

Note 5 Payroll and related expenses, remuneration of directors and management

<i>Amounts in NOK 1 000</i>	2014	2013
Salaries	30 026	34 866
Payroll tax	3 603	3 149
Share-based payment, bonus shares	621	0
Pension costs (see note 21)	15 831	9 760
Other benefits	2 867	3 253
Total	52 948	51 029

Average number of employees	40,4	35,1
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Remuneration to directors and management in 2014:

<i>Amounts in NOK 1 000</i>	Directors' fees	Salaries	Bonus expensed	Pension	Other *
Management ***					
Erik Karlstrøm (CEO)		3 008	0	3 464	969
Knut Sæberg (CFO)		2 563	0	595	300
Astrid M Tugwell (vice president operations and HSEQ)		1 525	0	299	16
Kristin Ingebrigtsen (vice president organisation and communication)		1 443	0	382	19
Kristen Berli (vice president exploration and business development)		2 461	0	527	366
Marion Høgmo (vice president administration and HR) **		672	0	13	8
Board of directors					
Anders Onarheim (chair)	36				
Johan P. Barlindhaug (director)	450				
Alexander Krogh (director)	110				
Jogeir Romestrand (director)	36				
Heidi Marie Petersen (director)	175				
Harriet Hagan (former director)	175				
Peter Mellbye (former director)	139				
Gunnar Hvammen (former director)	139				
Total	1 260	11 671	0	5 280	1 678

* Other includes benefits from free car, loan interest rate benefit, allowances to cover telephone and internet, training fee, group life insurance and travel insurance. In addition, for Erik Karlstrøm and Knut Sæberg other include benefit from shares at discounted price in connection with bonus shares, and compensation for tax charge from Top Hat pension scheme for Erik Karlstrøm. For Kristen Berli other include a stay on bonus.

** Marion Høgmo left the Company on 31 May 2014.

*** Figures for remuneration to management are exclusive payroll tax.

Remuneration to CEO:

The company's CEO has an agreement with an annual salary of NOK 2,98 million. Other benefits include free car, loan interest rate benefit, and regular allowances to cover telephone, internet, training fee, pension, group life insurance and travel insurance. In addition, he is included in the company's general employee bonus programme as determined by the board of directors. The bonus is limited to 1/3 of fixed salary, with distribution 50/50 in cash and bonus shares, where the cash bonus is earned first. In the event of resignation at the request of the board of directors, the CEO has a right to a severance payment equivalent to two years of gross fixed salary. If CEO resigns, there is no severance payment. CEO also has an early retirement pension scheme from the age of 62 until the ordinary retirement age (67 years), where the pension is 67% of final salary paid.

Bonus programme:

The management is included in the company's general employee bonus programme as determined by the board of directors. The bonus is limited to 1/3 of fixed salary, with distribution 50/50 in cash and bonus shares, where the cash bonus is earned first. The bonus is linked to the achievement of specified parameters for each member of the executive management's area of responsibility. Both financial and non-financial parameters are used.

Severance payment:

The CEO and CFO have 24 months severance payment agreements. In the event of resignation at the request of the board of directors, they have the right to a severance payment equivalent to two years of gross fixed salary. Vice president for exploration and business development has a 18 months severance payment agreement, in which 6 months are fixed and remaining 12 months are deducted salary earned in any new employment.

Information about loans to employees 2014:

<i>Amounts in NOK 1 000</i>	loan at 31.12	Maturity	Interest rate
Loan to Erik Karlstrøm	750	10 years	2 %
Loans to other employees	0	20 years	2 %
Total	750		

The loans are provided for the purpose of house purchasing and private estates are pledged as security. If employment is terminated, employees must settle the remaining outstanding loan amount.

Note 5 Payroll and related cost, remuneration to board of directors and management (continued)

Remuneration to directors and management in 2013:

<i>Amounts in NOK 1 000</i>	Directors' fees	Salaries	Bonus paid	Pension	Other *
Management ****					
Erik Karlstrøm (CEO)		2 893	1 033	4 096	79
Knut Sæberg (CFO)		2 446	816	645	24
Erik Henriksen (vice president exploration)		2 004	622	341	26
Astrid M Tugwell (vice president development and HSEQ)		1 478	480	283	24
Vigdis Wiik Jakobsen (vice president portfolio) **		1 238	401	196	17
Marion Høgmo (vice president administration and HR)		1 073	325	173	27
Kristin Ingebrigtsen (vice president strategy and PA/PR)		1 315	443	215	27
Kristen Berli (vice president exploration and business development) ***		1 326	0	321	20
Board of directors					
Johan P Barlindhaug (chair)	572				
Anders Onarheim (director)	0				
Harriet Hagan (director)	180				
Alexander Krogh (director)	10				
Jogeir Romestrand (director)	0				
Heidi Marie Petersen (director)	165				
Jørn Olsen (former director)	63				
Ane Marta S. Rasmussen (former director)	50				
Leif W. Finsveen (former director)	180				
Ola Krohn-Fagervoll (former director)	180				
Total	1 400	13 774	4 121	6 271	244

* Other includes benefits from free car, loan interest rate benefit, allowances to cover telephone and internet, training fee, group life

** Vigdis Wiik Jakobsen left the Company on 1 September 2013.

*** Kristen Berli joined the Company on 1 June 2013.

**** Figures for remuneration to management are exclusive payroll tax.

Information about loans to employees 2013:

<i>Amounts in NOK 1 000</i>	loan at 31.12	Maturity	Interest rate
Loan to Erik Karlstrøm	955	10 years	2 %
Loans to other employees	1 096	20 years	2 %
Total	2 051		

The loans are provided for the purpose of house purchasing and private estates are pledged as security. If employment is terminated, employees must settle the remaining outstanding loan amount.

The board of directors' declaration regarding determination of salary and other remuneration to management employees

The board of directors shall prepare a declaration in accordance with the Norwegian Public Limited Liability Companies Act (Allmennaksjeloven) §6-16a. In accordance with the Norwegian Accounting Act §7-31b, the content of this declaration is presented.

The main principle for the company is that remuneration to management is competitive in a way that the company is able to attract and retain competent management employees. The remuneration shall be competitive and based on individual criteria such as experience, area of responsibility and achievement of results. The remuneration system for management employees shall further encourage a strong and lasting profit oriented organisation which contributes to increasing the shareholder value.

Total remuneration to management employees includes:

- (1) Market-based fixed salary.
- (2) Bonus. The management is included in the company's general employee bonus programme. The bonus is limited to 1/3 of fixed salary, with distribution 50/50 in cash and bonus shares, where the cash bonus is earned first. The bonus is linked to the achievement of specified parameters for each member of the executive management's area of responsibility. Both financial and non-financial parameters are used.
- (3) Pension and insurance. The management is included in the company's general pension and insurance scheme. CEO has in addition an early retirement pension scheme from the age of 62 until the ordinary retirement age (67 years), where the pension is 67% of final annual salary.
- (4) Severance payment. The CEO and CFO have agreements covering severance payments. In the event of resignation at the request of the board of directors, they have the right to a severance payment equivalent to two years of gross fixed salary.
- (5) Other benefits such as free car, loan interest rate benefit, and regular allowances to cover telephone, internet, training fee and travel insurance.