

Remuneration Policy for Aker BP

1. Context for the policy

This Remuneration Policy describes the principles for the remuneration of the members of the Board of Directors (the Board), the Chief Executive Officer (CEO) and of the members of Executive Management Team (EMT) of Aker BP ASA.

The Remuneration Policy is designed to attract, retain and motivate the Board members, the CEO and the EMT at a competitive level. Remuneration is designed to align the interests of the executives with those of the shareholders.

The Remuneration Policy complies with the requirements defined in the Norwegian Public Limited Companies Act, and by the recommendations in section 12 of the Code of Practice issued in October 2018 by The Norwegian Corporate Governance Board.

Compensation and Organizational Development Committee

The Board has a Compensation and Organizational Development Committee consisting of three Board members. This 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 2020, the committee held four meetings.

2. Remuneration of the Board

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.

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.

Information about all remuneration paid to individual Board members is provided in Note 7 to the annual accounts.

3. Remuneration of executive personnel

The total remuneration consists of a base salary, a pension contribution, an annual bonus based on company performance, and a long-term share-based incentive (LTIP). Members of EMT are covered under the same budget, guidelines, and limitations as other onshore personnel in the company.

Information about all remuneration paid to the CEO and the EMT members is provided in Note 7 to the annual accounts.

Fixed pay – Salary

Base salary levels are determined considering the nature of the individual role, individual considerations, the market positioning, and remuneration conditions at Aker BP. The base salary is reviewed annually to ensure that it is set at the right level and potential annual percentage increases are aligned with those of employees in general, except in specific circumstances. The CEO base salary is determined 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.

Fixed pay – Pension

Pension is based on a defined contribution plan, and is capped at twelve times the National Insurance scheme basic amount (12G) for all employees including the executive management.

Variable pay – Bonus

The company's bonus system is designed to promote performance in line with the company's strategy. The bonus for all employees, including the CEO and EMT, is determined by the company's performance on a pre-defined set of key performance indicators (KPIs) and Company Priorities, which are important improvement initiatives or activities with clear deliverables that are critical for the company's future success.

The KPIs and Company Priorities are each weighted 50 percent when estimating the bonus outcome. The final bonus outcome, following the formulaic assessment of performance relative to targets is specifically reserved as a matter for the CEO and the Compensation & Organisational Development Committee. Accordingly, the committee may exercise its discretion to adjust the outcome upwards or downwards. The CEO has maximum bonus potential corresponding to 100 percent of base salary. For other members of EMT, the maximum potential is 60 percent. The maximum bonus for employees outside the EMT varies from 10 percent to 30 percent depending on position level.

The KPIs and Company Priorities for 2020 are specified below. The targets and the stretch targets are labelled 'execute' and 'improve' respectively.

Key Performance Indicators for Aker BP 2020	Execute	Improve	Actual
Safety (SIF per million hours)	0.5	0.45	0.46
Production (mboepd) ¹⁾	207.9	214.9	210.7
Production cost (USD/boe) ²⁾	8	7	7.9
Relative Shareholder Return	5 %	10 %	-1.5 %
CO ₂ intensity – operated fields (kg/boe)	8	7	6.7
Total headcount	2,220		2,210

1) Adjusted for curtailments and asset sale

2) FX adjusted based on USDNOK 10.0

Company Priorities for Aker BP 2020

- Deliver on improvements plans to improve assets on opex benchmark in 2020
- Deliver 1st gas on Ærfugl by end of November at planned quality and cost
- Progress Skogul to ~100% complete by Q1 at planned quality and cost
- Mature Hod Development to DG3 by end Q1
- Complete stimulation of two named Valhall wells by Q1 and five wells by Q2
- Deliver three efficiency projects that reduces environmental footprint per operated asset
- Develop Aker BP's operating model concept by end Q2

- Mature Frosk to DG1 by end April 2020
 - Realise value from NOAKA through finding a solution for the area
 - Deliver decisions and related cost effect from COVID-19 actions taken
 - Deliver new organisational structure establishing a fit for purpose organization
 - Establish new ways of working post the COVID-19 pandemic
 - Progress Hod Field Development to 23% by end of year 2021 at planned quality and cost
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Variable pay - Long-term incentive plan

Certain members of the EMT participate in a five-year incentive program started in January 2019, through December 2023, linked to the relative performance of the Aker BP share price versus a benchmark index consisting of the average of the Oslo Energy Index and the Stoxx 600 Europe Oil & Gas index (each weighted 50 percent). The incentive program payment is calculated as a linear function of market outperformance, where an outperformance of 30 percent or more will result in a payment of the maximum cap. The maximum total payment is capped at 200 percent of the executive's annual base salary. The CEO incentive program has the same mechanics and start/end date and is capped at NOK 30 million.

Other terms and benefits

The CEO and members of the EMT have 6 months mutual notice period. For all other employees, the notice period is 3 months.

Executives receive non-monetary benefits such as phones etc. aligned with local practice. In addition, executives may participate in customary employee benefit programmes, e.g. employee share programmes.

4. Governance

Review of Remuneration policy

The Board has the overall responsibility for reviewing the Remuneration Policy. The Compensation and Organizational Development Committee has the responsibility for reviewing and proposing changes to the Remuneration Policy. The Compensation and Organizational Development Committee is a sub-committee of the Board.

The Compensation and Organizational Development Committee reviews the Remuneration Policy and recommends to the Board any amendments to be proposed by the Board for adoption by the Annual General Meeting. The Annual General Meeting finally approves the Remuneration Policy.

Authorisation for the Board

In accordance with Section 6-16a of the Norwegian Public Limited Liability Companies Act, the Board is authorised to approve temporary deviations from the Policy on any element of remuneration described in this Policy. Deviations shall be considered by the Compensation and Organizational Development Committee and shall be presented to the Board for approval. Deviations may only be made in specific cases if there are special reasons outside of normal business that make it necessary to increase reward in order to help secure the Company's long-term interests, financial viability and/or sustainability by recognising exceptional contributions.