

Remuneration in Aker BP

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Compensation and Organizational Development Committee

The Board has a Compensation and Organizational Development Committee consisting of the following three Board members:

- Øyvind Eriksen, Chair
- Gro Kielland
- Terje Solheim

The Compensation and Organizational Development Committee is established to ensure that remuneration arrangements support the strategy of the business and enable the recruitment, succession planning and leadership development, and motivation and retention of senior executives. It needs to comply with the requirements of regulatory and governance bodies, satisfy the expectations of shareholders and remain consistent with the expectations of the wider employee population. Further, the committee shall ensure that the overall organizational structure is set up to deliver on the company's strategy going forward. In 2018, the committee held 4 meetings.

In addition to the Audit and Risk Committee and Compensation and Organizational Development Committee, the Board may appoint various ad hoc sub-committees when required, with a limited timeframe and scope. The authority of a sub-committee is limited to preparing items and making recommendations to the Board.

Source: Annual report 2018, The Board of Director's report on Corporate Governance, page 75.

Nomination committee

Article 8 in the company's Articles of Association stipulates that the Nomination Committee shall consist of three members elected by the General Meeting. It also stipulates that the majority of the members shall be independent of the Board and the executive management and that the members shall be elected for a period of two years at a time. The committee's remuneration is determined by the General Meeting.

At the AGM in April 2018, Finn Haugan and Hilde Myrberg were re-elected as members of the Nomination Committee for two years. Arild Støren Frick was re-elected as the Chair of the Nomination Committee for two years in 2017. No members of the committee are members of executive management or the Board of Aker BP.

The Nomination Committee should be composed in such a way that it represents a wide range of shareholders' interests. It should also be strived for both genders being represented in the committee. The Nomination Committee's duties are also stated in Article 8 in the Articles of Association. The committee shall propose candidates for – and remuneration to - the Board of Directors and the Nomination Committee and justify its recommendation for each candidate separately.

Shareholders have an opportunity to submit proposals to the committee. The electronic mailbox for submitting proposals to the committee, with deadlines for submitting proposals where such apply, is accessible through the company's website at www.akerbp.com/proposecandidate/.

Source: Annual report 2018, The Board of Director's report on Corporate Governance, page 73.

Remuneration of the board of directors

The remuneration of the Board members is not performance-based, but based on a fixed annual fee. None of the shareholder-elected Board members have pension schemes or termination payment agreements with the company. The company does not grant share options to members of the Board. Information about all remuneration paid to individual Board members is provided in Note 7 to the annual accounts.

The General Meeting decides the remuneration of the Board and the sub-committees. The Nomination Committee proposes the remuneration of the Board to the General Meeting and ensures that it reflects the responsibility of its members and the time spent on Board work. The Board must approve any Board member's consultancy work for the company and remuneration for such work. No such work was carried out during 2018.

Source: Annual report 2018, The Board of Director's report on Corporate Governance, page 77.

Remuneration of executive personnel

The Board makes guidelines for executive remuneration, including the CEO's remuneration and other terms and conditions of employment. These guidelines set out the main principles applied in determining the salary and other remuneration of executive personnel and are communicated to the annual general meeting. Note 7 to the annual accounts contains details about the remuneration of the Board and Executive Management Team («EMT»), including payroll, bonus payments and pension expenses.

Members of EMT have individual maximum bonus potential varying from 60 per cent to 100 per cent of their base salary. The maximum bonus for employees outside the EMT varies from 10 per cent to 30 per cent based on internal job grade.

The bonus for all employees, including the EMT, is determined by the performance on a set of company-wide performance indicators (KPIs) and the delivery on a set of carefully selected company Priorities. The set of KPIs and Priorities each weigh 50 per cent. KPI's include measures on Safety, Production, Production Cost, Reserve additions, Value creation and Shareholder Return. Company Priorities are either important improvement initiatives or activities with clear deliverables that are critical for the company's future success.

In addition, certain members of the EMT participated in a one-off, three-year incentive program started in January 2015, through December 2017, linked to the relative performance of the Aker BP share price versus a benchmark index consisting of the average of the Oslo Stock Exchange Energy Index and the Stoxx 600 Europe Oil & Gas index. Total payment in 2017 was capped at 60 per cent of the executive manager's annual base salary or a monetary amount.

