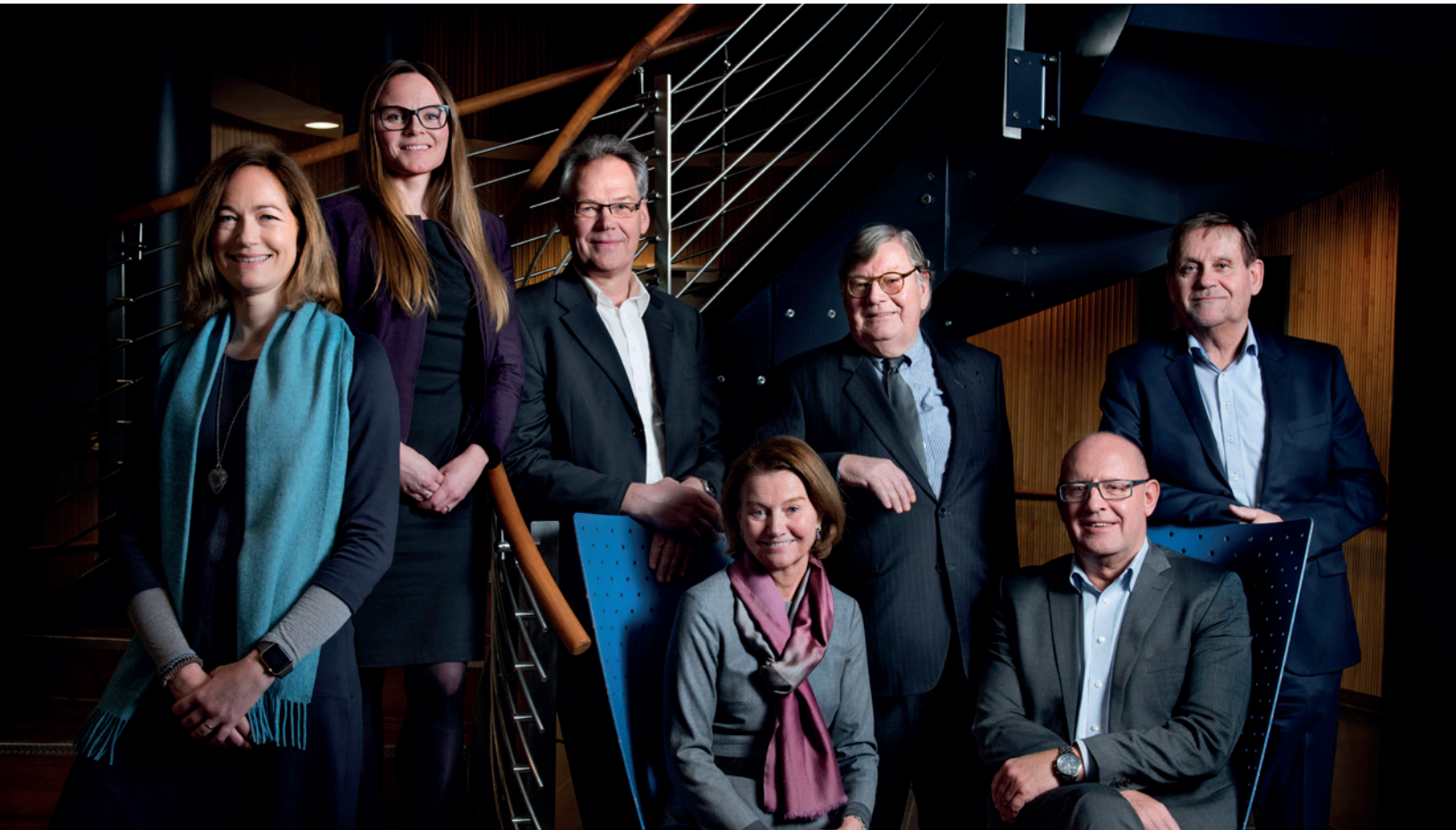




MANAGEMENT AND CONTROL

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THE BOARD IN PETORO



Standing from left: Trude J. H. Fjeldstad, Heidi I. Nes, Hugo Sandal, Per A. Schøyen and Ove Skretting. Sitting: Gunn Wærsted and Brian Bjordal. (Photo: Anne Lise Norheim)

