

# 2014

Board Statement  
on Corporate Governance



Statoil

2014

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# Board Statement on Corporate Governance

This publication is the Statoil Board of Directors' statement on corporate governance, part of the Statutory report.

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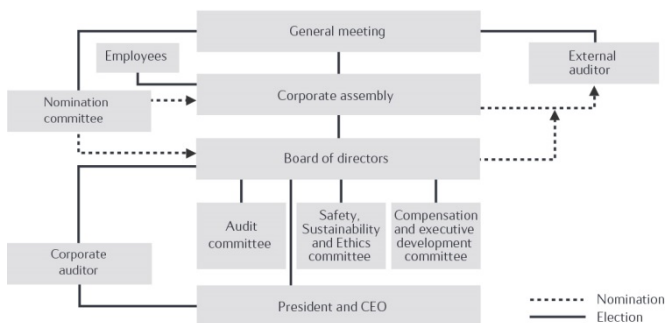
Cover photo: Harald Pettersen



## Board statement on corporate governance

To ensure sound corporate practice, Statoil's organisation is structured and managed in accordance with the Norwegian Code of Practice for Corporate Governance.

## Nominations and elections – Statoil ASA



Statoil's board of directors actively adheres to good corporate governance standards and will at all times ensure that Statoil either complies with the Norwegian Code of Practice for Corporate Governance (the "Code") or explains possible deviations from the Code. The topic of corporate governance is subject to regular assessment and discussion by the board, which has also considered the text of this chapter at a board meeting. The Code can be found at [www.nues.no](http://www.nues.no).

The Code covers 15 topics, and the board statement covers each of these topics and describes Statoil's adherence to the Code. The statement describes the foundation and principles for Statoil's corporate governance structure, while more detailed factual information can be found on our website, in our Annual Report on Form 20-F and in our Sustainability Report. Links to relevant information on our website are included in the statement. Information concerning corporate governance that Statoil is obliged to disclose pursuant to Section 3-3 b of the Norwegian Accounting Act is included in the statement below.

The information required by the Accounting Act is included in this statement as follows:

1. "An overview of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with": Described in this introduction as well as in section 1 below, "Implementation and reporting".
2. "Information on where the recommendations and regulations mentioned in no 1 are available to the public": Described in this introduction.
3. "Reasons for any non-conformance with recommendations and regulations mentioned in no 1": There are two deviations from the Code's recommendations, one in section 6 "General meetings" and the other in section 14 "Take-overs". The reasons for these deviations are described under the respective sections of this statement.
4. "A description of the main elements in the enterprise's, and for entities that prepare consolidated financial statements, also the Group's (if relevant) internal control and risk management systems linked to the financial reporting process": Described in section 10 "Risk management and internal control".
5. "Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act": Described in section 6 "General meetings".
6. "The composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees": Described in section 8 "Corporate assembly and board" and section 9 "The work of the board of directors".
7. "Articles of Association governing the appointment and replacement of Directors": Described in section 8 "Corporate assembly and board" under the sub-heading "Composition of the board of directors".
8. "Articles of Association and authorisations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates": Described in section 3 "Equity and dividends".

# 1 Implementation and reporting

**The board of directors focuses on maintaining a high standard of corporate governance in line with Norwegian and international standards of best practice.**

Statoil ASA is a Norwegian-registered public limited liability company with its primary listing on the Oslo Stock Exchange (Oslo Børs), and the foundation for the Statoil group's governance structure is Norwegian law. Our share is also listed on the New York Stock Exchange (NYSE), and we are subject to the listing requirements of NYSE and the requirements of the US Securities and Exchange Commission.

For the board, good corporate governance is a prerequisite for a sound and sustainable company, and our corporate governance is based on openness and equal treatment of our shareholders. Our governing structures and controls help to ensure that we run our business in a justifiable and profitable manner for the benefit of our employees, shareholders, partners, customers and society. We continuously consider prevailing international standards of best practice when defining and implementing company policies, as we believe that there is a clear link between high-quality governance and the creation of shareholder value.

At Statoil, the way we deliver is as important as what we deliver. The Statoil Book, which addresses all Statoil employees, sets the standards for our behaviour, our delivery and our leadership.

Our values guide the behaviour of all Statoil employees. Our corporate values are "courageous", "open", "hands-on" and "caring". Both our values and ethics are treated as an integral part of our business activities. Our Ethics Code of Conduct is further described under the heading Risk management and internal control.

We also focus on managing the impacts of our activities on people, society and the environment, in line with our corporate policies for health, safety, security, ethics and sustainability, including corporate social responsibility (CSR). Areas covered by these policies include human rights and labour standards, transparency and anti-corruption, local hiring and procurement, health and safety, the working environment, security and broader environmental issues.

Our governance and management system is further elaborated on our website at [Statoil.com/cg](http://Statoil.com/cg), where shareholders and other stakeholders can explore any topic of particular interest in more detail and easily navigate to related documentation.

Deviations from the Code: None

## 2 Business

**Statoil is an upstream, technology driven energy company that is primarily engaged in oil and gas exploration and production activities.**

Our headquarters are in Stavanger, Norway, and we have business operations in 36 countries and territories and approximately 23,000 employees worldwide. Statoil ASA is a public limited liability company organised under the laws of Norway and subject to the provisions of the Norwegian act relating to public limited liability companies (the Norwegian Public Limited Liability Companies Act). The Norwegian State is the largest shareholder in Statoil ASA, with a direct ownership interest of 67%. We are the leading operator on the Norwegian continental shelf (NCS) and are also expanding our international activities.

Statoil is among the world's largest net sellers of crude oil and condensate and is the second-largest supplier of natural gas to the European market. We also have substantial processing and refining operations, contribute to the development of new energy resources, have ongoing activities in the areas of offshore wind and biofuels, and are at the forefront of the implementation of technology for carbon capture and storage (CCS).

Our objective is defined in our articles of association ([Statoil.com/articlesofassociation](http://Statoil.com/articlesofassociation)). We shall, either on its own or through participation in or together with other companies, engage in exploration, production, transportation, refining and marketing of petroleum and petroleum-derived products, and other forms of energy, as well as other business.

The board and management have formulated a corporate strategy and supporting business area strategies. They have been translated into concrete objectives and targets to align strategy execution across the company. We aim to grow and enhance value through our technology-focused upstream strategy, complemented by selective positions in the midstream and in low-carbon technologies.

To succeed going forward we continue to focus strategically on the following:

- Sustaining leading exploration company performance
- Taking out the full value potential of the Norwegian Continental Shelf (NCS)
- Strengthening our global offshore positions
- Maximising the value of our onshore positions
- Creating enhanced value from midstream solutions
- Continuing portfolio management to enhance value creation
- Utilising oil and gas expertise and technology to open new renewable energy opportunities

In pursuing our corporate objective, we are committed to the highest standard of governance and to cultivating a values-based performance culture that rewards exemplary ethical practices, respect for the environment and personal and corporate integrity. We believe that there is a link between high-quality governance and the creation of shareholder value.

