

Declaration of management benefits

20.03.2020

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 which will safeguard shareholder interests in the best possible way at all times. To achieve this, the group must offer competitive remuneration as part of the 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 2020. In 2019, the group followed the guidelines on executive pay specified in the declaration on executive salaries in the financial statements for 2018, presented to the AGM in 2019. 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. PRINCIPLES FOR VARIABLE PAYMENTS, INCENTIVE SCHEMES, ETC

Senior executives may also receive variable payments (bonuses). Such bonuses are determined by the individual's own performance in meeting key targets for the group, a department or a company in which the individual is employed. These targets may comprise meeting various improvement initiatives or financial criteria, including the group's share-price performance. Criteria for the CEO own performance will be set by the board, while the CEO will set targets for other senior executives. The targets must as far as possible be measurable. Bonuses may not exceed 80 per cent of the CEO's regular annual salary or 30 per cent of regular annual salary for other senior executives.

3. PRINCIPLES FOR RELATED NON-CASH BENEFITS

Senior executives can be offered certain related non-cash benefits, such as a company car, insurance and pensions. Related non-cash benefits should basically comprise mobile phone and newspapers so that senior executives can stay updated and accessible to the group. Senior executives have the right to belong to the group's defined contribution pension plan. Conditions of the individual's pension plan may vary.

At 31 December 2019, the group had no general share option programme or share purchase scheme for employees. The CEO and a director had individual share option schemes (see note 22.4 of the annual report 2019).

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. Salary payments after employment termination where an employee does not have these documented in their employment contract must be approved by the chair of the board.

5. INFORMATION ON THE PREPARATORY AND DECISION-MAKING PROCESSES

The board determines the CEO'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.