

**Development Department - Due Diligence Report
Statoil ASA**

Name of donor/prospect:

Statoil ASA

Existing Relationship to Museum:

Statoil signed a contract with the Museum in 2016, sponsoring the new Interactive Gallery at title rights level.

Gift Information (where it is coming from, amount and what for):

[REDACTED]

Source of Wealth:

Statoil ASA explores, produces, transports, refines and markets petroleum and petroleum-derived products. Statoil is 67% owned by the Government of Norway.

The company operates through four segments:

- Development & Production Norway
- Development & Production North America
- Development & Production International
- Marketing Processing & Renewable Energy

The Development & Production segments, are organized based on a regional model with geographical clusters or units are responsible for the commercial development of the oil and gas portfolios within their respective geographical areas. The Marketing Processing & Renewable Energy segment is responsible for marketing and trading of oil and gas commodities, electricity and emission rights, as well as transportation, processing and manufacturing of the above mentioned commodities, operations of refineries, terminals, processing and power plants, wind parks and other activities within renewable energy. The company was founded on September 18, 1972 and is headquartered in Stavanger, Norway. Statoil had a net income in 2014 of 21,900b NOK. In 2015 the company had a negative net income of 37.3b NOK. The significant decrease from 2014 to 2015 was mainly due to the reduced commodity prices, leading to lower earnings and impairment losses.

Despite the growth in Statoil's international footprint, the company still sources c.69% of its production from the Norwegian Continental Shelf (NCS) of which c.54% is natural gas. Statoil also markets gas belonging to the Norwegian State (SDFI) – gas marketed by Statoil accounts for c.70 per cent of total Norwegian gas exports. Statoil's gas business is largely a piped gas business with just one Liquefaction facility (Snøhvit LNG). The offshore pipeline system in NCS extends a total of 8,100 kilometers with six landing points located in France, Germany, Belgium and the UK. Statoil's European gas earnings are reported within two business segments. Gas volumes are 'sold' internally by Upstream (DP) Norway to the MPR (includes Gas Trading) segment at an internal transfer price. The MPR segment then looks to maximize the value that can be derived from these volumes whilst meeting Statoil's supply obligations under the long-term supply contracts. (JP Morgan 19/06/15)

Giving history/Associations with other benchmark organisations (examples of partnerships, major philanthropic gifts):

April 2015 Statoil donated NOK 1 million to the Red Cross to support their disaster relief work in Nepal after the earthquake.

Their flagship programme is Heroes of Tomorrow, through which they sponsor science education, sports and culture. Through this programme they have supported The Norwegian Centre for Science Education, Science Centre of Northern Norway, First Lego League, and Teach First Norway, among others. Statoil has sponsorship agreements with the Science Centre of Northern Norway and

Nordland county municipality totalling nearly NOK 16 million. They are also giving NOK 10.8 million over five years to boost geoscience education. Statoil has spent five million kroner developing and equipping the Newton Energy Room in Trondheim, this is a pilot project, which if successful will form part of a larger project to establish additional Newton Energy Rooms. The rooms are meant as an alternative to the classroom and will function as resource centres in science subjects for local schools. They support Teach First Norway, a collaborative project between the City of Oslo, the University of Oslo and Statoil. The new candidates all hold a master's degree in science and mathematics subjects. They also support FIRST LEGO League (FLL), an international competition organised by FIRST (For Inspiration and Recognition of Science and Technology) for elementary and middle school students.

Statoil are active philanthropically outside of Norway in countries where they have operations. For example, in 2014 Statoil Tanzania donated 125 desks to two primary Schools in Mtwara region as part of the company's social investment programme. Statoil's long term ambition is to focus on higher education where it is currently financing 31 Masters' students and one PhD student studying petroleum engineering, geo-science and finance in Norway and Tanzania. Statoil also has a relationship with the University of Dar es Salaam and the University of Dodoma, where the company arranges for guest lecturers in science to visit and for geo-science field trips for students.

Negative/Positive Press:

The Norwegian Petroleum Directorate (NPD) grants Statoil a drilling permit for more North Sea wildcat wells – May 2016, Statoil will drill two new wildcat wells from the Songa Delta drilling facility in the North Sea. An appraisal well will also be drilled, if a discovery is made (31/05/2016 Energy Voice).

Thirteen Statoil employees die in helicopter crash – May 2016, An Airbus helicopter H225 Super Puma, formerly known as a Eurocopter EC225 crashed off the coast of Norway after picking up passengers from a Statoil oil platform. The group on board included 11 Norwegians, one Italian and one British citizen, according to authorities. (02/05/2016 UPI).

GE/Statoil Sustainable Energy Collaboration – February 2015, GE and Statoil announced a new collaboration to accelerate the development of more environmentally and economically sustainable energy solutions to help fuel the future. This joint technology-focused program is aimed at driving an industrial response to some of the biggest challenges facing global oil and gas production, including flaring, CO(2) and methane emissions, and water usage, while also optimizing business operations. "The challenge of achieving more efficient and sustainable energy production is too large for one entity to address alone," said Eldar Saetre, President and CEO of Statoil. "The private sector has a responsibility to leverage its skills and expertise to contribute to the development of new solutions. Collaboration is a key component to achieving important positive change. This initiative with GE is a good example of an innovative approach to accelerate innovation and help address the energy needs of today and for the future." (13/02/2015 Energy Weekly News).

