to pop the champagne corks. The phrase «what's good for Statoil is also good for Norway» belongs to a time long gone. Because Norway is part of the world, and the Paris Agreement's aim of limiting man-made contribution to global warming to max. 1.5 C is losing credibility. One important reason for this is the fossil industry's continued exploration for and production of new coal, oil and gas resources, also on the Norwegian continental shelf, with the blessing of the Norwegian State. Reserves that should be left in the ground for future generations. True, the environmental groups lost the first round of their lawsuit against the State for violation of Section 112 of the Norwegian Constitution, but the judgment was appealed, and the final result is uncertain. While the lawsuit is proceeding, Statoil is actively pursuing new fossil discoveries in the Arctic Ocean, buying goodwill through big advertisements in magazines with pictures of happy children; «Heroes of Tomorrow»! I doubt that they will keep smiling as adults when they discover Statoil's contribution to the goals of the Paris Agreement, and the hope of leaving future generations a habitable planet is becoming a beautiful, but unrealistic dream.*

*Statoil CEO Eldar Sætre said to Norwegian national daily, Aftenposten, on 10 October last year that he would like to see a reduction of global demand, and an increase in Statoil's production, while also expressing that Statoil would like to see the number of customers decline, because he wanted people to switch to electric cars, as the electricity will then be produced with the lowest possible emissions. This is not logical. Statoil should immediately take the necessary consequences of its desire for an electric future by investing more in renewable energy production rather than fossil and polluting combustion energy.*

*I will therefore ask the annual general meeting to support the following shareholder proposal:*

*The board will present a strategy for business transformation from producing energy from fossil sources to renewable energy to ensure the company's long-term sustainability, and shareholder value. In the strategy, the transformation is assumed to be based on the following intermediate objectives:*

- 1. Full phasing out of all new exploration activity and exploratory drilling for fossil energy resources by 2021.*
- 2. Full focus on renewable energy development and production offshore and onshore, aiming at an energy balance between produced fossil and renewable energy by 2030.*
- 3. Funds saved through reduced investments in and farm-down of fossil energy production are assumed to be transferred to investments in renewable energy production.*

*The strategy, including environmental impact assessment, to be presented in the annual report for 2018/2019."*

Guttorm Grundt  
Shareholder

## **The board's response to item 9 "Proposal from shareholder regarding business transformation from producing energy from fossil sources to renewable energy" raised to Statoil ASA's annual general meeting 15 May 2018**

Statoil's object is defined in the company's articles of association article 1, which reads that the company's "object (...) is to engage in the exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, and other forms of energy".

Climate change represents one of the greatest challenges of our time. Statoil was an active supporter of the work towards an extensive and ambitious climate agreement with COP21 in Paris in 2015. The company has as an integrated part of the company's strategy work established a roadmap with a holistic approach to the climate issue. Statoil's climate roadmap presents clear reduction targets for own climate emissions and growth within the area of new energy solutions and renewables.

Changing the world's energy system in order to meet the growing global energy demand in a more sustainable way is a considerable challenge. Significant renewable energy investments are required. At the same time the most respected forecasters expect that also in a low-carbon society, there will be a substantial need for oil and gas in order to meet the global energy demand for several decades, including by gas replacing coal. Declining production from existing fields means that the world over time depend on new resources being brought to the market.

Statoil's ambition is to remain one of the world's most carbon efficient oil and gas producers. In parallel, the company will further develop a position within renewable energy. This will enable us to continue to create value for our shareholders in a sustainable way. Statoil is also involved in technology development and industrial cooperation both in Norway and internationally aimed at assisting to reduce both CO<sub>2</sub> and methane emissions.

Furthermore, the board stresses the importance of complying with the principles of good corporate governance, hence the company's strategy is to be determined by the board.

Based on the above, the board of directors recommends the annual general meeting to vote against the proposal.

