

# Corporate Governance Report for 2016

Good corporate governance at Aker Solutions shall ensure sustainable operations and value creation over time to the benefit of shareholders and other stakeholders. Corporate governance is a framework of processes, mechanisms and responsibilities for managing the business and making sure the right objectives and strategies are set and implemented with results that can be measured and followed up.

## 1. The Corporate Governance Report

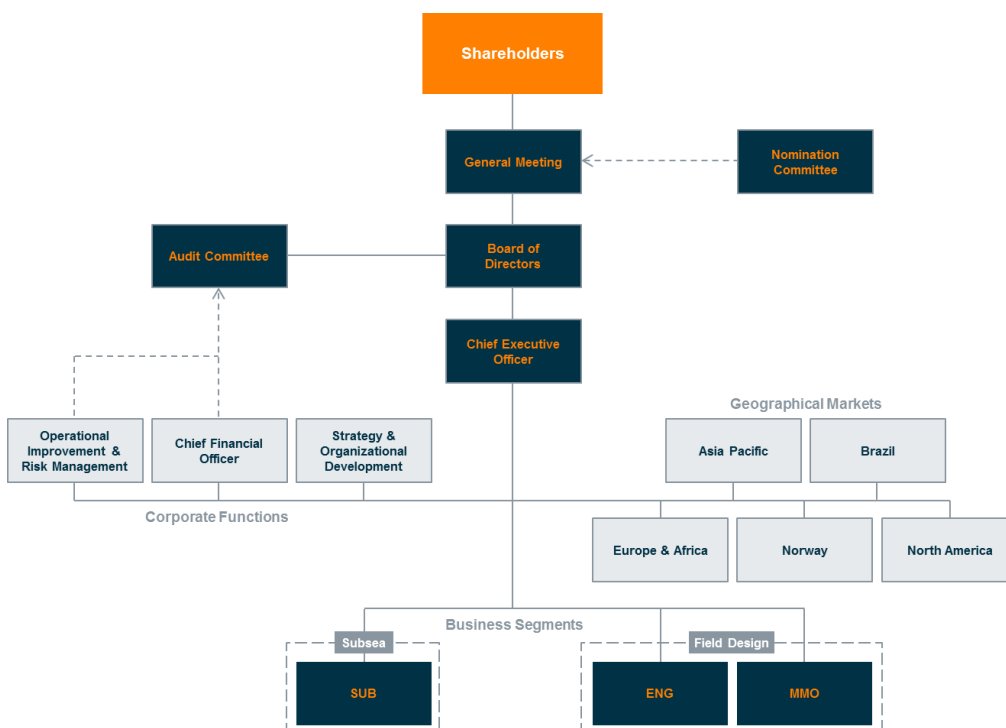
### Basis for the Report

This report is prepared by the board of directors of Aker Solutions and presents the corporate governance of the company. It is structured to cover all sections of the Norwegian Code of Practice for Corporate Governance (Code of Practice) – available at [www.nues.no](http://www.nues.no).

