



Statoil

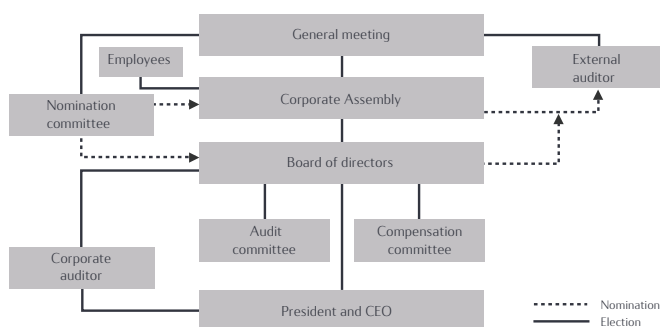
The Board of Directors' Statement on Corporate Governance 2009



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, being listed on the Oslo Stock Exchange, must annually report on compliance with the Norwegian Code of Practice for Corporate Governance from the Norwegian Corporate Governance Board (the "Code") and possible deviations from the Code must be explained. The Code covers 15 topics, and the statement shall cover each of these topics.

Statoil's board of directors has endorsed the Code and states that Statoil has complied with the Code throughout 2009.

Implementation of the code of practice

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

The foundation for the Statoil group's governance structure is Norwegian law, with Statoil ASA being a Norwegian registered public limited liability company with its primary listing on the Oslo stock exchange. 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.

Good corporate governance is a prerequisite for a sound and sustainable company, and it is built on openness and equal treatment of our shareholders. Our governing structures and controls help ensure that we run our business in a justifiable and profitable manner to the benefit of our employees, shareholders, partners, customers and society. We continuously consider prevailing international standards of best practice in defining and exercising company policies as we believe 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 in item 10.

Our governance and management system is further elaborated on our website at <http://www.statoil.com/en/About/CorporateGovernance/Pages/default.aspx>, where shareholders and other stakeholders can explore any topic of particular interest in more detail and easily navigate to related documentation.

Business

Statoil's objectives are set out in the articles of association and specified in our corporate strategy.

Statoil's objectives are defined in the company's articles of association. Statoil shall, either on its own or through participation in or together with other companies, carry out exploration, production, transportation, refining and marketing of petroleum and petroleum derived products, and other forms of energy, as well as other businesses.

Targets and strategies are adopted, both for Statoil as a group and for each business area, to support the company objective. Our corporate strategy has the following three main pillars:

- exploiting the full potential of the Norwegian continental shelf (NCS)
- establishing and developing growth positions outside the NCS, capitalising on our NCS and value chain competence and
- gradually developing a business within renewables based on synergies with our legacy business.

All within a framework of strict capital, cost and financial discipline.

We set absolute requirements for health, safety and the environment. Safe and efficient operations is our first priority. We aim to meet the world's growing demand for energy, while showing consideration for the environment and making an active effort to fight global climate change.

We are contributing to sustainable development in relation to our core activities in the countries in which we operate. We are committed to openness and anti-corruption, as well as respect for human rights and employee rights. That applies both to our own activities and to those parts of the value chain over which we have significant influence.

Full text of the articles of association can be found on our website at www.statoil.com/articlesofassociation.

Equity and dividends

The board of directors emphasises the importance of maintaining a predictable and attractive dividend level yet with equity capital at a level appropriate to Statoil's goals, strategy and risk profile.

Shareholders' equity

The group shareholders' equity at 31 December 2009 was NOK 198.3 billion, which represented 35% of the group's total assets. The board considers this satisfactory given the group's requirement for solidity in relation to its expressed goals, strategy and risk profile.

Dividend policy

The board of directors has decided to adjust the company's dividend policy in order to create a more predictable dividend level going forward.

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

The direct link to the highly volatile IFRS net income has been removed, and the focus will be on growing the annual cash dividend per share in line with long-term underlying earnings. The new policy does not imply a change in the long-term dividend level, including potential share buy-backs, compared to the previous policy.