## Item 10 for Statoil's annual general meeting 15 May 2018

### Proposal from shareholder to abstain from exploration drilling in the Barents Sea

A shareholder has proposed the following:

*"In reference to the Norwegian public limited liability companies act/Lov om allmennaksjeselskaper; III. Innkalling til generalforsamling § 5-11. Aksjeeieres rett til å få saker behandlet på generalforsamlingen, we hereby request that the following matter be added to the agenda for discussion and voting at the coming Statoil AGM 2018.*

#### *Background:*

*On 18 May 2016, the Government of Norway represented by the Ministry of Petroleum and Energy resolved to offer 13 companies ten production licenses for petroleum. The production licenses were awarded and ratified by Cabinet Order on 10 June 2016 (License decision). Two of the license blocks includes the prospects Korp fjell located in PL859 and Gjøkåsen in PL857.*

*On 18th October 2016 the validity of this Licensing Decision became subject to a legal challenge. On that day a writ was filed to the Oslo District Court against the decision of the Government of Norway represented by the Ministry of Petroleum and Energy. The Plaintiffs in the case are Greenpeace Norden and Natur og Ungdom.*

*The so-called climate lawsuit was heard between 14.-22. of November 2017 in Oslo district court. The judgement came on January 4th. In the judgement, the district court affirms that Norwegian citizens have a right to a healthy environment by §112 in the Constitution. However, the judgement acquitted the Norwegian state's decision to distribute the licenses. In the judgment Oslo district Court ruled that the emissions associated with the incineration of Norwegian-produced oil abroad are not covered by the Constitution's environmental act.*

*On February 5th, the plaintiffs appealed the judgement, and the judgment is therefore not enforceable. As of 17.03.2018, the Supreme Court appeals committee are considering the direct appeal to the Supreme Court, at the request of the plaintiffs, who believe that this is a case, which out of consideration to the climate impacts the ten oil licenses will have, needs an urgent clarification in the judicial system.*

*The License decision, the exploration activity and petroleum production connected to potential discoveries will cause extensive negative environmental consequences. These negative consequences are as it is stated in the appeal of the climate lawsuit, contrary to section 112 of the Constitution.*

*The climate lawsuit raises central environmental issues, which goes to the core of the Norwegian Constitution. Whilst the parties to the case await further processing, it will therefore be irresponsible for any company to start oil activity, regardless of its nature, in the relevant license areas, including PL859 and PL857. Statoil should therefore not initiate further drilling operations until the validity of the licenses is settled in court.*

#### *Resolution:*

*Statoil refrains from drilling exploration wells in PL859 (Korp fjell) and PL857 (Gjøkåsen) whilst the question of whether the licenses granted in the 23rd licensing round are illegal and violate the Norwegian Constitution is still pending in the court system."*

## **The board's response to item 10 "Proposal from shareholder to abstain from exploration drilling in the Barents Sea" raised to Statoil ASA's annual general meeting 15 May 2018**

Climate change represents one of the greatest challenges of our time. Statoil supports the ambitions of the Paris agreement and fully recognises the need for the oil and gas industry's contributions through actions to limit global warming. Statoil's ambition is to remain one of the world's most carbon efficient oil and gas producers.

Production licences 859 and 857 were awarded in the 23<sup>rd</sup> licensing round in accordance with current legislation, after a thorough impact assessment and with broad support following an ordinary democratic process in the Norwegian Parliament. In its judgment of 4 January 2018, Oslo District Court concluded that the Norwegian Government's decision to award production licenses in the 23<sup>rd</sup> licensing round was valid. The judgment is appealed, but the appeal does not imply any order to stop the activity. Through its agreements with Norwegian authorities the company has committed to undertake a fixed work programme, and must comply with this legally binding commitment, including drilling wells in these two licences.

Petroleum activities have taken place in the Barents Sea since 1980, and both relevant authorities and the industry have extensive experience in managing operations in this part of the Norwegian continental shelf. The board of directors is of the opinion that the company has made the necessary preparations to ensure that the operations are carried out in the best possible manner, and that environmental risks are reduced to the lowest possible level. In 2017 Statoil, as the operator, performed exploration drilling in licences PL855 and PL859 awarded in the 23<sup>rd</sup> licensing round, in addition to three other previously awarded licences. Comprehensive analysis, risk reduction measures and thorough contingency plans are important prerequisites to all Statoil's operations. The 2017 results demonstrate that this work has been successful, and the company is equally prepared for this year's exploration wells in the Barents Sea.

Based on the above, the board of directors recommends the annual general meeting to vote against the proposal.