Gudrun, North Sea incident - In May 2015 a natural gas condensate leak at Statoil's Gudrun platform in the North Sea in February came close to causing a deadly accident, the company's own investigation concluded. Statoil said its investigation classified the incident as having the highest degree of seriousness, Red 1, which could have led to fatalities (Reuters 20/05/15).

A leak at Statoil's liquefied natural gas plant in the Norwegian Arctic in January 2015 could have caused an explosion, killing workers and seriously damaging the facility, the Petroleum Safety Authority said on Thursday. The four-month investigation also concluded that Statoil took too long to reduce pressure in the LNG unit as 12 minutes passed between the sounding of the alarm and the decision to depressurize. In response to the regulators' finding, Statoil said it had introduced a new internal control mechanism to deal with gas leaks and had inspected other equipment for signs of fault to avoid future leaks. The 5 leak shut the facility for three days and up to 750 kg of gas escaped, the watchdog said.

Oseberg A platform leak - In 2014 The gas leak at Statoil's Oseberg A platform in June could have had a deadly outcome writes the Norwegian Petroleum Safety Authority (Ptil) in its investigation report. It also highlights lacking risk evaluations and work processes for wells and the processing facility at Oseberg. Statoil's Director of information Ørjan Heradstveit says the company has initiated a follow up of the breaches found by the Authority. He said both the Authority and the company's own

investigation of the incident show that it could not have turned into a major crisis as the leak itself was relatively small. (Source: 12/01/14 Esmerk Norwegian News).

New Zealand - Statoil operates with a 100% equity share in petroleum exploration permits 55781 and 57057 in the Reinga Basin offshore Northland's west coast. The licences were awarded in the New Zealand Block Offer 2013 and 2014 respectively. The permits cover 11,670 square kilometres and are located approximately 100 kilometres from shore to the west of New Zealand's North Island, in water depths ranging from 1,000 to 2,000 metres. In the New Zealand Block Offer 2014 Statoil was also awarded 50% working interest in blocks 57083, 57085 and 57087 with Chevron as operator. The permits are located in the East Coast and Pegasus basins, southeast off New Zealand's North Island. The permits cover more than 25,000 square kilometres and sit in water depths between 800 and 3,000 metres. The initial phase of the project will consist of data collection.

In December 2014 Greenpeace protesters sealed off the entrance to the Statoil energy company in Wellington. (10 December 2014 Radio New Zealand News) in protest at deep sea oil drilling and the threat to climate change from burning fossil fuels. "Norwegian oil giant Statoil has a permit to drill in the deep waters off the beautiful west coast of Northland. It is an area of outstanding beauty, a migratory path for whales, the home of many Maori tribal groups and a paradise for surfers. . . The catastrophic oil disaster in the Gulf of Mexico showed us the risks of deep sea drilling. And it showed that the price of an accident is borne by the wildlife, coastal communities and economy. New Zealand doesn't need to take this risk" (http://www.greenpeace.org/new-zealand/en/take-action/Take-action-online/Statoil_Northland/).

Algeria - Statoil Algeria AS is held by majority state-owned Statoil ASA (70%). In 2013 terrorists attacked the gas plant at Amenas (operated jointly by BP, Sonatrach and Statoil). During the attack 40 people were killed. On 12/09/13 Statoil published an external report on the terrorist attack. The report is highly critical of security at the plant and concludes that Statoil and partners Sonatrach and BP relied too heavily on the Algerian military to safeguard the plant. According to the report it was merely coincidental that the attack did not end in a major gas explosion. A stray bullet that hit a transformer resulted in a chain reaction that created a power outage in the production facility, which prevented an explosion.

Alaskan Arctic - ConocoPhillips, Eni and the Norwegian oil giant Statoil all suspended their Alaskan Arctic drilling plans. Shell is still going ahead with theirs. .

Angola - Global Witness warns of extreme risks for corruption in the oil sector in Angola, which is Norwegian state-controlled oil company Statoil's largest market outside Norway. Barnaby Pace in Global Witness says that companies like Statoil have to be sure of the identity of their partners and avoid partnerships with companies that may have politicians or bureaucrats as owners. Two partners of Statoil will not provide information about their shareholders, but according to the newspaper one is tied to Vice President Manuel Domingos Vincente and the other to a central oil politician.

Iran - In July 2008, the U.S. State Department launched an investigation into Statoil's dealings in Iran to determine if the company had violated the Iran Sanctions Act. In a letter from the U.S. State Department dated 1 November 2010, Statoil was informed that it was no longer considered a company of concern with regard to its Iran-related activities.

Any Areas of Concern:

Health and safety incidents noted above.

New Zealand drilling permits noted above.

Source Checklist	Y/N	Information Checked
Charity Commission (or other relevant organisation for non-UK donors)	n/a	Legal status of charity, latest accounts filed
Companies House (or other relevant organisation for non-UK donors) http://wck2.companieshouse.gov.uk/dirsec	y	Disqualified directors
Factiva (general press)	y	Negative & positive press

Private and Confidential

Dow Jones Risk & Compliance	y	Dow Jones Sanction & Watch lists, Politically exposed persons, known criminal associates
Any other sources	y	Greenpeace, Corporate Watch, Friends of the Earth