GUNN WÆRSTED**Chair****Year of election:** 2014

Other directorships: Chair Telenor; director Nationwide, director Lukris Invest

Education: MBA, BI Norwegian Business School.**Career:** Executive vice president in DnB responsible for capital management and life insurance; CEO, Vital Forsikring ASA and member of corporate executive management, 1999-2002; CEO, SpareBank 1 Gruppen AS, and head, SpareBank 1 Alliance, 2002-2007. Global head of wealth management, president of Nordea Bank Norge and member of the corporate executive management of Nordea, 2007-2016.**PER A. SCHØYEN****Director****Year of election:** 2007**Occupation:** Consultant**Education:** Law degree, various management programmes**Career:** Partner, Kluge, 2005-2014. With Esso/ExxonMobil 1977-2004, head of corporate affairs from 1989, other positions in Norway and abroad. Also judge and assistant police attorney as well as scientific assistant, University of Oslo.**TRUDE J. H. FJELDSTAD****Director****Year of election:** 2015**Occupation:** VP Internal Finance in Statkraft AS**Education:** Economics degree, University of Oslo, financial analyst and MBA in corporate finance, Norwegian School of Economics.**Career:** Previously chief executive in Statkraft Treasury Centre SA; secretary to the board, Statkraft; senior gas manager, Statkraft; chief executive, Plaine de l'Ain Power SAS and portfolio manager for gas in Norsk Hydro ASA**HEIDI IREN NES****Director****(elected by the employees)****Year of election:** 2016**Occupation:** Senior consultant, Marketing and sales, Petoro AS**Education:** MSc in business economics, Norwegian School of Economics, Bergen.**Career:** Controller in the Finance Department in Petoro AS and Subsea 7 Norway**BRIAN BJORDAL****Deputy chair****Year of election:** 2016**Occupation:** Self-employed**Other directorships:** Deputy chair Helse Fonna, director FKH Stadion A/S**Education:** Civil engineer, BSc, Heriot Watt University, Edinburgh**Career:** 1977-1979: Stoltz Røthing (construction); 1979-1984: Taugbøl & Øverland; 1984-2001: Statoil ASA, Senior Engineer pipelines & structures; head of Pipeline & Platform Inspection, asset owner representative Europipe development, head of early-phase studies Europipe II, Åsgard Transport, Ekofisk by-pass, Franpipe, director of Process plant Kårstø, director Troll / Sleipner area (Development and Production Norway); 2001-2015: Gassco AS, President and CEO.**HUGO SANDAL****Director****Year of election:** 2017**Occupation:** Self-employed.**Education:** Civil engineer from NTH (now NTNU) and Degree of Engineer from Stanford University.**Career:** Various positions in Saga Petroleum during the period 1976 -1987. Consultant in Railo International from 1987-1989. Chief executive in Sabico AS 1989-1991, primary activities aquaculture and biotechnology. Worked for Deminex, later DEA from 1991, chief executive since 1996 until reaching retirement age in 2016. Director Saga Petroleum 1983-1985. Chair OLF, (now NOROG), 1999-2003. Member of NHO's executive committee 2000-2004.**OVE SKRETTING****Director****(elected by the employees)****Year of election:** 2016**Occupation:** Special adviser, Licenses, Petoro AS**Education:** Economics degree.**Career:** Experience as special adviser in Petoro within Marketing and sales, adviser in ExxonMobil within gas marketing, CEO of Terotech A/S, procurement manager in Norwegian Contractors, Transocean and Mobil Exploration Norway.

EXECUTIVE MANAGEMENT IN PETORO



From left: Kjell Morisbak Lund, Jonny Mæland, Ole Njærheim, Hege Waldenstrøm Manskow, Grethe Kristin Moen, Roy Ruså and Olav Boye Siversten. (Photo: Anne Lise Norheim)

GRETHE KRISTIN MOEN**President and CEO**

Education: MSc chemical engineering, Norwegian University of Science and Technology (NTNU)

Career: Extensive experience from Norwegian and international oil and gas activities. Has held a number of management posts in the production, technology and commercial areas in Statoil and in Shell, where her most recent post was head of the E&P business in Norway and head of HSE in Europe.

OLAV BOYE SIVERTSEN**Vice president legal affairs**

Education: Law degree from the University of Oslo.

Career: Has previously held positions as attorney in ExxonMobil, head of the legal affairs department for Mobil Norway, as well as public administration positions at the Ministry of Petroleum and Energy, the Ministry of Labour and Local Government and the Norwegian Petroleum Directorate. Also has international experience from Mobil's US business.