Deviations from the Code : None

## 3 Equity and dividends

**It is Statoil's ambition to grow the annual cash dividend, measured in NOK per share, in line with long term underlying earnings.**

### Shareholders' equity

The company's shareholders' equity at 31 December 2014 amounted to NOK 380.8 billion (excluding NOK 0.4 billion in non-controlling interest, minority interest), equivalent to 39% of the company's total assets. The board considers this to be satisfactory given the company's requirement for financial soundness in relation to its expressed goals, strategy and risk profile.

If a mandate was to be granted to the board of directors to increase the company's share capital, such mandate would be restricted to a defined purpose. If the general meeting is to consider mandates to the board of directors for the issue of shares for different purposes, each mandate would be considered separately by the meeting.

### Dividend policy

In 2014 Statoil implemented quarterly dividend payments. The board approves 1Q -3Q interim dividends, based on an authorization from the annual general meeting (AGM), while the AGM approves the 4Q dividend based on a proposal from the board. The shareholders at the AGM may vote to reduce, but may not increase, the fourth quarter dividend proposed by the board of directors. It is Statoil's intention to have this authorization approved by the AGM. Statoil announces dividend payments in connection with quarterly results. Payment of quarterly dividends is expected to take place approximately four months after the announcement of each quarterly dividend. Hence, in 2014 Statoil paid the 2013 annual dividend and two quarterly dividends.

The board of directors updated the dividend policy in 2014 to reflect the quarterly payment frequency, as follows:

It is Statoil's ambition to grow the annual cash dividend, measured in NOK per share, in line with long term underlying earnings. Statoil announces dividends on a quarterly basis. The board approves 1Q -3Q interim dividends based on an authorisation from the general meeting, while the annual general meeting approves the 4Q (and total annual) dividend based on a proposal from the board. When deciding the interim dividends and recommending the total annual dividend level, the board will take into consideration expected cash flow, capital expenditure plans, financing requirements and appropriate financial flexibility. In addition to cash dividend, Statoil might buy back shares as part of total distribution of capital to the shareholders.

### Buy-back of own shares for subsequent annulment

In addition to a cash dividend, Statoil might buy back shares as part of the total distribution of capital to the shareholders. At the annual general meeting on 14 May 2014, the board was authorised to acquire in the market, on behalf of the company, Statoil ASA shares with a face value of up to NOK 187,500,000. Within minimum and maximum prices of NOK 50 and NOK 500, respectively, the board was authorised to decide at what price and at what time such acquisition should take place. Own shares acquired pursuant to this authorisation could only be used for annulment through a reduction of the company's share capital, pursuant to the Public Limited Companies Act section 12-1. It was also a precondition for the repurchase and the annulment of own shares that the state's ownership interest in Statoil ASA was not changed. In order to achieve this, a proposal for the redemption of a proportion of the state's shares, so that the state's ownership interest in the company remains unchanged, would also be put forward at the later general meeting which was to decide the annulment of the repurchased shares. The authorisation was valid until the next ordinary general meeting. As of 1 March 2015, the board has not used this authorisation to buy back own shares for subsequent annulment.

### Purchase of own shares for use in the share savings programme

Since 2004, Statoil has had a share savings plan for its employees. The purpose of this plan is to strengthen the business culture and encourage loyalty through employees becoming part-owners of the company. The annual general meeting annually authorises the board to acquire Statoil shares in the market in order to continue implementation of the employees share savings plan. The authorisation remains valid until the next annual general meeting, but no longer than until 30 June the following year.

On 14 May 2014, the board was authorised on behalf of the company to acquire Statoil ASA shares for a total nominal value of up to NOK 27,500,000 for use in the share savings plan for own employees.

Deviations from the Code: None

## 4 Equal treatment of shareholders and transactions with close associates

### Equal treatment of all shareholders is a core governance principle in Statoil.

Statoil has one class of shares, and each share confers one vote at the general meeting. The articles of association contain no restrictions on voting rights and all shares have equal rights. The nominal value of each share is NOK 2.50. The repurchase of own shares for use in the share savings programme for employees (or, if applicable, for subsequent cancellation) is carried out through the Oslo Stock Exchange.

#### The Norwegian State as majority owner

The Norwegian State is the majority shareholder of Statoil and also holds major investments in other Norwegian companies. As of 31 December 2014 the Norwegian State had an ownership interest in Statoil of 67% (excluding the Folketrygdfondet [Norwegian national insurance fund] ownership interest of 3,12%). This ownership structure means that Statoil participates in transactions with many parties that are under a common ownership structure and therefore meet the definition of a related party. All transactions are considered to be on an arm's length basis. The State's ownership interest in Statoil is managed by the Norwegian Ministry of Petroleum and Energy.

The Norwegian State's ownership policy is that the principles in the Norwegian Code of Practice for Corporate Governance will apply to state ownership and the Government has stated that it expects companies in which the State has ownership interests to adhere to the Code. The principles are presented in the State's annual ownership reports.

Contact between the State as owner and ourselves takes place in the same manner as for other institutional investors. In all matters in which the State acts in its capacity as shareholder, exchanges with the company are based on information that is available to all shareholders. We ensure that, in any interaction between the Norwegian State and Statoil, a distinction is drawn between the State's different roles.

The State has no appointed board members or members of the corporate assembly in Statoil. As majority shareholder, the State has appointed a member of Statoil's nomination committee.

#### Sale of the State's oil and gas

Pursuant to Statoil's articles of association, Statoil markets and sells the Norwegian State's share of oil and gas production from the Norwegian continental shelf together with its own production. The Norwegian State has a common ownership strategy aimed at maximising the total value of its ownership interests in Statoil and its own oil and gas interests. This is incorporated in the marketing instruction, which obliges Statoil, in its activities on the Norwegian continental shelf, to emphasise these overall interests in decisions that may be of significance to the implementation of the sales arrangements.

The state-owned oil company Petoro AS handles commercial matters relating to the Norwegian State's direct involvement in petroleum activities on the Norwegian continental shelf and pertaining activities.

#### Other transactions

In relation to its ordinary business operations such as pipeline transport, gas storage and processing of petroleum products, Statoil also has regular transactions with certain entities in which Statoil has ownership interests. Such transactions are carried out on an arm's length basis.

#### Requirements for board members and management

It follows from our Ethics Code of Conduct, which also applies to board members, that individuals must behave impartially in all business dealings and not give other companies, organisations or individuals improper advantages. All directorships, employment or other assignments held or carried out by Statoil employees in other enterprises which have, or may expect to have, commercial relations with Statoil, must be approved by Statoil.

The board's rules of procedures state that members of the board and the chief executive officer may not participate in the discussion or decision of issues which are of special personal importance to them, or to any closely-related party, so that the individual must be regarded as having a major personal or special financial interest in the matter. Each board member and the chief executive officer are individually responsible for ensuring that they are not disqualified from discussing any particular matter. Members of the board are obliged to disclose any interests they themselves or their closely-related parties may have in the outcome of a particular issue. The board must approve any agreement between the company and a member of the board of directors or the chief executive officer. The board must also approve any agreement between the company and a third party in which a member of the board or the chief executive officer may have a special interest. Each member of the board shall also continually assess whether there are circumstances which could undermine the general confidence in the board member's independence. It is incumbent on each board member to be especially vigilant when making such assessments in connection with the board's handling of transactions, investments and strategic decisions. The board member shall immediately notify the chairman of the board if such circumstances are present or arise and the chairman of the board will determine how the matter will be dealt with.