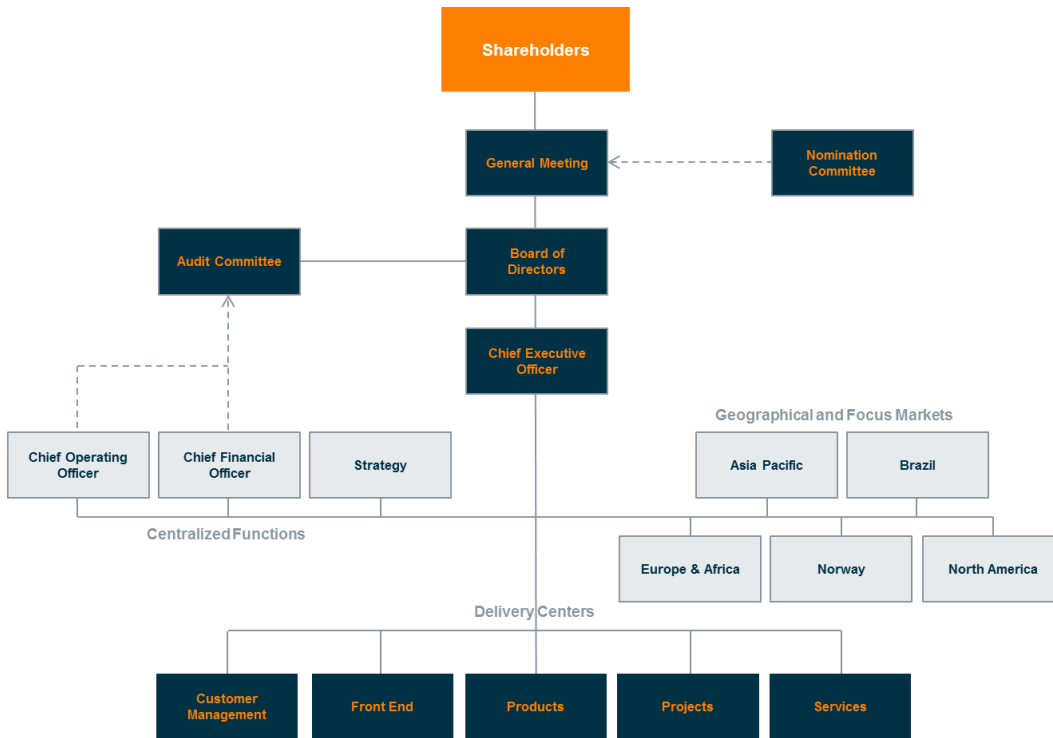
The board of directors is responsible for ensuring the company conducts business using sound corporate governance and sets the standards for corporate governance, ensuring these reflect the Code of Practice. Deviations are discussed under the relevant sections of the report. The board of directors, in general, only approves deviations that it believes create value for the company. The report also outlines the company's policies and practices for corporate governance, as per section 3-3b of the Norwegian Accounting Act.

### Governance Structure

The governance structure of Aker Solutions applicable to the majority of 2016 is set out below. This governance structure forms the basis for management and segment reporting in the financial statements, including the company's consolidated annual accounts for the full financial year 2016.



Towards the end of 2016, Aker Solutions re-organized the entire company and introduced a new organizational structure. An organizational chart reflecting the new governance structure is set out below. The new structure will be implemented for financial reporting purposes in Q1, 2017.



Compliance with and implementation of sound corporate governance is continuously monitored by the board of directors and the audit committee. The board holds exclusive authority under the company’s authorisation matrix to approve matters of significance. The board of directors regularly receives extensive reports from the chief executive officer and the chief financial officer on key aspects of the business. These reports reflect underlying reporting to executive management from the business operations through monthly and quarterly review sessions.

### Policies and Procedures

Aker Solutions has a total of 24 policies providing business practice guidance within a number of key areas. These policy documents define responsibilities and express the position of the company within areas such as HSSE, project execution, governance and finance. The policies refer to specific procedures, controls and review mechanisms to ensure operations and projects globally are conducted in accordance with applicable internal and external regulatory framework. The policies and procedures are reviewed and updated as necessary.

## The Values and Code of Conduct

Aker Solutions wishes to contribute to sustainable social development through responsible business practices. The basis for this is a set of core corporate values defined by the board of directors and applicable to the entire company:

### **Customer Drive**

Building customer trust is key to our business

### **People and Teams**

All our major achievements are team efforts

### **Hand-on Management**

We know our business and get things done

### **HSE Mindset**

We take personal responsibility for HSE because we care

### **Open and Direct Dialogue**

We encourage early and honest communication

### **Delivering Quality Results**

We deliver consistently and strive to beat our goals

Aker Solutions' code of conduct outlines our commitments and requirements for ethical business practices and personnel conduct. It describes what we expect from our employees, subsidiaries, subcontractors, representatives and other partners and explains the company's policies in a number of areas of particular importance such as corruption, including bribery and facilitation payments, conflict of interest, gifts and hospitality and human rights. The code of conduct is available at [www.akersolutions.com](http://www.akersolutions.com).

## Corporate Responsibility

Aker Solutions takes a proactive and precautionary approach to sustainability and responsibility. We consider corporate responsibility a strategic benefit that adds value to the company, its stakeholders and society. We say that corporate responsibility at Aker Solutions is about making good and sustainable business decisions. That means our business operations shall reflect responsibility, integrity and sustainability. It shall be relevant for our business and tailored to the diverse local contexts and expectations the company faces every day. To achieve this goal, processes and procedures taking these issues into consideration are integrated in our daily business operations.