The CEO incentive program started in 2014, through December 2018, and was capped at NOK 15 million. A new incentive program is currently being assessed, but not yet finalized.

The pension scheme continued to be a defined contribution plan capped at twelve times the National Insurance scheme basic amount (12G) for all employees including the executive management.

Source: Annual report 2018, The Board of Director's report on Corporate Governance, page 78.

Note 7 Remuneration and guidelines for remuneration of senior executives and the Board of Directors, and total payroll expenses

Breakdown of payroll expenses (USD 1 000)	Group		Parent	
	2018	2017	2018	2017
Payroll expenses	275 220	252 889	275 220	252 889
Pension	27 460	20 469	27 460	20 469
Social security tax	42 945	38 692	42 945	38 692
Other personnel costs	4 950	4 280	4 950	4 280
Total payroll expenses	350 575	316 330	350 575	316 330

Employee share program

The company has an annual share purchase program for all employees, including senior executives. The shares in the program are offered at a 20 per cent discount and are subject to a three-year lock-up during which employees are not allowed to sell the shares. In connection with the share purchase program, all employees are also offered an interest free loan of 60% of the basic amount in the National Insurance scheme ("G"), to be repaid within one year. In total, employees subscribed for approximately USD 13.2 million in 2018, up from USD 11.3 million in 2017.

Number of full time equivalents employed during the year	Group		Parent	
	2018	2017	2018	2017
Europe	1 493	1 341	1 493	1 341
Total	1 493	1 341	1 493	1 341

Remuneration of senior executives in 2018*								
(USD 1 000)	Salary	Bonus**	Payments in kind	Other	Total remuneration	Pension costs	Total number of shares***	Owning interest
Karl Johnny Hersvik (Chief Executive Officer) ¹⁾	783	1 187	2	1	1 973	21	3 577	0.0%
Øyvind Bratsberg (Special Advisor)	453	177	2	4	635	22	54 290	0.0%
Alexander Krane (Chief Financial Officer)	438	172	9	-	619	21	17 021	0.0%
Gro G. Haatvedt (SVP Exploration) ²⁾	476	-	1	5	483	77	10 832	0.0%
Olav Henriksen (SVP Projects)	481	291	2	-	774	102	-	-
Per Harald Kongelf (SVP Improvement)	413	171	2	-	586	23	-	-
Tommy Sigmundstad (SVP D&W)	370	155	4	12	541	21	7 528	0.0%
Ole Johan Molvig (SVP Reservoir Development)	376	155	2	-	533	21	6 485	0.0%
Jorunn Kvåle (SVP HSSE)	284	116	2	18	420	23	-	-
Eldar Larsen (SVP Operations) ³⁾	388	158	2	24	572	22	1 858	0.0%
Evy Glørstad-Clark (SVP Exploration) ⁴⁾	300	103	2	2	406	22	5 866	0.0%
Svein Jakob Liknes (SVP Operations) ⁵⁾	353	105	6	-	464	21	-	-
Total remuneration of senior executives in 2018	5 116	2 789	34	65	8 004	396	107 457	0.0%

¹⁾ Bonus includes accrued LTI commitments

²⁾ SVP Exploration until 31.07.2018

³⁾ SVP Operations until 06.05.2018

⁴⁾ SVP Exploration since 01.08.2018

⁵⁾ Acting SVP Operations since 07.05.2018

* All remuneration to senior executives is paid in NOK and converted to USD using a yearly average USD/NOK-rate at 8.1338.

** Numbers represent actual bonus earned in 2018. From the total amount in this column, USD 671 thousand relates to LTI program.

*** These shares have been purchased by the individuals and are not part of their remuneration. The numbers include shares held in companies where the senior executives have a controlling interest.