Deviations from the Code: None

## 5 Freely negotiable shares

**Statoil's articles of association contain no form of restriction on the negotiability of its shares.**

Statoil's primary listing is on the Oslo Stock Exchange. Our American Depositary Rights (ADRs) are traded on the New York Stock Exchange. Each Statoil ADR represents one underlying ordinary share.

The shares and ADRs are freely negotiable.

Deviations from the Code : None

## 6 General meetings

**The general meeting of shareholders is Statoil's supreme corporate body. It serves as a democratic and effective forum for interaction between the company's shareholders, board of directors and management.**

The board has taken steps to ensure that as many shareholders as possible may exercise their rights at Statoil's general meetings and that the general meetings are an effective forum for shareholders' decision-making and exchange of views between the shareholders and the board.

### Notification

Notice of a general meeting and documents relating to the meeting are published on Statoil's website and notice is sent to all shareholders with a known address at least 21 days prior to the meeting. Shareholders who have registered for electronic distribution will receive a notice of the meeting electronically. All shareholders who are registered in the Norwegian Central Securities Depository (VPS) receive an invitation to general meetings. Other documents relating to Statoil's general meetings will be made available on Statoil's website. A shareholder can nevertheless request that documents relating to matters to be considered by the general meeting be sent to him/her.

Shareholders are entitled to have a proposal considered at the general meeting if the proposal has been submitted in writing to the board of directors in sufficient time to enable it to be included in the notice of meeting, no later than 28 days before the meeting.

### Registration, voting and proxies

Registration for a general meeting can be done by e-mail, online or by mail. The board encourages as many shareholders as possible to participate in decisions at the general meetings and shareholders who are prevented from attending in person may vote in advance in writing, including electronic communication, or by proxy. A proxy slip with instructions for use is distributed with the notice of the meeting, enabling the shareholder to give someone else proxy for each item on the agenda. Shareholders can vote separately on each candidate nominated for election to the corporate assembly and the nomination committee. As Statoil has a corporate assembly, members to the board of directors are elected by the corporate assembly where voting separately on each nominated candidate is also possible.

If shares are registered by a nominee in the VPS register, cf. section 4-10 of the Norwegian Public Limited Liability Companies Act, and the beneficial shareholder wants to vote for their shares, the beneficial shareholder must re-register the shares in a separate VPS account in their own name prior to the general meeting. If the holder can prove that such steps have been taken and that the holder has a de facto shareholder interest in the company, the holder may, in the company's opinion, vote for the shares. Decisions regarding voting rights for shareholders and proxy holders are made by the person opening the meeting, whose decisions may be reversed by the general meeting by a simple majority vote.

### Procedures

Pursuant to the company's articles of association, the annual general meeting (AGM) must be held by the end of June each year.

A general meeting is normally opened and chaired by the chair of the corporate assembly. If there is a dispute concerning individual matters and the chair of the corporate assembly is closely related to one of the disputing parties, or is for some other reason not perceived as being impartial, another person will be appointed to chair the general meeting in order to ensure impartiality in relation to the matters to be considered. General meetings are conducted in Norwegian and translated simultaneously into English. Because Statoil has a large number of shareholders with a wide geographical distribution, the company offers its shareholders an opportunity to follow general meetings by webcast, with simultaneous translation into English.

All shares carry an equal right to vote at general meetings. Resolutions at general meetings are normally passed by simple majority. However, Norwegian company law requires a qualified majority for certain resolutions, including resolutions to waive preferential rights in connection with any share issue, approval of a merger or demerger, amendment of the articles of association or authorisation to increase or reduce the share capital. These matters require the approval of at least two-thirds of the aggregate number of votes cast as well as two-thirds of the share capital represented at the general meeting. The Norwegian Public Limited Liability Companies Act has in addition certain regulations (section 5-19 and 5-20) requiring 9/10 and unanimity from all shareholders.

Minutes of a general meeting are made available on Statoil's website at [Statoil.com/annualgeneralmeeting](http://Statoil.com/annualgeneralmeeting) immediately after the meeting.

The following matters are decided at the AGM:

- Election of the shareholders' representatives to the corporate assembly and stipulation of the corporate assembly's fees;
- Election of the nomination committee and stipulation of the nomination committee's fees;
- Election of the external auditor and stipulation of the auditor's fee;
- Approval of the board of directors' report, the financial statements and any dividend, as proposed by the board of directors and recommended by the corporate assembly; and
- Any other matters listed in the notice convening the AGM.

At Statoil's AGM on 14 May 2014, 77,93% of the share capital was represented either by advance voting, in person or by proxy.

#### **Deviations from the Code:**

The Code recommends that the board of directors, the nomination committee and the company's auditor are present at the general meetings. Due to the nature of the discussions at general meetings, Statoil has not deemed it necessary to require the presence of all members of the board of directors and the nomination committee. The chair of the board, the CEO and the chair of the nomination committee are, however, always present at general meetings, as well as our external auditor and other members of management.

## 7 Nomination committee

### **The nomination committee currently consists of four members who are shareholders or elected by the shareholders.**

The duties of the nomination committee are laid down in the articles of association, and the rules of procedure for the committee are decided by the general meeting of shareholders. The board considers all members of the nomination committee to be independent of Statoil's management and board of directors. The committee's tasks are to submit nominations to:

- The annual general meeting concerning the election of shareholder-elected members and deputy members of the corporate assembly, and the remuneration of members of the corporate assembly;
- The annual general meeting concerning the election and the remuneration of members of the nomination committee;
- The corporate assembly concerning the election of shareholder-elected members of the board of directors and the remuneration of the members of the board of directors, and
- The corporate assembly concerning the election of the chair and the deputy chair of the corporate assembly.

The nomination committee invites in writing Statoil's largest shareholders to propose shareholder-elected candidates of the corporate assembly and the board of directors, as well as members of the nomination committee. The shareholders are also invited to provide input to the nomination committee in respect of the composition and competence of Statoil's governing bodies in light of Statoil's strategies and challenges going forward. In addition, all shareholders have an opportunity to submit proposals through an electronic mailbox on our website. In the board nomination process, the board shares with the nomination committee the results from the annual, externally facilitated board evaluation with input from both management and the board. Separate meetings are held between the nomination committee and each board member, including employee-elected board members. The chair of the board and the chief executive officer are invited, without having the right to vote, to attend at least one meeting of the nomination committee before it makes its final recommendations. The committee regularly utilises external expertise in its work.

The members and the chair of the nomination committee are elected by the general meeting of shareholders. Two of the members are elected from among the shareholder-elected members of the corporate assembly. Members of the nomination committee are normally elected for a term of two years. The general meeting decides the remuneration of the nomination committee.