ROY RUSÅ**Vice president technology**

Education: BSc petroleum, Rogaland Regional College.

Career: Extensive experience in Norwegian oil and gas activities from Statoil and Baker Hughes INTEQ. Previously headed Petoro's technology and ICT department.

HEGE WALDENSTRØM MANSKOW**Vice president organisation and business support**

Education: Norwegian Air Force officer's training school, Bachelor of Arts and Human Resources Management Master programme

Career: Broad and extensive experience from the Norwegian Armed Forces, Aker hospital, Leif Höegh & Co, Nexans and DONG E&P Norge. Has held positions including chief personnel officer and, most recently, head of HR and business support in DONG E&P Norge.

OLE NJÆRHEIM**Vice president marketing and sales**

Education: MBA from the University of Agder, MSc University of Surrey and Certified European Financial Analyst, Norwegian School of Economics (NHH)

Career: Has previously held positions as an adviser in Petoro, investment director in IKM Invest and as CEO of ECON Consulting Group. Has extensive international experience from consultancy assignments within energy and investment activity.

JONNY MÆLAND**Chief financial officer**

Education: MBA from the University of Agder and specialisation in business analytics from the Norwegian School of Economics (NHH) in Bergen

Career: Extensive experience from various positions, both domestically and internationally, in ConocoPhillips since 1998, with the exception of two years as Finance Manager in Norwegian Energy Company ASA. Comes from the position of Director Financial Reporting and Analysis in ConocoPhillips Norge.

KJELL MORISBAK LUND**Vice president licences**

Education: MSc marine technology, NTNU.

Career: Broad experience from work in upstream and downstream oil and gas activities. This included positions as a researcher on marine structures in SINTEF, multiple project, staff and management positions in Statoil - most recently as HSE director for midstream and downstream activities.

CORPORATE GOVERNANCE

Petoro's management of substantial assets on behalf of the Norwegian state requires sound enterprise management which fulfils the expectations of its stakeholders and society at large. The State's Direct Financial Interest (SDFI) portfolio comprises one-third of Norway's oil and gas reserves.

The Petoro board adheres to the requirements for governance in the public sector specified in "Regulations on Financial Management in Central Government" and in standards for good corporate governance. The board observes the Norwegian state's principles for sound corporate governance as expressed in Meld. St. 27 2013-2014 "Et mangfoldig og verdiskapende eierskap" (Report No. 27 to the Storting (2013-2014) "Diverse and productive ownership") and those sections of the "Norwegian Code of Practice for Corporate Governance" regarded as relevant to Petoro's activities and the frameworks established by its form of organisation and ownership. A report is provided below on the main topics with relevance for Petoro AS. The management system is tailored to Petoro's distinctive character. Petoro reports on the follow-up of its corporate social responsibility (CSR) in a separate chapter of this annual report.

The board emphasises good corporate governance and management in order to ensure that the state's portfolio is managed in a way which maximises financial value creation, and creates a basis for confidence in the company by the owner, the employees, the oil industry and other stakeholders, as well as society at large. Petoro's enterprise management is founded in balanced management by objectives, where objectives are established that support the company strategy.

Petoro has a values base which is integrated in its business activities. The purpose of these values is to provide the company and its employees with a shared basis for attitudes and actions in Petoro. The company's core values are dynamic, responsible, inclusive and bold.

THE BUSINESS

Petoro's main duties are specified in Chapter 11 of the Petroleum Act and the company's articles of association, and are defined in more detail by the Ministry of Petroleum and Energy in the annual assignment letter.

The objective of the company is, on behalf of the state and at the expense and risk of the state, to be responsible for the commercial aspects related to the State's Direct Financial Involvement in petroleum activities on the Norwegian Continental Shelf (NCS), and associated activities.

Petoro's principal objective is to generate the greatest possible financial value from the state's oil and gas portfolio on the basis of sound business principles.

The company has three main duties:

- management of the state's participating interests in the joint ventures where the state has such interests at any given time
- Monitoring Statoil's marketing and sale of petroleum produced from the state's direct participating interests, pursuant to the marketing and sale instruction issued to Statoil ASA.
- Financial management, which includes preparing and following up budgets as well as accounting and financial reporting, on behalf of the state's direct participating interests.

