



CORPORATE GOVERNANCE REPORT

2019

Aker ASA

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Proud ownership
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Effective corporate governance provides the foundation for value creation, which in turn is the ultimate goal for Aker ASA (Aker). It is a prerequisite for an industrial investment company to succeed. Corporate governance is therefore a key concern for Aker's board of directors and employees, as well as in the exercise of ownership in Aker's underlying companies.

Aker believes in active ownership. Shareholders with clearly defined strategic goals for the company and who are involved through the boardroom and direct dialogue with company management, promote shareholder value. The active ownership provides direction and purpose.

Aker's main shareholder, TRG Holding AS, is actively involved in Aker through its main owner, Kjell Inge Røkke. Similarly, Aker is closely involved in the monitoring and follow-up of companies in which Aker is the main shareholder. Aker's management model is discussed in the Board of Directors' Report for 2019.

Pursuant to section 3-3b of the Norwegian Accounting Act and the recommendations in the Norwegian Code of Practice for Corporate Governance, most recently revised in the autumn of 2019, the board has reviewed and updated the company's corporate governance principles.

The individual recommendations of the Norwegian Corporate Governance Board (NUES) are discussed below. Aker's principles are largely consistent with the recommendations.

1. Corporate governance

Aker's corporate governance principles are established by the board. The purpose is to ensure a productive division of roles and responsibilities among Aker's owners, board and executive management, as well as to ensure satisfactory controls of the company's activities.

2. Business purpose

Aker ASA's business purpose is expressed in the company's Articles of Association:

"The company's objective is to own and carry out industrial and other associated businesses, capital management and other functions for the group, as well as participation in, or acquisition of, other businesses."

The board has prepared clear goals, strategies and a risk profile for the company.

The company has guidelines for how it integrates the interests of the society at large into its value creation. A separate ESG - Environmental, Social, Governance - report is available on the company website.

The board evaluates targets, strategies and its risk profile on an annual basis, at a minimum.

3. Share capital and dividend

Share capital

Aker ASA and holding companies had NOK 12,969 million in book equity as of 31 December 2019, corresponding to an equity ratio of 49 per cent. The parent company's book equity amounted to NOK 18,590 million, corresponding to an equity ratio of 64 per cent. Aker considers its capital structure appropriate and adapted to its objectives, strategy and risk profile.

Dividends

Aker's dividend policy is discussed in the shareholder information section of the 2019 annual report, published on the company website. The board's proposal for dividend allocation for 2019 has been guided by Aker's dividend policy and dividend capacity.

Board authorisations

The board's proposals for board power of authority comply with the relevant recommendation in the Norwegian Code of Practice for Corporate Governance. Board power of authority are limited to defined issues and are dealt with as separate agenda items at the annual general meeting. Board authorities remain valid until the next annual general meeting.

4. Equal treatment of shareholders and transactions involving related parties

The company has a single class of shares, and all shares carry equal rights. Aker has developed principles and guidelines for transaction agreements and other agreements not forming part of ordinary operations involving Aker and companies in which Aker has significant ownership interests.

Additional information on transactions with related parties can be found in Note 33 to the 2019 consolidated accounts.

5. Shares and negotiability

There are no restrictions on owning, trading or voting for shares in Aker ASA.

6. Annual general meetings

Meeting notification, registration and participation

Aker encourages all its shareholders to participate in general meetings. Through the general meeting, shareholders exercise the highest authority in the company. The annual general meeting for 2020 will take place on 27 April.

Shareholders unable to attend the general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period.

Shareholders unable to attend a meeting may also vote by proxy. The procedures for electronic voting and the proxy voting instructions are described in the meeting notification and published on the company website.

Meeting chair, voting, etc.

According to Aker ASA's Articles of Association, the general meeting is chaired by the Chairman of the Board, or by an individual appointed by the chairman. In this regard, Aker deviates from the NUES recommendation, which states that the general meeting should be able to elect an

independent chairman for the general meeting. In the company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.

Members of the nomination committee and the company's auditor are expected to attend general meetings. The general meeting elects the members of the nomination committee and shareholder-elected board members. The nomination committee focuses on composing a board that works optimally as a team, and on ensuring that board members' experience and qualifications complement each other, and that statutory gender representation requirements are met. The general meeting is therefore requested to vote for a complete set of proposed board members, and shareholders cannot vote in advance for individual candidates. Aker ASA's practice thus differs from the NUES recommendation, which states that the general meeting should be given an opportunity to vote on each individual candidate nominated for an appointment to a company body.

