



# 2015

Declaration on remuneration  
for Statoil's Corporate  
Executive Committee



Statoil



## Declaration on remuneration and other employment terms for Statoil's Corporate Executive Committee

### Chair introduction

*Statoil's remuneration policy and terms are aligned with the company's overall values, people policy and performance-oriented framework. Our rewards and recognition for executives are designed to attract and retain the right people; people who perform, learn, adapt and respond. It remains a key role for the board to ensure that executive compensation is competitive, but not market leading, in the markets we operate. Executive compensation should also be seen as fair and aligned with overall compensation levels in the company, and with shareholders' interests. The board must strike this balance. It is our responsibility.*

*For 2016, a number of changes to the executive remuneration concept have been implemented. Some of the changes are implemented to align with the revised governmental guidelines on executive remuneration as of 13<sup>th</sup> February 2015. In addition the company has initiated improvements to strengthen the link between executive remuneration and the company's overall performance and results.*

*It is the board's belief that the remuneration systems and practices are good and transparent and that deviations are explained in accordance with prevailing guidelines and good corporate governance.*



**Øystein Løseth**

*Chair of the board and of the board's  
compensation and executive development  
committee*

*Trondheim, 9 March 2016*

*Øystein Løseth*

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the board will present the following declaration regarding remuneration of Statoil's corporate executive committee to the 2016 annual general meeting.

## **1. Remuneration policy and concept for the accounting year 2016**

### **1.1. Policy and principles**

The board has in 2015 decided to introduce several new elements to the company's executive remuneration concept. The revised governmental guidelines on executive remuneration as of 13<sup>th</sup> February 2015 ("2015 governmental guidelines") entailed adjustments with impact on the company's executive remuneration concept. Changes to the pension system and the long-term incentive scheme are implemented to align with the 2015 governmental guidelines on executive remuneration. In addition the company has initiated improvements to strengthen the link between executive remuneration and the company's overall performance and results.

The changes include:

- a cap on pension contribution at the maximum limit in the tax-favoured joint pension schemes in Norway (currently 12 G<sup>1</sup>)
- adjustment to the long-term incentive scheme (LTI)
- a company performance modifier
- a threshold for variable pay.

These changes are described in section 1.2-1.5 below.

The company performance modifier is subject to approval by the 2016 annual general meeting (AGM) cf. section 6.

Besides this, the company's established remuneration principles and concepts as described in previous years declarations on remuneration and other employment terms for Statoil's corporate executive committee will be continued in the accounting year 2016.

The remuneration concept is an integrated part of our values based performance framework. It has been designed to:

- reflect our global competitive market strategy and local market conditions
- strengthen the common interests of employees in the Statoil group and its shareholders
- be in accordance with statutory regulations and good corporate governance
- be fair, transparent and non-discriminatory
- equally reward and recognise "what" we deliver and "how" we deliver
- differentiate on the basis of responsibilities and performance
- reward both short- and long-term contributions and results

### **1.2. Cap on pension contribution at the maximum limit in the tax-favoured joint pension schemes in Norway**

In the White Paper no. 27 (2013- 2014) the Government announced changes to its policy relating to pension contribution in companies where the State has majority ownership. The State would no longer support pension contribution above 12G. This policy change was manifested in the 2015 governmental guidelines on executive remuneration. In order to align with the 2015 governmental guidelines, Statoil ASA has introduced a cap at 12 G for pension contribution for new members of the corporate executive committee appointed after the effective date of the 2015 governmental guidelines.

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<sup>1</sup> The base amount in the Norwegian national insurance scheme, currently NOK 90.068

In lieu of pension contribution for income above 12 G, new internal members of the corporate executive committee will be eligible for compensation. The compensation level will be dependent on the candidate's pension terms and base salary level and will be in the range of 15 – 20% of his/her base salary.

### **1.3. Adjustments to the long-term incentive scheme in Statoil ASA**

According to the 2015 governmental guidelines, the long-term incentive (LTI) scheme is defined as variable remuneration. Earlier this was part of the fixed remuneration and included in the basis for calculating the participants' annual variable pay. This practice will be discontinued with effect from the earning year 2016. The LTI scheme as variable remuneration will have a maximum annual grant at 30% of the participants' fixed remuneration c.f section 1.6 below.

