

Anti-corruption compliance program



Statoil

Letter from our CEO

Dear Colleagues and Business Partners,

Statoil opposes corruption in all forms and is committed to conducting business in accordance with the high ethical standards reflected in our Ethics Code of Conduct. In recognition of this commitment, Statoil has implemented a comprehensive program to prevent corruption in Statoil's business activities.

This Manual is designed to provide useful guidance regarding Statoil's Anti-Corruption Program. It describes how the program operates and summarizes the laws, policies and procedures to which all of us at Statoil must adhere. It also identifies the resources that are available within Statoil to assist you in complying with the Code of Conduct and our Anti-Corruption Program.

I encourage you to study this Manual carefully and to contact your manager, Statoil's Legal Department or the Chief Compliance Officer if you have any questions or concerns.

Thank you for your continuing support of compliance and ethics at Statoil.

Sincerely,



Helge Lund
President and CEO

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Introduction

Corruption undermines legal business activities, distorts competition, ruins reputations and exposes companies and individuals to civil and criminal penalties. Statoil opposes all forms of corruption and will work actively to prevent corruption from occurring in Statoil's business activities.

This Anti-Corruption Program Manual ("Manual") summarizes the standards, requirements and procedures to which all persons working for Statoil must adhere in order to comply with applicable laws and regulations prohibiting corruption and maintain the high ethical standards that are essential to Statoil's continued success.

The standards, requirements and procedures described in this Manual apply to all persons working for Statoil, including members of the Board of Directors and employees of Statoil

subsidiaries ("Statoil personnel"). It also applies to Statoil personnel working in joint ventures and other comparable business partnerships and arrangements in which Statoil is participating.

Managers must ensure that activities in their area of responsibility are carried out in accordance with the policies and procedures described in this Manual. Managers are responsible for communicating these requirements and for providing advice with respect to their application.

As further discussed in Section 12 below, Statoil personnel are required to report immediately any suspected violations of Statoil's anti-corruption policies or Ethics Code of Conduct.

Ethics Code of Conduct

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Statoil's Ethics Code of Conduct describes Statoil's commitment to ethical business practices and sets forth the standards and requirements with which Statoil personnel must comply in carrying out their work. Compliance with the Ethics Code of Conduct is mandatory. Breaches of Statoil's ethical requirements or relevant statutory provisions may result in disciplinary action or dismissal with or without notice and may be reported to the relevant authorities. Violations also can lead to civil and criminal penalties, including imprisonment, for the individuals involved.

All persons working for Statoil or acting on Statoil's behalf must be familiar with and perform their duties in accordance with the requirements set forth in the Ethics Code of Conduct and applicable laws and regulations.

Applicable Anti- Corruption Laws and Regulations



Statoil and its personnel worldwide are subject to numerous anti-corruption and anti-bribery laws (referred to collectively as "anti-corruption laws"), including the Norwegian Penal Code, the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act ("FCPA"). Taken together, these laws prohibit corruption in a wide variety of forms, in both the public and private sectors.

2.1. Types of Corruption

2.1.1. Bribery of Public Officials

Promising, offering, giving, or authorizing the offering or giving, of money or anything of value to a public official – either directly or through an intermediary – to secure an improper advantage, qualifies as bribery.

The anti-corruption laws applicable to Statoil prohibit more than monetary payments. *"Anything of value"* includes goods, services and non-cash benefits or advantages. Thus, for example, medical treatment for a government official's close family member, consulting payments to the spouse of a government official or a contribution to the official's favourite charity all can be a thing of value.

The term “close family members” generally includes spouses, domestic/civil partners, children (either biological or adopted), grandchildren, parents, grandparents or any other household member. Payments to more distant relatives of a Public Official also may trigger legal liability for Statoil. If it is unclear whether a person would qualify as a Public Official’s close family member, advice should be obtained from Legal¹ or Corporate Compliance².

Asserting that no particular response (or “quid pro quo”) was required from the recipient of a particular offer, payment or other benefit will not necessarily constitute a defence to a bribery charge.

Direct and indirect payments are equally prohibited. Thus, payments to public officials made through intermediaries, such as consultants and agents, are prohibited. Similarly, a payment to a relative of a public official that is expected to benefit the public official also could violate the anti-corruption laws that apply to Statoil.

Under most anti-corruption laws, and as used in this Manual, the term Public Official³ includes:

- elected or appointed officials;
- employees of national, regional or local government (such as inspectors, mayors, and customs agents);
- employees of government-owned or -controlled entities, including corporations or partnerships (such as state-owned oil companies, utilities, media organisations, health care institutions, sovereign wealth funds and the like);
- employees of international public organizations (such as the United Nations, European Union, World Bank and other international development agencies);
- political party officials or candidates for public office;
- members of royal families, and
- any person acting in an official capacity on behalf of a government, government agency, government-owned enterprise or public international organization.

With respect to government-owned or -controlled entities, under most anti-corruption laws such entities generally include entities in which the government controls 50% or more of the voting shares or exerts actual decision-making authority even if the government owns less than 50% of the shares. Whether an entity is government-owned or -controlled depends on the specific facts and circumstances. If it is unclear whether an entity is government-owned or -controlled or whether a person qualifies as a Public Official, advice should be obtained from Legal or Corporate Compliance.

2.1.2 Private Sector Bribery

Certain of the anti-corruption laws to which Statoil is subject, including the Norwegian Penal Code and the UK Bribery Act, prohibit bribery within the private sector. These laws make it illegal – either directly or through an intermediary – to offer or give anything of value to induce the recipient or some other person to violate his or her duty of loyalty to his or her employer, or to provide the recipient with an improper advantage in connection with his or her position. These laws

also make it illegal to request or receive anything of value in violation of a duty of loyalty to one's employer, or to receive an improper advantage in connection with one's position.