At the annual general meeting on 14 May 2014, Olaug Svarva, Tom Rathke and Elisabeth Berge were re-elected as members of the nomination committee and Tone Lunde Bakker was elected as a new member of the nomination committee for the period up until the annual general meeting in 2016. Johan A. Alstad was re-elected as personal deputy member for Elisabeth Berge for the period up until the annual general meeting in 2016.

Statoil's nomination committee consists of the following members as per 31 December 2014:

- Olaug Svarva (chair), managing director, Folketrygdfondet
- Tom Rathke, group executive vice president Wealth Management at DnB
- Elisabeth Berge, Secretary General, Norwegian Ministry of Petroleum and Energy (with personal deputy member Johan A. Alstad, Deputy Director General in the Ownership Section of the Norwegian Ministry of Petroleum and Energy)
- Tone Lunde Bakker, Norwegian country manager of Danske Bank

More information about Statoil ASA's nomination committee and the committee's rules of procedure are available on our website at [Statoil.com/nominationcommittee](http://Statoil.com/nominationcommittee).

The electronic mailbox for shareholders' proposals to the committee, with deadlines for submitting proposals where such apply, is accessible on our website at [Statoil.com/proposecandidate](http://Statoil.com/proposecandidate).

The work of Statoil's nomination committee is systematic and long-term. The rules of procedure state that the nomination committee should, among other things, focus on the following criteria when preparing nominations: experience, qualifications, capacity, appropriate rotation, gender and independence. The



nomination committee's recommendations to the general meeting of shareholders or to the corporate assembly are published in advance and justified before or at the meeting.

The company covers the costs of the nomination committee.

The nomination committee held 12 ordinary meetings and two telephone meetings in 2014.

Deviations from the Code: None

## 8 Corporate assembly and board

**The main duties of the board of directors and of the corporate assembly are defined in Norwegian company law.**

### Composition of the board of directors

Pursuant to our articles of association, the board shall consist of 9-11 members. As of 31 December 2014, the board consists of the following 11 members (participation in eight ordinary board meetings, three extraordinary board meetings and meetings in the board's sub-committees in 2014, as well as ownership of Statoil shares as of 31 December 2014 in parentheses):

- Svein Rennemo: Shareholder-elected, chair of the board, and member of the board's compensation and executive development committee (participated at seven ordinary board meetings, three extraordinary board meetings and seven meetings of the compensation and executive development committee in 2014, owns 10,000 Statoil shares)
- Grace Reksten Skaugen: Shareholder-elected, deputy chair of the board and chair of the board's compensation and executive development committee (participated at seven ordinary board meetings, one extraordinary board meeting and seven meetings of the compensation and executive development committee in 2014, owns 400 Statoil shares)
- Bjørn Tore Godal: Shareholder-elected, member of the board, the board's safety, sustainability and ethics committee and the board's compensation and executive development committee (participated at eight ordinary board meetings, three extraordinary board meetings, seven meetings of the board's compensation and executive development committee and five meetings of the board's safety, sustainability and ethics committee in 2014, does not own Statoil shares)
- Jakob Stausholm: Shareholder-elected, member of the board and chair of the board's audit committee (participated at eight ordinary board meetings, three extraordinary board meetings and seven meetings of the board's audit committee in 2014, owns 50,000 Statoil shares)
- Maria Johanna Oudeman: Shareholder-elected, member of the board and of the board's compensation and executive development committee (participated at seven ordinary board meetings, three extraordinary board meetings, five meetings of the board's audit committee and three meetings of the compensation and executive development committee in 2014, does not own Statoil shares)
- Catherine Hughes: Shareholder-elected, member of the board and chair of the board's safety, sustainability and ethics committee (participated at eight ordinary board meetings, three extraordinary board meetings, five meetings of the board's audit committee and two meetings of the safety, sustainability and ethics committee in 2014, owns 3,850 Statoil American Depositary Receipts)
- James Mulva: Shareholder-elected, member of the board and of the board's audit committee (participated at eight ordinary board meetings, three extraordinary board meetings, two meetings of the board's safety, sustainability and ethics committee and two meetings of the audit committee in 2014, does not own Statoil shares)
- Øystein Løseth: Shareholder-elected, member of the board and of the board's audit committee since 1 October 2014 (participated at two ordinary board meetings, two extraordinary board meetings and two meetings of the audit committee in 2014, does not own Statoil shares).
- Lill-Heidi Bakkerud: Employee-elected, member of the board and of the board's safety, sustainability and ethics committee (participated at eight ordinary board meetings, three extraordinary board meetings and five meetings of the board's safety, sustainability and ethics committee in 2014, owns 330 Statoil shares)
- Ingrid Di Valerio: Employee-elected, member of the board and of the board's audit committee (participated at eight ordinary board meetings, three extraordinary board meetings and seven meetings of the board's audit committee in 2014, owns 2,241 Statoil shares)
- Stig Læg Reid: Employee-elected, member of the board and of the board's safety, sustainability and ethics committee (participated at eight ordinary board meetings, three extraordinary board meetings and four meetings of the board's safety, sustainability and ethics committee in 2014, owns 1,519 Statoil shares)

The board considers its composition to be diverse and competent with respect to the expertise, capacity and diversity appropriate to attend to the company's goals, main challenges, and the common interest of all shareholders. The board also deems its composition to be made up of individuals who are willing and able to work as a team, resulting in the board working effectively as a collegiate body. One board member qualifies as "audit committee financial expert", as defined in the US Securities and Exchange Commission requirements. Five board members are women, four board members are non-Norwegians resident outside of Norway. All shareholder-elected board members are considered to be independent.

The employee-elected board members, but not the shareholder-elected board members, have deputy members. The management is not represented on the board of directors. Members of the board are elected for a term of up to two years, normally for one year at a time.

There are no board member service contracts that provide for benefits upon termination of office.

Further information about the members of the board and its sub-committees, including information about expertise, experience, other directorships, independence, share ownership and loans, is available in our annual report on Form 20-F as well as on our website at Statoil.com/board.

In accordance with Norwegian law, the corporate assembly elects Statoil's board of directors and the chair of the board.

#### **Statoil's corporate assembly**

In accordance with Statoil's articles of association, the corporate assembly normally consists of 18 members, 12 of whom (with four deputy members) are nominated by the nomination committee and elected by the annual general meeting. They represent a broad cross-section of the company's shareholders and stakeholders. Six members, with deputy members, and three observers are elected by and from among our employees. The corporate assembly elects its own chair and deputy chair from and among its members.

Members of the corporate assembly are normally elected for a term of two years. Members of the board of directors and management cannot be members of the corporate assembly, but they are entitled to attend and to speak at meetings of the corporate assembly unless the corporate assembly decides otherwise in individual cases. The chair of the board and the CEO participated at three of four meetings of the corporate assembly in 2014. The deputy chair and the CFO participated at one of four meetings, instead of the chair and CEO, respectively. Other members of management were also present at the meetings.