### **1.4. Threshold**

The board has decided to introduce a threshold in the reward concept as a pre-requisite for the payment of variable pay and grant of long-term incentive (LTI). The threshold will have effect on the long-term incentive grant in 2016 provided this is not impeded by obligations in individual agreements. From the earning year 2016 the threshold will be applied on annual variable pay payments in 2017 and onwards. The threshold is based on Statoil group's full-year adjusted earnings after tax, requiring that a minimum level of earnings must be achieved for any payments to be made. This minimum level has been set at USD 2 billion. Earnings between USD 2 and 3.3 will result in bonus payments reduced by 50%. Above USD 3.3 billion the threshold is fully achieved and variable pay payments are not affected. Prior to application of the threshold an assessment of the company's overall performance in relation to the adjusted earnings results shall be made by the board of directors based on recommendations by the board compensation and executive development committee.

### **1.5. Company performance modifier**

Subject to approval by the 2016 annual general meeting, a company performance modifier is introduced in the calculations for variable pay schemes from 2016 with subsequent impact on variable pay from 2017 onwards. The company performance modifier determines the proportion of the bonus factor that will be paid, ranging from 50% to 150%. Company performance is assessed against two equally weighted measures: relative total shareholder return (TSR) and relative return on average capital employed (RoACE).

The company performance modifier is further elaborated in section 6 below as basis for approval by the 2016 annual general meeting.

### **1.6. The remuneration concept for the corporate executive committee**

Statoil's remuneration concept for the corporate executive committee consists of the following main elements:

- Fixed remuneration (base salary) and as applicable cash compensation
- Variable pay (annual variable pay (AVP) and long-term Incentive (LTI))
- Benefits (primarily pension, insurance and share savings plan)



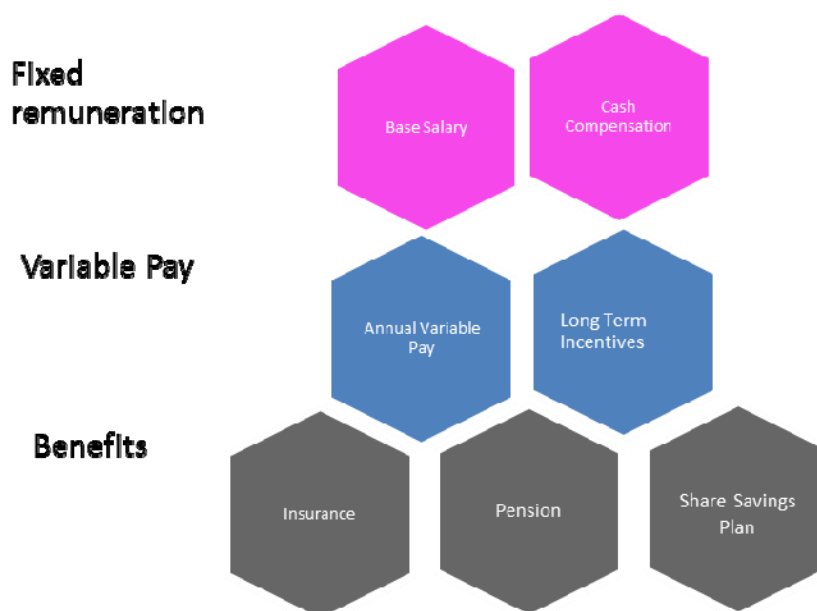


Figure 1: Statoil's main remuneration elements for the corporate executive committee

Fixed remuneration consists of base salary, and as applicable cash compensation. The cash compensation is applied in lieu of pension contribution above 12 G as described in section 1.2 above or as a fixed remuneration to be competitive in the market.

The variable pay elements for members of the corporate executive committee in the parent company are:

- annual variable pay scheme which has a maximum potential of 50% of fixed remuneration
- LTI scheme with a maximum grant of 30% of fixed remuneration. The LTI grant level is differentiated related to position level. The obligation to invest the net LTI amount in Statoil shares and keep for a lock in period of 3 years will be continued.

The annual variable pay will be subject to the company performance modifier ref. section 1.5 above and section 6. Irrespective of the performance modifier results, the annual variable pay will have a maximum at 50 % of the fixed remuneration.

The main benefit programmes applicable to senior executives are the general pension scheme, the insurance scheme and the employee share savings plan. In 2015 Statoil implemented a defined contribution scheme as the new general pension scheme. With the exception of employees who were 15 years or less from regular retirement age at 31st December 2014, all employees have been transferred to the new scheme. The employees exempted from transfer will retain the defined benefit scheme.

Deviations from the general principles outlined below pertaining to one current member and one former member of the corporate executive committee, implemented with effect as of 1 January 2011, are described in section 3.1 below. These deviations have also been described in previous declarations on remuneration and other employment terms for Statoil's corporate executive committee.

The main elements of Statoil's executive remuneration are described in more detail in the table below.

