Doing good by doing well?

Statoil in Sub-Saharan Africa

"At Statoil, the way we deliver is as important as what we deliver"

The Statoil Book

Pål Wilter Skedsmo, Heidi Bade & Leiv Lunde, Fridtjof Nansen Institute

Commissioned by Norwegian Church Aid

Norwegian Church Aid had commissioned this report from Fridtjof Nansen Institute

FNI is an independent foundation engaged in research on international environmental, energy and resource management politics.

Within this framework the institute's research is mainly grouped around six focal points:

- Global governance and sustainable development
- Law of the Sea and marine affairs
- Biodiversity and biosafety
- Polar and Russian politics
- European energy and environmental politics
- Chinese energy and environmental politics

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Africa could be on the brink of something big!

'State ownership shall be administered in an active and professional manner, in which long-term thinking, predictability and social responsibility are characterised by a strategy for increased value creation, industrial development and safe workplaces in Norway and internationally'.

Report to the Storting No 13 (2010–2011) 'Active Ownership' – Ministry of Trade and Industry

Economic growth in Africa is among the strongest in the world, and extensive natural resources have been discovered in many African countries. Abundant access to natural resources like oil and gas can provide opportunities for growth and development. Unfortunately, access to natural resources has turned out to be a curse and a poverty trap for many developing countries, rather than an opportunity for development. Is it possible to reverse this trend now?

Oil and gas have been discovered in countries like Tanzania, Angola and Mozambique. Norwegian Church Aid works in all of these countries. When Statoil shows an interest in these countries, Norwegian Church Aid naturally takes a closer look at the role that Statoil currently plays in these countries, and the role it should play in the future. This is also because it has long been our priority to have a united Norwegian policy regarding developing countries, a policy in which trade, investment and ownership activities all pull in the same direction.

Statoil could become a very central commercial partner in many African countries – but this is not without its challenges. It is for this reason that we have commissioned the Fridtjof Nansen Institute to write this report about Statoil's actual and potential contribution to distributed development, and it is exciting to read what conclusions they have come to.

Norway is a majority owner of Statoil with 67 per cent of the shares. This means that Statoil can be described as 'owned by the people', and this ownership means that the owners and company are subject to greater expectations and a greater responsibility. Internationally, Norwegian-owned companies play an important role in the business sector of other countries, and form a major part of Norway's footprint abroad.

The UN Guiding Principles on Business and Human Rights (the Ruggie framework) – of which Norway has been a key supporter – emphasise this very point, that state-owned companies have a particular responsibility to proactively support human rights. This framework has three pillars: State duty to protect – business duty to respect – joint responsibility to provide access to remedy.

Active ownership from the perspective of unity therefore means that Norwegian authorities must set clear expectations, specifying that Statoil's operations cannot counteract Norwegian policies in other areas.

In the very recent Report to the Storting No 25 (2012–2013) 'Sharing for prosperity', the government writes that it 'will [...] ensure that natural resources are properly

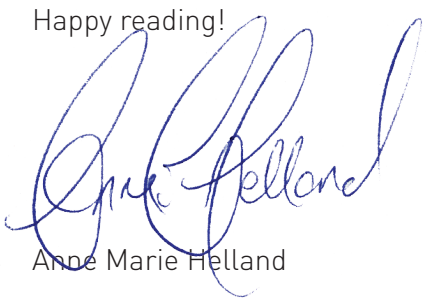
managed and extracted in a safe and secure manner that is not harmful to people or the environment, and that revenues are used for the benefit of the whole population'. One of the most important measures is thus to ensure that the profit earned from natural resources remains in the country, and does not disappear abroad with international companies.

An ambitious goal, and an important obligation that Norwegian Church Aid shares.

Norwegian Church Aid stresses the particular importance of the following:

- Norwegian authorities must ensure that Statoil does not contribute to the resource curse, but that its involvement in developing countries leads to development rather than a drain of resources and revenues.
- Norwegian authorities must appoint a commission to review the presence abroad of state or semi-state companies, and make recommendations regarding this.
- Norwegian authorities must not contribute to the continuation of authoritarian and corrupt regimes or to breaches of human rights in any country. Extra-stringent requirements must also be stipulated regarding CSR work and transparency in particularly challenging countries, if this presence is to be legitimised.
- Norwegian authorities must ensure that Statoil continues to lead the way in social responsibility and ensure that there is transparency in contracts and monetary flows.
- Statoil's social responsibility must be more than respecting relevant legislation and regulations, paying taxes and generating jobs. Respect for national laws and regulations is no indicator of social responsibility. It is an indicator of whether a company is acting criminally or not. Social responsibility must go beyond what a company is obliged to do, either by the legislation of the country of operation or by Norwegian law.
- Statoil should establish minimum standards regarding the fundamental institutions that must be present in order for Statoil to begin operating in a country.
- Statoil must show zero tolerance to corruption and assess how it will approach the corruption that is present in any country. This is particularly important in countries like Angola.
- Statoil must stipulate that it requires national accounts to be open and transparent. The company must also be open regarding tax payments and what kind of sharing agreements it has with the authorities.
- Statoil must ensure that the size of its social investments in the various countries is in proportion to its investments.
- Statoil must be open regarding the effect of its operations on local and national conditions.
- Statoil must make contracts with the various countries available to the local population in a form and a language that can be understood there.

Happy reading!



Anne Marie Helland

General Secretary of Norwegian Church Aid

Executive summary

This report, commissioned by Norwegian Church Aid (NCA), examines Statoil's exploration and production activities in Sub-Saharan Africa, in particular how Statoil understands and acts in order to develop its social license to operate. This is assessed along three main avenues: (1) how Statoil understands its wider role and impact in the societies where it operates; (2) how Statoil develops this by means of its Corporate Social Responsibility (CSR) practices; and (3) how much revenues Statoil generates to the benefit of the countries in question. The focus is on three countries where Statoil is an important actor, or is positioning itself to become one: Angola, Mozambique and Tanzania. What is Statoil's footprint in these countries?

Statoil is involved in exploration and production, or is awaiting license approval, in five countries in Sub-Saharan Africa: Angola, Ghana, Mozambique, Nigeria, and Tanzania. This report covers Statoil's exploration and production activities in Angola, Mozambique, and Tanzania. Angola represents 33% of Statoil's international oil production. In Mozambique, Statoil has been present since 2006 as an operator on two blocks. Exploration is still in an early phase, with exploratory drilling set to commence in spring 2013. In Tanzania, Statoil's presence dates back to 2007; in 2012 it announced high-impact findings in several wells which might turn Tanzania into the company's main asset in Africa. An investment decision is expected in 2015.

A growing Norwegian business presence in Sub-Saharan Africa is part of the continent's recent economic success story. Statoil is among the locomotives of Norwegian business engagement in Africa. Lack of transparency and corruption among the host-country authorities are major obstacles to ensuring that profits from the petroleum sector will benefit the wider population. There are, however, few options available for Statoil (or other companies) to deal with national political issues, beyond acting as a good corporate citizen and contributing to government revenues. Statoil sees no role for itself in addressing how revenues are spent and distributed.

In Statoil, corporate social responsibility (CSR) is understood primarily in terms of managing social risks and contributing to value creation in host-country societies. By "social risks" are meant actual or potential adverse effects of the company's business operations. These need to be identified as well as mitigated. Statoil has pledged to uphold human rights standards, labor standards, local content, and transparency measures. CSR is thus to a large extent integral to Statoil's business operations, and not a philanthropic side-event or after-thought. Statoil carries out social investment projects, but also these have to be based on business considerations.

Statoil is partner or operator in production-sharing agreements (PSAs) according to which an agreed proportion of the petroleum produced is to be kept by the resource owner: the state via its national petroleum companies. Statoil's own country-by-country reporting shows that payments of profit oil in kind are by far the company's biggest financial contribution to Angola. The government take—the states' rate of return via taxes, royalties and profit oil—varies. Angola has a government take of more than 80%, whereas the corresponding figures for Mozambique and for Tanzania are likely to be slightly lower.

As with implementation of Extractive Industries Transparency Initiative (EITI) requirements and other transparency measures, Statoil's publicly available country-by-country reports constitute important tools for civil society in assessing the volume of revenues generated by the petroleum sector. But the extent to which civil society, local media, and stakeholders can make use of such information varies. Capacity is

required. Civil society in the countries covered by this report ranges from being repressed to being relatively free but often with limited capacity and knowledge about the issue at hand.

Expectation management is a critical factor. First of all, Statoil is, up to a point, vulnerable to mismanagement by authorities and other companies, as the petroleum sector is often regarded as a whole rather than as project- and company-specific. Secondly, petroleum extraction is a long-term venture, where many years may pass before investments are turned into actual revenues. Popular expectations of oil sector benefits to society are often widely unrealistic, and all stakeholders should contribute to expectation management (governments, companies, civil society).

Statoil can lead by example, such as when the company initiated its country-by-country reporting in 2001, making it public in the company's sustainability reports from 2004 onwards. This transparency measure was not in accordance with the preferences of Angolan authorities. Statoil's main leverage lies in acting as a good corporate citizen, in terms of promoting increased business transparency and accountability.

Recommendations

- **Statoil should** ensure that civil society is properly consulted by the host government; and if not, the company should take the initiative to invite and consult civil society representatives.
- **More specifically, Statoil should** ensure that its communication practice not only grants availability of information according to formally established standards, but also that information is sufficiently accessible to the wider public and civil society, available in relevant local languages.
- **Statoil should** take up the issue of stakeholder involvement and capacity building at an early stage with the relevant national authorities.
- **Statoil should** continue its emphasis on higher education as well as vocational education and training, as this represents an important social issue closely linked to Statoil's core mission.
- **Statoil could** forge more robust links between the CSR policy at corporate level and local CSR implementation.
- **Statoil's resolve** to lead by example and actively encourage other international petroleum companies to become more transparent is important and should continue; Statoil's license to operate can in many ways be conditioned on the collective performance of international oil companies. Inter-company dialogue on CSR (widely defined) should be strengthened, at headquarters and in the field, and including not least companies from Asia.
- **Corporate efforts** to strengthen participatory democracy by supporting civic pluralism are controversial and require keen political instincts and awareness. Statoil and other international oil companies should investigate opportunities for such initiatives. Budget-monitoring and anti-corruption initiatives are particularly relevant and should be encouraged.