The duties of the corporate assembly are defined in section 6-37 of the Norwegian Public Limited Liability Companies Act. The corporate assembly elects the board of directors and the chair of the board and can vote separately on each nominated candidate. Its responsibilities also include overseeing the board and the CEO's management of the company, making decisions on investments of considerable magnitude in relation to the company's resources, and making decisions involving the rationalisation or reorganisation of operations that will entail major changes in or reallocation of the workforce.

Our corporate assembly held four ordinary meetings in 2014. One of the meetings was held in connection with a site-visit for the corporate assembly to Statoil's research center at Rotvoll, Trondheim.

As of 31 December 2014, the members of the corporate assembly were:

#### **Members of the corporate assembly elected by the shareholders:**

- Olaug Svarva: Managing director, Folketrygdfondet
- Idar Kreutzer: CEO, Finance Norway (FNO)
- Karin Aslaksen: Head of HR department, the National Police Directorate of Norway
- Greger Mannsverk: Managing director, Kimek AS
- Steinar Olsen: Self-employed
- Ingvald Strømmen: Dean at Norwegian University of Science and Technology (NTNU)
- Rune Bjerke: President and CEO, DNB
- Barbro Hætta: Chief Municipal Medical Officer (Evenes, Tjeldsund and Skåland municipality)
- Siri Kalvig: Employee, StormGeo AS
- Terje Venold: Self-employed
- Tone Lunde Bakker: Norwegian country manager of Danske Bank
- Kjersti Kleven: active owner of John Kleven AS

#### **Shareholder-elected deputy members of the corporate assembly**

- 1st deputy: Arthur Sletteberg: Managing director NmiAS
- 2nd deputy: Bassim Haj: Executive vice president, IT and information, Yara International ASA
- 3rd deputy: Nina Kivijervi Jonassen: Business developer, ProBarents
- 4th deputy: Birgitte Ringstad Vartdal: Chief Financial Officer, Golden Ocean Group

#### **Members of the corporate assembly elected by and among the employees:**

- Eldfrid Irene Hognestad
- Steinar Kåre Dale
- Per Martin Labråthen
- Anne Kristi Horneland
- Jan-Eirik Feste
- Hilde Møllerstad

In addition there are three observers and 17 deputy members of the corporate assembly elected by and among the employees.

All members of the corporate assembly live in Norway. Members of the corporate assembly do not have service contracts with the company or its subsidiaries providing for benefits upon termination of office.

Deviations from the Code: None

## 9 The work of the board of directors

**The board of directors of Statoil ASA is responsible for the overall management of Statoil and for supervising the company's activities in general.**

The board is responsible for managing the Statoil group and for monitoring day-to-day management and the group's business activities. This means that the board is responsible for establishing control systems and for ensuring that Statoil operates in compliance with laws and regulations, with our values as stated in The Statoil Book, the Ethics Code of Conduct, as well as in accordance with the owners' expectations of good corporate governance. The board emphasises the safeguarding of the interests of all shareholders, but also the interests of Statoil's other stakeholders.

The board handles matters of major importance, or of an extraordinary nature, and may in addition require the management to refer any matter to it. An important task for the board is to appoint the chief executive officer (CEO) and stipulate his/her job instructions and terms and conditions of employment. Recurrent items on the board's annual plan are: security, safety and sustainability, corporate strategy, business plans, quarterly and annual results, annual reporting, ethics, management's monthly performance reporting, management compensation issues, CEO and top management leadership assessment and succession planning, project status review, people and organisation strategy and priorities, an annual enterprise risk management review, three yearly discussions of main risks and risk issues and an annual review of the board's governing documentation. At the end of all board meetings, the CEO meets separately with the board for an evaluation of the meeting and agrees on actions and priorities going forward.

The work of the board is based on rules of procedure that describe the board's responsibilities, duties and administrative procedures, including procedures for the handling of matters in which individual board members or a closely related party have a major personal or financial interest. The rules of procedure also describe the duties of the CEO and his/her duties vis-à-vis the board of directors. The board's rules of procedure are available on our website at [Statoil.com/board](http://Statoil.com/board). In addition to the board of directors, the CEO, the CFO, the senior vice president for communication, the general counsel and the company secretary attend all board meetings. Other members of the executive committee and senior management attend board meetings by invitation in connection with specific matters.

The board carries out an annual board evaluation, with input from various sources and with external facilitation. Individual interviews with each board member and members of management are conducted as part of the evaluation process. The board's evaluation report is made available to the nomination committee.

The entire board, or part of it, regularly visits several Statoil locations in Norway and globally, and a longer board trip for all board members to an international location is made at least on a semi-annual basis. In visiting Statoil locations globally, the board emphasises the importance of improving its insight into, and knowledge about, Statoil's technical and commercial activities as well as the company's local organisations.

The board held eight ordinary board meetings and three extraordinary board meetings in 2014. Average attendance at these board meetings was 95,6%.

Statoil's board has established three sub-committees: the audit committee; the compensation and executive development committee; and the safety, sustainability and ethics committee. The committees prepare items for consideration by the board and their authority is limited to making such recommendations. The committees consist entirely of board members and are answerable to the board alone for the performance of their duties. Minutes of the committee meetings are sent to the whole board, and the chair of each committee regularly informs the board at board meetings about the committee's work.

### **The board's audit committee**

The role of the audit committee is to assist the board and act as a preparatory body in connection with the board's supervisory roles with respect to financial reporting and the effectiveness of the company's internal control system, as well as other tasks assigned to the committee in accordance with its instructions. The duties of the audit committee include maintaining continuous contact with Statoil's elected auditor concerning the auditing of the company's accounts. The committee also supervises the implementation of, and compliance with, the group's ethical guidelines concerning financial reporting. The audit committee assesses and makes a recommendation concerning the choice of external auditor, and it is responsible for ensuring that the external auditor meets the requirements set by the authorities in Norway and in the US where Statoil is also listed on the stock exchange. The committee conducts an annual assessment of its own work and its instructions.

The board's audit committee held seven meetings in 2014. Meeting attendance was 96,5%. The members of the board's audit committee as of 31 December 2014 were: Jakob Stausholm (chair), Øystein Løseth, James Mulva and Ingrid di Valerio.

The CFO is the management's main representative in relation to the audit committee and the head of internal audit is responsible for the secretarial function. The CFO, the general counsel, and the senior vice president for accounting and financial compliance participate in the committee's meetings. The external auditor participates in the meetings when matters falling within the external auditor's area of responsibility are considered. The chief compliance officer, the head of financial compliance and other senior officers of the company participate when this is deemed relevant to the matters under consideration.

The instructions for the board's audit committee are available on our website at [Statoil.com/auditcommittee](http://Statoil.com/auditcommittee).

#### **The board's compensation and executive development committee**

The role of the compensation and executive development committee is to assist the board in its work on terms and conditions of employment for the chief executive, the philosophy, principles and strategy for the compensation of leading executives in Statoil and on issues relating to leadership development and succession planning. The committee conducts an annual assessment of its own work and its instructions.