#### Main Elements - Statoil Executive Remuneration

Remuneration Element	Objective	Award level	Performance criteria
<b>Base Salary</b>	Attract and retain the right high-performing individuals providing competitive but not market-leading terms.	We offer base salary levels which are aligned with the individual's responsibility and performance at a level which is competitive in the markets in which we operate.	The evaluation of performance is based on the fulfilment of pre-defined goals; see "Annual Variable Pay" below. The base salary is normally subject to annual review.
<b>Long-Term Incentive (LTI)</b>	Strengthen the alignment of top management and shareholder interests and retention of key employees.	The LTI system is a, monetary compensation calculated as a portion of the participant's base salary; with a maximum annual grant at 30% of fixed remuneration. On behalf of the participant, the company acquires shares equivalent to the net annual amount. The grant is subject to a three year lock-in period and then released for the participant's disposal. Deviations applicable for members of the corporate executive committee employed outside the parent company are described in section 3.1 below. The threshold principles will apply for the annual grant.	In Statoil ASA, LTI is a variable remuneration element, Participation in the LTI scheme and the size of the annual LTI element are reflective of the level and impact of the position and not directly linked to the incumbent's performance.
<b>Annual Variable Pay</b>	Drive and reward individuals for annual achievement of business objectives and how results are delivered. Ensure link between individual variable pay and company's overall financial performance.	Members of the corporate executive committee are entitled to an annual variable pay ranging from 0 – 50 % of their fixed remuneration. Target <sup>2</sup> value is 25%.  Deviations applicable for members of the corporate executive committee employed outside the parent company are described in section 3.1 below. The deviation will in 2016 apply for one executive vice president employed by Statoil Global Employment Company Ltd. in London.  The threshold principles and the company modifier (subject to AGM approval) will apply.	Achievement of annual performance goals (how and what to deliver), in order to create long-term and sustainable shareholder value. Assessment of goals related to selected KPI's from the balanced scorecard will impact the variable remuneration for the members of the corporate executive committee
<b>Pension &amp; Insurance Schemes</b>	Provide competitive postemployment and other benefits.	The general occupational pension plan is a defined contribution scheme with a contribution level of 7% /22% below/above 7,1 G. The defined benefit scheme will be retained by a grandfathered group of employees. The benefit scheme has a pension level amounting to 66 per cent of the pensionable salary conditional on a minimum of 30 years of service. Pension from the national insurance scheme is taken into account when estimating the pension. In order to draw a full pension from Statoil's defined benefit scheme the employment with the company needs to be maintained until the pensionable age. For new internal members of the corporate executive committee a cap for pension contribution at 12 G is established.	N/A
<b>Employee Share Savings Plan</b>	Align and strengthen employee and shareholder interests and remunerate for long term commitment and value creation.	Offer to purchase Statoil shares in the market limited to 5% of annual base salary.	If shares are kept for two calendar years of continued employment, the participants will be allocated bonus shares proportionate to their purchase.

### 1.7. Base salary and remuneration mix 2016

Due to the current challenges facing our industry with falling oil and gas prices, decreasing margins and unsustainable cost levels, a salary freeze will be implemented for members of the corporate executive committee and other leaders and senior professionals in 2016.

The graphs below illustrate the chief executive officer's remuneration mix for 2016 and a typical remuneration mix for executive vice presidents. The chief executive officer's total remuneration package includes an additional fixed remuneration element compared to the executive vice presidents, and the executive vice presidents remuneration package includes, as applicable, a cash compensation in lieu of pension contribution above 12 G due to the implemented cap, ref. section 1.2 above; please see further details of the chief executive officer's terms and conditions in section 1.11.