Abbreviations and glossary

API American Petroleum Institute

CCM Christian Council of Mozambique

CSR Corporate Social Responsibility

Downstream Refining and sale of petroleum products and natural gas

E&P Exploration and Production

EITI Extractive Industries Transparency Initiative

ENH Empresa Nacional de Hidrocarbonetos de Moçambique: Mozambique's national oil company

EPCC Exploration and Production Concession Contract

FDI Foreign Direct Investment

Frelimo Frente de Libertação de Moçambique: the Mozambique Liberation Front, in power in Mozambique since independence from Portugal in 1975.

HSE health, safety and environment

INP Instituto Nacional de Petróleo: Mozambique's national oil institute and regulatory body

IOC International Oil Company

LNG Liquefied Natural Gas

MINPET Angolan Ministry of Petroleum

MPLA Movimento Popular de Libertação de Angola – Partido do Trabalho: Angola's largest political party led by José Eduardo dos Santos, president since 1979

NCA Norwegian Church Aid

NGO Non-governmental Organization

NOC National Oil Company

ODA Official development aid/assistance

OFD Oil for Development: Norwegian development program

Operator Company having responsibility for the operation of a license on behalf of a group of license shareholders

POL Partner-Operated License

PSA/PSC Production-Sharing Agreement/ Contract

SONANGOL EP Sociedade Nacional de Combustíveis de Angola, Angola's national oil company

TPDC Tanzania Petroleum and Development Company: Tanzania's national petroleum company and regulator

Upstream Exploration, drilling, production and transport of crude oil and natural gas

WWF World Wide Fund for Nature

Introduction

Sub-Saharan Africa has become an increasingly promising area for Norwegian businesses. The Norwegian energy company Statoil—where the Norwegian state retains a shareholder majority of 67%—is in the lead.[1] For the period 2007 to 2011, Angola's tax dividends and other revenues from Statoil were 200 times greater than Norwegian official development aid to the country, and approximately 15 times larger than Norway's ODA to the five Sub-Saharan countries covered in this report.[2] The heightened Norwegian business presence is a fact, writing new chapters in Africa's recent economic success story. But Norwegian businesses should expect—and will have to accept—greater scrutiny from journalists, development organizations and other stakeholders. This report is in itself the result of such heightened scrutiny.

The Norwegian Church Aid has commissioned the Fridtjof Nansen Institute (FNI) to assess Statoil's corporate social responsibility, cash flows and to what extent Statoil has leverage on local authorities in the region. This report discusses how Statoil at corporate level can address these issues, and if possible do so with greater resolve. Hence, and in line with our mandate, we do not venture into what the Norwegian state as majority shareholder in Statoil can or should do to bring about changes. That said, it is impossible to de-couple the two entirely. Statoil faces high expectations because Norway is associated with high standards and a high level of social equality, and because Norway has been a generous donor in several of the countries in question, especially in Mozambique and Tanzania. Moreover, promotion of the "Norwegian model" has been relatively forceful. With regard to management of petroleum resources this has been targeted via Norway's Oil for Development program and its predecessors.

In preparing this report, a broad range of information, perspectives, and perceptions have been considered and scrutinized. From our interviews, reading of reports, and analysis of financial records, the following apparent puzzle emerges: Whereas Statoil as an international oil company (IOC) is eager to stress the positive societal ripple effects of its activity, the company has few instruments for dealing with societal issues, beyond acting as a good corporate citizen and contributing revenues to government coffers. There are many valid reasons for this. The implication, though, is that Statoil has no official opinion on how the host governments in any country distribute and make use of the revenues generated by exploration and production activity. Although Statoil is a relative newcomer to international exploration and production, it is engaged in several countries known to pose risks in terms of corruption and/or security. Inside Statoil, the 'three As' of Algeria, Angola, and Azerbaijan are seen as a cluster of countries that pose specific challenges, but where the company deems it possible to do business without compromising on values and principles.

Let us note one example: Statoil's payment of direct and indirect taxes as well as oil in kind to Angola over the 6 years 2007–2012 was approximately USD 23 billion. In 2010, the International Monetary Fund (IMF) was trying to find out what had happened to USD 32 billion not satisfactorily accounted for between 2007 and 2010 in the Angolan state oil company, SONANGOL. "Most of the funds" were later accounted for, as stemming from operations SONANGOL had carried out on behalf of the state.[3] Nevertheless, the uncertainty over the remaining unaccounted funds, in combination with what is known about the corruption rampant in Angola,[4] makes it pertinent to ask where all the money goes. Does this pose a dilemma for Statoil, and does the company see this as something it can take up directly with the Angolan authorities? Importantly, Statoil must conduct its operations in

1 The ownership interest is managed by the Norwegian Ministry of Petroleum and Energy.

2 Figures from Statoil's sustainability reports 2007–2011 (see table 2 covering 2007-2012). ODA figures available 2007-2011 from NORAD's website http://www.norad.no/en/tools-and-publications/norwegian-aid-statistics

3 See http://www.reuters.com/article/2012/01/25/ozatp-imf-angola-idAFJOE80O00O20120125

4 Angola ranks 157th on Transparency international's Corruption Perceptions Index 2012, see http://www.transparency.org/cpi2012/results

line with the relevant laws, regulations and accepted principles, also as regards paying taxes. Then, as several Statoil representatives have remarked, "it is up to the people to hold the government accountable." Are there situations and contexts where such an argument is less valid, or more problematic? Are the people capable of holding the government accountable in all countries where Statoil operates in Sub-Saharan Africa? If not, does Statoil have other responsibilities than those purely mandated by its business operations and related obligations to host governments? Does Statoil bear any responsibility for dealing with issues that represent governance challenges beyond the petroleum sector as such?

As is clear from figure 1, Statoil's Sub-Saharan countries of Angola, Ghana, Mozambique, Nigeria, and Tanzania are among the least developed in terms of education, health, and standard of living. Mozambique is the country with the fourth lowest human development index (HDI) in the world.

Arguably, Statoil has made significant efforts to contribute to society in ways it finds consistent with its role as an industry player. It promotes transparency mechanisms, it has publicly announced that it does not support the lawsuit against the Dodd-Franks act, section 1504, that several American Petroleum Institute (API) members have supported.[5] Statoil is widely seen as a frontrunner among the extractive industries as regards issues of business transparency, country-by-country reporting, and anti-corruption measures.[6] This report does not dispute such findings, but we do ask if there are cracks in this picture. What kinds of dilemmas may Statoil be facing in varying Sub-Saharan contexts? After all, the claim "the way we deliver is as important as what we deliver" is an ambitious statement that merits closer investigation.

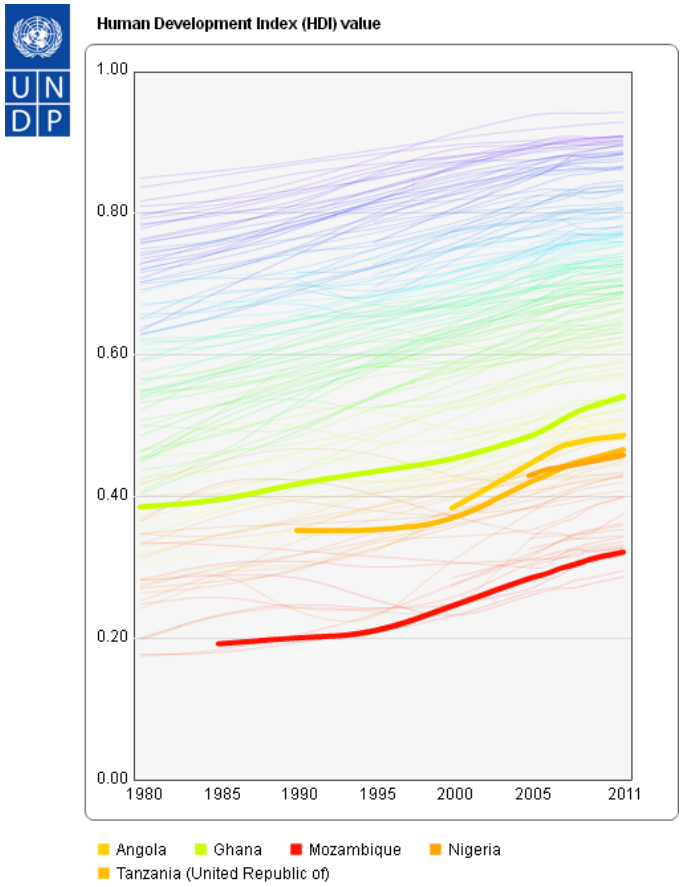


Figure 1HDI profiles

Scope of work and outline of the report

The material gathered for this report is based on desk-study work and on interviews with key personnel in Statoil, Norwegian Church Aid (NCA) and NCA partners, embassy representatives and various non-governmental organizations (NGOs). As part of the study, a fact-finding mission to Mozambique and Tanzania was conducted in January 2013. Due to budgetary limitations, we did not travel to Angola, but key personnel in Angola were interviewed by phone and Skype. Almost 20 interviews and meetings were carried out, with more than 30 representatives of NGOs, embassies, Statoil, academia and national petroleum regulators. Around one third of the interviewees represented Statoil. As the study was limited in time and scope, it is important to make clear what this report is not. It is not an evaluation report of Statoil's CSR portfolio. It is not a comprehensive study that compares Statoil with other oil majors operating in the same area. It is not so much a report that goes into considerable local detail, as it is an attempt at identifying dilemmas, and practices related to Statoil: its business transparency, CSR portfolio, and scope of action. We hope to have contributed to the vital

5 In a letter to Global Witness, Statoil made publicly known that the company does not support the API-initiated lawsuit. See http://www.revenuewatch.org/news/press_releases/statoil-withholds-support-lawsuit-against-transparency-dutch-government-pledges- For more information on the Dodd-Franks Act, we refer to the section CSR: framing the issue.

6 See http://www.transparency.org/whatwedo/pub/transparency_in_corporate_reporting_assessing_the_worlds_largest_companies

discourse on how petroleum may become a blessing and not a curse for Africa.