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 of shareholders annually authorises the board to acquire Statoil shares in the market in order to continue implementation of the employees' share saving plan. The authorisation is valid until the next annual general meeting (AGM), no longer, however, than until 30 June the following year.

Equal treatment and 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. The repurchase of own shares for use in the share savings programme for own employees (or, when applicable, for subsequent cancellation) is carried out through the Oslo stock exchange.

The Norwegian State as majority owner

The Norwegian state is the largest shareholder in Statoil with a 67% ownership interest, see more on our website at www.statoil.com/shareholders. The state's ownership in Statoil is managed by the Ministry of Petroleum and Energy.

It is declared Norwegian state ownership policy that the principles in the Code will be endorsed for state ownership, and the Norwegian Government has stated that it expects companies in which the state has ownership interests to follow the Code. The principles are presented in the state's yearly ownership report, and the report for 2008 can be found on the website: www.eierberetningen.nhd.no/2008/index.php?lang=english.

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, the exchange with the company is based on information that is available to all shareholders. We ensure that the objectives of any interaction between the Norwegian State and Statoil are based on distinction between the various roles that the Norwegian State encompasses.

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

In accordance with Statoil's articles of association, Statoil has a duty to sell the State's oil and natural gas together with the group's 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 preserved in the owner's rules of procedure, which oblige 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.

Freely negotiable shares

Statoil's articles of association contain no form of restriction on negotiability of 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.

General meetings

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

The main framework as regards the convening and holding of an AGM in Statoil is as follows:

Pursuant to the company's articles of association, the AGM must be held by the end of June each year. Notice of the meeting and documentation for the AGM are published on Statoil's website at least 21 days prior to the meeting and consecutively sent by mail to all shareholders whose address is known within 21 days before the AGM. All shareholders who are registered in the Norwegian Central Securities Depository (VPS) will receive an invitation to the AGM.

Shareholders are entitled to have a proposal dealt with at the general meeting if the proposal has been submitted in writing to the board of directors in sufficient time to allow inclusion in the distributed notice of meeting. Shareholders who are prevented from attending may vote by proxy.

The deadline for registration for the AGM is the day before the AGM is due to take place.

The AGM 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 belongs 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 AGM in order to ensure impartiality in relation to the matters to be considered. The AGM is conducted in Norwegian and translated simultaneously into English. As Statoil has a large number of shareholders with a wide geographical distribution, Statoil offers its shareholders the opportunity to follow the AGM by webcast with simultaneous translation into English.

At the AGM the following decisions are made:

- Election of the shareholders' representatives to the corporate assembly
- Election of the nomination committee (referred to as the election committee in the articles of association)
- 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, proposed by the board of directors and recommended by the corporate assembly
- Any other matters listed in the notice convening the AGM.

All shares carry an equal right to vote at general meetings. Resolutions at AGMs 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 AGM.

Minutes from the AGM are made available on Statoil's website at

<http://www.statoil.com/en/About/CorporateGovernance/GoverningBodies/AnnualGeneralMeeting/Pages/default.aspx> immediately after the meeting.

In 2010, a proposal to revise the articles of association will be forwarded by the board for approval by the AGM. The revision, if approved, will allow distribution of documents to future AGMs at Statoil's website. A shareholder may nevertheless request that documents, which relate to matters to be dealt with by the AGM, are sent to him/her by regular mail.

Nomination committee

Pursuant to Statoil's articles of association, the nomination committee consists of four members who are shareholders or representatives of shareholders.

The nomination committee (in Statoil's articles of association referred to as the "election committee") is independent of both the board and the company's management.

The duties of the nomination committee are:

- to present recommendations to the general meeting of shareholders for the election of shareholder-elected members and deputy members of the corporate assembly and members of the nomination committee
- to present recommendations to the corporate assembly for the election of shareholder-elected members to the board of directors
- to present a proposal for the remuneration of members of the board of directors, the nomination committee and the corporate assembly.