Remuneration of senior executives in 2017*								
(USD 1 000)	Salary	Bonus**	Payments in kind	Other	Total remuneration	Pension costs	Total number of shares***	Owning interest
Karl Johnny Hersvik (Chief Executive Officer) ¹⁾	721	1 183	2	11	1 917	19	1 416	0.0%
Øyvind Bratsberg (Special Advisor) ¹⁾	427	331	2	4	763	19	53 848	0.0%
Alexander Krane (Chief Financial Officer) ¹⁾	412	297	6	-	716	19	16 248	0.0%
Gro G. Haatvedt (SVP Exploration) ^{1) 2)}	442	446	2	6	896	76	10 832	0.0%
Olav Henriksen (SVP Projects) ¹⁾	447	453	2	-	902	84	-	-
Per Harald Kongelf (SVP Improvement)	365	186	2	-	553	19	-	-
Tommy Sigmundstad (SVP D&W)	323	165	2	-	490	19	-	-
Ole Johan Molvig (SVP Reservoir Development)	341	165	2	19	526	19	3 894	0.0%
Jorunn Kvåle (SVP HSSE)	266	128	2	18	414	19	-	-
Eldar Larsen (SVP Operations) ²⁾	367	174	2	25	568	19	1 416	0.0%
Total remuneration of senior executives in 2017	4 113	3 526	21	84	7 745	316	87 654	0.0%

¹⁾ Bonus includes estimated LTI commitments during 2017.

²⁾ A loan in connection with the employee share program has been provided and will be repaid during 2018.

* All remuneration to senior executives is paid in NOK and converted to USD using a yearly average USD/NOK-rate at 8.263.

** Numbers represent actual bonus earned in 2017. From the total amount in this column, USD 1 171 thousand relates to LTI program.

*** These shares have been purchased by the individuals and are not part of their remuneration.

The tables below include regular fees to the Board and fees for participation in the Board's subcommittees. The fees to the nomination committee are also included. Fees to Board members employed in Aker ASA or BP plc groups will be paid to the companies, not to the Board member in person. Some Board members have shares in the company. The table also includes the number of shares and owning interest in Aker BP ASA held directly or indirectly through related parties. Indirect ownership through other companies is included as a whole where the individual owns 50 per cent or more of such companies.

Fees in 2018*		Fee (USD 1 000)	Total number of shares	Owning interest
Name	Comments			
Gyvind Eriksen	Chairman of the Board from 11 March 2016. Chairman of the Compensation committee.	108	-	-
Anne Marie Cannon	Deputy Chair from 17 April 2013. Member of the Audit & Risk committee.	68	6 308	0.0%
Bernard Looney	Board member from 30 September 2016.	-	-	-
Kjell Inge Røkke ¹⁾	Board member from 17 April 2013.	47	-	-
Trond Brandsrud	Board member from 11 March 2016. Chairman of the Audit & Risk committee from 28 April 2016.	71	-	-
Kate Thomson	Board member from 30 September 2016. Member of the Audit & Risk committee from 4 October 2016.	-	-	-
Gro Kielland	Board member from 20 March 2014. Member of the Compensation committee.	61	-	-
Terje Solheim	Employee representative from 20 March 2014. Member of the Compensation committee.	28	1 150	0.0%
Lone Margrethe Olstad	Employee representative from 11 March 2016.	19	-	-
Ørjan Holstad	Employee representative from 1 November 2017.	28	1 789	0.0%
Murray Auchincloss	Deputy board member from 1 April 2017.	-	-	-
Nina Aas	Deputy employee representative from 30 August 2018.	1	2 288	0.0%
Oddbjørn Aune	Deputy employee representative from 30 August 2018.	1	4 068	0.0%
Hilde K.Breivik	Deputy employee representative from 30 August 2018.	1	156	0.0%
Arild Støren Frick	Chairman of the Nomination committee from 13 April 2015.	4	-	-
Finn Haugan	Member of the Nomination committee.	4	-	-
Hilde Myrberg	Member of the Nomination committee.	4	-	-
Ingar Haugeberg	Employee representative from 30 August 2018.	8	970	0.0%
Anette Hoel Helgesen	Employee representative from 30 August 2018.	8	-	-
Members until 30 August 2018				
Bjørn Thore Ribesen	Employee representative from 11 March 2016 to 30 August 2018.	18	24 462	0.0%
Kristin Gjertsen (2.deputy)	Deputy employee representative from 11 March 2016 to 30 August 2018.	3	-	-
Ifor Roberts (3.deputy)	Deputy employee representative from 11 March 2016 to 30 August 2018.	3	12 345	0.0%
Martine Midtsand Hovland	Deputy employee representative from November 2017 to 30 August 2018.	3	-	-
Total		492	53 536	0.0%

* Fee to board members are paid in NOK and converted to USD using a yearly average USD/NOK-rate at 8.1338.