<sup>2</sup> Target value reflects fully satisfactory goal achievement



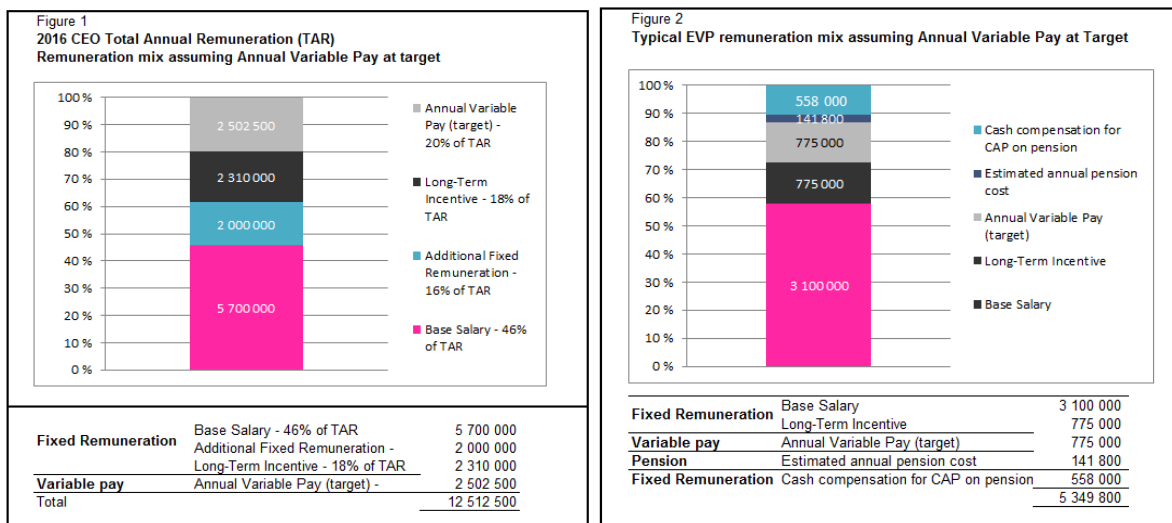


Figure 1: Illustrates chief executive officer remuneration mix for 2016. CEO's pension was fully accrued by 31st December 2014.

Figure 2: illustrates an example of a typical remuneration mix for an executive vice president in Statoil with a cap on pension contribution.

## 1.8. Pension and insurance schemes

Members of the corporate executive committee are part of the general pension scheme in Statoil ASA. The chief executive officer and three executive vice presidents have individual early retirement pension agreement with the company.

The chief executive officer and one of the executive vice presidents have individual pension terms according to a previous standard arrangement implemented in October 2006. Subject to specific terms those executives are entitled to a pension amounting to 66 per cent of pensionable salary and a retirement age of 62. When calculating the number of years of membership in Statoil's general pension plan, these agreements grant the right to an extra contribution time corresponding to half a year of extra membership for each year the individual has served as executive vice president.

In addition, two members of the corporate executive committee have individually agreed retirement age of 65 and an early retirement pension level amounting to 66 % of pensionable salary.

The individual pension terms for executive vice presidents outlined above are results of commitments according to previous established agreements.

Following a board decision 7 February 2012, the company's standard pension arrangements for executive vice presidents deviating from Statoil ASA's general pension plan have been discontinued and have not been applied for new appointments to the corporate executive committee.

As described in section 1.2, a cap on pension contribution for income above 12 G was in 2015 implemented for new members of the Corporate Executive Committee. The cap is applied to four executives vice presidents appointed after 13<sup>th</sup> February 2015.

Members of the corporate executive committee appointed before 13<sup>th</sup> February 2015, will maintain their pension contribution above 12 G based on obligations in established agreements.

Pension accruals for pensionable salary above 12 G are recognised as an unfunded defined benefit pension plan, i.e. not funded in a separate legal entity.

In addition to the pension benefits outlined above, the executive vice presidents in the parent company are offered disability and dependents' benefits in accordance with Statoil's general pension plan. Members of the corporate executive committee are covered by the general insurance schemes applicable within Statoil.

#### **1.9. Severance pay arrangements**

The chief executive officer and the executive vice presidents are entitled to a severance payment equivalent to six months' salary, commencing at the time of expiry of a six months' notice period, when the resignation is at the request from the company. The same amount of severance payment is also payable if the parties agree that the employment should be discontinued and the executive vice president gives notice pursuant to a written agreement with the company. Any other payment earned by the executive vice president during the period of severance payment will be fully deducted. This relates to earnings from any employment or business activity where the executive vice president has active ownership.

The entitlement to severance payment is conditional on the chief executive officer or the executive vice president not being guilty of gross misconduct, gross negligence, disloyalty or other material breach of his/her duties.

As a general rule, the chief executive officer's / executive vice president's own notice will not instigate any severance payment.

#### **1.10. Other benefits**

Statoil has a share savings plan available to all employees including members of the corporate executive committee. The share savings plan entails an offer to purchase Statoil shares in the market limited to five per cent of annual gross salary. If the shares are kept for two full calendar years of continued employment the employees will be allocated bonus shares proportionate to their purchase. Shares to be used for sale and transfer to employees are acquired by Statoil in the market, in accordance with the authorisation from the annual general meeting.

The members of the corporate executive committee have benefits in kind such as company car and electronic communication.