The board's compensation committee held seven meetings in 2014. Meeting attendance was 100%. The members of the compensation committee as of 31 December 2014 were: Grace Reksten Skaugen (chair), Svein Rennemo, Bjørn Tore Godal and Maria Johanna Oudeman.

Statoil's senior vice president for people and organisation normally participates at the meetings. The CEO participates in the committee's meetings as required. The company's Legal department is responsible for the committee's secretarial function.

The instructions for the board's compensation and executive development committee are available on our website at [Statoil.com/compensationcommittee](http://Statoil.com/compensationcommittee).

#### **The board's safety, sustainability and ethics committee**

The role of the safety, sustainability and ethics committee is to assist the board in matters relating to safety, security ethics and sustainability. The committee also monitors and assesses the practising, development and implementation of policies, systems and principles within the areas of safety, ethics and sustainability, including corporate social responsibility. The committee conducts an annual assessment of its own work and its instructions.

The board's safety, sustainability and ethics committee held five meetings in 2014. Meeting attendance was 90,00%. The members of the safety, sustainability and ethics committee as of 31 December 2014 were: Catherine Hughes (chair), Bjørn Tore Godal, Lill-Heidi Bakkerud and Stig Læg Reid.

The senior vice president for safety and the general counsel are the management's main representatives in relation to the committee and they participate at the meetings. The senior vice president for sustainability, the chief compliance officer and the senior vice president for corporate audit may also participate in the committee's meetings. Other members of management participate when this is deemed relevant to the matters under consideration. The company's Legal department is responsible for the committee's secretarial function.

The instructions for the board's safety, sustainability and ethics committee are available on our website at [Statoil.com/ssecommittee](http://Statoil.com/ssecommittee).

Deviations from the Code: None

## **10 Risk management and internal control**

**The board of directors and management attach great importance to the quality of Statoil's risk management and control functions. This is reflected in our management and control systems.**

#### **Risk management**

The board focuses on ensuring adequate control of the company's internal control and overall risk management. The board conducts an annual enterprise risk management review and three times pr. year the board is presented with and discusses the main risks and risk issues Statoil is facing. The board's audit committee assists the board and act as a preparatory body in connection with monitoring of the company's internal control, internal audit and risk management systems. The board's safety, sustainability and ethics committee monitors and assesses safety and sustainability risks which are relevant for Statoil's operations and both committees report regularly to the full board.

Statoil manage risk to make sure that our operations are safe and in compliance with our requirements. Our overall risk management approach includes continuously assessing and managing risks related to our value chain in order to support the achievement of our principal objectives, i.e. value creation and avoiding incidents.

The company has a separate Corporate Risk Committee chaired by the chief financial officer. The committee meets at least six times a year to give advice and make recommendations on Statoil's enterprise risk management. A thorough report on the company's risk management is presented in chapter 6 of the annual report on Form 20-F.

All risks are related to Statoil's value chain - from access, maturing, project execution and operations to market. In addition to the financial impact these risks could have on Statoil's cash flows, we have also implemented procedures and systems to reduce safety, security and integrity incidents (such as fraud and corruption), as well as any reputation impact resulting from human rights, labour standards and transparency issues. Most of the risks are managed by our principal business area line managers. Some operational risks are insured by our captive insurance company, which operates in the Norwegian and international insurance markets. We have also started implementing business continuity management as a risk-handling process.

#### **Management report on internal control of financial reporting**

Statoil ASA's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of the chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Statoil's financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting policies applied by the company also comply with IFRS as issued by the International Accounting Standards Board (IASB).

The management has assessed the effectiveness of internal control over financial reporting based on the updated Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013. Based on this assessment, the management has determined that Statoil's internal control over financial reporting as of 31 December 2014 was effective.

#### **Statoil's Ethics Code of Conduct and anti-corruption compliance programme**

Our ability to create value is dependent on applying high ethical standards, and we are determined that Statoil shall be known for this. Ethics is treated as an integral part of our business activities. We require high ethical standards of everyone who acts on our behalf and will maintain an open dialogue on ethical issues, internally and externally.

Our Ethics Code of Conduct describes Statoil's commitment and requirements in connection with issues of an ethical nature that relate to business practice and personal conduct.

In our business activities, we will comply with applicable laws and regulations and act in an ethical, sustainable and socially responsible manner. Respect for human rights is an integral part of Statoil's values base.

The Ethics Code of Conduct applies to everyone working for the Statoil group, including the members of the board of directors of Statoil. The Ethics Code of Conduct is available at [Statoil.com/ethics](http://Statoil.com/ethics). Statoil's Anti-corruption Compliance Programme can also be found on the same webpage. Business partners are also expected to adhere to ethical standards that are consistent with Statoil's ethical requirements.

Statoil has a dedicated Ethics Helpline that is open for all; both employees and external parties who wish to raise concerns regarding the legal and ethical conduct of our business. The Ethics Helpline is available 24/7 and accessible through phone or web intake. Callers may choose to remain anonymous.

Deviations from the Code: None

## **11 Board remuneration**

### **Members of the board of directors receive remuneration in accordance with their individual roles.**

The remuneration of the board and its sub-committees is decided by the corporate assembly, based on a recommendation from the nomination committee. Separate rates are set for the board's chair, deputy chair and other members, respectively. Separate rates are also adopted for the board's sub-committees, with similar differentiation between the chair and the other members of each committee. Deputy board members (only elected for employee-elected board members) are paid per meeting attended.

The board receives its remuneration by cash payment. Board members from outside Scandinavia and outside Europe, respectively, receive separate travel allowances for each meeting attended. The remuneration is not linked to the board members' performance, option programmes or similar. None of the shareholder-elected board members has a pension scheme or agreement concerning pay after termination of their office with the company. If shareholder-elected members of the board and/or companies they are associated with should take on specific assignments for Statoil in addition to their board membership, this will be disclosed to the full board.

The total remuneration to the board, including fees for the board's three sub-committees, was NOK 5,843,000 in 2014. Further information about all remuneration paid to each member of the board of directors is presented in the parent company financial statements, note 5.

Deviations from the Code: None

## **12 Executive remuneration**

### **Statoil's remuneration policy is closely linked to the company's people policy and core values.**

#### **1.1 Statoil's remuneration policy**

Statoil's remuneration policy is closely linked to the company's people policy and core values. Certain key principles have been adopted for the design of our remuneration concept. In general the company's established remuneration principles and concepts will be continued in the accounting year 2015. As described in section 1.2 the general pension scheme in the parent company has been changed. The changes will be implemented in 2015.



The remuneration concept is an integrated part of our values based performance framework. It has been designed to:

- reflect our global competitive market strategy and local market conditions
- strengthen the common interests of employees in the Statoil group and its shareholders
- be in accordance with statutory regulations and good corporate governance
- be fair, transparent and non-discriminatory
- reward and recognise delivery and behaviour equally
- differentiate on the basis of responsibilities and performance
- reward both short- and long-term contributions and results

#### 1.2 The remuneration concept for the corporate executive committee

Statoil's remuneration concept for the corporate executive committee consists of the following main elements:

- Fixed remuneration (base salary and long-term incentive LTI)
- Variable pay
- Benefits (primarily pension, insurance and share savings plan)

Fixed remuneration consists of base salary and an LTI programme. Statoil will continue the established LTI system in the form of fixed compensation with an obligation to invest in Statoil shares for a limited number of senior executives and key professional positions. The purpose of the LTI scheme is alignment with shareholder interests and retention. Members of the corporate executive committee are included in the scheme.