This report does not address Norwegian Church Aid's (NCA's) work explicitly, but the issues discussed deal with "economic justice," which is one of five thematic pillars in NCA's work.[7] Economic justice is further divided into "livelihood and trade" and "resources and finance" (R&F). The work NCA does related to R&F through its country project offices and partners primarily entails advocacy work or capacity-building measures aimed at securing long-term development. It has country project offices in Angola and Tanzania, whereas Mozambique is under the auspices of a project office based in Johannesburg, South Africa. In addition to being countries where Statoil is involved, the countries in focus in this report are also countries where NCA is involved in projects and/or has offices. Hence, Ghana and Nigeria are not covered specifically in this report.

7 The other four are the right to peace and security, gender justice, climate justice, and the right to water and health.

CSR discourse and practices

CSR: framing the issue

A wide range of oil and gas companies are currently vying for new petroleum opportunities across the developing world. Important drivers are growing demand (particularly in Asia), high prices, and concerns about energy security.

Many of the most interesting petroleum areas feature significant resources with potentially high returns—but also huge risks associated with various governance challenges. These challenges may include unstable/immature political systems, pervasive corruption and lack of domestic governance structures and expertise, deficient investment climate with unclear framework conditions for foreign companies, environmental and land use/ownership controversies, and civil unrest and risk of violent conflicts/civil war. They add up to what is often termed the "resource curse": the idea that the exploitation of large amounts of natural resources, relative to other sources of income for a state or a society, actually leads to negative—not positive—social, political, and economic effects.

International oil companies as well as their respective home governments have a considerable interest in efforts to manage and reduce risks, and thus also to help weak governments avoid malign resource-curse dynamics. They see their key contribution as that of providing taxes and other revenues to host government coffers, and the expertise and technology they make available to the benefit of local state and business communities.

On the other hand, if international oil and gas companies fail to manage the broader societal risks outlined above, this may result in significant economic loss in the longer term, and broader image and reputation problems vis-à-vis governments and in-country partners—even globally, given global media and NGO coverage of petroleum investments in controversial settings.

Shell's difficulties in Nigeria in the mid-1990s triggered a wave of global concern and unleashed CSR strategies by oil companies in order to contain criticism and maintain their licenses to operate.[8] International oil companies invest significant financial and personnel resources in order to sustain their societal license to operate, through CSR programs and investments, environmental impact assessments and various modes of stakeholder consultation.

CSR strategies of oil and gas companies have become further refined over the years and have also been complemented by a range of governmental / institutional developments. The latter include governmental support initiatives such as Norway's Oil for Development Program,[9] the US Energy Governance and Capacity Initiative,[10] and multilateral/global initiatives such as the Extractive Industries Transparency Initiative (EITI),[11] the Natural Resource Charter[12] and significant support activities by institutions such as the World Bank/IFC. The Voluntary Principles on Security and Human Rights[13] provide advice to companies on the use of security personnel in connection with conflict-sensitive oil, gas and mining installations. In addition has come substantial mobilization among NGOs, internationally and at country level across the developing world. Vocal examples of the former include Global Witness, Revenue Watch Institute and the global Publish What You Pay campaign.

Recent legislative developments in the USA and EU are impacting directly on the activities of international oil companies in the developing world. In particular, the US Dodd-Frank Act, implemented by the US Securities and Exchange Commission (SEC) on 22 August 2012, mandates all extractive industry companies (oil, gas, and mining) listed on US stock exchanges to disclose relevant information concerning payments to governments and related stakeholders

8 See Tangen, Kristian (2003): Shell: Struggling to Build a Better World?, FNI Report 1/2003. Available from http://www.fni.no/doc&pdf/FNI-R0103.pdf

9 OfD, see www.norad.no

10 ECGI, see www.state.gov/s/ciea/egci

11 EITI, see www.eiti.org

12 See www.naturalresourcecharter.org

13 See www.voluntaryprinciples.org

in countries where they invest. The aim is enhanced transparency and reduced corruption in oil, gas, and mining operations globally. The EU is likely to adopt legislation similar to the Dodd-Frank Act.[14]

Developments such as the Dodd-Frank Act entail opportunities as well as challenges for Statoil and other international oil companies. On the positive side, the overall aim of the new legislation is to improve transparency, governance and management of extractive industry operations globally, and thus reduce the societal risk associated with such investments. On the other hand, several international oil players—with Statoil as a notable exception—have voiced concerns about the specifics of Dodd-Franks disclosure requirements, arguing that they interfere with the integrity of corporate strategic functions.

CSR in Statoil

In addition to the discussion of developments within the CSR discipline above, it is essential to examine how Statoil defines CSR. Within Statoil, as elsewhere, CSR started out as primarily a philanthropic activity. Over the years, CSR has evolved gradually, from external and additional values often somewhat de-coupled from Statoil's core activity, to (by definition at least) being internalized and implemented as an integral part of the company's business activity. According to the Statoil Book, which describes the most important policies and requirements for the company, the approach is to 'contribute to sustainable development through our core activities wherever we work'.[15] Statoil has further committed itself to ensuring (1) that decisions are based on how they affect Statoil's interests and those of the societies affected; (2) that human rights and labor standards are respected; (3) that transparency and anti-corruption are promoted and ensured; and (4) that Statoil contributes to local content by developing skills and opportunities. Interestingly enough, compared to 'first-generation' CSR, only the last of nine CSR bullet points specifically mentions social investments. Social investments may also include contributions to higher education as well as vocational training and skills. The sections prior to the one on social investments reflect an approach where CSR is integral and directly related to the execution of Statoil's business activities.

CSR in action

What Statoil understands and defines as CSR will of course change over time. Transparency measures may be regarded as voluntary CSR, whereas anti-corruption is closer to legal compliance. Shifts in perceptions and definitions are indicative of constantly ongoing negotiations within Statoil on how CSR is defined and understood. We understand the CSR policy to be well reasoned in terms of strategic priorities, and as a process of bringing CSR closer to the company's core activities. At the same time, however, more mundane and incidental CSR policies may come about: What one representative agrees and signs into in contract negotiations may result in a CSR project without prior identification of risk and impact. This has been the case in Mozambique, for instance.

Statoil's CSR policies are – as outlined above – defined at corporate level. While we have access to the general principles behind the company's CSR policy in the Statoil Book, Statoil's CSR strategy and documents for functioning and working requirements have not been made available to us. These documents are classified as internal documents. As for the documents describing functioning and working requirements we have however been informed about the general content of these, and have taken this information into account when Statoil's CSR policy is described. As a consequence, we cannot claim whether CSR practices in Statoil are in line with the overall CSR strategy or not. We can however, based on insights gained through the interviews with varying Statoil representatives, argue that there are differences as regards how one speak about and legitimate the need for CSR.[16] The main difference lies in the emphasis on social risk management, whether CSR is understood to mitigate risks or is a side event to Statoil's business execution. According to Statoil, it is only natural that

14 See www.revenuewatch.org for more about the implications of the 22 August 2012 implementation of the Dodd-Frank Act.

15 Statoil Book, p. 59 Available from http://www.statoil.com/AnnualReport2011/en/Download%20Center%20Files/01%20Key%20Downloads/17%20Fact%20book/Factbook2011.pdf

16 This is discussed more in detail in the section Statoil in Angola

CSR at corporate level is in the forefront, whereas it will take some time before implementation is in place at varying country offices.

Statoil works and defines it operations according to different exploration and production (E&P) phases. Depending on which phase Statoil has reached in its E&P activities, responsibilities rest with different Statoil departments. In general, Statoil Exploration is in charge in countries in the exploration phases, whereas Statoil Development and Production International (DPI) takes over when the exploration phase is closed and development and preparations for production sets in. At time of writing (March 2013), Angola is both a DPI and Exploration country, due to ongoing production and the initiated exploration phase, Mozambique is in an exploration phase, whereas Tanzania is upgraded to DPI.

In the case of Angola, Statoil's shares in partner-operated licenses (POL), only gives Statoil limited possibilities to integrate CSR into its business execution. When Statoil is partner in a POL, the company has limited impact on the CSR strategy related to the license as compared to when Statoil assumes the role of operator itself. Hence, the social investment projects Statoil has carried out in its DPI phase in Angola, is out of necessity somewhat de-coupled from the E&P handled by other companies. However, Statoil claims – we believe rightly – that the various projects have provided Statoil with valuable experiences when the company now is in the exploration phase as operator.

One implication of the above is that the most important aspects of Statoil's CSR practices as operator are not found at the level of social investments, but in how values and practices are implemented in the company's contract procurement and its daily operations. Unlike the costs of social investments, which are reported on a country-by-country basis (see next chapter), the costs and benefits of the more integral parts of Statoil's CSR are not published separately. Nevertheless, Statoil claims that its CSR practices represent a competitive advantage and business enabler. In order to ensure that the values Statoil adheres to with reference to labor standards and zero-tolerance for corruption, suppliers must sign a supplier declaration, taking responsibility to follow up these measures within their own supply chain.[17] This is an important measure for Statoil, especially for ensuring that its suppliers adhere to the same zero-tolerance policy as regards corruption. However, it remains unclear to us to what degree Statoil can actually follow through and see that its suppliers are complying, or whether this is merely a formal procedure. However, it is Statoil's procedure to identify country-specific risks and challenges, and put in place relevant mitigation measures. Statoil's department for Political Analysis obviously feeds into this process with its expertise. It is outside the scope of this report to assess whether Statoil's mitigation measures regarding anti-corruption are credible and sufficient.

We have noted that opinions seem to differ a bit as to whether to restrict social investments to areas where the company has in-house competence—such as geological mapping—or if Statoil rather should outsource CSR projects to organizations with greater expertise in social issues. In both cases, final approval for CSR projects and social investments rests with Statoil's country offices, not with Statoil headquarters in Norway. This opens up for various interpretations and practices related to CSR in Statoil. This may reflect merely personal preferences and varying opinions among the staff; but, when prompted, several Statoil representatives did indicate that such differences do exist, and explained it in primarily two ways. Firstly, whereas CSR at the corporate level is integral to social risk management, at several country offices CSR may be more akin to social investment projects that are less connected to Statoil's core activities. Secondly, from the increased responsibility entailed in assuming operator responsibility follows an approach to CSR where it to a larger extent will have to be integrated into Statoil's overall business activity.

17 See Statoil procurement, http://www.statoil.com/en/OurOperations/Procurement/Pages/default.aspx

CSR and social risk management

Indicative of how CSR is understood and handled is perhaps the strong emphasis on identifying and managing social risks. Statoil understands 'social risks' as referring to the potential effects of its business operations that may affect society or the company in adverse ways. Statoil requires itself to identify ways of mitigating risks. If CSR has travelled the corporate corridors of Statoil, from being perceived as a matter of philanthropy and is now viewed in terms of risk management, then it has, at least on paper, come closer to the business core: the bottom line.