2.2 Sanctions

Statoil can incur severe administrative, civil and criminal penalties if it is found to have offered or accepted a bribe or benefited from a bribe.

Statoil personnel or anyone working on behalf of Statoil also can incur severe civil and criminal penalties, including imprisonment, if he or she is found to have offered or accepted a bribe or benefited from a bribe. Assisting others to commit bribery, or ignoring clear evidence of bribery, also can lead to similar penalties. Moreover, Statoil personnel who, after a review of all pertinent facts and other evidence, is found to have offered or accepted a bribe, or benefited from a bribe, will be subject to disciplinary action (up to and including dismissal) in accordance with applicable laws and Statoil's policies and procedures.

2.3 Mergers and Asset or Share Acquisitions

Under the laws of some countries, Statoil could be held responsible for the corrupt conduct of an entity that occurred before Statoil acquired the entity through a merger or asset/share acquisition. Such prior conduct can lead to civil or criminal penalties for Statoil, loss of government contracts and financial loss. Therefore, before Statoil acquires any entity – whether via a merger, asset or share purchase – anti-corruption due diligence is to be conducted concerning the targets past activities.

Appropriate anti-corruption due diligence should be carried out as part of the financial and legal due diligence for the acquisition. Further requirements and guidance on the due diligence to be performed and issues to be considered prior to such transactions are available on Entry. Because acquisitions often involve unique facts and circumstances, Legal or Corporate Compliance should be consulted to tailor the anti-corruption due diligence to the specific facts of the proposed transaction.

2.4 Facilitating or Expediting Payments

Statoil prohibits the making of facilitating or expediting payments by Statoil personnel or anyone working on behalf of Statoil.

A facilitating payment is a small payment to secure or expedite a routine government action to which one is legally entitled, such as issuing a license to do business, processing a visa, providing police protection, securing mail service or connecting utilities.

Prohibited facilitation payments should not be confused with payments that Statoil may be required to make under local laws or written regulations in order to obtain various types of government services. Making a prohibited facilitating payment can place Statoil and the individual making or authorizing the payment at risk of criminal prosecution.

Statoil's prohibition of facilitating payments does not apply to situations in which Statoil personnel must make a payment to avoid a serious medical or safety emergency. Statoil personnel faced with such a situation should seek to obtain prior approval of the payment from his or her manager or Corporate Compliance. In circumstances where seeking prior approval is deemed impossible, the person must record the details of the payment and submit this information promptly to the relevant Compliance Officer⁴ or Corporate Compliance, which will report it to the relevant ethics committee. Any payments made under these circumstances must be accurately recorded in Statoil's books and records as a facilitation payment.

Corporate Compliance



3.1. Corporate Compliance and Ethics; Integrity Due Diligence, Risk and Monitoring

Statoil's Ethics and Compliance function ("Corporate Compliance") is one of several teams within the Corporate Legal Department and is responsible for managing and implementing Statoil's Anti-Corruption Program. Corporate Compliance consists of both lawyers and ethics advisors.

Corporate Compliance is headed by the Chief Compliance Officer ("CCO"), who reports to the General Counsel. The CCO is responsible for supervising and managing the activities of Corporate Compliance and for updating and managing Statoil's Anti-Corruption Program.

Contact information for Corporate Compliance can be found on the Ethics and Anti-Corruption page on Entry.

The main responsibilities of Corporate Compliance are to identify the corruption risks faced by Statoil in conducting its business; to draft and implement appropriate procedures to prevent and uncover corruption and to provide guidance to Statoil personnel on anti-corruption issues. Guidance issued

by Corporate Compliance regarding the interpretation of anti-corruption laws and regulations, internal procedures and relevant governing documents is binding.

More specifically, the CCO and Corporate Compliance are responsible for the following areas:

Risk Assessment

- Monitoring and directing the Business Areas and Corporate Centres (as defined in Section 3.2) and their respective Compliance Officers in conducting their annual integrity risk assessments to identify and prioritize the internal and external corruption risks faced by their businesses, and
- Following such risk assessments, identifying potential areas for improvement in Statoil's internal structures and procedures and recommending actions to mitigate the identified risks.

Monitoring

- Directing and overseeing periodic assessments of the effectiveness of Statoil's Anti-Corruption Program. These assessments include evaluations of how well relevant

policies and procedures are being implemented and followed throughout the company.

Procedures and Governing Documents

- Drafting and revising Statoil's anti-corruption policies and procedures and providing input on other policies and procedures that include anti-corruption compliance elements, and
- Preparing and updating the Ethics Code of Conduct and other governing documents and materials related to business ethics and Statoil's Anti-Corruption Program.

Communication and Training

- Preparing ethics and anti-corruption training programs for all Statoil personnel, including personnel working in joint ventures⁵;
- Incorporating ethics- and anti-corruption-related elements in other Statoil training programs, as appropriate;
- Training the Compliance Officers and assisting them in identifying Statoil personnel who should participate in anti-corruption training and workshops, such as employees working in high-risk countries or functions, and

- Preparing material and communicating information throughout Statoil related to ethics and anti-corruption compliance.

Integrity Due Diligence

- Conducting integrity due diligence⁶ on counterparties⁷ in a potential business relationship This includes scoping level of information required, analysis of information, identifying corruption risks and recommending appropriate risk mitigation measures, and
- Initiating, and filing recommendations from the Integrity Due Diligence Review Board⁸. The General Counsel leads and CCO participates in meetings of the Integrity Due Diligence Review Board.

Guidance

- Providing guidance on ethics and anti-corruption issues, including the Ethics Code of Conduct and other anti-corruption laws, regulations, policies and procedures.

Legislation

- Monitoring the development of anti-corruption legislation and other regulatory requirements in countries where Statoil has or plans to have activities.