Petoro's operations are subject to the Norwegian Limited Liability Companies Act and the Norwegian Petroleum Act, as well as the Regulations on Financial Management in Central Government — including the rules on appropriations and accounting. Its management of the SDFI's activities is governed by the Ministry of Petroleum and Energy's instructions for financial management of the SDFI and the annual letter of assignment. In addition, the company's articles of association, strategy, values and guidelines on business ethics, including its guidelines for exercising the company's CSR, provide guidance for Petoro's activities.

Petoro's strategy is based on assessments of the challenges faced by the industry as well as Petoro's ability to create values, and has two

strategic directions:

- Increase the portfolio's competitiveness
- Reduce uncertainty in the reserve and resource base
- New technology and innovation for efficiency improvements
- Effective climate solutions

Realising the values in mature fields

- Identify remaining reserves
- More wells and more efficient drilling
- Comprehensive business cases

Petoro recognises that climate challenges make it necessary to restrict anthropogenic climate impact. The company wants to contribute to ensuring that the oil and gas industry on the Norwegian Shelf leads the way in addressing climate challenges. Climate is an integrated part of Petoro's governance.

The company is the licensee for the state's portfolio on the NCS, with the same rights and obligations as other licensees. The scope of the SDFI portfolio gives Petoro the overview and insight to be a driving force on the Norwegian Shelf. Through focused follow-up, supported by in-depth professional commitment, Petoro works to reinforce value creation opportunities with emphasis on long-term business development. Petoro's follow-up of activities in fields/licences is differentiated on the basis of its capacity and the commitment required to perform its role. The company endeavours to achieve good governance in the joint ventures, and cooperates with other operators and partners on further development of good performance-management processes in selected licences.

Pursuant to the agreements for petroleum activities, the commercial information Petoro receives is subject to confidentiality. The company has internal instructions for dealing with inside information received by Petoro. These apply to the company's directors, employees, auditor, advisers or others in a relationship with the company who receive information that is not publicly known and/or is expressly defined as "inside information" within the meaning of the Norwegian Securities Trading Act. Information that may have an impact on the stock market must be treated as "inside information".

A special system has also been established for approving external directorships held by employees. Employees must ensure that their ownership of shares does not create any conflict between their personal interests and management of the state's participating interests or the interests of Petoro AS. Senior

employees (President and CEO and employees who report directly to the President and CEO) are prohibited from owning shares in licensee companies.

Petoro presents separate accounts for SDFI portfolio transactions, which form part of the government's accounts. Cash flows generated from the portfolio are transferred to the state's own accounts with Norges Bank.

SHARE CAPITAL AND DIVIDENDS

Petoro has a share capital of NOK 10 million and is wholly owned by the Norwegian state. The state guarantees the company's liabilities. The limited company's own operating costs are covered by annual appropriations over the fiscal budget. The operating contribution is presented as operating revenue in the limited company's accounts. The company receives appropriations to meet its costs and does not pay a dividend. Shares in the company cannot be traded or transferred.

Petoro AS established Petoro Iceland AS in December 2012 as a wholly owned Norwegian subsidiary with an Icelandic branch office in order to conduct ongoing commercial follow-up of Norwegian participating interests in production licences awarded by the Icelandic authorities. Petoro AS' consolidated accounts includes the activity in Petoro Iceland AS. Administration of Petoro Iceland AS and funds for state participation in petroleum activities on the Icelandic Continental Shelf are covered in separate items over the fiscal budget.

EQUAL TREATMENT OF SHAREHOLDERS

Shares in Petoro AS are owned by the state and the company has no personal shareholders. Petoro Iceland AS has entered into a line of credit agreement with Petoro AS.

The state employs a common ownership strategy to maximise the overall value of its ownership interests in Statoil ASA as well as the state's own oil and gas interests. On this basis, Statoil ASA undertakes the marketing and sale of the state's petroleum pursuant to a marketing and sale instruction approved by the general meeting of Statoil ASA. Through Petoro AS' articles of association, Chapter 11 of the Petroleum Act and the marketing and sale instruction for Statoil ASA, the government has given Petoro responsibility for monitoring that Statoil ASA performs its duties in accordance with this instruction.

A duty of commercial confidentiality applies to information Petoro receives through its monitoring of Statoil's marketing and sales and in its work on the budget and accounts relating to the marketing and sale of the state's

petroleum. The company's ethical guidelines emphasise that recipients of such confidential information must use it only for its intended purpose, and must not trade in Statoil ASA's securities for as long as the information is not publicly known.