Statoil has committed itself to UN Global Compact and its ten principles covering human rights, labor, environment and anti-corruption. Statoil is thus committed to transparency and to following global standards in human rights and as regards labor rights, as well as various requirements for local content. In Statoil's terminology, 'social investments' refer to voluntary commitments to create additional value in the societies where Statoil is located. Its contribution to developing local skills—in terms of higher and vocational education—as well as other initiatives aimed at benefiting local societies is nevertheless based on what makes sense to Statoil business-wise, at least in the longer term. We understand this to imply that Statoil strives to support social investment projects that are relevant for the company in the execution of its business affairs. Line responsibility for the execution of social investments rests with the local country or project office.

As we see it, this gradual shift has led to a two-tier system: (1) CSR has a strong internal component with emphasis on ensuring social risks are managed and that labor rights and human rights standards are upheld; and (2) also a more outreach-oriented CSR policy of social investments. Emphasizing the first makes considerable sense, and is in line with policies of other (more or less) "CSR-progressive" global companies. But it may lead to a gap in expectations. With the aspects of CSR now emphasized most by Statoil, local stakeholders can hardly see the results in the short term, in contrast to the more visible social projects of "old-school" CSR.

Statoil's Sub-Saharan activity and cash flows

As of March 2013, Statoil is involved in exploration and production (E&P), or is awaiting final approval, in five countries of Sub-Saharan Africa: Angola, Ghana, Mozambique, Nigeria, and Tanzania. Statoil is a partner in several oil-producing fields off the Angolan coast, and is preparing for a role as operator on blocks 38 and 39. Outside Norway, Angola is the largest contributor to Statoil's production, generating 33% of the company's international oil and gas output in 2011.[18] As of yet, all of Statoil's production in Angola stems from shares in partner-operated licenses (POLs). Here we should bear in mind that Statoil, although a major global energy company, is relatively new as an operator in E&P outside Norway. After the 2007 merger with the energy division of Norsk Hydro, Statoil's international operations expanded. There is a vast difference between being an operator and merely a partner in E&P. In addition to having main responsibility for exploration and production, the operator handles contract procurement, CSR projects, and dialogue with local authorities on behalf of the partners. In terms of CSR and associated issues discussed in this report, this brings new challenges as well as new opportunities. An operator enjoys far greater leverage in actively setting a CSR agenda compared to that of partners.

18 Statoil Fact book 2011, page 3. Available from http://www.statoil.com/AnnualReport2011/en/Download%20Center%20Files/01%20Key%20Downloads/17%20Fact%20book/Factbook2011.pdf

Country overview

Statoil has operations in five Sub-Saharan countries (see Table 1 below). As indicated, in this report we focus on three of them: Angola, Mozambique, and Tanzania.

Statoil in Angola

This West African country is one of the world's fastest growing economies. It is the second largest oil producer in Sub-Saharan Africa, and the third biggest economy in the region, after South Africa and Nigeria. After three decades of civil war following independence from Portugal, the war formally ended in 2002. Despite the country's vast oil wealth, inequality remains enormous. Development struggles to reach beyond the modern capital Luanda, and some 60% of the population subsists on less than two dollars a day.[19] The regime is an autocratic one, with President José Eduardo dos Santos in power since

19 See http://www.landsider.no/Global/SiteFolders/weblua/Artikler/csr.txt

Country/ index	Human Development Index (1)	GINI index (2)	Degree of freedom (3)	Corruption perception index (4)
Angola	148	58,6	Not free	Rank 157 Score 22
Ghana	135	42,8	Free	Rank 64 Score 45
Mozambique	184	45,6	Partly free	Rank 123 Score 31
Nigeria	156	42,9	Partly free	Rank 139 Score 27
Tanzania	152	37,6	Partly free	Rank 102 Score 35

Table 1 Country profiles

1 represents the highest HDI index in the world, 187 the lowest http://data.un.org/DocumentData.aspx?q=HDI&id=271

0 represents perfect equality, while an index of 100 implies perfect inequality. The index is for the years 2000—2011. Data refer to the most recent year available during the period. See

Index developed by Freedom House. See http://www.freedomhouse.org/report/freedom-world/freedom-world-2012

Score from 0 to 100, 0 being the most corrupt. See http://www.transparency.org/cpi2012/results

1979. The ruling party MPLA has traditionally strong ties with the country's oil industry. MPLA financed its operations and its weapons during the civil war from oil revenues, whereas the opposition party UNITA has been financed by the diamond industry. After winning the civil war in 2002, MPLA has retained its close connections to the oil sector.

Angola is today an oil-economy: with more than 90 % of its income stemming from oil production. However, according to the 2013 state budget, the strategy is making the non-oil sector become the center of the country's economy.[20] The national budget for 2013 aims at creating local jobs through "turning the non-oil sector into the one that produces more jobs, boosts internal production and thus reduces imports, mainly of consumer goods."[21]

Angola has not signed on to the Extractive Industries Transparency Initiative (EITI). Transparency International's 2012 Corruption Perception Index ranks Angola as number 157 out of 174, with a score of 22. Statoil has been in Angola for almost twenty years and is currently a partner in seven oil-producing fields. Statoil calls Angola "an important building stone" in its international operations. In addition, Statoil in 2011 for the first time became operator for two fields off the Angolan coast (blocks 38 and 39).

Angola was included in Statoil's country-by-country reporting in 2001,[22] despite expressions of disapproval from the Angolan government. This has, to our knowledge, not led to official reprimands, and would indicate that Statoil has in fact challenged Angola on transparency without experiencing any backlash for its business in the country—perhaps even entailing more leverage than Statoil usually admits to having.

Statoil has three full-time CSR employees in Angola and focuses its efforts on education, on water supply, and on health, safety and environment (HSE). It has for several years supported a small good governance component working with Norway's Christian Michelsen Institute (CMI) and the Catholic University in Luanda. With Statoil's role as operator (now in the exploration phase), the CSR strategy is expected to become more encompassing. According to Statoil representatives, the company might strengthen its efforts and become more targeted towards capacity building in terms of higher education and vocational training, and clean water supply initiatives in remote rural areas. Statoil is involved in more than 40 social projects each year through its partner-operated licenses, whereas 13 projects (as of 2012) are administered by Statoil itself. In 2012, this amounts to approximately USD 3 million in voluntary social investments and USD 48 million in contractual social contributions.[23]

Statoil in Mozambique

Major gas finds during 2011 and 2012 have put Mozambique on the global map as a promising petroleum area. With good shipping access to the large Asian market, the scene is set for a major new source of export income for the country. Experts estimate that Mozambique may rank among the five to ten largest gas producers in the world once these fields become operative. Statoil has been in Mozambique since 2006 (license originally obtained by Norsk Hydro) and has an ownership of 65% and operator status of fields 2 and 5 in the Rovuma Basin, off the northern coast of Mozambique near the Tanzanian border. The companies ENI and Anadarko have made major discoveries in the area, so the outlook for Statoil appears promising. As of yet, it has not reported any findings, but will conduct test drilling spring 2013. Statoil claims that this delay has positive effects, as time has helped Mozambique "get ready" for the industry. On the other hand, Statoil reports that, having no current income in Mozambique, the company has not yet implemented a comprehensive CSR strategy in terms of social investments, due to the commercial insecurities.

20 In the words of the chairman of the National Assembly (Angolan Parliament) Economy and Finance Commission, Manuel Nunes Júnior. See http://www.angolahub.com/index.php/en/angola-news/1550-angolan-parliament-approves-state-budget-for-2013

21 According to chairman of the National Assembly Economic and Finance Commission Manuel Nunes Júnior in the article http://allafrica.com/stories/201302150198.html

22 See section "Statoil's cash flows" for more on Statoil's country-by-country reporting

23 For 2012, Statoil for the first time reported separately on contractual social contributions (reflecting Statoil's contractual obligations in POLs) and voluntary social investments undertaken by the company. The figures could indicate a very sharp increase from 2011 till 2012. Most of the reported increase probably reflects changes in reporting practice rather than an actual increase in various social investments.

Statoil in Tanzania

Statoil has been in Tanzania since 2007, and in 2012 it announced high-impact findings in several wells. An investment decision, expected in 2015, might well include an onshore LNG processing plant. (The only LNG plant that Statoil currently operates is located at Melkøya in Finnmark, North Norway.) As regards Tanzania, Statoil Tanzania is the operator with 65% working interest with ExxonMobil Exploration and Production Limited as a partner with 35% interest.[24] In the long run, should Statoil reach a final investment decision, Tanzania may surpass Angola as the company's most important asset in Africa. According to the PSA, Statoil is to deliver 10% of the total gas locally around the LNG plant, thereby contributing to industrial development. Norway enjoys a high standing in Tanzania, having been a large donor over many decades. That also makes Statoil subject to high expectations, managing the "Norwegian gold standard."

Government take and cash flows

What really matters when assessing the income generated for new petro-countries (as well as established ones), is getting a grasp of the level of government take. Government take can be understood as the direct return that the accumulated petroleum production generates through taxes and a share of the petroleum. Confidentiality clauses in the relevant contracts make it difficult to gauge the exact level of government take in various contexts. However, we may gain a better understanding by examining some general features of the contractual arrangements in place and combining this with the figures given in Statoil's country-by-country reports.

Production-Sharing Agreements

Prior to assessing the revenues that Statoil's petroleum production accumulates for the host countries—and in what form—it is important to highlight certain typical features of various forms of petroleum contracts. In Norway, it is the concession contract that rules. Here, the concessioner (the resource owner, the state) grants a group of companies exclusive rights to extract, produce, and sell the minerals extracted. The volumes produced belong to the companies, but revenues are taxed according to the existing tax regime. In Norway, company tax is currently levied at 28%, plus an additional resource-rent tax at 50% due to petroleum's character as a non-renewable resource. In addition the Norwegian state receives revenues from its direct investments and ownership in Statoil.

In the countries covered by this report, Statoil is party to contracts which are all variations of a different type of contractual arrangement: production-sharing agreements (PSAs) or production-sharing contracts (PSCs). In Mozambique, exploration, production, and concession contracts (EPCCs) are used, but also they apply a variant of the general PSA principle explained below.