To demonstrate our commitment, Aker Solutions is a member of the UN Global Compact and is committed to its ten principles. The company is also a member of Trace International, an international organization promoting transparency and anti-corruption. Aker Solutions reports and communicates on corporate responsibility based on recommendations from the Global Reporting Initiative.

## 2. Business

The objectives of the company, as defined in its articles of association, are «to own or carry out industrial and other associated businesses, management of capital, and other functions for the group, and to participate in or acquire other businesses». The articles are available on [www.akersolutions.com](http://www.akersolutions.com).

The principal strategies of the group are presented in the annual report. Each year, the board of directors evaluates the existing strategy and approves any significant changes to such, as well as goals and guidelines of the company, through a designated strategy process. Information concerning the financial position and principal strategies of the company, and any changes thereto is disclosed to the market in the context of the company's quarterly reporting and in designated market presentations as well as on the company's web site.

### 3. Equity and Dividends

#### Equity

The management and the board of directors regularly monitor that the group's equity and liquidity are appropriate for its objectives, strategy and risk profile.

#### Dividend Policy

The board of directors is of the opinion that on average over time 30 - 50 percent of consolidated net profit should be distributed to the shareholders as cash dividends or share buybacks, or a combination of both. The board proposes application of consolidated net profit based on considerations such as alternative use of assets and further strengthening of the company's financial position.

#### Authorizations for the Board of Directors

The company's general meeting on April 7, 2016 mandated the board of directors to purchase treasury shares up to an aggregate nominal value of NOK 29,380,794 (10 percent of the share capital). The resolution specified three purposes for utilization: (i) transaction currency in connection with acquisitions, mergers, demergers and other transfers of business, (ii) sale and/or transfer to employees and board members as part of the company's share program and (iii) purchase of treasury shares for the purpose of investment or for subsequent sale or deletion of such shares. The board's authorization to purchase treasury shares is valid for the period until the date of the annual general meeting of 2017, however, in no circumstances beyond June 30, 2017.

As of December 31, 2016, Aker Solutions ASA held a total of 511,801 own shares.

The board of directors currently holds no authorizations to increase the share capital or to resolve dividend distribution.

#### Share Purchase Program for Employees

Aker Solutions encourages its employees to take an ownership interest in the company to benefit from any increase in the value of the company and further strengthen the relationship between the employees, the company and its shareholders, as well as to enhance interest in the creation of value within the company.

Under the annual share program of 2016, employees in Norway and six other countries were invited to buy shares for a maximum amount of NOK 60,000. The shares purchased by each employee were funded by a loan provided by the local employer company. The loan is to be repaid by salary deductions over a period of 12 months. The program participants were offered a standard discount of NOK 1,500 for participation in addition to a price reduction of 25 percent on the share price.

Key managers were also invited to take part in a separate management share program allowing share purchase for an amount up to 25 percent of their salary and with a discount of 25 percent on the share price.

All shares purchased under both share programs were made subject to a three years lock-up period during which the acquired shares may not be sold or otherwise disposed of. The sale of shares to employees under the programs was realized from treasury shares acquired in the open market by the company for onwards sale to the participants.

## 4. Equal Treatment of Shareholders and Transactions with Related Parties

The company has only one class of shares, and all shares carry equal rights. Existing shareholders have pre-emptive rights to subscribe for shares in the event of share capital increases. The general meeting may by a qualified majority resolve to set aside the pre-emptive rights of existing shareholders. Any proposal by the board of directors of such resolution shall be explained. Transactions in own shares are done through the Oslo Stock Exchange.

Aker ASA held 70 percent of the shares of Aker Kværner Holding AS which held 40.56 percent of the shares of Aker Solutions ASA as per December 31, 2016. As per the same date, Aker ASA directly held 6.37 percent of the shares of Aker Solutions ASA, bringing the total Aker ASA ownership to 34.8 percent.

The board of directors is of the view that it is positive for Aker Solutions that Aker ASA assumes the role of an active owner and is actively involved in matters of major importance to Aker Solutions and to all shareholders. The cooperation with Aker ASA offers Aker Solutions access to special know-how and resources within strategy, transactions and funding. Moreover, Aker ASA offers network and negotiation resources from which Aker Solutions benefits in various contexts. This complements and strengthens Aker Solutions without curtailing the autonomy of the group. It may be necessary to offer Aker ASA special access to commercial information in connection with such cooperation. Any information disclosed to Aker ASA's representatives in such a context will be disclosed in compliance with applicable law and regulations.