The members 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.

More information on the members of Statoil ASA's nomination committee and the committee's rules of procedure can be found on our website at: www.statoil.com/electioncommittee.

Furthermore, an electronic mail-box for shareholders' proposals to the committee is accessible on our website at www.statoil.com/proposecandidate.

The nomination committee's rules of procedure are determined by the corporate assembly's shareholder-elected members, at the proposal of the board of directors. The rules of procedures state that the nomination committee will inter alia focus on the following criteria when preparing nominations: experience, competence, capacity, appropriate rotation, gender and independence.

The company covers the costs of the nomination committee.

The nomination committee held 16 meetings in 2009.

Corporate assembly, board of directors

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

Statoil's corporate assembly

Pursuant to Statoil's articles of association, our corporate assembly consists of 18 members 12 of whom, and four deputy members, are elected by the annual general meeting. 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 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 duties of the corporate assembly are defined in section 6-37 of the Norwegian Public Limited Liability Companies Act.

Our corporate assembly held five meetings in 2009. The list of members of the corporate assembly is accessible on our website at www.statoil.com/corporateassembly.

Composition of the board of directors

In accordance with Norwegian law, the corporate assembly elects Statoil's board of directors. Pursuant to Statoil's articles of association, our board of directors consists of 10 members. Pursuant to Norwegian company law, the company's employees are entitled to elect three board members, with deputy members, while seven members of the board are elected by the shareholders. There are no deputy members for shareholder representatives on the board. The management is not represented on the board. Members of the board are normally elected for a term of two years.

A majority of the members of the board are deemed to be "independent" board members. One board member qualifies as "audit committee financial expert", as defined in the US Securities and Exchange Commission requirements. There are no board member service contracts that provide for benefits upon termination of office.

Each board member is presented on our website, including information about other directorships and offices held (current and recent), age, skills and experience, possible family connections within the company's governing bodies, information about loans from the company as well as share ownership in Statoil, see www.statoil.com/board.

The work of the board of directors

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

The board of directors handles matters of major importance or of an extraordinary nature. However, it may require management to refer any matter to it. The board of directors appoints the president and chief executive officer (CEO), and stipulates the job instructions, powers of attorney and terms and conditions of employment for the president and CEO.

The work of the board is based on rules of procedure that describe the board's responsibility, duties and administrative procedures. 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 procedures are accessible on our website at www.statoil.com/board. Besides the board of directors, members of the executive committee and other members of senior management attend board meetings by invitation.

Recurrent items on the board's yearly agenda are: corporate strategy issues, approval of business plans, approval of quarterly and annual results, management's monthly performance reporting, handling of the annual report, management compensation issues, CEO and top management leadership assessment and succession planning, HSE (health, safety and environment) review, project status review, people and organisation strategy and priorities, enterprise risk evaluation and an annual review of the board's governing documentation. In addition, the board carries out an annual board evaluation, with input from various sources and with external facilitation.

The board of directors held 11 meetings in 2009 and meeting attendance was 94%.

Statoil's board of directors has two sub-committees:

The board's audit committee

The role of the audit committee is to assist in the exercise of the board's management and control responsibilities and to ensure that the group has an independent and effective external and internal auditing system. 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.

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 other countries in which Statoil is listed on the stock exchange.

The board's audit committee held 6 meetings in 2009 and meeting attendance was 95%.

The instructions for the board's audit committee are available on our website at www.statoil.com/auditcommittee.

The board's compensation committee

The role of the compensation committee is to assist the board in its work on terms and conditions of employment for the chief executive, and on the philosophy, principles and strategy for the compensation of leading executives in Statoil.

The board's compensation committee held 8 meetings in 2009 and meeting attendance was 81%.

The instructions for the board's compensation committee are available on our website at www.statoil.com/compensationcommittee.

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, and this is reflected in Statoil's management and control systems.