Originally employed by Indonesia in the 1960s and onwards, PSAs were fashioned in order to secure a higher rate of return from extractive industries to the host countries. A crucial difference between a concession contract and a PSA is that, in a PSA, operators and partners must share production in kind with the host country. In concession contracts, the transfer point can be said to be at the wellhead, whereas in PSAs the operator and partners do not own the petroleum before it reaches the point of export. Any PSA must strike a balance that provides the contractor (-s) with the right incentives to produce effectively and maximize profits, and the resource owner's right to generate income. This is compensated for by a system where costs can be deducted before profits are distributed. Under some PSAs the rate at which costs can be deducted is unlimited; in others, it is typically limited to 50%. The deductible share of total production is normally referred to as "cost oil" or "cost petroleum." The remaining share, which will generally increase the longer production goes on, is "profit oil" or "profit petroleum." This may also be subject to progressively greater dividends to the resource owner. Assuming a price of USD 100 per barrel, a simplified flow chart may look like this, ending up with a government take of 83% (see Figure 2).

24 See http://www.statoil.com/en/About/Worldwide/tanzania/Pages/default.aspx

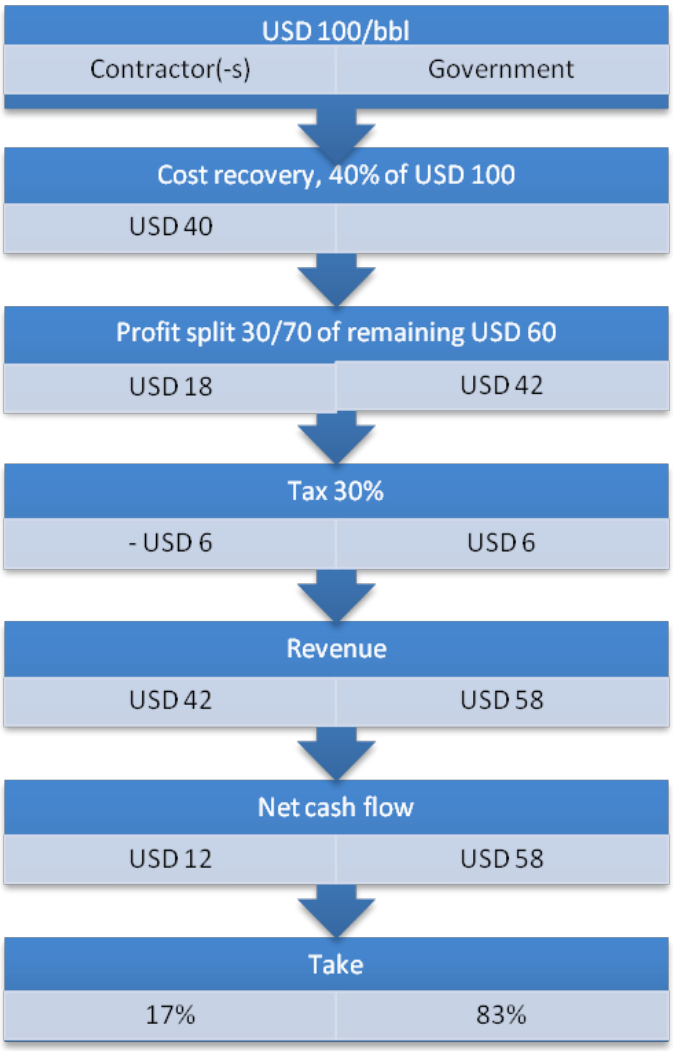


Figure 2 PSA model

The contractual terms regarding at what rate cost petroleum can be deducted, and the dividends of profit petreoleum, may vary significantly, depending on market forecasts at time of signature, as well as risks involved in the E&P. Perhaps the single most important feature of a PSA is that it grants the operator a guarantee of stable terms as regards taxation. Whereas income tax is related to a venture's profitability, royalties (where levied) must be paid regardless of whether profits are realized or not. From the resource owner's side, a PSA minimizes risk: the operator and its partners take all the risk related to exploration and development. If not enough petroleum is discovered to be deemed commercially viable, the resource owner will bear no costs except for the management of bidding rounds, etc.

Tanzania may be a case in point here: in recent years, the Tanzanian regulator and national petroleum company, Tanzania Petroleum Development Company (TPDC), has negotiated 26 PSAs. For a poor country like Tanzania, the costs of upholding shares in exploration and production would have been tremendous, should several of these become operative. Better then to negotiate terms under which the internationals' costs may be deducted. Within the value chain, a government's share of profit oil is the single component that generates most income. This is most often delivered in kind, which gives rise to the question of the effectiveness of receiving large amounts of revenues in kind versus in hard currency. Hard currency is arguably a more neutral asset than barrels of oil or large quantites of gas which a government, through its national petroleum company, will have to decide whether to sell on the international market, to distribute and use for domestic consumption, or in which combinations. Receiving large quantities of gas in kind, limits a governemt's options for development, whereas revenues through royalties and taxes can be used to adress broader societal and developmenta issues in a more flexible way.[25] On the other hand, through the profit petroleum mechanism, PSAs facilitate a fairly predictable source of income irrespective of the sophistication of the tax collection system in a given country.

To sum up, "government take" is a central aspect, but is impossible to calculate precisely. That would require full insight into contractual details, which tend to be confidential as in the countries covered in this report. Neither is it possible to foresee investment costs and future petroleum pricing. Calculations show, however, that for instance Mozambique's government take of produced volume seems to be 50% at maximum, whereas income tax on profits will be levied at an additional 32%. However, this income tax will be subject to various deductions, as specified in the contracts.[26] In Tanzania, the TPDC model

25 ICF International (2012) Natural Gas Master Plan for Mozambique: Draft Final Executive Summary, pages 32-33. Available from http://www.inp.gov.mz/content/download/716/4188/file/Draft_Executive%20Summary-%208-26-12_1%20English.pdf

26 ICF International (2012) Natural Gas Master Plan for Mozambique: Draft Final Executive Summary. Available from http://www.inp.gov.mz/content/download/716/4188/file/

Overview of Statoil's activities by country 2007-2012 (in USD milion)						
	Indirect taxes paid	Direct taxes paid	Profit oil In kind	Social investm'ts	Contractual social contributions	Signature bonuses
Angola	4	4 962	17 724	27	48	544
Mozambique	4	0	0	1	0	1
Nigeria	50	1 236	720	6	0	0
Tanzania	12	0	0	0	0	0
Total Sub-Saharan Africa	**70**	**6 198**	**18 444**	**34**	**48**	**545**

Table 2 Statoil country by country

contract from 2008 indicates a share of between 60% and 85% of profit gas, but this may vary significantly in the individual PSAs.[27] Angola's government take however ends at above 80%.[28] In the case of Angola this is slightly higher than the government take for onshore and shallow-water licenses where concession agreements are employed.

Statoil's cash flows

Statoil's overview of activities per country as reported in annual sustainability reports from 2004 onwards sheds light on important figures. Country-by-country reporting has up till recently been voluntary, but with the Dodd-Frank Act of 2012, extractive industries registered on US Stock Exchanges are required to conduct such reporting. Similar legal requirements are likely to enter into force in Norway in 2014. Country-by-country reporting is a principle in which extractive companies must declare their investments, revenues, and taxes paid to a country. This is not done on project level. Table 2 shows Statoil's Sub-Saharan activities in figures for the period 2007 to 2012.[29]

We refer to appendix 1 for full overview of Statoil's activities in Sub-Saharan Africa, included revenues and investments.

These figures do not enable us to calculate Statoil's actual profits per country. Statoil does not make public such figures, nor do any other comparable companies. Business sensitivities aside, this also has to do with the complexities of accounting and how investments made in one year may be depreciated over several years. What we can read out of the country-by-country reporting is the level of income that Statoil generates for the host countries, in what form, and the level of social investments and signature bonuses, if such apply. All in all, this gives a fairly good picture of the financial contribution to a given country.

In the case of Angola, Statoil generates income for Angola along three main avenues: indirect taxes, direct taxes, and profit oil in kind. The most significant contribution comes from delivering profit oil to SONANGOL, the national petroleum company. The value of profit oil is more than three times higher than the taxes paid from the same production: approximately 18 billion dollars' worth of profit oil from 2007 till 2012 as compared to 4.9 billion in taxes paid. The main source of Angola's government take from Statoil's shares in production is profit oil.[30] Statoil's contributions to social investments cover its share of CSR projects managed by operators and the social investments that the company has opted to finance singlehandedly. According to Statoil representatives, this portfolio will serve as a valuable source of experience when Statoil assumes greater

Draft_Executive%20Summary-%208-26-12_1%20English.pdf

27 See http://www.thecitizen.co.tz/component/content/article/37-tanzania-top-news-story/25726-tanzania-to-review-26-contracts-on-oil-gas.html

28 The World Bank (2007) Angola: Oil, Broad-Based Growth, and Equity, p 45. Available from https://openknowledge.worldbank.org/handle/10986/6759

29 The overview of activities by country has been compiled and currency conversions undertaken by the authors. Currency conversions to US dollars are based on exchange rates for the years 2007-2012 converted for each year, as published by Norges Bank (Norway's Central Bank) at http://www.norges-bank.no/en/price-stability/exchange-rates/usd/aar/ For each individual year since 2004, the overview is available in Statoil's sustainability reports on this website: http://www.statoil.com/en/EnvironmentSociety/Sustainability/Pages/default.aspx Since Angola and Nigeria, as of yet, are the only Sub-Saharan countries where Statoil is involved in production and thus yielding profits, these figures say more than the figures from Mozambique and Tanzania.

30 These details are often overlooked: In the Journal Ny Tid, published February 8th, 2013, an article discussed the low levels of direct and indirect taxes Statoil paid to Angola, but failed to address that most of the income is oil in kind.

implementing responsibilities as operator. We note that Statoil has spent more than four times as much on voluntary social investments in Norway as in Sub-Saharan Africa. This may seem paradoxical, but, when we compare with revenues, the Norwegian share of social investments is at a lower rate, 0.022% as against 0.147%.

Understanding the general principles behind the contractual setup and more importantly using available sources of country-by-country reports is imperative if we want a fuller understanding of government take. We have seen that most of the income that Statoil generates for Angola stems from the delivery of profit oil in kind. With Statoil's new role as operator, its contribution to the Angolan state may increase further.