Ethics Helpline

- Processing and responding to inquiries made to the Ethics Helpline⁹ and providing guidance on how the Helpline inquiries should be handled.

Ethics Committees

- Preparing agendas for the Corporate Executive Committee ("CEC") Ethics Committee¹⁰ meetings and communicating the Committee's conclusions to the organisation, as needed. The CCO participates in meetings of the CEC Ethics Committee, and
- Assisting the Compliance Officers in the Business Areas and Corporate Centres in preparing agendas for meetings of their respective ethics committees. A representative from Corporate Compliance participates in the meetings, and the CCO also may attend the meetings.

Compliance Network

- Managing the Compliance Officers' Network as further described in Section 3.2.

External Activities

- Serving as Statoil's official representative in connection with external meetings and initiatives related to ethics and anti-corruption.

In addition to the responsibilities discussed above, the CCO also is responsible for the following specific areas of Statoil's Anti-Corruption Program:

Investigations

- On behalf of the CEO, initiating and formulating the mandate for investigations into potential violations of anti-corruption laws and regulations;
- The CCO may request that the Corporate Audit Department initiate investigations related to potential violations of Statoil's Ethics Code of Conduct or internal anti-corruption policies and procedures, and
- Deciding whether to retain external legal counsel to perform anti-corruption investigations.

Reporting

- Reporting annually to the Board of Directors on the implementation and effectiveness of the Anti-Corruption Program;
- Under special circumstances, reporting potential instances of corruption directly to the CEO and/or the Audit Committee of Statoil's Board of Directors, and
- Providing regular reports on anti-corruption activities and issues to the Board of Director's Health, Safety, Environment and Ethics Committee ("HSE and Ethics Committee") and the CEC Ethics Committee.

3.2. Compliance Officers

Each Business Area, Corporate Services Organisation, Corporate Communication and Chief Financial Officer Organisation ("Corporate Centre") shall have one person to serve as its Compliance Officer. The Compliance Officers will report to the Corporate Compliance concerning their activities.

Local Compliance Officers in business clusters or in particular Statoil country offices will be appointed where

deemed necessary by the relevant Business Area, Corporate Centre or Corporate Compliance. Local Compliance Officers will report to the respective Compliance Officer for the Business Area or Corporate Centre concerning their compliance activities.

The Compliance Officers are an integral part of Statoil's ethics and anti-corruption network ("Compliance Network"). The Compliance Officers' responsibilities include the following activities:

- Coordinating ethics, anti-corruption and integrity due diligence training and recommending who within the business will receive such training;
- Providing guidance to line management regarding ethics and corruption issues;
- Conducting the annual risk assessment for their respective businesses under the direction of Corporate Compliance as further describe in Section 5;
- Providing guidance on performing integrity due diligence and assisting the line in implementing the recommended mitigating measures, if any, and
- Reporting violations of Statoil's Ethics Code of Conduct, Anti-Corruption Program and applicable anti-corruption laws and regulations to Corporate Compliance.

Ethics committees

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The goal of Statoil's ethics committees is to ensure that Statoil maintains a high-level focus on issues related to ethics and anti-corruption and a common understanding and practice regarding how best to address and follow up on these issues.

4.1. Corporate Executive Committee ("CEC") Ethics Committee

The CEC Ethics Committee meets as needed but at least three times a year. Members of the CEC Ethics Committee include:

- CEC members;
- the General Counsel;
- the Head of Corporate Audit;
- the Head of Corporate Communication, and
- the CCO.

The General Counsel chairs the meetings and the CCO acts as secretariat for the committee. The CCO will prepare the agenda for the meetings with assistance from Corporate HR,

Corporate Audit and Corporate Communication. The agenda for the meetings may include the following:

- interpretation and refinement of the ethics policy;
- training/decisions on ethical dilemmas and ethical aspects of actual cases;
- information about the development and effectiveness of Statoil's Anti-Corruption Program;
- monitoring activities related to ethics and corruption issues, including training, risk assessment and implementation of anti-corruption policies within the organisation;
- information about external cases and trends in ethics;
- information about developments in relevant anti-corruption legislation and enforcement;
- significant issues reported from the Business Area and Corporate Centres Ethics Committees, and
- as appropriate, ethics-related issues and topics on the agenda for the upcoming Board's HSE and Ethics Committee meeting.

The CCO is responsible for communicating the conclusions of the CEC Ethics Committee to the organisation. The

CCO also will submit a report summarizing the activities of the CEC Ethics Committee to the Board's HSE and Ethics Committee at least once a year.

4.2. Business Areas and Corporate Centres Ethics Committees

The ethics committees for the Business Area and Corporate Centre will meet every quarter and as needed.

The Ethics Committee usually includes:

- the members of the management team within each entity;
- the Compliance Officer within each entity, and
- the manager responsible for corporate social responsibility within each entity.

A representative from Corporate Compliance participates in the meetings, and the CCO also may attend the meetings.

The meeting agenda may include the following:

- interpretation of ethics and anti-corruption policies as they relate to business activities;

- decisions on ethical dilemmas and ethical aspects of actual cases;
- monitoring activities related to ethical questions, including training;
- information about external cases and trends in ethics;
- information about developments in relevant anti-corruption legislation and enforcement, and
- assessment of the Business Area's or Corporate Centre's corruption risk.

The Compliance Officer is responsible for communicating the conclusions of the ethics committee to the relevant Business Area or Corporate Centre. The Compliance Officer also is responsible for submitting a report from the ethics committee to Corporate Compliance so that important issues may be reported to the CEC Ethics Committee.