Risk management

Statoil manages risk to ensure safe operations and to achieve corporate objectives in compliance with prevailing requirements. The overall risk management approach includes continuous assessment and management of risk in all activities.

The company has a separate corporate risk committee which is chaired by the chief financial officer. The committee meets eight to ten times a year to consider and adopt the company's strategies for risk management. A thorough report on the company's risk management is presented in chapter 6 in the annual report on Form 20-F.

In Statoil, risk management is divided into three main categories:

- Strategic risks that are long-term market risks, and which are monitored by the company's corporate risk committee. The corporate risk committee gives advice and makes recommendations to the corporate executive committee based on strategic market risk policies.
- Tactical risks, which are short-term trading risks based on underlying exposures, are managed by the principle business segment line managers.
- Operational risks, which cover all major operational goals and underlying risk drivers, are managed as an integral part of line managers' responsibilities at all levels. In addition, insurable risks are handled by the captive insurance company operating in the Norwegian and international insurance markets.

Furthermore, Statoil has started implementation of business continuity management as a new risk handling strategy.

The management's report on internal control of financial reporting

The management of Statoil ASA is responsible for establishing and maintaining adequate internal control of financial reporting. Our internal control of 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 as adopted by the European Union (EU). The accounting policies applied by the group also comply with IFRS as issued by the International Accounting Standards Board (IASB).

The management has assessed the effectiveness of internal control of financial reporting based on the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the management has determined that Statoil's internal control of financial reporting as of 31 December 2009 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 them. Ethics is treated as an integral part of our business activities. The group requires 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 is valid for everyone working for the Statoil group, including the members of the board of directors of Statoil and its subsidiaries. The Ethics Code of Conduct is available at www.statoil.com/ethics. Statoil's Anti-corruption Compliance Programme can also be found on the same webpage. In September 2009, Statoil's then Independent Compliance Consultant, retained by Statoil as part of the settlements with the US authorities in connection with the Horton matter, certified that Statoil "has implemented an anti-corruption compliance program that is appropriately designed and implemented to ensure compliance with the Foreign Corrupt Practises Act."

Business partners are also expected to have ethical standards that are consistent with Statoil's ethical requirements.

Statoil has a dedicated ethics helpline that may be used by employees who want to express concerns or seek advice regarding the legal and ethical conduct of our business.

Remuneration of the board of directors

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

The remuneration of the board is not dependent on results, and none of the shareholder-elected board members has a pension scheme or agreement on pay after termination of their office with the company.

Information about all remuneration paid to each member of the board of directors is presented in the parent company financial statements, note 6.

Remuneration of executive management

Statoil's remuneration policy is rooted in the company's personnel policy.

Statoil's remuneration policy

Statoil's remuneration policy is strongly linked to the company's value-based performance framework. Certain key principles have been adopted for the design of the company's remuneration concept. These principles pertain in general but they are applied differently to the different remuneration systems and job categories.

The remuneration concept shall;

- reflect our competitive market strategy and local market conditions
- strengthen the common interests of people 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-term and long-term contributions and results.

Our rewards and recognition are designed to attract and retain people who perform, change and learn. The overall remuneration level and composition of the total reward reflect the national and international framework and business environment Statoil operates within.

The decision-making process

The decision-making process for changing remuneration policies and concepts and the determination of salaries and other remuneration of the corporate executive committee are in accordance with the provisions of the Norwegian Public Limited Liability Companies Act sections 5-6, 6-14, 6-16 a) and the board's Rules of Procedures as last amended on 31 July 2008.

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
- Variable pay
- Pensions and insurance schemes
- Severance pay arrangements
- Other benefits.

Fixed remuneration

Fixed remuneration consists of base salary and a long-term incentive.

Base salary

The base salary shall be competitive in the markets in which the company operates and shall reflect the individual's responsibility and performance. The evaluation of performance is based on fulfilment of certain pre-defined goals; refer to "Variable pay" below. The base salary is normally reviewed once a year.