Applicable accounting standards and regulations require Aker ASA to prepare its consolidated financial statements to include accounting information of Aker Solutions. In accordance with International Financial Reporting Standards 10, Aker ASA is deemed to have control of Aker Solutions and is therefore – for financial reporting purposes – consolidated as a subsidiary in Aker ASA's accounts. In order to comply with these accounting standards, Aker ASA will receive unpublished accounting information of Aker Solutions. Such distribution of unpublished accounting information from Aker Solutions to Aker ASA is handled under strict confidentiality and in accordance with applicable laws and regulations.

For company law purposes under the Norwegian Public Limited Companies Act, Aker Solutions is, however, not deemed to be a related party (NO. *nærstående*) of Aker ASA or any entities in which Aker ASA holds a controlling ownership interest. The board of directors and the executive management team of Aker Solutions are nevertheless very conscious that all relations with Aker ASA, its subsidiaries and other entities in which Aker ASA has ownership interests, shall be premised on commercial terms and structured in line with the arm's length principle.

In the event of any material transactions between the company (or any of its subsidiaries) and the company's shareholders, directors, executive personnel, or related parties thereof, which do not form part of on-going projects pursued in the ordinary course of the company's business, the board of directors shall arrange for an independent assessment. The same shall, generally speaking, apply to the relationship between Aker Solutions and the Aker ASA group.

Aker Solutions has prepared guidelines ensuring that directors and executive personnel notify the board of directors if they have any material direct or indirect personal interest in any agreement concluded by the group. The rules of procedure for the board of directors stipulate that the board members and the chief executive officer nor anyone else shall participate in the preparation, deliberation, or resolution of any matters that are of such special importance to themselves, or any of their related parties, such that the board member or person in question is deemed to have a prominent personal or financial interest in these matters. The relevant board member or person shall raise the issue of his or her independence whenever there may

be cause to question it, and are the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

In general, as further stipulated in the company's related party transaction procedures, board members should be cautious in participating in the consideration of issues where a potential conflict of interest or conflict of role may arise, undermining the confidence in the decision process. Such person may not participate in board discussions of more than one company that is part of the same related party-agreement, unless the companies have common interests. These assessments will be carried out on a case-by-case basis; in most events, and as a starting point, by the relevant board members themselves, but often also in cooperation with internal and/or external legal counsel. For instance, board member Kjell Inge Røkke, who is an indirect shareholder of both Aker ASA and Aker Solutions as well as the chairman of Aker ASA, will as a ground rule not participate in board discussions of matters concerning commercial relationships between Aker Solutions and Aker ASA as his relative indirect ownership interests in Aker ASA exceed his ownership interests in Aker Solutions. Chairman of the board of directors of Aker Solutions, Øyvind Eriksen, is also a shareholder and the chief executive officer of Aker ASA, but external legal counsel has concluded that such shareholding, as a ground rule, is not significant enough to, under normal circumstances, imply that he is under an obligation to automatically step down from such discussions.

The above principles will normally also be applied if Aker Solutions contracts with other companies in which said board members hold direct or indirect ownership interests that exceed, in relative terms, their ownership interests in Aker Solutions.

Aker Solutions applies a strict norm as far as independence assessments are concerned. In cases where the chairman of the board of directors does not participate in the deliberations, the deputy chairman chairs the meeting.

As far as the other officers and employees of Aker Solutions are concerned, transactions with related parties are comprehensively addressed and regulated in the company's code of conduct.

Transactions of a certain magnitude between Aker Solutions and companies within the Aker ASA group will be handled in accordance with the procedures in section 3-8 of the Public Limited Companies Act. The «Related parties» note to the consolidated financial statements contains information on the most significant transactions between Aker Solutions and companies within the Aker ASA group.

## 5. Freely Transferable Shares

The shares of Aker Solutions ASA are listed on the Oslo Stock Exchange. The company's articles of association do not contain any restrictions on the transferability of the shares, so they are freely transferable.

## 6. General Meetings

### Attendance, Agenda and Voting

The company encourages shareholders to attend the general meeting. It is also the intention to have representatives of the board of directors as well as the chairman of the nomination committee and the company's external auditor to attend the general meeting. It is a priority for the company to hold the annual general meeting as soon as possible after year end. Notices convening general meetings, including comprehensive documentation relating to the items on the agenda, including the recommendation of the nomination committee, are made available on the company's website no later than 21 days prior to the

general meeting. The articles of association of the company stipulate that documents pertaining to matters to be deliberated by the general meeting shall only be made available on the company's website and not sent by ordinary post to the shareholders unless required by statute.