4.3. The Board's HSE and Ethics Committee

The Board of Directors has established the HSE and Ethics Committee to assist Statoil's Board of Directors in its supervision of the Statoil's health, safety, environment and ethics policies, systems and principles. The HSE and Ethics Committee reviews and assesses at least yearly the CCO's general reports concerning the development, implementation and effectiveness of Statoil's ethics policy and Anti-Corruption Program, including reports from the CEC Ethics Committee and significant reports and statistics from the Ethics Helpline.

Risk Assessment and Monitoring

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5.1. General

Statoil regularly assesses its exposure to potential external and internal risks of corruption. In assessing the potential corruption risks of particular markets, Statoil seeks to obtain, as early as possible, an understanding of the local laws, regulations, conditions, business culture and the individuals and entities with which Statoil must interact in conducting its business. By identifying, prioritizing and mitigating the corruption risks of particular projects or business opportunities, Statoil reduces its overall exposure to corruption-related risks.

Statoil's integrity due diligence procedures are an important tool to identify and mitigate potential corruption risks. Integrity due diligence procedures are discussed in Section 8.

5.2. Risk Analysis and Reporting

At least once a year, the Compliance Officer for each Business Area and Corporate Centre, under the direction of Corporate Compliance, conducts a risk analysis to identify the external and internal risks of corruption that the Business

Areas and Corporate Centre may encounter. The assessment covers the risks identified below.

In conducting a risk assessment, Statoil considers the following external corruption risks:

- *country risks* (as evidenced by perceived high levels of corruption and an absence of effectively implemented anti-corruption legislation, among other factors);
- *transaction risks* (such as those associated with social investments, interactions with Public Officials or transactions relating to public procurement);
- *business opportunity risks* (such as those associated with projects involving intermediaries acting on Statoil's behalf), and
- *business partnership risks* (such as those associated with joint ventures and the use of intermediaries or others acting on Statoil's behalf in transactions with Public Officials).

Statoil also considers internal corruption risks, such as the risk of non-compliance with anti-corruption policies and procedures.

Based on the assessment, the Compliance Officer drafts a report, with input from the business, to be submitted to the relevant Ethics Committee and Corporate Compliance. The report includes a description of the external and internal corruption risks faced by the business and recommended actions to mitigate each identified risk.

5.3. Monitoring

Statoil regularly monitors the extent to which its anti-corruption policies and procedures have been implemented and followed throughout the organisation. This monitoring process includes an evaluation of the effectiveness of such policies and procedures and inquiries into possible non-compliance by Statoil personnel, joint venture partners and others acting on Statoil's behalf.

Monitoring is a shared responsibility within Statoil. Corporate Compliance works with other units to perform monitoring activities to ensure that effective monitoring is taking place.

In addition, Corporate Compliance has the following responsibilities with respect to monitoring:

- Conducting its own monitoring exercises focused on anti-corruption in high-risk business areas or countries. The location of these exercises will be based on the risk assessments conducted annually by the Business Area or Corporate Centre. Corporate Compliance's monitoring exercises will be reflected in an annual monitoring plan;
- Working with other units performing monitoring functions, such as the Corporate Audit Department and Joint Venture Audit, to assess the need for audits focused on anti-corruption compliance in particular locations or areas;
- Through the annual risk assessment process, monitoring whether the Business Area or Corporate Centre have adopted the corrective measures contained in their annual risk mitigation plans, and
- Ensuring that any deficiencies and corrective actions identified through the monitoring process are reflected in the Statoil's policies, procedures and training programs.

If potential anti-corruption policy violations are discovered as a result of the monitoring process, the CCO determines whether an investigation should be commissioned.

Training

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6.1. General

All Statoil personnel are required to attend periodic anti-corruption training to ensure that Statoil's ethical values and anti-corruption policies and procedures are understood and implemented at all levels. In addition, Statoil personnel whose job functions or tasks expose them to greater corruption risks are required to attend in-depth training as further described below.

6.2. E-training

Statoil's e-training program teaches participants about applicable anti-corruption legislation and provides guidance on how to identify and deal with ethics and corruption issues that they may encounter. Through communication of Statoil's zero tolerance policy on corruption, the program seeks to reduce the risk that Statoil personnel will engage in corrupt behavior and prevent civil and criminal penalties for individuals and the company.

The e-training program is mandatory for all Statoil personnel and hired persons working under the supervision of Statoil personnel. Corporate Compliance will monitor the training program completion rates.

6.3. Additional Training of Statoil Personnel in High-Risk Functions or Areas

Statoil personnel who, by virtue of their work, are particularly exposed to corruption risk will receive additional periodic anti-corruption training. This training includes the relevant provisions in Statoil's Ethics Code of Conduct and Anti-Corruption Program, and national and international anti-corruption laws and regulations.

The Compliance Officers are responsible for identifying and coordinating the training of Statoil personnel, including persons working in high-risk functions or areas, such

as senior advisers and persons working in certain staff functions, including legal and finance; personnel with procurement, contracting and marketing responsibilities; personnel who regularly interact with Public Officials, such as those responsible for obtaining licenses and permits and clearing goods through customs; and personnel working in geographic areas deemed to have a high risk of corruption. Statoil personnel whose responsibilities include ensuring compliance with integrity due diligence requirements are required to complete the Integrity Due Diligence e-training course on an annual basis.

Statoil personnel who are transferred to a joint venture or otherwise act as Statoil's representatives in other companies (e.g., seconded employees) will also receive training if the risk of corruption requires such training (e.g., the risk of corruption is deemed to be moderate to high).

6.4. Other Training

Additional ethics and anti-corruption training programs can be delivered as individual courses or as part of other training programs and initiatives.

Interactions with Public Officials



The anti-corruption laws applicable to Statoil do not prohibit all interactions with “Public Officials”. Rather, they forbid interactions for a prohibited purpose and interactions likely to have a prohibited effect. As explained in Section I above, no person working for Statoil may – either directly or through an intermediary – offer or provide any payment or other thing of value to a Public Official to secure an improper advantage or that reasonably might be perceived as providing an improper advantage in connection with the Public Official’s position.