#### **1.11. Terms and conditions for president and chief executive officer, Eldar Sætre**

Effective 4 February 2015 Statoil's board of directors appointed Eldar Sætre as president and chief executive officer of Statoil, following an acting period since October 15 2014. The chief executive officer's annual base salary is NOK 5,700,000. Furthermore, the chief executive officer is entitled to an additional fixed remuneration element of NOK 2,000,000 not included in the pensionable income.

The chief executive officer will participate in an annual variable pay scheme with a target level of 25% (max 50%), and participation to the Company's 2016 LTI scheme with a value of 30% (gross) of base salary. The pension terms remain unchanged according to previously established pension agreement, as described in section 1.8 above.

## **2. Performance management, assessment and results essential for variable pay**

### **2.1. Performance management, assessment and results essential for variable pay for 2015**

Individual salary and annual variable pay reviews are based on the performance evaluation in our performance management system.



Performance is evaluated in two dimensions; “What” we deliver and “How” we deliver. Goals on “How” we deliver are based on our core values and leadership principles and address the behaviour required and expected in order to achieve our delivery goals.

“What” we deliver (business delivery) is defined through the company’s performance framework “Ambition to Action”, which addresses strategic objectives, key performance Indicators (KPIs) and actions across the five perspectives; Safety, Security and Sustainability, People and Leadership, Operations, Market and Results. Generally, Statoil believes in setting ambitious targets to inspire and drive strong performance.

In 2015, the main objectives and KPIs for each perspective were as outlined below. Each perspective was in addition supported by comprehensive plans and actions. It is only the KPI’s for Results that will affect variable remuneration for members of the corporate executive committee.

Strategic objectives		2015 assessment
<b>Safety, Security and Sustainability</b>	The strategic objectives and actions address security and sustainability (Safety - see the Results perspective below)	There were no serious well incidents, whereas the number of oil and gas leakages was above target. Total CO2 reduction was better than targeted and future ambitions have been increased.
<b>People and organisation</b>	The strategic objectives and actions address high performing leaders and teams, and global and cost-effective capabilities	Employee engagement increased from 2014, during a time with extensive organisational efficiency programmes. Leadership renewal across the organisation was better than targeted.
<b>Operations</b>	The strategic objectives and actions address reliable and cost-efficient operations, and value-driven technology development.	Production came in well above target, partly driven by continued improvements in production efficiency and optimised gas production from our flexible gas fields. Unit production cost is now the lowest among industry peers. Unit finding cost increased due to lower than expected exploration results.
<b>Market</b>	The strategic objectives and actions address stakeholder trust, value chain optimisation and portfolio and project management	The organic Reserve Replacement Ratio (RRR) ended somewhat below the target of 1, while total RRR was well below due to divestments and a number of projects being postponed to maintain financial flexibility and improve project profitability. Project cost efficiency versus peers continued to improve.
<b>Results</b>	The strategic objectives and actions address shareholder return, financial robustness, value creation from exploration, cost & capital discipline and for 2015 also Safety.	Relative Total Shareholder Return (TSR) improved and ended 6 <sup>th</sup> against an industry peer group of 12, . Relative RoACE also ended 6 <sup>th</sup> but fell as a result of high exposure to upstream margins. Capex ended well below initially guided levels. The cash flow improvement programme delivered well above target. The serious incident frequency of 0,6 was unchanged from 2014.

#### Board assessment of the chief executive officer’s performance

In its assessment of the chief executive officer’s performance, and consequently his merit and annual pay for 2015, the board has put emphasis on the solid delivery on the cashflow improvement programme as well as CAPEX reductions and TSR. Serious incident frequency also continues to improve from 2014.

Before final conclusions of the performance assessments are drawn, sound judgement and hindsight information are applied. Measured KPI results are reviewed against their strategic contribution, sustainability and significant changes in assumptions.

This balanced approach, which involves a broad set of goals defined in relation to both “What” and “How” dimensions and an overall performance evaluation, is viewed to significantly reduce the likelihood that remuneration policies may stimulate excessive risk-taking or have other material adverse effects.

## **2.2. Key performance indicators for the chief executive officer for 2016.**

The 2016 delivery performance for the CEO’s 2016 variable remuneration and base salary merit increase as of 1 January 2017 will be based on assessment of results on the following KPIs:

Safety, Security and Sustainability

- Serious Incident Frequency (actual)
- CO2 intensity for the upstream portfolio

Market

- Capex (capital expenditure)

Results

- Relative Total Shareholder Return
- Relative RoACE
- Cash flow improvement programme

## **3. Execution of the remuneration policy and principles in 2015**

### **3.1. Deviations from the governmental guidelines on variable compensation 2015**

Two members of the executive committee had in 2015 variable pay schemes deviating from the description in section 1.6 above. One of the executives was employed by Statoil Gulf Services LLC in Houston and resigned from the position as executive vice president for DPNA 31 July 2015. He was entitled to a variable pay scheme with a maximum of 100% for AVP and LTI, respectively. The other is still employed by Statoil Global Employment Company Ltd. in London and his variable pay scheme entail a framework for variable pay of 75% of his base salary for each of the elements annual variable pay and LTI, and are performance based. His contract also includes a provision for severance payment of 12 months’ base salary.