The registration deadline for attendance is as close to the date of the general meeting as possible, but not earlier than five days before the meeting. Shareholders who are unable to attend may vote by proxy. Information concerning both the registration procedure and the filing of proxies is included in the notice convening the general meeting and on the registration form.

### Chairman

The articles of association stipulate that the general meetings shall be chaired by the chairman of the board of directors or a person appointed by him. According to the Code of Practice, the board should «make arrangements to ensure an independent chairman for the general meeting». Aker Solutions consequently deviates from the Code of Practice in this respect. This is based on a long-lasting Aker Solutions tradition. Having the chairman of the board chair the general meeting also simplifies the preparations for the meeting.

### Election of Board Members

It is a priority for the nomination committee that the board of directors function in the best possible manner as a team, and that the background and competence of the shareholder elected board members shall complement each other. As a consequence, the shareholders are invited to vote on the full board composition proposed by the nomination committee as a group, and not on each member separately. Hence, Aker Solutions deviates from the Code of Practice stipulating that the company should make «appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies».

### Physical Attendance and Electronic Voting

It is a priority for the general meeting to be conducted in a sound manner, with all shareholder votes to be cast, to the extent possible, on the basis of the same information. The company has thus far not deemed it advisable to recommend the introduction of an electronic attendance, i.e. arranging for general meetings to be held as physical meetings with online coverage allowing for shareholders to participate via web. The company will contemplate the introduction of such arrangements on an on-going basis in view of; inter alia, the security and ease of use offered by available systems.

The company has for several years practised electronically voting possibilities in advance of annual general meetings (but not during the meetings), and this will also be offered with respect to the annual general meeting to be held April 20, 2017.

### Minutes

Minutes of general meetings will be published as soon as practically possible on the announcement system of the Oslo Stock Exchange, [www.newsweb.no](http://www.newsweb.no) (ticker: AKSO), and on the company's website, [www.akersolutions.com](http://www.akersolutions.com).

## 7. Nomination Committee

The articles of association stipulate that the company shall have a nomination committee. The committee shall have no less than three members, who shall normally serve for a term of two years. The current members of the nomination committee are Leif-Arne Langøy (chairman), Gerhard Heiberg, Arild Frick and Georg Rabl. Frick and Rabl are up for election at the annual general meeting to be held April 20, 2017. No

members of the nomination committee are employed by or members of the board of directors of Aker Solutions.

The committee's recommendations (relating to particularly members of the board of directors and their remuneration) shall also address how the new board candidates will attend to the interests of the shareholders in general and fill the requirements of the company, including with respect to competence, capacity and independence.

The composition of the nomination committee shall reflect the interests of all shareholders and ensure independence from the board of directors and the executive management. The members and the chairman of the nomination committee are appointed by the general meeting which also determines the reward of the committee.

The company's general meeting has adopted guidelines governing the duties of the nomination committee. According to these guidelines, the committee shall emphasize that candidates for the board of directors have the necessary experience, competence, and capacity to perform their duties in a satisfactory manner. A reasonable representation with regard to gender and background should also be emphasized.

The chairman of the nomination committee has the overall responsibility for the work of the committee. In the exercise of its duties, the nomination committee may contact, among others, shareholders, the board of directors, management, and external advisors. The nomination committee shall also ensure that its recommendations are endorsed by the largest shareholders.

Information concerning the nomination committee and deadlines for making suggestions or proposing candidates for directorships are available on the company's website, [www.akersolutions.com](http://www.akersolutions.com) when there are candidates up for election.

## 8. Composition and Independence of the Board of Directors

### Composition

It has been agreed with the employees that the company shall have no corporate assembly. Hence, the board of directors appoints its own chairman, cf. the Public Limited Companies Act section 6-1(2), unless the chairman is appointed by the general meeting. The proposal of the nomination committee will normally include a candidate for chairman of the board. The right of the employees to be represented and participate in decision making is safeguarded through employee representation on the board of both Aker Solutions ASA and some of the group's subsidiaries.