Core challenges and dilemmas

This report sets out to identify and investigate three Cs of Statoil's Sub-Saharan activity: cash flows, CSR policies, and corporate leverage. How can Statoil contribute to improvements in transparency and good governance as well as helping to alleviate poverty? We start with some general findings related to the three Cs, before presenting country-specific findings.

CSR practices

To Statoil, CSR means managing social risk and creating additional value, for the company and for the countries where it operates. Accordingly, CSR is not philanthropic activities or projects with no connection to Statoil's business activities. Nevertheless, in some cases Statoil has conducted CSR projects without prior identification of risks and impact—as was the case with a project in Mozambique. Such projects usually come about during contractual negotiations upon request from the national authorities, and/or as a relic from earlier agreements and contracts. Risks and impacts are difficult to handle, however, especially those concerning local expectations related to the benefits from new petroleum activities. What is happening in Mtwara in Tanzania (described below) is a reminder of the risks involved. Statoil is vulnerable to unrealistic expectations, also regarding downstream issues beyond its control and business operations.

It is a welcome tendency that CSR is regarded as a business enabler, rather than adding costs through voluntary commitments. There are reasons to believe that the long-term impact of ensuring high labor standards in procurement is more important than spending funds on projects to address various symptoms of bad governance. The voluntary, philanthropic CSR agenda has clear limitations.

Statoil has on the other hand continued investing in social projects such as providing villages in Angola with access to clean water. According to several of our interviewees in civil society, such projects tend to address symptoms rather than the real problem: the Angolan authorities' failure or lack of willingness to provide the people with safe water. This raises the question of whether Statoil and other oil companies can do more to tackle structural problems in host countries—which obviously is a delicate balance to strike.

Our clear impression is that Statoil is reluctant to venture into such a discourse, seeing it as beyond the company's responsibility. Statoil sees its role as being a good corporate citizen, pay taxes and respect universal human rights. Its responsibility is not perceived as being to actively address the failure of a host state to ensure higher living standards and better welfare for its populace. Statoil refers to the UN "Guiding Principles on Business and Human Rights" in the UN "Protect, Respect and Remedy" framework when arguing for its role.[31] These guiding principles place the responsibility for protecting human rights in the realm of states, whereas businesses are responsible for respecting human rights and avoid causing damage and eventually addressing adverse impacts of its business execution.[32]

Both Statoil and other international oil companies contribute to Angolan society through value creation and taxes, HSE efforts, transparency work and promotion of high labor standards. How far does this lead in a poor country with extreme inequalities and questionable governance? The dilemma is that it is difficult to go much further than Statoil does today without being accused of unduly meddling in politics. Still, particularly with the new and demanding role as operator (and not only partner), Statoil should at least discuss corruption and governance challenges with its license partners, and jointly explore ways in which the oil companies collectively could help add strength to the social agendas promoted by civil society, the UN and also institutions such as IMF. Experience from Azerbaijan indicates that consortium partners have in some cases done this, for instance by putting pressures on the government to publish production sharing agreements.[33]

31 The guiding principles are available from http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf A comprehensive guide is available from http://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf

32 OHCHR (2012) Guiding Principles on Business and Human Rights, available at http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

33 Lars H. Gulbrandsen and Arild Moe, "BP in Azerbaijan : A Test Case of the Potential and Limits of the CSR Agenda?,"

Cash flows

It is difficult to calculate the exact government take, but Statoil's country-by-country reporting allows stakeholders to get a fairly accurate picture of the direct income Statoil generates for host-country governments. Although access to these figures could be improved, perhaps with translations into Portuguese for Angola and Mozambique, the availability of such figures is a big step forward with regard to business transparency. On the other hand, Statoil's business transparency can tell us only about the value created at one point in the value chain. How the states in question then use and distribute the income is another matter, and indeed a more pressing one. Experiences from Azerbaijan, the first EITI-compliant country in the world, show that nothing much has changed even though information on revenues is publicly available. The effect of having access to economic data should not be exaggerated, in terms of how much it empowers and enables the population to hold their government accountable. Still, with the relevant figures in hand, stakeholders are at least in a better position to ask questions.

Another hurdle is the confidentiality of the contracts involved. As long as the texts of these contracts themselves are not open to public scrutiny, stakeholders will have limited possibilities for dealing with contractual issues. The very fact that contracts are confidential may lead people to believe that information is being withheld due to ulterior motives. Model contracts are available from Angola, Mozambique, and Tanzania, but these cannot provide sufficient insight into the details of specific, actual contracts in place. The sheer volume of pages, however, indicates that publishing such contracts does not necessarily imply that the information is thereby readily discernible and available to the wider public. Knowledge-brokers and sector-specific capacity would be needed among local journalists and civil society in order to make sense of contractual details, if these were to be published. This is a challenge in all three countries covered by this report: the lack of knowledge and relevant expertise among important groups of stakeholders. Disclosure of contracts is not up to Statoil, but in Tanzania Statoil has used the opportunity to voice its wish that the texts of all contracts be made publically available. After all, when Azerbaijan is able to make PSA agreements publically available, it should be possible for African countries to follow suit. In fact, Azerbaijan's decision to make the PSAs public came about after pressure from a group of oil internationals.[34] For now it seems that more emphasis is on the global level, rather than on what a group of oil companies can manage in a specific country. One reason for this may well be that the country offices of various international oil companies would have difficulties securing support from corporate headquarters for such local initiatives.

Overall, we see Statoil's practice as a welcome and positive contribution to promoting business transparency. This is supported by other assessments, like that conducted by Transparency International.[35] This is probably where Statoil enjoys greatest leverage, showing other energy companies that it is not afraid of increased transparency, like greater demands for country-by-country reporting. We find that Statoil has been consistent in this regard. One example is the above-mentioned statement by Statoil that it does not support the lawsuit against the Dodd-Frank Act. An indication, however, that Statoil could be even more vocal is the fact that this statement came in response to inquiries from Global Witness, not as direct initiative from Statoil.

Corporate leverage

Statoil has established a solid position of leading by example when it comes to promoting business transparency and anti-corruption. The company makes a difference, and Statoil believes that this role in the long run is also a business enabler. However, if corporate leverage is to be understood in terms of actively taking up governance challenges in host countries, then we must note that Statoil does not regard that as the company's role at all. The same goes for supporting local NGOs that are critical of the political regimes in place.

The governance challenges facing Angola,

Third World Quarterly 28, no. 4 (2007).

34 In Azerbaijan, PSAs eventually was defined as laws, and are thus publically available.

35 See http://www.transparency.org/whatwedo/pub/transparency_in_corporate_reporting_assessing_the_worlds_largest_companies

Mozambique, and Tanzania do not primarily relate to the petroleum sector. A standard line of argument that we have met among Statoil staff in all three countries is that the only thing the company can do is to make sure that its business operations are conducted according to national laws and regulations and international best practices: "As long as we pay the taxes that are due into an government account, we cannot ask any more questions. Then it is up to the people to hold the government accountable."

But how can Statoil contribute, in countries where civil society is weak, under-funded and lacking capacity? Is it up to Statoil to address governance issues in, for instance, Angola, and even support regime critics? Statoil's answer is "no." This is probably a reasonable answer in line with the UN guidelines—but it also poses a dilemma for Statoil. In the longer term, sustainable and stable development in Angola, culminating in the peaceful transfer of power, is imperative—for Statoil as well. A 2013 report from Chatham House emphasizes that broad and shared commitments to stability, growth, and a strong civil society are common denominators for countries that have avoided the resource curse.[36] With that in mind it could be argued that Statoil could support pluralism and civil society to a larger degree. But this would require sharp political instincts.

Country-specific findings

Angola

Angola has an ambitious policy of hiring local staff in the oil sector, and thereby securing local content. In so doing it in theory spreads the oil wealth and aims to widen the benefits accruing from its oil bonanza (indeed, much as Norway did in the early oil days and has continued to do). The Angolan government conducts annual surveys of the oil industry to implement the requirement that oil companies hire Angolan nationals when qualified applicants are available. If no qualified nationals apply for the position, then the companies may request permission to hire expatriates.[37]

36 See the report Oil in Uganda. International Lessons for Success, available from http://www.chathamhouse.org/events/view/188715

37 http://www.state.gov/e/eb/rls/othr/ics/2012/191097.htm

As discussed in the chapter CSR in action, the responsibilities for overseeing and implementing CSR involves several Statoil departments. Thus it is only natural that differing perspectives and practices on Statoil's CSR policy and local CSR implementation exists within the company. It is up to the country director to decide on implementation, whereas the various CSR employees at Statoil in Norway primarily have an advisory role to the country directors. Whether this represents a significant problem or not, requires a more thorough analysis than this project has warranted. However, what we have seen is that Statoil constantly will have to strengthen the link between CSR at corporate level and local CSR implementation.

As mentioned, Statoil has supported NCA on a project providing access to clean water, but is according to NCA and civil society activists less willing in taking up more fundamental challenges like the shortcomings as regards transparency, freedom of speech and human rights. According to Statoil, the company promotes transparency through regular dialogues with key stakeholders, governmental representatives, suppliers and license partners. It was expressed by Statoil that with operatorship the focus and attention to ethics, transparency, human rights and labor standards will be strengthened. This may indicate that Statoil expect to do more and increase its corporate leverage in modest, yet important ways.

As Angola has enjoyed a spectacular oil-fuelled growth, it is no longer a traditional aid recipient, and many international NGOs as well as official donors have pulled out. In this context the oil industry becomes increasingly important as a sponsor of local NGOs. According to Statoil, the company faces pressures from the Angolan authorities to fund local NGOs as part of the company's CSR portfolio. We have not been able to verify what kind of NGOs these are. However, it might indicate that pressure to support specific NGOs, should give Statoil a certain room for maneuver to argue that the company also can choose to support NGOs that are not on Angolan authorities' list of acceptable NGOs. With respect to this, it will probably be an important challenge for civil society to deal with issues in ways that Statoil and other IOCs can support.

Oil for Development in Angola

Oil for development (OfD) is the government of Norway's development assistance program that aims to share Norwegian expertise on responsible petroleum management.