The board’s overall assessment is that the extended framework implemented with effect from 1 January 2011 for the variable pay schemes for these executives is necessary due to local market conditions, but not market leading for positions at this level at the respective locations.

### **3.2. Changes to the Corporate Executive Committee in 2015**

In addition to the appointment of Eldar Sætre as president and chief executive officer, several changes have in 2015 been implemented to the organisational structure and the composition of the corporate executive committee. A new corporate staff and support function, chief operating officer (COO), was established from 1 April 2015, and Anders Opedal was appointed as executive vice president and COO.

New energy Solution (NES) was established as a new business area 1 June 2015 with Irene Rummelhoff as the executive vice president. Jens Økland was appointed executive vice president in MMP from 1 June 2015 succeeding Tor Martin Anfinnsen’s acting period.



William Maloney, executive vice president Development and Production North America (DPNA), resigned from the position 31 July 2015. An adjustment to the DPNA organisation is implemented and this business area is renamed to Development and Production USA (DPUSA)<sup>3</sup>. Torgrim Reitan assumed responsibility as executive vice president in DPUSA as of 1 August 2015. Hans Jakob Hegge succeeded Torgrim Reitan as CFO from 1 august 2015.

### **3.3. Changes to individual terms in 2015**

Following former president and chief executive officer Helge Lund's resignation a termination agreement was entered into. Helge Lund's termination date was 9 February 2015. Helge Lund received base salary and benefits compensation up until this date. He did not receive variable pay for the performance year 2014. The LTI scheme and share savings plan was closed in accordance with the company policy, and a repayment of NOK 5,033,491 was made by Helge Lund to Statoil ASA according to the LTI agreement. The company issued a paid-up policy and pension right letters for his pension accruals, in accordance with his individual pension agreement.

## **4. The decision-making process**

The decision-making process for implementing or changing remuneration policies and concepts, and the determination of salaries and other remuneration for corporate executive committee, are in accordance with the provisions of the Norwegian public limited liability companies act sections 5-6 and 6-16 a and the board's rules of procedure. The board's rules of procedure are available at [www.statoil.com/board](http://www.statoil.com/board).

The board of directors has appointed a designated compensation and executive development committee. The compensation and executive development committee is a preparatory body for the board. The committee's main objective is to assist the board of directors in its work relating to the terms of employment for Statoil's chief executive officer and the main principles and strategy for the remuneration and leadership development of our senior executives. The board of directors determines the chief executive officer's salary and other terms of employment.

The compensation and executive development committee answers to the board of Statoil ASA for the performance of its duties. The work of the committee in no way alters the responsibilities of the board of directors or the individual board members.

For further details about the roles and responsibilities of the compensation and executive development committee, please refer to the committee's instructions available at [www.statoil.com/compensationcommittee](http://www.statoil.com/compensationcommittee).

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<sup>3</sup> Transfer of responsibility for the company's business in Canada from Development and Production North America (DPNA) to Development and Production International (DPI)

## 5. Remuneration to members of the Corporate Executive Committee in 2015 (in NOK thousand)

CEC 2015	Position:	CEC period:	Employment company:	Resident in:
Sætre Eldar	Chief Executive Officer	Full year	Statoil ASA	Norway
Hegge Hans Jakob	Chief Financial Officer	From 1 August 2015	Statoil ASA	Norway
Reitan Torgrim	Chief Financial Officer	Until 31 July 2015	Statoil ASA	Norway
Reitan Torgrim	Executive vice president Development & Production USA	From 1 August 2015	Statoil ASA	Norway
Bacher Lars Christian	Executive vice president Development & Production International	Full year	Statoil ASA	Norway
Dodson Timothy	Executive vice president Exploration	Full year	Statoil ASA	Norway
Øvrum Margareth	Executive vice president Technology, Projects & Drilling	Full year	Statoil ASA	Norway
Nylund Arve Sigve	Executive vice president Development & Production Norway	Full year	Statoil ASA	Norway
Økland Jens	Executive vice president Marketing, Processing & Renewable Energy	From 1 June 2015	Statoil ASA	Norway
Anfinnsen Tor Martin	Executive vice president Marketing, Processing & Renewable Energy	Until 31 May 2015	Statoil ASA	Norway
Rummelhoff Irene	Executive vice president New Energy Solutions	From 1 June 2015	Statoil ASA	Norway
Opedal Anders	Chief Operating Officer	From 1 April 2015	Statoil ASA	Norway
Maloney William	Executive vice president Development & Production North America	Until 31 July 2015	Statoil Gulf Services	USA
Knight John	Executive vice president Global Strategy & Business Development	Full year	Statoil Global Employment	UK