7. Nomination committee

Aker ASA has a nomination committee as required by its articles of association. The nomination committee must comprise at least three members, and each member is normally elected for a two-year period.

The members and chairman of the nomination committee are elected by the company's general meeting, which also determines the remuneration payable to committee members. The current members of the nomination committee are presented in the 2019 annual report.

Instructions for the nomination committee's operations are adopted by the annual general meeting. The primary responsibilities of the nomination committee are to recommend candidates and remuneration for the company's board of directors and nomination committee, and remuneration for members of the audit committee. Shareholders who wish to contact the nomination committee can do so using the following email address: contact@akserasa.com.

Kjell Inge Røkke, chairman and main shareholder of Aker ASA, is also chairman of the nomination committee. This is not compliant with the NUES recommendation, stating that board members who are also members of the company's nomination committee should not "*stand as candidates for reappointment to the board*". However, it is the company's assessment that the NUES recommendation on this point is based on considerations that are less applicable to a situation where a single shareholder - in Aker ASA's case Røkke himself - controls more than two-thirds of the company's shares and thus already has positive control of the company's general meeting.

8. Board of directors – composition and independence

The company does not have a corporate assembly. Employees' rights to representation and participation in decision-making are safeguarded through extended employee representation on the board of directors in accordance with decision by the publicly appointed Industrial Democracy Board (Bedriftsdemokratinemnda). Pursuant to the company's articles of association, the board comprises between 6 and 12 members, of whom at least one-third are elected by and from among group employees. The nomination committee also recommends a candidate for the position of Board Chairman, who must be approved by the general meeting. Shareholder-elected board

members are independent of the company's executive management and its significant business associates.

Kjell Inge Røkke has personal economic interests as owner of the company's main shareholder, TRG Holding AS. Neither the President and CEO nor any member of the executive management is a member of the Aker ASA board.

The current composition of the board is presented in the 2019 annual report, as are board members' qualifications and expertise.

9. The work of the board of directors

The board of Aker ASA has established board instructions that regulate areas of responsibility, tasks and the division of roles between the board, the board chairman, and the President and CEO.

Guidelines have also been drawn up to ensure that board members and senior employees report to the board if they directly or indirectly have significant interest in agreements entered into by Aker or companies in which Aker has significant ownership interests.

The board carries out an annual self-evaluation.

Aker has an audit committee. The committee's mandate regulates areas of responsibilities, tasks, relations with the external auditor and reporting to the board of directors. The composition of the committee is presented in the 2019 annual report. The board has considered whether Aker ASA should have a compensation committee, but has concluded that it is currently not necessary.

10. Risk management and internal control

Governing principles

The Board of Aker establishes the overall principles for governance and control in Aker ASA through the adoption of various governing documents. For particularly important areas of group-wide relevance, the board ensures that similar governing documents are implemented in the portfolio companies within the framework of Aker's relevant governing documents. For example, Aker's Code of Conduct also expresses Aker's expectations of the portfolio companies' respective codes of conduct. The same applies to important areas such as anti-corruption and supplier conduct.

Aker has established a Compliance Officer function with dual reporting duties to the company's CEO and audit committee. The compliance officer's main task is to ensure that Aker ASA is compliant with relevant laws and regulations, including Aker's internal regulations and guidelines e.g. how Aker ASA integrates the interests of the society at large into its value creation. Aker has chosen a risk-based approach to the Compliance Officer's mandate.

Aker ASA's Compliance Officer strives to contribute to effective information and knowledge sharing between the various compliance departments in the group. An example of such coordinating measures from 2019, include the establishment of a special compliance forum for Aker-related companies and non-profits with operations and / or interests in Ghana. In addition, a project was implemented across several Aker companies in 2019 for quality assurance of a number of key policies. Aker ASA also advises other companies in the group regarding the procurement of

external compliance consultancy services, and seeks to ensure the most appropriate use of internal resources.

In 2019, Aker ASA became a member of the World Economic Forum's subdivision for anti-corruption, "PACI" (Partnering Against Corruption Initiative). Through this collaboration, Aker ASA has access to the expertise and experience of some of the world's largest and most advanced compliance organisations.

Aker has implemented a whistleblowing channel for reporting of serious matters, such as potential breaches of ethical guidelines and violations of the law. Information about the whistleblowing channel, including contact information, is available on the company website.

