

## **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 2017. In 2016, the group has followed the guidelines on executive pay stated in the annual accounts statement on executive salaries for 2015, presented to the General Meeting in 2016. Any changes to the principles in this statement, compared with previous years, are explained.

### **1. Principles for base salary**

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 comprise 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.

#### **4. Payment after termination of contract**

At 31 December, two key management employees had agreements in place with the company for payment of salary after a termination of their contract. Period of notice is 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.