GENERAL MEETING

The Ministry of Petroleum and Energy, in the person of the minister, represents the government as sole owner and serves as the company's general meeting and highest authority. Notice of general meetings is issued in accordance with the provisions of the Norwegian Limited Liability Companies Act relating to state-owned companies. The annual general meeting is held before the end of June each year. Guidelines for issues to be considered by the company's general meeting are laid down in the Petroleum Act. Owner decisions and resolutions are adopted at the general meeting, which also elects the company's external auditor. The board of directors of Petoro AS serves as the general meeting for the subsidiary, Petoro Iceland AS.

ELECTION OF DIRECTORS

The company is subject to the state's procedures for selecting directors. Directors are elected by the general meeting, which also determines the remuneration of all directors. Directors elected by and from among the employees serve two-year terms.

COMPOSITION AND INDEPENDENCE OF THE BOARD

Petoro's board comprises seven directors, five of whom are elected by the general meeting. Two are elected by and from among the company's employees. Three of the directors are women. Directors are elected for two-year terms and have no commercial agreements or other financial relationships with the company apart from the directors' fees established by the general meeting and contracts of employment for the directors elected by the employees. All shareholder-elected directors are independent of the owner.

The board considers its composition in terms of expertise, capacity and diversity to be appropriate for following up the company's goals and assignments. Each director and the board as a collective body seek to strengthen their expertise in various ways on a continuous basis. These include participation in courses and conferences and generally following developments within the business area.

WORK OF THE BOARD

The board has overall responsibility for the management of Petoro, including ensuring that appropriate management and control systems

are in place, and for exercising supervision of the day-to-day conduct of the company's business. The work of the board is based on instructions which describe its responsibilities and mode of working. The board met 8 times in 2017.

As an appendix to the instructions for its work, the board has adopted supplementary provisions for matters it shall consider. An annual schedule of meetings has been established for the work of the board, with the emphasis on considering topical commercial issues and following up strategies, budgets and interim results. The board utilises a balanced scorecard system as a key instrument for measuring results.

The board considers major investment decisions within the portfolio, follow-up and consideration of activities in the licences, and monitoring of gas sales — including an assessment of the overall risk picture. The board has chosen to organise its work related to compensation through a sub-committee comprising two of the shareholder-elected directors, one of whom is the deputy chair. No other sub-committees have been established. In the event of conflicts of interest, the established practice has been for the director concerned to abstain from the board's consideration of the matter. Conflicts of interest are a fixed item on the agenda for the board's meetings and consideration of matters.

An annual self-assessment is conducted by the board, which encompasses an evaluation of its own work and mode of working, as well as its collaboration with company management. The self-assessment for 2017 is complete. The board reviewed the company's CSR, business ethics guidelines and board instructions. The board met 8 times in 2017.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management in Petoro supports the company's strategy and goals. The board undertakes an annual review of the company's most important risk areas and its internal control process. In this review, the board emphasises the risks and opportunities that Petoro itself can influence through its own measures within the frameworks available to it. The most important operational risks are followed up in the management committees for the priority fields/joint ventures. Petoro works continuously on risk management in line with principles for integrated management, and developments in the company's risk picture.

Identification and management of risk and risk exposure make up part of Petoro's business processes. The company works with risk management to handle matters that could

affect its ability to attain specified targets and to implement chosen strategies, as well as matters that may affect its ability to submit accurate accounts. Risk management is integrated in Petoro's performance management system.

Internal control in Petoro is founded in an internationally recognised framework for this function which ensures that the activities are conducted in accordance with the established governance model and that authority requirements are observed. The internal control function forms an integrated element in Petoro's management processes, and is responsible for ensuring that integrity and the comprehensive situation are assessed for all management information, and that management systems are effective.

The framework for internal control has been formulated to provide a reasonable level of assurance that goals will be met in the following areas:

- targeted and cost-effective operations
- reliable reporting of accounts
- compliance with applicable statutes and regulations

Guidelines have been adopted by Petoro to facilitate internal reporting of improprieties in its activities. Whistleblowers who want to preserve their anonymity or who do not wish to raise the matter with their superior for other reasons, can notify the internal auditor directly. The guidelines were adjusted in 2017 as a result of amendments to the Working Environment Act. The company's values and business ethics guidelines clarify principles that shall govern the company's commercial operations and employee conduct.