7.1. Travel, Accommodation and Related Expenses of Public Officials

Applicable anti-corruption laws permit Statoil to pay the reasonable travel, accommodation and related expenses, including meals, of Public Officials when the travel serves a legitimate business purpose and Statoil’s internal procedures are followed. A legitimate business purpose includes promotion, demonstration or explanation of Statoil’s products and services and the execution or performance of a contract with a government or government agency. Statoil requires that the travel arrangements fulfill the requirements set out below.

Promotion or Demonstration of Statoil's Product and Services

Payment for the travel, accommodation and related expenses of a Public Official in connection with promoting, demonstrating or explaining Statoil's product or services typically would qualify as a legitimate business purpose. Payment for these expenses will be allowed when the relevant activity cannot practically be done at the location of the Public Official (e.g., demonstration of Statoil's offshore facilities).

Training of Public Officials

In connection with executing its obligations under a contract, Statoil may also provide training to a Public Official on Statoil's activity, product or services. Before agreeing to provide training, the employee must obtain confirmation from the government agency that it or a person authorised by the agency, has selected the official(s) to participate in the training. Training generally should take place at the premises of the government agency. If that is not practical, the training should take place in, or in the proximity of, Statoil's premises. Training should ordinarily not take place at typical holiday destinations. Reasonable expenses for

training programs may include travel, accommodation and meals.

Travel and Related Expenses Required by Local Laws or Regulations

In certain jurisdictions in which Statoil does business, applicable laws or regulations require Statoil to pay for the travel, accommodation and related expenses of a Public Official connected to the Public Official's performance of his/her official duties. For example, Statoil may be required to pay for the travel of a Public Official to Statoil's facilities to verify Statoil's environmental assessment or to supervise drilling activities. Before agreeing to pay for such expenses, the employee must obtain confirmation from Legal or Corporate Compliance that such expenses are required by local laws or regulations. In addition, the payment procedures must fulfill the requirements set forth below.

Approval and Payment Procedures

Before agreeing to pay the travel, accommodation or related expenses of a Public Official, the Statoil personnel proposing payment must complete the relevant forms on Entry and obtain written confirmation from the government

agency indicating that the proposed travel is in compliance with the agency's internal guidelines. This information must be submitted to Corporate Compliance, which will make a recommendation to approve or deny the proposed arrangement. Corporate Compliance may seek the advice of outside counsel to obtain an independent confirmation that the proposed arrangement is permissible under the laws and regulations of the country in question. Before proceeding with the arrangement, the Statoil personnel proposing the arrangement must obtain final written approval from the relevant executive vice president.

Travel, accommodation or related expenses for a Public Official must be reasonable and comply with the travel regulations of the government agency. In addition, travel and accommodation expenses must not exceed Statoil's internal travel guidelines.

Whenever possible, Statoil should pay the pertinent service providers (airlines, hotels, etc.) directly for any travel, accommodation or related expenses expected to be incurred by a Public Official. If it is not possible to pay the service providers directly, the Statoil personnel proposing the

arrangement must obtain a recommendation from the CCO for approval of the proposed payment arrangement. This recommendation will be submitted to the relevant executive vice president, who has final approval for the payment arrangement.

Requests for reimbursement must be supported by documentation acceptable to Statoil, including original receipts (not copies). The original receipts requirement applies even where the travel or lodging has been arranged by a third party such as a travel agent.

Under no circumstances may cash be transferred to a Public Official on the understanding that the Public Official will arrange for his or her own travel, accommodation or related expenses. In addition, airline or other tickets that can be converted in whole or part into cash must not be given to a Public Official without the prior written approval of the CCO. Direct cash payments to Public Official may not be made as reimbursement for expenses.

In addition to the limitations and requirements summarized above, all payments for the travel, accommodation or related

expenses of a Public Official must comply with the following rules:

- the class of travel or accommodation must be reasonable given the Public Official's rank and seniority;
- the payment may cover only the Public Official(s) whose travel or accommodation is necessary in view of the business purpose justifying the travel;
- no payment may be made for the Public Official's family members, friends or others not associated with the business purpose justifying the travel and
- no side trip or extra days may be added to the trip that are not directly related to the business purpose justifying the travel.

Records must be kept of any travel, accommodation or related expenses of a Public Official that have been paid or reimbursed by Statoil. These records must include original receipts and must describe accurately and in reasonable detail why Statoil agreed to cover the Public Official's travel, accommodation or related expenses.

7.2. Per Diem Payments to Public Officials

Per diem payments – that is, payments covering the time a Public Official spends on Statoil business or the Public Official's related expenses such as expenses related to food or subsistence– should be avoided whenever possible.

The Statoil personnel requesting the *per diem* arrangement must complete the relevant forms available on Entry.

Per diem payments may not be made unless Corporate Compliance has confirmed that a *per diem* payment is permitted by local law, as well as by any code of conduct or similar set of rules or regulations to which the Public Official is subject. In making this determination, Corporate Compliance may seek the advice of outside counsel.

Before agreeing to make a *per diem* payment, the Statoil personnel responsible for the arrangement must obtain a recommendation for approval of the *per diem* payment from the CCO. The relevant executive vice president is responsible for giving final written approval for such a payment.

In addition, care must be taken to ensure that any *per diem* offer or payment that is made does not exceed the fair market value of the services to be rendered to Statoil by the Public Official, the relevant government agency's guidelines, if any, and Statoil's internal regulations/guidelines. Care also must be taken to ensure that the offer or payment is consistent with the level of payments that are customary in the Public Official's home country.