The articles of association stipulate that the board of directors shall comprise six to twelve persons, one third of whom shall be elected by and amongst the employees of the group. In addition, up to three shareholder-appointed alternates may be appointed. The board currently comprise eight members, five elected by the shareholders and three by and among the employees. The company encourages the board members to hold shares of the company. The shareholdings of the board members as of December 31, 2016 are set out in the management remuneration note to the consolidated financial statements of the company. The composition of the board of directors, including meeting attendance and information about the board members' background and expertise is also detailed in the annual report for 2016.



## Independence

A majority of the members of the board of directors elected by the shareholders are independent of the executive personnel and important business associates. None of the executive personnel of the company are members of the board.

The composition of the board aims to ensure that the interests of all shareholders are attended to, and that the company has the competence, resources, and diversity it needs at its disposal. Among the five shareholder-elected members, three of them (Koosum Kalyan, Anne Drinkwater and Stuart Ferguson) are deemed independent from the company's largest indirect shareholder, Aker ASA.

## 9. The Work of the Board of Directors

### Procedures

The board of directors adopts an annual plan for its work, with an emphasis on goals, strategy and implementation. Furthermore, there are rules of procedure for the board of directors, which govern areas of responsibility, duties and the distribution of roles between the board, the chairman and the chief executive officer. The rules of procedure also include provisions on matters such as convening and chairing board meetings, decision making, the duty and right of the chief executive officer to disclose information to the board and the duty of confidentiality. As per the company's articles, each of the board members elected by the shareholders will serve for a period of one to three years pursuant to further decision by the general meeting. This is to provide the nomination committee with the flexibility to propose varying terms of service for the candidates.

### Meetings

The board of directors will hold board meetings whenever needed, but normally six to twelve times a year. The need for extraordinary board meetings may typically arise because the internal authorization structure of the company requires the board to deliberate and approve material tenders to be submitted by the company. As the deadlines for such submission often change, it is difficult to fit this into the calendar of ordinary board meetings. The annual report of 2016 contains information on the number of board meetings held in 2016.

### Matters Discussed by the Board of Directors

The chairman, in cooperation with the chief executive officer, prepares cases for deliberation by the board of directors. It is a priority to have matters prepared and presented in such a way that the board is provided an adequate basis for its deliberations.

The board of directors has overall responsibility for the management of the company and shall, through the chief executive officer, ensure that its activities are organized in a sound manner. The board adopt plans for the business, and keeps itself informed of the financial position of, and development within, the company. This encompasses the annual planning process, with the adoption of overall goals and strategic choices as well as financial plans and forecasts for the group. The board of directors performs annual evaluations of its work and competencies.

### Audit Committee

Aker Solutions has an audit committee comprising three of the members of the board of directors. The committee held seven meetings in 2016. The audit committee comprises board members Anne Drinkwater (chairperson), Stuart Ferguson and Atle Teigland. The audit committee is independent from the management. At least one of the members shall have either formal qualifications within accounting or auditing, or relevant experience and skills within the same. Anne Drinkwater has such experience and technical competence.

The audit committee has a mandate and a working method that complies with statutory requirements. The committee participates, on behalf of the board of directors, in the quality assurance of guidelines, policies, and other governing instruments pertaining to the company. The audit committee performs a qualitative review of the quarterly and annual reports of the company. It also supports the board in overseeing that the company's enterprise risk management framework is implemented and accurately reflects the company's major risk areas. Significant judgment calls (uncertain estimates) made in the quarterly financial statements as well as accounting and disclosure issues are reviewed by the audit committee. The committee supports the board of directors in safeguarding that the company has sound risk management and internal controls over financial reporting.

The audit committee also monitors compliance with the company's Code of Conduct as well as anti-corruption and third party representative policies. In addition, the committee reviews, and if necessary follows up whistle-blower cases. The chairperson of the committee is also the primary reporting point for whistle-blowers where other whistle-blower channels are deemed inappropriate to use.

Aker Solutions currently has no remuneration committee. Past experience of having such committee showed more merit in discussing matters comprised by the committee's mandate with all board members present.

## 10. Risk Management and Internal Control

### Overall Responsibilities

The board of directors and management of the company have a strong focus on risk management and internal controls. Processes have been established to ensure risks are efficiently managed and reported throughout the company, and that key controls are in place to achieve strategic, financial and operational goals, as well as compliance with regulatory requirements.