The only variable pay element for parent company executives is the annual variable pay scheme which has a maximum potential of 50% of the fixed remuneration. The company's performance based variable pay concept will be continued in 2015.

The main benefit programmes applicable to senior executives are the general pension scheme, the insurance scheme and the employee share savings plan. Statoil has decided to implement a defined contribution scheme as the new general pension scheme. With the exception of employees who are 15 years or less from regular retirement age or who have the defined benefit scheme included in their individual agreements, all employees will be transferred to the new scheme. The employees exempted from transfer will retain the defined benefit scheme.

Deviations from the general principles outlined below pertaining to two members of the corporate executive committee, implemented with effect as of 1 January 2011, are described below. These deviations have also been described in previous Statements on remuneration and other employment terms for Statoil's corporate executive committee.

The main elements of Statoil's executive remuneration are described in more detail in the table below.

Main Elements - Statoil Executive Remuneration			
Remuneration Element	Objective	Award level	Performance criteria
Base Salary	Attract and retain the right high-performing individuals providing competitive but not market-leading terms.	We offer base salary levels which are aligned with the individual's responsibility and performance at a level which is competitive in the markets in which we operate.	The evaluation of performance is based on the fulfilment of pre-defined goals; see "Annual Variable Pay" below. The base salary is normally subject to annual review
Long-Term Incentive (LTI)	Strengthen the alignment of top management and shareholder interests and retention of key employees.	The LTI system is a fixed, monetary compensation calculated as a portion of the participant's base salary; ranging from 20 - 30 per cent depending on the individual's position. On behalf of the participant, the company acquires shares equivalent to the net annual amount. The grant is subject to a three year lock-in period and then released for the participant's disposal. Deviations applicable for executive vice presidents employed outside the parent company are described in section 3.1 below.	In Statoil ASA, LTI is a fixed remuneration element. Participation in the long-term incentive (LTI) scheme and the size of the annual LTI element are reflective of the level and impact of the position and not directly linked to the incumbent's performance.
Annual Variable Pay	Drive and reward individuals for annual achievement of business objectives and behaviour goals.	The chief executive officer is entitled to an annual variable pay ranging from 0 - 50 % of his fixed remuneration. Target value is 25%. Correspondingly, the executive vice presidents have an annual variable pay scheme with a pay-out in the range of 0 - 40%. Target value is 20%. Deviations applicable for executive vice presidents employed outside the parent company are described in section 3.1 below. The deviations will also apply in 2015.	Achievement of annual performance goals (delivery and behaviour), in order to create long-term and sustainable shareholder value. A balanced scorecard covering goals related to our five strategic objectives (People and organisation, Health, safety and environment, Operations, Market and Finance) are measured and assessed along with individual behaviour goals. Developments to the performance management system in Statoil will be implemented for the chief executive officer and executive vice presidents in 2015. Further details in section 2.1 below.
Pension & Insurance Schemes	Provide competitive postemployment and other benefits.	The new general occupational pension plan is a defined contribution scheme with a contribution level of 7% /22% below/above 7.1 G. The defined benefit scheme will be retained by a grandfathered group of employees. The benefit scheme has a pension level amounting to 66 percent of the pensionable salary conditional on a minimum of 30 years of service. Pension from the national insurance scheme is taken into account when estimating the pension. In order to draw a full pension from Statoil's defined benefit scheme the employment with the company needs to be maintained until the pensionable age.	N/A
Employee Share Savings Plan	Align and strengthen employee and shareholder interests and remunerate for long term commitment and value creation.	Offer to purchase Statoil shares in the market limited to 5% of annual base salary.	If shares are kept for two calendar years of continued employment, the participants will be allocated bonus shares proportionate to their purchase.

[1] Target value reflects fully satisfactory goal achievement

### 1.3 Pension and insurance schemes

The pension schemes for members of the corporate executive committee, including the chief executive officer, constitute supplementary individual agreements to the company's general pension plans.

The chief executive officer and one of the executive vice presidents have individual pension terms according to a previous standard arrangement implemented in October 2006. Subject to specific terms those executives are entitled to a pension amounting to 66 per cent of pensionable salary and a retirement age of 62. When calculating the number of years of membership in Statoil's general pension plan, these agreements grant the right to an extra contribution time corresponding to half a year of extra membership for each year the individual has served as executive vice president.

In addition, two members of the corporate executive committee have individually agreed retirement age of 65 and an early retirement pension level amounting to 66 % of pensionable salary.

The individual pension terms for executive vice presidents outlined above are results of commitments according to previous established agreements.

Following a board decision 7 February 2012, the company's standard pension arrangements for executive vice presidents deviating from Statoil ASA's general pension plan have been discontinued and have not been applied for new appointments to the corporate executive committee.

Pension accruals for pensionable salary above 12 times the national insurance basic amount (G) are recognised as an unfunded defined benefit pension plan, i.e. not funded in a separate legal entity.

In addition to the pension benefits outlined above, the executive vice presidents in the parent company are offered disability and dependents' benefits in accordance with Statoil's general pension plan. Members of the corporate executive committee are covered by the general insurance schemes applicable within Statoil.

One of the executive vice presidents employed outside the parent company has a defined contribution scheme with 16 % in contribution in accordance with the framework established in the local employment company. The pension contribution is paid into a separate legal entity.

#### **1.4 Severance pay arrangements**

The chief executive officer and the executive vice presidents are entitled to a severance payment equivalent to six months' salary, commencing at the time of expiry of a six months' notice period, when the resignation is at the request from the company. The same amount of severance payment is also payable if the parties agree that the employment should be discontinued and the executive vice president gives notice pursuant to a written agreement with the company. Any other payment earned by the executive vice president during the period of severance payment will be fully deducted. This relates to earnings from any employment or business activity where the executive vice president has active ownership.

The entitlement to severance payment is conditional on the chief executive officer or the executive vice president not being guilty of gross misconduct, gross negligence, disloyalty or other material breach of his/her duties.

As a general rule, the chief executive officer's / executive vice president's own notice will not instigate any severance payment.

#### **1.5 Other benefits**

Statoil has a share savings plan available to all employees including members of the corporate executive committee. The share savings plan entails an offer to purchase Statoil shares in the market limited to five per cent of annual gross salary. If the shares are kept for two full calendar years of continued employment the employees will be allocated bonus shares proportionate to their purchase. Shares to be used for sale and transfer to employees are acquired by Statoil in the market, in accordance with the authorisation from the annual general meeting.

The members of the corporate executive committee have benefits in kind such as company car and electronic communication.

### **2. Performance management, assessment and results essential for variable pay for 2014**

Individual salary and annual variable pay reviews are based on the performance evaluation in our performance management system.