Per diem payments should be made to the government agency which employs the Public Official and the government agency will be responsible for making further payment to the individual Public Official. If it is not possible to make payments to the government agency, advice should be obtained from Legal or Corporate Compliance.

Relationships with Suppliers, Interme- diaries, Partners and Other Counterparties

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Statoil and its subsidiaries do business with a range of counterparties.

Counterparties are all individuals with whom or entities with which Statoil has entered or is considering entering into a business relationship and include partners, suppliers, agents, consultants, lobbyists and other intermediaries.

Entering into a contract with or engaging a Counterparty entails risk because Statoil can incur legal liability and reputational damage as a result of misconduct by individuals or entities acting on Statoil's behalf. Statoil also could be exposed to legal penalties and reputational harm for misconduct by counterparties acting on behalf of operators that have a license agreement¹¹ with Statoil.

For these reasons, a business relationship with a potential Counterparty may only be established or amended if the resulting relationship satisfies Statoil integrity due diligence as set forth below. This may also include counterparties of an operator of a license to which Statoil is a partner. In addition, Statoil expects counterparties to adhere to ethical standards consistent with Statoil's ethical requirements. No

Counterparty should be permitted to do anything on behalf of Statoil that Statoil or its personnel may not legally do themselves.

8.1. Integrity Due Diligence

A business relationship with a potential Counterparty, including entering into a joint venture or comparable business arrangement, may not be established without appropriate integrity due diligence or an assessment and determination based on criteria established in the governing document WR2988 that no due diligence is required.

Although each relationship with a Counterparty must be evaluated on its specific facts, there are several red flags¹² to which Statoil personnel must remain alert because they may signify a heightened corruption risk to Statoil. A list of illustrative red flags can be found on Entry.

Corporate Compliance completes the integrity due diligence and prepares a final report that summarizes any concerns that have been identified; recommends mitigation measures, if necessary; assesses any residual risks or concerns to Statoil

and makes a recommendation on retaining or entering into a contract with the Counterparty. The recommendation is provided to the person having referred the case to Corporate Compliance and the Compliance Officer, when deemed necessary by Corporate Compliance.

If Corporate Compliance recommends not entering into the relationship with the potential Counterparty or recommends mitigation measures, the Statoil business unit proposing the arrangement may seek escalated consideration of the proposed arrangement by the Integrity Due Diligence Review Board.

The business relationship will be re-assessed on a bi-annual basis.

8.2. Contractual Requirements

The business person responsible for engaging the Counterparty must use best efforts to include anti-corruption provisions in the contract, as appropriate. Model anti-corruption contract provisions are available on Entry.

Substantive deviations from the model provisions must be approved by Legal or Corporate Compliance. If an existing contract with a Counterparty does not include provisions comparable to the model provisions, reasonable steps should be taken to amend the contract to include such provisions before the contract is next renewed.

8.3. Suppliers

Suppliers are expected to adhere to ethical standards that are consistent with Statoil's ethical requirements. Signing the supplier declaration is part of the inquiry process in Statoil and is a pre-condition for being accepted as a supplier to Statoil.

By signing the supplier declaration the supplier states among other aspects;

- to continue to comply with all applicable laws and regulations; and
- when conducting business on behalf of Statoil, will not offer, promise or give an improper advantage to a Public Official or third party¹³ in order to obtain or retain business or any advantage in the conduct of business.

If the supplier submits new information or Statoil independently discovers new corruption-related information concerning the supplier, Corporate Compliance must determine whether the new information increases the corruption risk that the supplier previously presented to Statoil. If Corporate Compliance determines that the new information does or may increase the corruption risk, Corporate Compliance and the relevant Statoil manager must agree on the steps that should be taken to reduce or eliminate the increased risk.

8.4. Intermediaries

Intermediaries¹⁴ include agents, consultants and others who, in Statoil's business activities, act as links between Statoil and a Third-party.

Agreements with intermediaries must be in writing and sufficiently describe the relationship between the parties. Intermediaries must act in accordance with Statoil's ethical requirements and this condition must be included in the Intermediary's contract with Statoil.

The agreed-upon compensation for an intermediary must be proportional to the service rendered. Payments for services rendered may only be made against satisfactory documentation and must be accounted for in accordance with generally accepted accounting principles.

8.5. Lobbyists

Lobbyists¹⁵ are intermediaries that represent Statoil's interests by seeking to inform or influence decisions made by individuals in the public and private sectors, including officials in the government or members of regulatory agencies.

The use of lobbyists must comply with all applicable lobbying laws. In addition, lobbyists are required to disclose to the person or agency he or she is seeking to influence that the lobbyist represents Statoil's interests. All contracts with lobbyists must contain provisions requiring lobbyists to provide such disclosure.

8.6. Joint Ventures and Other Business Partnerships and Arrangements

Statoil could in some circumstances be held liable for the corrupt behaviour of a joint venture or other business partners. Statoil's reputation also may be damaged if a joint venture or other business arrangement in which Statoil is participating is found to have engaged in corrupt behaviour.

Therefore, as noted above, before entering into a joint venture or comparable business arrangement, the Statoil representative or asset manager responsible for the joint venture must consult with Corporate Compliance to determine the integrity due diligence steps that should be taken.

In addition, the Statoil entity entering into the arrangement must make a good faith effort to encourage any joint venture and other business arrangement in which Statoil is participating to adopt anti-corruption policies and procedures consistent with the standards described in this Manual and Statoil's Ethics Code of Conduct. Any resistance

encountered in that connection must be reported promptly to Corporate Compliance.

For joint ventures in countries scoring less than 5 in Transparency International's Corruption Perceptions Index¹⁶, an annual assessment also must be conducted to identify the corruption risk of the joint venture. In conducting the assessment, the following must be considered:

- the general level of corruption in the country in which the joint venture operates,
- the reputation of the operator of the joint venture,
- the design of the operators management system/ compliance program and its effectiveness,
- the group's level of influence in the joint venture,
- the audits/verifications performed on the joint venture and
- the corruption risks faced by the joint venture.