The audit committee supports the board of directors in safeguarding that internal procedures and systems are in place to ensure effective corporate governance processes. The chief financial officer reports directly to the audit committee on matters relating to financial reporting, financial risks, internal controls over financial reporting and corresponding compliance aspects. The business integrity and compliance organisation reports status directly on significant matters. The chief operating officer informs the audit committee on matters relating to management of enterprise and operational risks, operational improvements and internal control of operations.

The operating model of the company implies that functions have global responsibility for their respective areas of specialization. Such responsibility includes ownership of relevant policies, processes and tools, including the operational effectiveness of these, as well as management of risks and controls to ensure achievement of functional objectives.

Each unit has an independent responsibility for adherence to global policies and compliance with external laws and regulations at any given time. This involves close cooperation between the global functions and the operating units. They identify, address, report and handle risks for the entire group in conformity with the requirements laid down by the board of directors and the audit committee.

Aker Solutions' approach to enterprise risk management and internal controls are based on the principles in ISO 31000, Project Management Institute and the Committee of Sponsoring Organizations of Treadwell Commission (COSO) frameworks, however, without applying all elements of these standards.

## Risk Management

The responsibility to oversee enterprise risk management is held by the chief operating officer. The policy and procedures for project risk management (operational risk management) are issued by the head of project risk management function of the delivery centre Projects. The policy for financial reporting risk is owned by the chief financial officer.

Aker Solutions manages risk through a framework comprising the risk management policy, a standard procedure and a standard tool for project risk management. Risk management practices are integrated into the company's operating processes and are key elements of the internal control framework.

The company's global risk management network comprises representatives from each of the operating units and is headed by the risk management function in the delivery centre Projects. The operating unit representatives are responsible for all risk management work and implementation of the relevant policies within their unit. They develop and maintain the unit's specific procedures as required. The risk management network has meetings at least quarterly.

The risk management process is standardized in all projects. All significant projects provide a monthly report via a dedicated solution summarizing the operational and financial status, in addition to performance and risk indicators. Management of the delivery centre Projects as well as the chief operating officer and chief financial officer functions monitor project reporting in order to identify early risk indicators. The portfolio risk picture is reported to the executive management team and the audit committee.

## Review and Oversight

All significant tenders are reviewed by the Corporate Risk Committee. The scope of the reviews includes all aspect which may impact the financial results and good reputation of Aker Solutions. The reviews encompass evaluations of threats and opportunities and quality improvement potential related to all aspects of the tenders. The committee offers guidance to the tender teams and advises the decision makers on the risk profile of the tenders. For tenders requiring board approval, the Corporate Risk Committee presents a separate tender memo to the board of directors as decision making support documentation.

Investments are reviewed by the Corporate Investment Committee. Approval of investments is done according to the company's authorization matrix. The committee evaluates the investment from different perspectives such as legal, tax, technical, execution and finance.

Operational reviews are carried out according to an annual plan, made by the chief operating officer, discussed by the executive management team and approved by the audit committee. The reviews are carried out as an important part of the internal control framework, to provide independent assurance that:

- The objectives of the review object will be met
- Operations are compliant to policies and procedures
- Mitigations and improvements are captured and implemented

Operational reviews are carried out for project (contract) execution, other operations (such as manufacturing, fabrication and service base), strategy formulation/implementation, investments, organizational and operational development and improvement initiatives. The reviews are selected based on risk assessments and the level of detail and breath of scope will vary. The review findings are reported to the executive management team as well as to the management of the relevant operating unit and the audit committee, and followed up until issues are properly closed.