Angola, Tanzania and Mozambique are all partners in the program. Institutional capacity building and competence building are central elements. In Angola, Norway has supported oil industry development since 1987 whereas the Oil for Development program was formalized in 2006. The program in Angola consists of the following main components:

- Institutional capacity and competence building of the ministry of petroleum (MINPET)
- Development of MINPET petroleum and administrative data systems
- Development of internal and regional cooperation on the coordination of the oil, fisheries and environmental sectors
- Support and technical assistance to Angolan petroleum research and academic training institutions

In addition, OfD finances NCA's Economic Justice program in Angola and The Norwegian People's aid's project Oil for the common Good which aims at contribute to the strengthening of civil Society Organizations in Angola.

Source: http://www.norad.no/en/tools-and-publications/publications/publication

Box 1 Oil for Development in Angola

Although transparency remains deficient, there are some signs of improvement. The state budget is now available online, and there is greater transparency as regards national income. However, the overall picture is of a country with large-scale corruption challenges and a problematic mix of public and private interests. Sonangol has been characterized as a state within the state, and there are many loopholes and parallel funds that make budget monitoring difficult. Political opposition is repressed, often violently. Angola is classified as "un-free" by Freedom House, a point which includes lack of freedom for the press.

Due to inadequate access to independent news coverage and information, the people of Angola face hurdles in seeking to keep the government accountable. Beyond the capital city, access to Internet and newspapers is poor. The security threat is real, and most people fear reprisals if they express discontent with government policies.

As operator, Statoil representatives say they expect the company to assume a larger role with greater focus on CSR and managing social risks within its business operations.

Mozambique

Mozambique has been EITI-compliant since October 2012. The national oil company Empresa Nacional de Hidrocarbonetos de Moçambique (ENH) is separate from the regulatory entity Instituto Nacional de Petróleo (INP). INP became an independent institute in 2004. ENH has recently started a branch for logistics, which according to INP may benefit Mozambicans as it will provide work also for people who may not have the specialized education and training required in the petroleum sector.

Mozambique has opted for EPC contracts, rather than PSAs. The main difference that this entails is that Mozambique's national petroleum company has shares in the block on a more equal footing with other partners, not only rights to a share of the production. This in turn implies that Mozambique, through its national oil company, ENH, has financial commitments relative to its actual share in the various blocks. Under straightforward PSAs, the national oil company does not have concessionary shares and obligations, but a share of the production after the investment costs have been recovered.

The major controversy in Mozambique as regards Statoil revolves around the fact that the company's concession areas border on a nature reserve operated by World Wide Fund for Nature (WWF). In the buffer zone around Quirimba National Park, and in the park itself, humpback whales breed and migrate. In Norsk Hydro's own Environmental Impact Assessment from 2006 (before Statoil and Norsk Hydro merged, Hydro was the concession owner in Mozambique) it is stated that seismic shooting will be conducted only from March till July, in order to avoid the whale-breeding period as well as the peak tourism season. In fact, however, seismic shooting was carried out in October and November 2011. Statoil claims that risk mitigation measures were in place, such as putting observers

aboard the vessels conducting the seismic shooting operations. In the event that humpback whales were observed, seismic shooting would be stopped.[38] WWF Mozambique has not been impressed, and has claimed that Statoil represents a reputational risk to Norway.[39] However, the buffer zone is not established by law, so Statoil is technically correct in claiming that what the company is doing is not in violation of Mozambican law.

According to Statoil, Mozambique has demanded a comprehensive set of hearings in the communities likely to be affected by offshore E&P activities. Statoil has thus carried out such hearings, responded to questions and made their responses available. But WWF and the Christian Council of Mozambique (CCM) complained that stakeholder's concerns were not sufficiently taken into consideration. A CCM representative said that only the community leaders were received, while for example the concerns of women and children were not considered. Statoil would appear to have challenges regarding perceptions and public opinion in Mozambique.

Practitioners involved in the Norwegian development program Oil for Development (OfD) in Mozambique are worried about being linked with Statoil and try to avoid the common charge that OfD is in fact working as a door-opener for Statoil. However, according to the 2013 OfD evaluation report: "A key complaint by ENH was that OfD does not fund exposure to the commercial experience of Statoil as a state oil company, due to the perceived conflict of interest that OfD believes would arise since Statoil is a competitor for commercial ventures in many of the OfD countries."[40] This is a difficult balance. Both Statoil and the Norwegian government (through OfD) and ultimately also the Mozambican authorities stand to gain from a clear demarcation of responsibilities and interests. Statoil's expertise in this area should rather be seen as a competitive edge in its efforts to win contracts on purely commercial terms.

Tanzania

Several large and promising offshore gas discoveries have been made recently in Tanzanian territorial waters, including by Statoil. One of the large gas findings has been made offshore of the Mtwara region, among the least developed areas in Tanzania, close to the Mozambican border. The pipeline transporting natural gas from Mtwara to Dar es Salaam has been subject to considerable controversy. The people of Mtwara have demonstrated against the gas being transported away and not kept in the area to produce positive side-effects for the surrounding villages. The sometimes violent demonstrations have drawn attention in this otherwise peaceful country. Several

38 According to Statoil, no whales were observed at the time of the seismic shooting.

39 WWF Norway also engaged in the case. In 2011 then WWF secretary general Rasmus Hansson said: "In Mozambique Statoil is perceived as a representative of the state of Norway. Then it is expected that they are leading by example, operating within international 'best practice' in terms of environmental and social responsibility, and does not exploit any loopholes that occur in a country with limited resources and experience in the state oil management." WWF Mozambique has also complained that Statoil has hired a communications expert to care of the company's CSR and not an environmental technical expert. See article: http://www.wwf.no/?34689/Statoil-overser-miljadvarsler-og-skyter-seismikk-rundt-srbare-arter-utenfor-Afrikas-stkyst

40 Scanteam (2013) Facing the Resource Curse: Norway's Oil for Development Program, page 35. The report is available from http://www.norad.no/no/evaluering/publikasjoner/publikasjon?key=399301

Oil for Development in Mozambique

Norway has supported Mozambique bilaterally since 1977, and assistance in the management of the oil sector has been central since the 1980s.

The 2013 Oil for Development evaluation report states that Norway has provided significant advisory input which has helped laws and regulations being developed. Recent examples include:

- model exploration and production concession contract 2005;
- fiscal law on petroleum activities 2007; petroleum off-shore installations 2009;
- environmental regulations for petroleum operations 2010 (annual project reports).

As local capacity improves, the importance of Norwegian advice is reduced. According to the 2013 OfD evaluation report report INP lawyers note that their knowledge of international and Mozambican petroleum law has significantly improved.

Source: http://www.norad.no/en/countries/africa/mozambique and http://www.norad.no/en/tools-and-publications/publications/norad-

Box 2 Oil for Development in Mozambique

people were killed during demonstrations, the latest reported victims in January 2013[41]. This controversy is beyond the direct responsibility of Statoil, but shows that Statoil can be vulnerable to the expectations of impoverished groups. To them, the oil industry may be seen as one single entity, and not a range of differentiated foreign oil companies.

Statoil's CSR projects in Tanzania involve an exchange arrangement with the University in Trondheim (NTNU). Several Tanzanian engineering students have attended courses at NTNU, and will eventually get their degrees there. Statoil Tanzania states that CSR is part and parcel of their operations, and that the company strives to ensure the "highest possible level of local employees" as well as high HSE standards. Doing more than what is demanded is regarded as a comparative advantage. In addition, being sensitive towards those affected is highlighted. This includes avoiding seismic shooting at night, so as not to risk colliding with local fishing boats.

In Tanzania, Statoil faces a volatile mixture of high expectations, skepticism, and potential distrust. Statoil risks being exposed to others' mismanagement of these aspects. Distrust and skepticism are not targeted specifically at Statoil. They apply to most extractive industries, due to negative experiences from the mining sector. Forced evictions, lack of local benefits, and only marginal tax revenues are among the complaints. Negative experiences from the mining sector have led many to regard all foreign investment as negative. Now it is up to Statoil and other energy companies to prove otherwise. One of the first things people will ask is "what's in it for us? will we get jobs, gas, and electricity?" These are all issues that Statoil is well aware of, and has been trying to deal with in several ways.

The Tanzania Petroleum and Development Company (TPDC) has the dual role of being both the national petroleum company—and thus party to the PSAs—and the national regulator/petroleum authority. For this reason, Statoil has held that it cannot engage in competence-building measures at TPDC, as that could be regarded as establishing too close links with the regulating authority.

The Tanzanian authorities have shown little resolve in consulting civil society. This is evident with the gas policy draft that is up for consideration spring 2013. To our knowledge this draft was first published in English only, and not in Kiswahili. Vocal NGOs in Tanzania managed to get a copy of the policy draft only after it had been distributed to foreign embassies and international petroleum companies. Such practices seriously obstruct civil society organizations in Tanzania from taking an active part in forming the future of their society.

41 See article http://allafrica.com/stories/201302010243.html

Oil for Development in Tanzania

Norway's development cooperation with Tanzania has strong traditions, and efforts to develop the petroleum sector have been a fairly limited part of it. Norway supported the establishment of a Petroleum Data archive at the Tanzania Petroleum Development Corporation from 1985 to 1997 in which considerable resources were spent on reformatting Tanzanian petroleum data for more modern storage media. With the introduction of Norway's revised Oil for Development program, an institutional agreement was concluded in 2012 between the Norwegian Ministry of Petroleum and Energy and the Ministry of Energy and Mines in Tanzania. The Norwegian embassy I Tanzania underscores that the Oil for Development program can help within the oil and gas sector, but that Tanzania also depends on a range of factors outside of the sector in order to succeed with its new-found resources.

Source: http://www.norad.no/no/resultater/publikasjoner/publikasjon?key=392371

Box 3 Oil for Development in Tanzania

Conclusions

Based on the findings of this report we would like to highlight the following:

CSR and expectation management

CSR as understood and defined by Statoil has become internalized in the company's operations through support for high standards in labor and in human rights, and mitigation of social risks across the company's value chain. Statoil is considered a leader within the sector on many dimensions of CSR.

Expectation management is a critical factor that Statoil is well aware of. Insufficient management of expectations by the oil sector may act indirectly to raise Statoil's vulnerability, through unrest and upheaval

In Tanzania, negative experience from the mining sector has led to skepticism towards foreign investment.

The CSR policy at corporate level is not always fully anchored at the local levels

Cash flows and transparency

As with implementation of EITI requirements and other transparency measures, Statoil's publicly available country-by-country reports constitute important tools for civil society in their efforts to assess the volume of revenues generated by the petroleum sector.