Gifts and Hospitality

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A gift can include anything of value, including branded promotional gifts (e.g., a logo pen or umbrella) and items provided on special occasions (e.g., holidays and weddings).

Hospitality includes food and refreshments (e.g., meals and/or drinks) and entertainment (e.g., tickets to a sporting event when the event is used for business purposes (if not such tickets are considered a gift)).

As appropriate, Corporate Compliance may set forth standards for business expenses incurred as part of normal business relationships, such as business meals. Gifts of cash or cash equivalents (e.g., gift cards) are prohibited under all circumstances.

Before giving or accepting a gift or hospitality, Statoil personnel shall discuss the proposed gift or hospitality with his/her manager. If in doubt, the issue also should be discussed with a member of Corporate Compliance. The principles above applies for anyone acting on behalf of Statoil.

9.1 Acceptance and Solicitation of Gifts, Hospitality and Other Business Courtesies

Acceptance of Gifts

Individuals working for Statoil may not – directly or indirectly – accept gifts in connection with Statoil business, unless the following requirements are met:

- The gift is a promotional item of minimal value (e.g., a corporate logo pen or umbrella).
- It is evident that declining the gift clearly would cause offense and the gift is given and accepted without an express or implied understanding that the recipient is in any way obligated by the acceptance of the gift. In such instances, the gift must be turned over to Statoil as soon as possible and is considered the property of Statoil.

Acceptance of Hospitality

Individuals working for Statoil may not – directly or indirectly – accept hospitality or any other business courtesies that could influence or be perceived to influence their business decisions on behalf of Statoil or place them in a position to

derive any direct or indirect benefit or interest from a party having business dealings with Statoil.

Hospitality, including meals and entertainment, may only be accepted if there are clear business reasons for Statoil to participate in the event and the hospitality is customary and commonly accepted; is not excessive in value and is given and accepted without an express or implied understanding that the recipient is in any way obligated by the acceptance of the hospitality. Travel, accommodation and other related expenses incurred by Statoil personnel in connection with such hospitality must be paid for by Statoil.

Solicitation of Gifts or Hospitality

Individuals working for Statoil may never request or solicit gifts, hospitality or any other business courtesies from people doing business or seeking to do business with Statoil.

9.2 Giving of Gifts, Hospitality or Other Business Courtesies

The rules for accepting gifts also apply to the giving of gifts, hospitality or other business courtesies. Individuals working

for Statoil may not give gifts on behalf of Statoil, except for promotional items of minimal value normally bearing a company logo.

Before giving a gift or hospitality, an employee shall discuss the proposed gift or hospitality in advance with his/her manager. If in doubt, the issues also should be discussed with a member of Corporate Compliance.

Particular care must be taken in dealings with Public Officials who under ordinary circumstances should not be offered any gifts. The procedures governing travel, accommodation and related expenses for Public Officials, are discussed in Section 7.

Social
Investments,
Sponsorships
and Donations

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Statoil is proud of its efforts to engage in corporate social responsibility and assist charitable organizations around the world. But legitimate social investments, sponsorships or contributions are not permitted if made for the purpose of improperly influencing an individual or entity – especially a Public Official – to act or refrain from acting in a manner desired by Statoil.

10.1 Social Investments

Social Investments are part of Statoil's commitment to corporate social responsibility.

A Social Investment is an economic transaction in which Statoil provides funds to support socially beneficial programs or initiatives in the community in which Statoil operates.

Social Investments are often in high-risk countries or regions and thus might present a significant corruption risk for Statoil. Social Investments shall be made in accordance with Statoil's policies for such engagement.

Partners and Government Relations

A local partner organization must be involved in the

implementation of Statoil's Social Investment projects. Integrity due diligence must be performed on the potential project partner and any entity that will directly benefit from the Social Investment.

In selecting partners or agencies for implementing Social Investments, priority should be given to non-government, intergovernmental or multilateral organisations that have the necessary expertise and capacity for implementing the project. Government agencies or Public Officials should normally be avoided as partners in Social Investment projects. It may be appropriate and legitimate, however, to work directly with government agencies or a Public Official when it is the most effective way to achieve the objectives of the Social Investment.

When a government agency or a Public Official is part of a Social Investment project, the risk of corruption and conflict of interest must be thoroughly evaluated. No government agency or Public Official may be included in a Social Investment project without prior consultation with Corporate Compliance. In assessing a potential relationship with a government agency, Corporate Compliance will take into account whether the government agency or Public Official has any pending discretionary decision-making authority over

Statoil's activities. In partnering with a government agency or Public Official, Statoil must comply with the provisions for interacting with Public Officials described in Section 7.

A significant portion of Statoil's Social Investments is distributed through projects operated by other organisations. When involved in such projects, Statoil must use best efforts to influence the decisions of the organisations so that they comply with the procedures described above.

Contracting

Social Investments must be governed by a written contract that clearly establishes Statoil's contribution, the contribution of the other participating organisation and the project's objectives, beneficiaries, milestones, timelines and costs. All Social Investment projects must contain anti-corruption contractual provisions. Model anti-corruption contractual provisions are available on Entry. Any substantial deviations from the model language must be approved by Legal or Corporate Compliance.

Monitoring and Evaluation

The manager responsible for the Social Investment initiative or project in which Statoil is participating regularly monitors and evaluates the initiative or project to reduce the risk of

corruption and conflict of interest and maintain control over the appropriate use of Statoil funds.

Social Investments projects must be included in internal audits and verifications of country offices or operations.

10.2 Sponsorships and Donations

Sponsorships are commitments made by Statoil as part of its overall communication strategy.