REMUNERATION OF THE BOARD AND SENIOR EMPLOYEES

The general meeting determines the remuneration of directors. The board determines the remuneration of the president and CEO. The chief executive determines the remuneration of other members of the company's senior management. The board's guidelines for the remuneration of senior employees in Petoro comply with the framework specified in the Guidelines on pay and other remuneration for senior executives in wholly or partly state-owned enterprises and companies, which came into force on 13 February 2015. In 2017, the company introduced a performance-related salary arrangement in accordance with the state's guidelines for senior executive pay. One new employee joined the executive management in 2017, with a starting date in January 2018. Details of the actual

remuneration paid in 2017 are provided in a note to the annual accounts.

The company's pension scheme is contribution-based. There is a transition scheme for employees as of 31 December 2015 with less than 15 years left to the retirement age of 67.

INFORMATION AND COMMUNICATION

The Petoro board has established a communication strategy to ensure that an open dialogue is pursued both in-house and externally, so that the company's employees and other stakeholders are well informed about its business activities.

The company publishes information via its website, including press releases as well as the interim and annual reporting of its results. Petoro's annual report presents a broad description of the company's operations, as well as the directors' report and the annual accounts. The board's presentation of the company's CSR is included in this annual report.

AUDITORS

The Office of the Auditor General (OAG) is the external auditor for the SDFI portfolio pursuant to the OAG Act. The OAG verifies that the company's management of the portfolio accords with the decisions and assumptions of the Storting (parliament), and audits the annual accounts for the SDFI portfolio. On the basis of this work, the OAG submits its report in a final auditor's letter.

In addition, the board has appointed PwC to conduct a financial audit of the SDFI accounts as part of Petoro's internal audit process. PwC conducts a financial audit of the portfolio's accounts and submits an independent statement pursuant to ISA800. This statement details whether the annual accounts pursuant to the accounting principles and on a cash basis were rendered pursuant to the rules of the Accounting Act and rules for state accountancy on a cash basis. The contract with the external auditor company covers both financial auditing and Petoro's internal auditor function. In this role, the company audits the internal control systems in accordance with the instructions and an annual plan approved by the board. The internal auditor handles the company's function for receiving notices.

Erga Revisjon AS has been selected by the general meeting as the external auditor for Petoro AS, including the Petoro Iceland AS subsidiary.

PRESENTATION OF CORPORATE SOCIAL RESPONSIBILITY

Petoro's CSR presentation is based on guidelines for exercising CSR adopted by the company, and is tailored to its activities as a licensee on the Norwegian Continental Shelf (NCS). CSR comprises the responsibilities companies are expected to fulfil for people, society, climate and the environment affected by their activities. The work on corporate social responsibility is an integral part of the board's efforts. Petoro's funding for performing its management duties and for running the company is provided through appropriations from the government. Pursuant to its mandate, Petoro will not provide monetary support for public welfare purposes.

The owner's expectations as regards CSR are expressed in Report No. 27 to the Storting (2013-2014), which references the UN Global Compact. The board's presentation below, tailored to Petoro's role and mandate, is based on the owner's expectations and the company's guidelines for CSR.

Petoro undertakes to pursue its business activities in an ethically prudent, sustainable and responsible manner. The board emphasises that the company's CSR forms an integral part of its activities and strategies, and is reflected through its values. These include dynamic, responsible, inclusive and bold. The company's guidelines on business ethics support these values.

Petoro exercises its activities in accordance with good corporate governance. This applies to its participation in the individual production licences and as a partner in the joint ventures. The joint venture agreements for the production licences include governance requirements for the operators. Petoro exercises its role through active participation in management committees and sub-committees on the basis of a prioritisation of available resources and where it can make a difference. Follow-up of the state's equity interests in all joint ventures is incorporated in Petoro's management system.

By exercising its supervisory duty, Petoro will contribute to continuous improvement of HSE results for fields and facilities where Petoro is a licensee. The Petroleum Safety Authority Norway's annual analysis of the risk level on the Norwegian shelf is used as a basis for Petoro's prioritisations, and in 2017, the company

therefore aimed particular focus on robustness in organisational and operational barriers in the prevention of major accidents. Petoro has emphasised learning from investigations of serious incidents across licenses, and carrying out major accident workshops as an important part of the licenses' safety work. Petoro participates every year in HSE management inspections on selected fields and installations.