The non-disclosure of contracts is a major obstacle in overcoming civil society's distrust towards governments and foreign petroleum companies. The responsibility for disclosure rests with the resource-owner—the states in question—not the energy companies.

Corporate leverage and governance issues

Challenges related to use and misuse of petroleum revenues (the key tools for contributing to poverty reduction) lie outside the petroleum sector. The involvement of oil companies in these wider governance issues is a sensitive matter and may give rise to dilemmas.

Statoil must weigh its desire to address governance issues against the risk of being regarded as meddling in politics; the main restricting factor here the company's understanding of its role as a purely commercial enterprise.

Statoil may lead by example, without necessarily being obstructed by national authorities. In the case of Angola, despite initial criticism from the government, Statoil initiated country-by-country reporting in 2001, and has made public its sustainability reports from 2004 onwards.

In some cases, national authorities prioritize petroleum companies over civil society in consultation processes related to government policy drafts. This represents a dilemma for CSR-tuned oil companies, and here the best approach may be to find opportunities for discreetly explaining the virtues of transparency to government officials.

Recommendations

The following are our recommendations for Statoil's Sub-Saharan activities. The recommendations involve various levels of ambition and detail. Our point of departure is that a stable and predictable business environment is in Statoil's interest. We believe that the following recommendations will strengthen Statoil's social license to operate:

- Statoil should ensure that civil society is properly consulted by the host government; and if not, the company should take the initiative to invite and consult civil society representatives.
- More specifically, Statoil should ensure that its communication practice not only grants availability of information according to formally established standards, but also that information is sufficiently accessible to the wider public and civil society, available in relevant local languages.
- Statoil should take up the issue of stakeholder involvement and capacity building at an early stage with the relevant national authorities.
- Statoil should continue its emphasis on higher education as well as vocational education and training, as this represents an important social issue closely linked to Statoil's core mission.
- Statoil could forge more robust links between the CSR policy at corporate level and local CSR implementation.
- Statoil's resolve to lead by example and actively encourage other international petroleum companies to become more transparent is important and should continue; Statoil's license to operate can in many ways be conditioned on the collective performance of international oil companies. Inter-company dialogue on CSR (widely defined) should be strengthened, at headquarters and in the field, and including not least companies from Asia.
- Corporate efforts to strengthen participatory democracy by supporting civic pluralism are controversial and require keen political instincts and awareness. Statoil and other international oil companies should investigate opportunities for such initiatives. Budget-monitoring and anti-corruption initiatives are particularly relevant and should be encouraged.

Overview of Statoil's activities by country (in USD milion) 2007-2012

		Investments (1)	Revenues (2)	Purchase of goods and services (3)	Indirect taxes paid (4)	Direct taxes paid (5)	Profit oil In kind (6)	Social investments (7)	Contractual social contributions (8)	Signature bonuses (9)	Pay and social benefit (10)	Number of employees (11)
Angola												
	2007	855,97	2 666,55	0,00	0,00	752,90	1 808,53	2,90		0,00	1,88	19
	2008	1 261,16	3 687,83	0,00	0,34	1 790,95	3 172,58	5,86		0,00	2,13	28
	2009	1 429,25	2 423,75	6,16	0,30	463,10	1 612,61	4,25		1,60	2,32	32
	2010	1 496,13	2 450,17	9,25	0,24	545,63	2 412,97	4,49		3,33	2,78	33
	2011	2 429,29	2 475,30	8,54	0,42	614,37	4 340,65	6,34		0,00	2,76	32
	2012	1 630,56	3 675,38	10,62	2,47	794,73	4 376,21	2,92	48,27	538,82	3,21	38
Total Angola		**9 102,37**	**17 378,98**	**34,56**	**3,77**	**4 961,68**	**17 723,55**	**26,76**	**48,27**	**543,76**	**15,08**	**182,00**
Mozambique												
	2007	0,00	0,34	0,00	0,00	0,00	0,00	0,00		0,00	0,00	
	2008	0,00	0,00	0,00	0,18	0,00	0,00	0,00		0,00	0,00	
	2009	0,48	0,00	0,00	0,05	0,00	0,00	0,24		0,50	0,00	0
	2010	0,12	0,00	0,08	1,88	0,00	0,00	0,40		0,12	0,00	
	2011	0,36	0,00	0,43	0,58	0,00	0,00	0,05		0,18	0,00	0
	2012	2,21	0,00	1,59	1,39	0,00	0,00	0,17		0,00	0,00	0
Total Mozambique		**3,17**	**0,34**	**2,10**	**4,08**	**0,00**	**0,00**	**0,85**		**0,80**	**0,00**	**0,00**
Nigeria												
	2007	353,92	0,00	4,78	0,17	0,00	0,00	0,17		0,00	2,73	49
	2008	275,19	179,20	4,79	0,18	0,00	0,00	0,53		0,00	10,47	53
	2009	161,42	835,46	9,17	0,27	0,00	40,31	1,01		0,00	7,21	54
	2010	211,02	1 284,72	3,50	0,59	0,00	172,01	0,42		0,00	11,56	36
	2011	81,68	1 609,48	2,57	0,15	623,28	241,53	0,90		0,00	9,64	32
	2012	132,31	1 644,50	6,57	48,96	612,83	266,47	2,92		0,00	8,67	31
Total Nigeria		**1 215,54**	**5 553,37**	**31,38**	**50,32**	**1 236,11**	**720,32**	**5,96**		**0,00**	**50,28**	**255,00**
Tanzania												
	2007	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00	
	2008	0,00	0,00	0,00	0,00	0,00	0,00	0,00		0,00	0,00	
	2009	0,00	0,00	0,30	0,13	0,00	0,00	0,00		0,00	0,00	0
	2010	0,00	10,18	0,91	1,34	0,00	0,00	0,09		0,00	0,00	
	2011	8,56	0,00	3,22	0,39	0,00	0,00	0,02		0,00	0,00	0
	2012	250,66	0,00	280,60	9,99	0,00	0,00	0,00		0,00	0,00	0
Total Tanzania		**259,22**	**10,18**	**285,04**	**11,84**	**0,00**	**0,00**	**0,11**		**0,00**	**0,00**	**0,00**
Total Sub-Saharan Africa		**10 580,29**	**22 942,87**	**353,08**	**70,01**	**6 197,79**	**18 443,87**	**33,68**	**48,27**	**544,57**	**65,36**	**437**
Norway												
	2007	6 481,40	73 341,81	15 958,02	1 566,89	16 066,38	0,00	24,23		0,00	4 230,72	18 102
	2008	10 517,91	129 331,98	18 461,88	1 778,53	22 045,56	0,00	21,65		0,00	3 962,67	18 001
	2009	6 547,38	65 361,05	16 263,63	1 326,51	14 920,24	0,00	18,29		0,00	3 597,00	18 094
	2010	6 391,08	79 016,87	15 610,89	1 865,40	14 128,99	0,00	19,26		0,00	4 399,28	18 672
	2011	8 006,56	156 970,43	17 807,10	1 994,38	19 369,23	0,00	25,39		0,00	4 559,71	20 042
	2012	9 347,25	105 655,57	19 365,07	1 258,29	19 542,59	0,00	26,63		0,00	4 144,35	20 186
Total Norway		**47 291,58**	**609 677,72**	**103 466,59**	**9 790,01**	**106 073,00**	**0,00**	**135,45**		**0,00**	**24 893,73**	**113 097,00**
Elimination intra group sales 2011			-85 178,16									
Elimination of intra group sales 2012			-24 948,29									
Statoil												
	2007	13 247,95	89 214,51	18 483,45	5 039,08	17 478,16	0,00	41,13		14,51	4 770,48	29 503
	2008	16 850,13	116 397,51	21 872,75	5 812,00	24 769,61	4 220,12	41,34		416,60	4 796,22	29 496
	2009	13 532,22	74 096,79	20 656,04	4 351,69	15 674,89	2 955,04	32,90		230,06	4 306,18	28 707
	2010	13 961,09	87 613,19	19 857,07	5 351,09	15 110,81	4 873,71	33,35		79,79	4 813,49	30 344
	2011	23 811,39	119 508,15	23 848,34	5 824,65	21 035,60	7 211,49	40,07		0,89	5 471,07	31 715
	2012	19 466,40	121 239,31	25 625,75	3 331,05	21 923,84	7 473,36	42,95		1 619,63	4 805,19	23 028
Total Statoil		**100 869,19**	**608 069,45**	**130 343,40**	**29 709,56**	**115 992,91**	**26 733,73**	**231,73**	**49,30**	**2 361,47**	**28 962,64**	**172 793,00**

(1) Investments include non-cash effects of entering into capital lease agreements and exclude sales of assets.

(2) Sales revenues (excluding share of net income of affiliates) by company location.

(3) Based on invoice address. Part of the cost is charged to partners in activities Statoil operate, including thoseconducted as a technical service provider. Does not include the purchase of petroleum products.

(4) Indirect taxes relate to government revenue derived from operations. They include carbon tax, area fees, royalties, petrol duty and the like (excluding value added tax).

(5) Income taxes paid for the fiscal years 2007-2012, but also taxes for earlier fiscal years paid in the same period. Statoil do not pay income tax in a number of countries because the company have no production or other income-generating activities there. Lead times in the oil and gas industry (the period from discovery until production begins) can be long. This means that we invest substantial sums for a number of years before generating any taxable income.

(6) The host government's share of production after oil production has been allocated to cover costs and expenses under a PSA.

(7) The voluntary or contractual contribution made by the company either to assist a community meet its development priorities (for example education, health, income generation) or to examine ways in which it can enhance existing opportunities such as local content development and the building of long-term skills to enable communities to participate in local and regional development.

(8) Contractually required social contributions.

(9) A one-off payment made to the government of the host country once awarded a licence.

(10) Includes pension and payroll taxes.

(11) Based on company location (the country in which the company with employees is registered). The actual number of employees present in the country is therefore likely to be different. This includes a lower number than stated for Norway (since more employees are expatriated from Norway), and a higher number of employees in most other locations. In some countries, for instance China, we are prohibited from employing local personnel on permanent contracts. This table only includes permanent employees, not temporary employees or apprentices.

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Norwegian Church Aid - together or a just world.

KIRKENS NØDHJELP

actalliance