Performance is evaluated in two dimensions; business delivery and behaviour. Behaviour goals are based on our core values and leadership principles and address the behaviour required and expected in order to achieve our delivery goals. Business delivery is defined through the company's performance framework "Ambition to Action", which addresses strategic objectives, KPIs and actions across the five perspectives; People and Organisation, Safety and Security, Operations, Market and Finance. Generally, Statoil believes in setting ambitious targets to inspire and drive strong performance.

Before final conclusions of the performance assessment are drawn, sound judgement and hindsight information are applied. Measured KPI results are reviewed against their strategic contribution, sustainability and significant changes in assumptions. This balanced approach, which involves a broad set of goals defined in relation to both the delivery and behaviour dimensions and an overall performance evaluation, is viewed to significantly reduce the likelihood that remuneration policies may stimulate excessive risk-taking or have other material adverse effects.

### **3. The decision-making process**

The decision-making process for implementing or changing remuneration policies and concepts, and the determination of salaries and other remuneration for corporate executive committee, are in accordance with the provisions of the Norwegian public limited liability companies act sections 5-6 and 6-16 a and the board's rules of procedure. The board's rules of procedure are available at [www.statoil.com/board](http://www.statoil.com/board).

The board of directors has appointed a designated compensation and executive development committee. The compensation and executive development committee is a preparatory body for the board. The committee's main objective is to assist the board of directors in its work relating to the terms of employment for Statoil's chief executive officer and the main principles and strategy for the remuneration and leadership development of our senior executives. The board of directors determines the chief executive officer's salary and other terms of employment.

The compensation and executive development committee answers to the board of Statoil ASA for the performance of its duties. The work of the committee in no way alters the responsibilities of the board of directors or the individual board members.

For further details about the roles and responsibilities of the compensation and executive development committee, please refer to the committee's instructions available at [www.statoil.com/compensationcommittee](http://www.statoil.com/compensationcommittee).

### **4 Statement regarding remuneration**

The board's statement regarding all remuneration of the corporate executive committee, as well as information about all remuneration paid to each member of the executive committee, is presented in our parent company financial statements, note 5.

Statoil's remuneration policy and solutions are aligned with the company's overall values, people policy and performance-oriented framework. In closing, the remuneration system and practices are transparent and deviations are explained in accordance with prevailing guidelines and good corporate governance.

Deviations from the Code: None.

## 13 Information and communications

**Statoil has established guidelines for the company's reporting of financial and other information. The reporting is based on openness and it takes into account the requirement for equal treatment of all participants in the securities market.**

The purpose of these guidelines is to ensure that timely and correct information about the company is made available to our shareholders and society in general.

A financial calendar and shareholder information is published at [www.statoil.com/calendar](http://www.statoil.com/calendar).

The investor relations corporate staff function is responsible for coordinating the company's communication with capital markets and for relations between Statoil and existing and potential investors in the company. Investor relations is responsible for distributing and registering information in accordance with the legislation and regulations that apply where Statoil securities are listed. Investor relations reports directly to the chief financial officer.

The company's management holds regular presentations for investors and analysts. The company's quarterly presentations are broadcast live online. Investor relations communicate with present and potential shareholders through presentations, one-to-one meetings, conferences, web-site, financial media, telephone, mail and e-mail contact. The pertaining reports from these communication channels are made available together with other relevant information at [www.statoil.com/investor](http://www.statoil.com/investor).

All information distributed to all of the company's shareholders is published on the company's website at the same time as it is sent to the shareholders.

Deviations from the Code: None

## 14 Take-overs

**Statoil's articles of association do not set limits on share acquisitions.**

The board of directors endorses the principles concerning equal treatment of all shareholders. Statoil has no defence mechanisms against take-over bids in its articles of association, nor has it implemented other measures that limit the opportunity to acquire shares in the company. The Norwegian State owns 67% of the shares, and the marketability of these shares is subject to parliamentary decree.

The board is obliged to act professionally and in accordance with the applicable principles for good corporate governance if a situation should arise in which this principle in the Code were put to the test.

### **Deviations from the Code:**

The Code recommends that the board establish guiding principles for how it will act in the event of a take-over bid. The board has not established such guidelines, due to Statoil's ownership structure and for the reasons stated above. In the event of a bid as discussed in section 14 of the Code, the board of directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. The board has no other explicit basic principles or written guidelines for procedures to be followed in the event of a take-over bid. The board of directors otherwise concurs with what is stated in the Code regarding this issue.

Deviations from the Code: None

## 15 Auditor

**Pursuant to its instructions, the board's audit committee is responsible for ensuring that the group is subject to an independent and effective audit.**

Our independent registered public accounting firm (independent auditor) is independent in relation to Statoil. It is appointed by the general meeting of shareholders. The independent auditor's fee must be approved by the general meeting of shareholders.

Pursuant to the instructions for the audit committee approved by the board of directors, the audit committee is responsible for ensuring that the company is subject to an independent and effective external and internal audit.

Every year, the independent auditor presents a plan for the audit committee for the execution of the independent auditor's work.

The independent auditor is present at the board meeting that deals with the preparation of the annual accounts. At these meetings the auditor is reviewing and commenting on material changes in the company's accounting principles, comments on any material estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the executive management of the company.

The independent auditor participates in meetings of the audit committee. The auditor is presenting a review of the company's internal control procedures, including identified weaknesses and proposals for improvement.

When evaluating the independent auditor, emphasis is placed on the firm's competence, capacity, local and international availability, and the size of its fee.

The audit committee evaluates and makes a recommendation to the board of directors, the corporate assembly and the general meeting of shareholders regarding the choice of independent auditor, and it is responsible for ensuring that the independent auditor meets the requirements in Norway and in the countries in which Statoil is listed. The independent auditor is subject to the provisions of US securities legislation, which stipulates that a responsible partner may not lead the engagement for more than five consecutive years.

The audit committee considers all reports from the independent auditor before they are considered by the board of directors. The audit committee holds regular meetings with the independent auditor without the company's management being present.

#### **The audit committee's pre-approval policies and procedures**

In the instructions for the audit committee, the board of directors has delegated authority to the audit committee to pre-approve assignments to be performed by the independent auditor. The audit committee has issued guidelines for pre-approval by the management of assignments to be performed by the independent auditor.

All audit-related and other services provided by the independent auditor must be pre-approved by the audit committee. Provided that the suggested types of services are permissible under SEC guidelines, pre-approval is usually granted at a regular audit committee meeting. The chair of the audit committee has been authorised to pre-approve services in accordance with policies established by the audit committee, specifying in detail the types of services that qualify, and provided that any services pre-approved in this manner are presented to the full audit committee at its next meeting. Some pre-approvals may therefore be granted by the chair of the audit committee if an urgent reply is deemed necessary.

In the annual consolidated financial statements and in the parent company's financial statements, the independent auditor's remuneration is split between the audit fee and fees for audit-related and other services. In the presentation to the annual general meeting of shareholders, the chair presents the breakdown between the audit fee and fees for audit-related and other services.

Deviations from the Code: None





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