

Declaration of management benefits

This declaration relates to benefits received by key management personnel for work performed in the group. The group will always ensure that it has a professional management to safeguard shareholder interests. In order to achieve this, the group is required to offer competitive remuneration as part of a total compensation package.

This statement applies for the coming fiscal year. The Board will base its work on the declaration after the treatment at the Annual General Meeting in 2016. In 2015, the group has followed the guidelines on executive pays stated in the annual accounts statement on executive salaries for 2014, presented to the General Assembly in 2015. Any changes to the principles in this statement, compared with previous years, are explained.

1. Prinsipp for grunnlønn

Key management employees will receive a competitive base annual salary, based on the individual's responsibilities and level of expertise.

2. Bonus principles

Key management employees can also receive variable bonus payments. Bonus payments are determined by the individual's own performance in meeting key targets for the group as a whole, a specific function or a subsidiary in which the individual is employed. Key targets will consist of performance improvement initiatives or financial targets, including the company's share price performance. Targets in relation to the chief executive officer's own performance will be established by the board, while the chief executive officer will establish targets for other key management personnel. The targets must be measurable wherever possible. Bonus payment must not exceed 80 per cent of the chief executive officer's annual salary or 30 per cent of annual base salary for other key management employees.

3. Principles for non-cash related benefits

Key management employees can be offered certain non-cash-related compensation benefits, such as a company car scheme, insurance and pension arrangements. Non-cash-related benefits should basically contain telephones and newspapers. Key management employees have the right to belong to the company's defined contribution pension plan. Conditions of the pension plan can vary between employees.

The group has currently no employee option programmes or share schemes. In 2012, an employee share scheme was introduced, where the company provided employees (including senior management) to buy discounted shares in the company with a total share value of NOK 100 000 per year. Such a scheme aimed to increase interest among the employees of the company's goals and achievements through share ownership, as well as helping to motivate, reward and retain employees.

4. Payment after termination of contract

At 31 December, three key management employees had agreements in place with the company for payment of salary after a termination of their contract. Periods of notice are six months and severance pay is limited to twelve months salary. Payment of salary after the termination of a contract can occur in special instances. Approval by the chair is required for payments of salary after contract termination for any employees where this right is not already documented in their employment contract.

5. Decision-making process for remuneration

The board determines the chief executive officer's annual salary.

The board prepares annual guidelines which are submitted to shareholders at the annual general meeting for ratification in accordance with section 5-6 of the Norwegian Public Limited Liabilities Companies Act.