Risk management and internal control

The Board carries out an annual risk-based review of the company's portfolio. Prior to the annual risk reporting to the Board, the Audit Committee reviews the reported main risks and relevant risk mitigating measures. The Audit Committee also reviews the company's in-house reporting systems, internal control and overall risk management.

Aker has established a procedure for internal control in financial reporting (ICFR) that has been implemented in all major companies in the Group. The procedure requires annual risk assessment, mapping/implementation of key controls, and processes for monitoring that key controls are performed as intended. The experience so far is that the companies are showing a positive development, and that the ICFR procedure sets a framework for more targeted and consistent work with ICFR.

In connection with the process of preparing Aker's financial statements, clearing meetings are held with the management teams of each operating subsidiary with the main purpose of ensuring the quality of the financial reporting. The clearing meetings focus on significant valuation items, off-balance sheet items, related transactions, new or modified accounting principles, internal control in financial reporting, and special topics in the annual report. External auditors are present at the meetings.

The Audit Committee prepares a preliminary review of the quarterly and annual financial statements, focusing on items involving valuation items and the application of new accounting principles, as well as any material related-party transactions.

11. Board remuneration

Board remuneration reflects the board's responsibilities and expertise, time spent and the complexity of the business. Remuneration does not depend on Aker's financial performance, and there are no option programmes for any of the board members.

The annual general meeting determines board remuneration after considering recommendations by the company's nomination committee. The board members elected by and among the employees and associated companies have reduced their board remuneration at their own initiative, in line with an agreement between employee organisations and Aker. Additional information on remuneration paid to individual board members for 2019 can be found in Note 34 to the 2019 consolidated accounts.

12. Remuneration of executive management

The board has adopted separate guidelines on the remuneration of executive management in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. The company's guidelines for remuneration to executive management are described in Note 34 to the consolidated accounts and will also be presented to shareholders at the annual general meeting in the form of a supporting document.

The employment contract of the President and CEO has been approved by the board. The remuneration paid to the President and CEO is approved by the board after considering recommendations from the Chairman of the Board.

The President and CEO determines the remuneration payable to key executives in accordance with board guidelines. Aker ASA has no stock option programmes. The remuneration for executive management includes a fixed annual salary, standard employee pension and insurance schemes and a variable pay element.

Aker ASA has a share bonus award programme for employees (excluding the President and CEO). Share awards are subject to specified conditions and goal achievement. This incentive programme for employees is presented in Note 2 to the Aker ASA annual accounts.

Further information on remuneration for 2019 for individual members of Aker's executive management can be found in Note 34 to the consolidated accounts.

Some members of Aker's executive management represent the company's interests as board members of other Aker companies. They do not receive personal remuneration for these board positions.

13. Information and communications

Aker's reporting of financial and other information is based on transparency and equal treatment of stakeholders.

All stock exchange notifications and press releases are published on the company website, www.akerasa.com. Stock exchange notices are also available at www.newsweb.no.

The company organises presentations in connection with its financial reporting. These meetings are generally broadcast directly via the internet (webcast). The company's financial calendar appears in the 2019 annual report and is published on Aker's website.

14. Takeover

Aker does not have separate guidelines on how to respond in the event of a takeover bid. The Norwegian Code of Practice for Corporate Governance recommends the adoption of such guidelines. Through his privately held TRG holding companies, Kjell Inge Røkke controls a total of 68.2 per cent of Aker ASA stock. In view of this, the board has deemed separate takeover guidelines as recommended by the Code to be unnecessary.

15. Auditor

The auditor makes an annual presentation of the auditing plan to the board. Further, the auditor has provided the board with written confirmation that the requirement of independence is met.

The auditor participates in all meetings of the audit committee and in the board meeting that deals with the annual accounts. The auditor reviews, with the board, any material changes in the company's accounting principles and assessments of material accounting estimates. There have been no disagreements between the auditor and management on any material issues.

The auditor reports to the audit committee on his assessment of the internal controls on the financial reporting process. The outcome of this review is presented to the board. The board and the audit committee meet with the auditor without representatives of executive management being present. The audit committee receives a quarterly overview of services rendered by the auditor to the company. The audit committee also approves the fees paid to the auditor for material additional services. The remuneration paid to the auditor in 2019 for both audit and other services is presented in Note 11 to the consolidated accounts. These details are also presented to the annual general meeting.