

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. To achieve this, the group is required to offer competitive remuneration as part of a total compensation package.

This declaration applies for the coming financial year. The board will base its work on the declaration after it has been considered by the AGM in 2019. In 2018, the group followed the guidelines on executive pay specified in the declaration on executive salaries in the financial statements for 2017, presented to the AGM in 2018. Possible changes to the principles in this statement compared with previous years are explained.

1. PRINCIPLES FOR BASIC PAY

Senior executives will receive a competitive basic annual salary, based on the individual's responsibilities and level of expertise.

2. BONUS PRINCIPLES

Senior executives can also receive variable bonus payments. Bonus payments are determined by the individual's own performance in meeting key targets for the group, 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 senior executives. 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 senior executives.

3. PRINCIPLES FOR RELATED NON-CASH BENEFITS

Senior executives can be offered certain non-cash related compensation benefits, such as a company car scheme, insurance and pension arrangements. Non-cash related benefits shall primarily be provided in the form of mobile telephony and newspapers in order for the leading employees to be up-to-date and available to the company. Senior executives have the right to belong to the company's defined contribution pension plan. Conditions of the pension plan can vary between employees.

At 31 December 2018, the group had no general share option plan or share purchase scheme for employees but was considering the establishment of this type of scheme. The CEO and a director had individual share option schemes (see note 22.4).

4. PAYMENTS AFTER CONTRACT TERMINATION

At 31 December, one senior executive had an agreement on pay after termination of their employment. The period of notice is six months and severance pay is limited to 12 months' salary. Salary can be paid after termination of employment in special circumstances. If an employee does not have this documented in their employment contract, salary payments after employment termination must be approved by the chair of the board.

5. INFORMATION ON THE PREPARATORY AND DECISION-MAKING PROCESSES

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

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