Fees in 2017*				
Name	Comments	Fee (USD 1 000)	Total number of shares	Owning interest
Oyvind Eriksen	Chairman of the Board from 11 March 2016. Chairman of the Compensation committee.	106	-	-
Anne Marie Cannon	Deputy Chair from 17 April 2013. Member of the Audit & Risk committee.	78	6 308	0.0 %
Bernard Looney	Board member from 30 September 2016.	-	-	-
Kjell Inge Røkke ¹⁾	Board member from 17 April 2013.	46	-	-
Trond Brandsrud	Board member from 11 March 2016. Chairman of the Audit & Risk committee from 28 April 2016.	47	-	-
Kate Thomson	Board member from 30 September 2016. Member of the Audit & Risk committee from 4 October 2016.	-	-	-
Gro Kjølland	Board member from 20 March 2014. Member of the Compensation committee.	48	-	-
Terje Solheim	Employee representative from 20 March 2014. Member of the Compensation committee.	28	1 906	0.0 %
Lone Margrethe Olstad	Employee representative from 11 March 2016.	24	-	-
Bjørn Thore Ribesen	Employee representative from 11 March 2016.	24	22 747	0.0 %
Ørjan Holstad	Employee representative from 1 November 2017.	3	1 062	0.0 %
Emil Brustad-Nilsen	Deputy board member from 11 March 2016.	11	-	-
Murray Auchincloss	Deputy board member from 1 April 2017.	-	-	-
Kristin Gjertsen (2.deputy)	Deputy employee representative from 11 March 2016.	8	-	-
Ifor Roberts (3.deputy)	Deputy employee representative from 11 March 2016.	5	10 644	0.0 %
Martine Midtsand Hovland	Deputy employee representative from 1 November 2017.	-	1 713	0.0 %
Arild Støren Frick	Chairman of the Nomination committee from 13 April 2015.	4	-	-
Finn Haugan	Member of the Nomination committee.	6	-	-
Hilde Myrberg	Member of the Nomination committee.	6	-	-
Members until 30 June 2017				
Aage Ertsgaard (1.deputy)	Deputy employee representative from 11 March 2016 to 30 June 2017.	2	6 508	0.0 %
Total		447	50 888	0.0 %

¹⁾ Mr. Røkke owns and controls The Resource Group AS, which owns 68.2 per cent of Aker ASA, which through a subsidiary owns 40.0 per cent of Aker BP.

* Fee to board members are paid in NOK and converted to USD using a yearly average USD/NOK-rate at 8.263.

Guidelines and adherence to the guidelines in 2018

In 2018, the company's remuneration policy has been in accordance with the guidelines described in the Board of Directors' Report for 2017 and submitted to the annual general meeting for an advisory vote in April 2018.

Guidelines for 2019

The Board has established guidelines for 2019 for salaries and other remuneration to the Chief Executive Officer and other senior executives. The guidelines will be reviewed at the company's annual general meeting in 2019.

Senior executives receive a basic salary, adjusted annually. The company's senior executives participate in the general arrangements applicable to all the company's employees as regards bonus programme (see below), pension plans and other payments in kind such as free internet connection at home and subsidized fitness centre fees. In special cases, the company may offer other benefits in order to recruit personnel, including to compensate for bonus rights earned in previous employment.

For bonus arrangements for executive management, reference is made to the section Executive Remuneration in the Board of Directors report on corporate governance. Estimated amount incurred in 2018 for the different bonus arrangements, including the three year incentive program, is included in the bonus column in the table above.

Adjustment of the CEO's base salary is decided by the Board. Adjustment of the base salaries for other senior executives is decided by the CEO within the wage settlement framework adopted by the Board.

It is up to the Board to decide whether to pay bonuses, based on the previous year's performance. For 2018, the bonus will be disbursed in Q1 2019.

Source: Annual report 2018, Financial Statements, page 100-103.

The CEO incentive program

A new CEO incentive program was under assessment when the Annual report 2018 was published.

The new long-term CEO incentive program has a duration of 5 years, starting in January 2019 with end 31 December 2023 and is capped at a one-off payment of MNOK 30, gross. The program is linked to the relative performance of the Aker BP share price versus a benchmark index consisting of the average of the Oslo Stock Exchange Energy Index and the Stoxx 600 Europe Oil & Gas index, for the duration of the 5 year period.

The same structure is used for selected senior management roles, with same 5 year duration. Payment is capped at 200% of base salary using the same parameters as the CEO incentive program.