Sponsorship seeks to strengthen Statoil's brand and overall reputation, build internal pride or promote Statoil as a preferred partner, in addition to inspire talented individuals to strive for future success. Sponsorships must have clear objectives and should be used to assist worthy objectives and projects.

Donations are altruistic contributions designed to strengthen Statoil's reputation and internal pride.

Requirements for Commitment

All personnel responsible for recommending sponsorships and/or donations must ensure that decisions resulting in a commitment are made in accordance with Statoil's

policies for sponsorship and/or donations, Ethics Code of Conduct, Anti-Corruption Program and applicable national legislation. Any possible risk to Statoil's reputation and potential difficulties in terminating the relationship must be considered before making any commitments.

All sponsorships must be governed by a written contract that clearly defines Statoil's contribution, the other participating organisation's contribution and the project's goal, beneficiaries, milestones, timelines and costs. The contract must be signed by Corporate Communication and the responsible manager as further described in the policies for sponsorship and/or donations. The contract shall contain anti-corruption contractual provisions. Model of anti-corruption contractual provisions are available on Entry. Any substantial deviations from the model language must be approved by Legal or Corporate Compliance.

Partnership and Government Relations

When a government agency is party to an external donation or sponsorship, the risk of corruption must be thoroughly evaluated. No government agency can be made part of a sponsorship or donation without recommendation for approval from the CCO.

Books and Records Requirements



No false, misleading or artificial entries may be made on Statoil's books and records.

All Statoil personnel must take appropriate steps to ensure that Statoil makes and maintains books and records reflecting accurately and in reasonable detail any transaction involving Statoil, as well as any other disposition of Statoil assets.

Whenever any Statoil business unit makes a payment or asset disposition described in this Manual, the recipient must be identified in the business unit's books and records and the amount of the payment or value of any assets that are transferred, as the case may be, must be recorded in the business unit's books and records.

All records generated because of the policies and procedures described in this Manual, including due diligence questionnaires, checklists, forms and certificates, must be maintained for a time period consistent with Statoil's document retention policy and local law.

Reporting

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Statoil personnel are required to report immediately any suspected violation of Statoil's anti-corruption policies or Ethics Code of Conduct.

Suspected violations can be reported to the employee's manager, his/her manager's manager, any member of the Compliance Network, Legal or the Statoil Ethics Helpline. Statoil will not implement sanctions in any form against any person who, in good faith and in a responsible manner, informs persons in positions of responsibility or internal entities about possible breaches of Statoil's Ethics Code of Conduct, anti-corruption policies or applicable laws. Statoil prohibits retaliation against anyone for making a good-faith report. All reports of suspected violations are taken seriously and will be followed up, as appropriate. Reports may be made anonymously.

Any manager, who receives a report of a suspected violation of anti-corruption laws and regulations, or Statoil's anti-corruption policies, must immediately notify the CCO.

Glossary

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- 1 Legal
The legal department in Statoil
- 2 Corporate Compliance
Statoil's Ethics and Compliance function ("Corporate Compliance")
- 3 Public Official
A person satisfying any of the criteria set out for 'Public officials' in Statoil's Anti-Corruption Compliance Program
- 4 Compliance Officer
A designated person with specific responsibility to focus on ethics and the anti-corruption compliance within his or hers Business Area, Corporate Centre or location
- 5 Joint ventures(JV)
A corporation, a limited liability company, an unincorporated partnership or another type of legal structure formed through an agreement between two or more companies
- 6 Integrity due diligence (IDD)
The systematic collection and analysis of information to assess the integrity risk involved in entering into a business relationship with a Counterparty
- 7 Counterparty
Entity with which Statoil has, or is considering entering into, a business relationship

- 8 Integrity Due Diligence Review Board
Shall meet as and when required, with a target of at least twice a year, to consider the recommendations made by IRM and other relevant information in cases where the conclusions drawn are considered to be controversial, especially sensitive or of particular consequence for Statoil's business or reputation
- 9 Ethics Helpline
A unique web address or a phone number to be used by a caller to raise a concern
- 10 Ethics Committee
Established in all Business Area's Management Committees and in the Corporate Centre, shall meet as and when required, to ensure strong focus on, common understanding of, and compliance with Statoil's ethical requirements
- 11 Agreement
A legally binding arrangement between Statoil and a supplier
- 12 Red flags
Integrity concern; any information relating to a business relationship, which may cast doubt on the Counterparty's transparent structure and ethical business conduct
- 13 Third party
An external party where Statoil agree that they will do certain tasks on behalf of Statoil (i.e. outsourcing)
- 14 Intermediaries
Include agents, consultants and others who, in Statoil's business activities, act as links between Statoil and a Third-party
- 15 Lobbyists
Intermediaries that represent Statoil's interests by seeking to inform or influence decisions made by individuals in the public and private sectors, including officials in the government or members of regulatory agencies
- 16 Transparency International's Corruption Perceptions Index
Corruption Perception Index published annually by Transparency International which ranks countries according to their perceived level of corruption

References:

Internal references:

- The Statoil Book
- OMC Legal (OMC14)
- Risk management (FR08)
- Corporate Social Responsibility (FR11)
- Ethics Code of Conduct (FR18)
- Legal (FR19)
- Ethics helpline (WR1408)
- Social Investment management (WR1803)
- Risk management process (WR2404)
- Joint Venture management related to anti-corruption compliance (WR2452)
- Sponsorships and donations (WR2454)
- Integrity Due Diligence (WR2988)
- INV 102 Investigation of ethical misconduct

Other references:

- US Foreign Corruption Practice Act ("FCPA")
- UK Bribery Act 2010
- Norwegian Penal Code

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Statoil ASA
NO-4035 Stavanger
Norway
Telephone +47 51 99 00 00
www.statoil.com