Petoro exercises its activities in a sustainable manner which minimises negative impact on nature and the environment. Petoro recognises that climate challenges make it necessary to restrict anthropogenic climate impact. The company wants to contribute to ensuring that the oil and gas industry on the Norwegian Shelf leads the way in addressing climate challenges. Climate is an integrated part of Petoro's governance.

The company established and followed up a separate target for CO₂ emissions from the production of oil and gas on selected fields in 2017. The target for 2017 has contributed to increased knowledge about the drivers of CO₂ emissions and strengthened follow-up of CO₂ emissions on the part of Petoro in the licenses.

Electrification will be able to provide considerable reductions in CO₂ emissions, given a technically feasible solution within an acceptable cost framework. Petoro is a licensee in Martin Linge and phase 1 of Johan Sverdrup, which are both being developed with power from shore. This also forms part of the proposed solution for the next development phase of Johan Sverdrup. Assessments are also under way as regards opportunities for electrification in the portfolio of fields in operation.

Petoro reports emissions to the air and discharges to water from the portfolio in a separate chapter of its annual report on the environment, based on figures obtained from the operators.

The company contributes to creating environmental awareness among all its employees through an incentive scheme to encourage increased use of public and environmentally friendly transport. Petoro emphasises efficient ICT solutions and good communication systems that can replace travel to meetings with videoconferencing.

Petoro does not tolerate any form of corruption or other improprieties, and employees are not permitted to accept remuneration from others in their work for the company. Guidelines on business ethics define what is regarded as corruption, and the consequences of breaching these guidelines are addressed specifically. No breaches of these guidelines have been recorded.

Petoro's employees shall not accept or offer unlawful monetary gifts or other benefits to secure an advantage for themselves, for Petoro or for others. Employee directorships and secondary employment must be approved by the CEO in order to avoid possible conflicts of interest. Guidelines on business ethics detail the consequences of breaches. No breaches of the guidelines have so far been recorded.

Petoro's employees comply with the company's business ethics guidelines.

The company's guidelines on business ethics are publicly available. Their purpose is to clarify principles which will govern the company's commercial operations and employee conduct. All employees sign the company's ethical guidelines each year. These guidelines set requirements for the individual to exercise conduct that does not raise questions, based on the requirement to maintain high ethical standards. It follows from the guidelines that the individual is expected to contribute to an inclusive work environment. The individual has a shared responsibility to ensure a good environment in terms of health and safety. The guidelines also address matters such as the duty of confidentiality, potential conflicts of interest and questions linked to accepting gifts and services. Senior employees (President and CEO and employees who report directly to the President and CEO) are prohibited from owning shares in licensee companies. Petoro has established requirements for information and ICT security in its activities.

Petoro's employees discharge their duties with a high level of integrity and honesty, and show respect for other people, public authorities and business contacts, as well as health, safety and the environment.

Through its HSE declaration, the company has a shared objective regarding a sound psychological and physical work environment for all employees. The company shall have a

corporate structure that promotes good results within health, safety and the environment. Petoro shall actively encourage continuous HSE improvement and believes that all incidents can be prevented. PetroAktiv organises a number of social, cultural and athletic activities for employees, and participation in the various events is good.

Petoro does not discriminate on the basis of gender, religion, national or ethnic affiliation, social group or political views.

Petoro emphasises equal opportunities for both genders as regards professional and personal development, pay and promotion. The company facilitates a flexible customising of working hours. When determining wages and in wage negotiations, Petoro is conscious of ensuring that men and women must be treated equally. No systematic or significant differences exist between male and female pay in the company. The company has a number of employees with differing cultural and ethnic backgrounds. Working conditions at Petoro are customised to allow employment of people with disabilities.

The company has routines for reporting improprieties.

The board encourages the company's employees to raise ethical issues and to report any breaches of the rules they encounter. The internal audit function is an independent whistleblowing channel with the right and duty to report to the board. The guidelines were adjusted in 2017 as a result of amendments to the Working Environment Act in that contracted employees are also entitled to report improprieties in the activities.

Petoro expects its partners and contractors/suppliers to maintain the same ethical standards set for its own business operations.

Petoro's standard contractual terms incorporate requirements that contractors/suppliers must execute the assignment with a high level of professionalism and in accordance with high ethical standards. An extract from the company's guidelines on business ethics is incorporated into all Petoro's standard contracts as a normative standard. The management committee in each joint venture is responsible for considering and deciding issues related to the procurement and contract strategy.