### Management remuneration in 2015 (in NOK thousand) 1)

Members of corporate executive committee	Fixed remuneration			Annual variable pay 5)	Taxable benefits	Taxable compensation	Non-taxable benefits in kind	Estimated pension cost 6)	Estimated present value of pension obligation 7), 8)
	Fixed pay 2)	Cash allowance 3)	LT(4)						
Eldar Sætre 9), 11)	7,748	0	2,492	3,504	421	14,165	0	0	79,699
Hegge Hans Jakob 9)	1,349	44	302	324	7	2,025	0	273	7,753
Reitan Torgrim 9), 10)	1,881	0	0	1,022	337	3,239	0	979	12,727
Reitan Torgrim- CFO 9)	1,890	0	761	0	117	2,769	0	0	0
Bacher Lars Christian	3,266	0	739	843	377	5,226	437	872	14,191
Dodson Timothy	3,695	0	803	789	148	5,435	321	1,109	33,022
Øvrum Margareth	3,805	0	867	1,241	152	6,066	127	0	48,435
Nylund Arne Sigve	3,345	0	725	1,352	146	5,568	0	833	28,586
Økland Jens 9)	1,684	41	394	526	11	2,655	0	354	5,669
Anfinnsen Tor Martin 9)	1,298	0	281	584	104	2,266	0	390	22,576
Rummelhoff Irene 9)	1,563	38	365	395	11	2,371	0	386	7,585
Opedal Anders 9)	2,323	44	544	761	11	3,682	0	547	7,540
Maloney William 8), 9)	3,933	0	4,625	4,625	1,226	14,410	138	698	0
Knight John 2), 8)	8,695	0	3,468	3,468	1,231	16,863	0	0	0

- 1) All figures in the table are presented on accrual basis.
- 2) Fixed pay consists of base salary, holiday allowance and other administrative benefits. John Knight's fixed pay also includes a cash supplement that replaces his defined contribution pension plan.
- 3) Cash allowance in lieu of pension accrual above 12 G (the base amount in the national insurance scheme).
- 4) The fixed LTI element implies an obligation to invest the net amount in Statoil shares. A lock-in period of 3 years applies for the investment. The LTI element is presented the year it is granted for the members of the corporate executive committee employed by Statoil ASA. Members of the corporate executive committee employed by non-Norwegian subsidiaries have a LTI scheme deviating from the model used in the parent company. A net amount equivalent to the annual variable pay is used for purchasing Statoil shares.
- 5) Annual variable pay includes holiday allowance for corporate executive committee (CEC) members resident in Norway.
- 6) Estimated pension cost for CEC members under defined benefit plans (Eldar Sætre, Timothy Dodson, Margareth Øvrum, Arne Sigve Nylund and Tor Martin Anfinnsen) is calculated based on actuarial assumptions and pensionable salary (mainly base salary) at 31 December 2014 and is recognised as pension cost in the statement of income for 2015. The other CEC members have defined contribution plans including notional contribution plans and the contributions in the reporting period are recognised as pension cost in the statement of income. Payroll tax is not included. For further information, see note 19 *Pensions*.
- 7) Torgrim Reitan, Lars Christian Bacher, Hans Jakob Hegge, Jens Økland, Irene Rummelhoff and Anders Opedal were transferred to a defined contribution plan from 1 April 2015. Paid-up policies and rights letters issued in 2015 related to the defined benefit plans as well as the notional contribution plans are included in the present value of pension obligation at 31 December 2015. Estimated present value of pension obligation for the rest of the members of CEC employed by Statoil ASA, are presented with the defined benefit obligation.
- 8) William Maloney and John Knight's remuneration is in local currency US Dollar and British Pound, respectively. For John Knight the figures in the table are presented in NOK, using average currency rates in 2015. For William Maloney the average currency rates for the period 1 January to 30 September 2015 are used. The change in currency rates during the year, such as strengthening of USD and GBP versus NOK, impacts the development from 2014 to 2015. William Maloney's variable compensation is paid in 2015.
- 9) Eldar Sætre resumed role as acting chief executive officer (CEO) from 15 October 2014 until 3 February 2015. The 4 February Eldar Sætre was appointed as CEO on a permanent basis. Tor Martin Anfinnsen acted as executive vice president for Marketing, Midstream and Processing (MMP) from 15 October 2014 until 31 May 2015. Jens Økland was appointed executive vice president for MMP from 1 June 2015. William Maloney resigned as executive vice president for Development and Production North America (DPNA) July 31 and was followed by Torgrim Reitan who started as executive vice president for Development and Production USA (DPUSA) 1 August 2015. Hans Jakob Hegge was appointed executive vice president and chief financial officer from 1. August 2015. Irene Rummelhoff was appointed executive vice president for the newly established business area New Energy Solutions (NES) on 1 June 2015. Anders Opedal was appointed on 1 April 2015 in the new position chief operating officer (COO).
- 10) Compensation and benefit including standard international assignment terms for Torgrim Reitan during his tenure as executive vice president in DPUSA, commencing 1 August 2015.
- 11) Fixed pay for Eldar Sætre includes fixed remuneration element of NOK 1 815 000 not included in pensionable salary