Long-term incentive (LTI)

Statoil will carry on the established long-term incentive system for a limited number of senior managers, including the members of the corporate executive committee.

The LTI system is a fixed, monetary compensation calculated in per cent of the participant's base salary; ranging from 20 to 30% depending on the participant's position. The participant is obliged to buy Statoil shares in the market for the fixed LTI amount (after tax deduction) every year and to hold the shares for a lock-in period of three years.

The LTI and the annual variable pay system constitute a remuneration concept that focuses on both short-term and long-term goals and results. The LTI contributes to strengthening the common interests between the top management and the shareholders of Statoil.

Variable pay

The intention is to continue the company's variable pay concept in 2010. Based on performance, the chief executive officer is entitled to annual variable pay with a maximum potential of 50% of the fixed remuneration. The executive vice presidents have an equivalent variable pay scheme with a maximum potential of 40%.

In order to obtain an improved distribution of the annual variable pay, and to underpin a drive towards an even stronger performance, it has been decided to adjust the pay out level for performance at target level from 67 per cent to 50 per cent of the maximum potential.

Remuneration policies' effect on risk

The remuneration concept is an integrated part of our performance management system. An overarching principle is that there should be a close link between performance and remuneration.

Individual salary and annual variable pay reviews shall be based on the performance evaluation in our performance management system. However, participation in the LTI scheme and the size of the annual LTI element are not directly based on performance but linked to the executive's position level.

The goals forming the basis for the performance assessment are established between the manager and the employee as part of our performance management process. The performance goals have two dimensions: delivery and behaviour, where delivery and behaviour are equally important and given equal weight. Delivery goals are established for each of the five perspectives: HSE, finance, operations, market, people and organisation. In each perspective, both longer-term strategic objectives and shorter-term targets and Key Performance Indicator (KPI) targets are set, as well as actions to be executed. Several of these actions will be risk-mitigating actions derived from strategic or operational risk assessments. Behaviour goals are based on Statoil's core values and leadership principles and address the behaviour required and expected in order to achieve our delivery goals

Performance evaluation is a holistic evaluation combining measurement and assessment of performance against both delivery and behaviour goals. Hence, sound judgement and hindsight information are applied before final conclusions are drawn. For instance, measured KPI results are reviewed in relation to their strategic contribution, sustainability and significant changes in assumptions.

This balanced scorecard approach, with goals defined in both the delivery and behaviour dimension, and a holistic performance evaluation, should significantly reduce the risk that our remuneration policies are likely to have a material adverse effect.

In the performance contracts of the chief executive officer and chief financial officer, one of several targets is related to the company's relative total shareholder return (TSR). The amount of the annual variable pay is decided on the basis of an overall assessment of the achieving of various targets, including but not limited to the company's relative TSR.

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 the parent company financial statements, note 6.

Information and communications

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

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

A financial calendar and shareholder information is published at www.statoil.com/calendar.

The investor relations corporate staff function is responsible for coordinating the group'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 group's management holds regular presentations for investors and analysts. The company's quarterly presentations are broadcasted live on the internet. The pertaining reports are made available together with other relevant information at www.statoil.com/investor.

Take-overs

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

Statoil's board of directors endorses the principles concerning equal treatment of all shareholders, and is obliged to act professionally and in accordance with the applicable principles for good corporate governance if a situation were to arise in which this principle in the Code of Practice were put to the test.

Auditor

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

Our independent registered public accounting firm (independent auditor) is independent in relation to Statoil and 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 instruction for the board's audit committee (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.

The independent auditor participates in meetings with the audit committee at which the internal control system is discussed.

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

The audit committee evaluates and makes a recommendation 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 where Statoil is listed. The independent auditor is subject to the provisions of US securities legislation, which stipulate 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.

Audit committee pre-approval policies and procedures

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

All 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 audit-related and other services fees. In the presentation for the annual general meeting of shareholders, the chair presents the split between the audit fee and audit-related and other services fees.