

## Nomination committee recommendations to the 2013 AGM – North Energy

### 1. Mandate and process

The nomination committee's mandate is described in section 1 of the instructions for the committee:

*“The nomination committee's duties are to submit a recommendation with reasons to the general meeting concerning the election of shareholder-elected directors, and to nominate the chair. Furthermore, the committee will submit proposals on the remuneration of directors and nominate members of the nomination committee. The committee will present possible proposals for amending these instructions.”*

In its work on the new composition of the board, the nomination committee has been in contact with representatives of the company's largest shareholders. The committee has also had meetings with the chair of the board as well as conversations with the CEO, the CFO and union officials in the company. Members of the committee have also spoken on an individual basis with some of the directors and stakeholders in the company. The committee has reviewed the report from the board's self-assessment. The chair of the committee has conducted interviews with relevant candidates. Four meetings, including one physical, have been held by the committee.

### 2. Composition of the board

Ola Krohn-Fagervold has asked to step down from the board because his employment has changed.

The nomination committee's nominations for shareholder-elected directors are as follows.

Johan Petter Barlindhaug	Chair	Re-election, elected for one year
Peter Mellbye	Deputy chair	New, elected for two years
Harriet Hagan	Director	Not up for election
Heidi M Petersen	Director	Re-election, elected for one year
Gunnar Hvammen	Director	New, elected for two years

The two new directors nominated have the following background.

*Petter Mellbye* (63) has worked at Statoil since 1982, serving as an executive vice president since 1992. He was responsible for Statoil's gas operations until 2004, and then for its international exploration and production activities to 2011. In 2011-2012, he headed Statoil's production operations outside the Norwegian continental shelf and in North America. Mellbye was previously employed by the Ministry of Trade and the Export Council of Norway. He has an MSc in politics from the University of Oslo.

*Gunnar Hvammen* (49) has solid experience from the oil service sector. He has participated in the creation of a number of companies and has built these up into substantial businesses (including Songa Offshore, SD Standard Drilling and Offshore Heavy Lift). He also has experience from listed companies as chair and director. Through his Solan Capital investment company, Hvammen has been one of the largest shareholders in Spectrum ASA and a director of that company since 2011. He also owns a large shareholding in North Energy through Solan Capital. Hvammen has a substantial network in the Norwegian and US oil industries. He studied economics at the Norwegian School of Business (BI).

The nomination committee believes that its recommendations secure a good and balanced composition for the company's board, which will be able to help further the development of the company in a positive and aggressive manner. The board meets the requirement for renewal. It is well endowed with specialist oil and financial expertise as well as experience from business development. It includes people with experience from listed companies and with extensive national and international networks, both business-related and politics. In the nomination committee's view, the new board has a satisfactory mix of owner representatives and independents. The board also satisfies the legal requirements on gender distribution.

In addition, the board will be complemented by a worker director and an observer elected by and from the employees.

A presentation of the nomination committee's recommendations will be provided at the AGM.

### 3. Composition of the nomination committee

Two of the nomination committee's five members, Tore Andreassen and Sten-Rune Brekke, are stepping down after serving for the maximum period. The nomination committee presents the following nominations for a new composition:

Rabbe Lund	Not up for election, elected as chair for one year
Odd Levy Harjo	Not up for election
May Britt Lilletvedt	Not up for election
Leif Finsveen	New, elected for two years
Glen Ole Rødland	New, elected for two years

Leif Finsveen is chief executive of Salten Kraftsamband and has been a director of North Energy since 2007.

Glen Ole Rødland has been a vice president and partner in Ferncliff AS since 2006. He has earlier experience as an investment adviser and portfolio manager in such companies as First Securities.

### 4. Remuneration rates

Directors' fees are intended to reflect the responsibility and expertise of the board, the time devoted to the work and the complexity of the business, and must be competitive. Fees are not linked to financial results, and no option programme exists for any of the directors.

The nomination committee takes the view that remuneration rates should be increased gradually to tailor them to the market in relation to other comparable companies, particularly in order to attract external and independent representatives. The committee recommends that directors' fees for the period from the 2012 AGM to the 2013 AGM be increased from NOK 400 000 to NOK 440 000 for the chair and from NOK 135 000 to NOK 150 000 for other directors, for up to eight physical meetings. Additional physical meetings are remunerated by a 10 per cent supplement for those directors who are physically present. It is proposed to increase the fee for the worker director from NOK 90 000 to NOK 100 000, with a 10 per cent supplement for each meeting above eight physical meetings.

It is proposed to increase fees for the members of the nomination committee from NOK 40 000 to NOK 50 000 for the chair, NOK 25 000 to member Lund, and from NOK 13 000 to NOK 14 000 for the other members. These rates apply for the period from the 2012 AGM to the 2013 AGM.

Tromsø, 30.04.2013

Tore Andreassen  
Leder

Rabbe Lund

Sten-Rune Brekke

May Britt Lilletvedt

Odd Levy Harjo