There are no loans from the company to members of the corporate executive committee.

Former chief executive officer Helge Lund has in 2015 paid back NOK 5 033 491 in LTI bonus received in 2012, 2013 and 2014. He has received compensations and benefits that amount to NOK 2.7 million in 2015. The amount is related to base salary for the period 1 January to 8 February 2015 and final settlement payments such as holiday allowance earned in 2014 and 2015.

## 6. Company performance modifier

### Introduction

It is recommended to introduce a company performance modifier to be applied in calculation of variable pay. The relative total shareholder return is recommended as one of the criteria in the company modifier. Thus, the case is submitted to the annual general meeting for approval, pursuant to the provisions in the Public Limited Companies Act § 5-6 third paragraph last sentence ref. ref. § 6-16 a, first paragraph third sentence number 3.

### Background

Statoil has implemented annual variable pay schemes (AVP) for members of the corporate executive committee. The schemes are described in section 1.6 of this declaration. Other executives, managers and employees in defined professional positions are also eligible for individual variable pay according to the company's guidelines.

The company's current annual variable pay scheme is entirely based on the individual participants' performance. Statoil has not implemented a company performance modifier for the variable pay schemes. The prevalent trend in the market is to ensure that variable remuneration is aligned with the company's performance. The governmental guidelines on executive remuneration also underline that "there shall be a clear connection between the variable salary and the performance of the company."

### Proposal

Based on this, it is proposed to strengthen the link between the company's overall financial results and the individual variable pay by introducing a company performance modifier. The company performance is planned to be assessed against two equally weighted measures: relative total shareholder return (TSR) and relative return on average capital employed (RoACE). TSR and RoACE have historically constituted important performance indicators at the company's scorecard and are currently also applied in the corporate performance management system.

The results of both of these corporate performance measures are compared to our peers and our relative position determined. A position of Q1 means that Statoil is amongst the top scoring quartile of peer companies. A position of Q4 means Statoil is in the bottom performing quartile. In years with strong deliveries on relative TSR and RoACE, the matrix will result in the variable pay being modified with a factor higher than one and, correspondingly, lower than one in weak years. By applying relative numbers, the effect of fluctuating oil price will be reduced.

The combination of ratings for both measures, will act as a 'multiplier' according to the matrix displayed below.

Relative RoACE ↑	Q1	100 %	117 %	133 %	150 %
	Q2	83 %	100 %	117 %	133 %
	Q3	67 %	83 %	100 %	117 %
	Q4	50 %	67 %	83 %	100 %
		Q4	Q3	Q2	Q1
		Relative TSR →			



The plan is to introduce the company performance modifier in calculation of annual variable pay for members of Statoil's corporate executive committee. Further application of the company performance modifier in Long-term incentive schemes will also be assessed and decided if deemed appropriate. In Long-term incentive schemes a three years average result for the modifier will typically be applied. The company also plan to implement the modifier in variable pay schemes for employees in positions below the corporate executive level.

The annual variable pay for members of the corporate executive committee will be within a framework of 50% of the fixed remuneration irrespective of the result of the modifier. Any deviations from this framework for members of the corporate executive committee will be explicitly explained in the board's annual Declaration on remuneration and other employment terms for Statoil's corporate executive committee.

Subject to approval by the 2016 general meeting, the company performance modifier will be introduced in the calculations for variable pay schemes from the earning year 2016 with subsequent impact on variable pay from 2017 onwards.

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