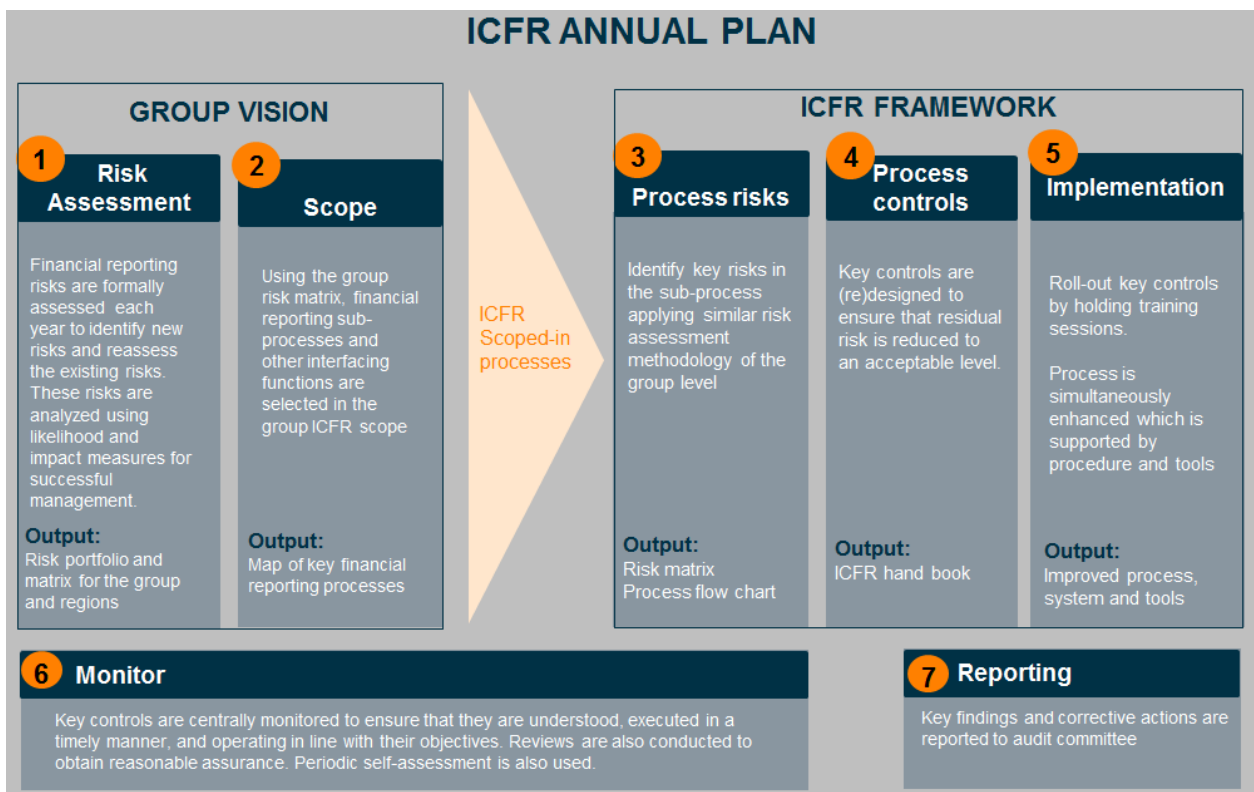
## Financial Reporting

The financial reporting department at group level reports to the chief financial officer and is responsible primarily for two reporting processes; external reporting and internal management reporting. Group Internal Control over Financial reporting (ICFR), a separate unit within the group financial reporting department, is responsible for the overall internal controls over financial reporting.

The consolidated external financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union and their interpretations adopted by the International Accounting Standards Board (IASB). Company specific policies, procedures and accounting principles have been developed for the annual and quarterly financial reporting of the group. IFRS training sessions are held for the business units on various reporting and ICFR topics.

The Aker Solutions system for ICFR is based on the COSO's integrated internal control framework. It is also in line with Aker Solutions' general system for internal control as set out in the company's internal control policy. The primary objective of ICFR is to provide reasonable assurance to The board of directors and other stakeholders that Aker Solutions' financial statements are reliable, high quality and compliant with IFRS. The company's ICFR approach is top-down risk-based, beginning with assessment of risks of significant errors in the group financial statement. Controls are accordingly designed and implemented to cover relevant processes and transactions that have effect on the financial statements; and the sum of these controls make up the total ICFR system for Aker Solutions.

Aker Solutions has developed a hand book containing standard key ICFR controls to mitigate the most significant risks of errors and prevent fraudulent activities. The ICFR hand book controls are mandatory, monitored and their results are reported to the audit committee. A high level illustration of the group ICFR program and annual plan is included below:



## The Planning Process

The company has an annual strategy process in which high level financial plans for the next five years are prepared and approved by the board of directors. More detailed rolling financial forecasts for the current and next year are updated every quarter and presented as a part of the chief financial officer report to the board of directors.

## The Financial Reporting Process

The monthly reporting process starts with the forecast update at project level including an evaluation and approval process related to risks and opportunities in the projects. All material projects submit a standardized project report to a central database on a monthly basis (except January and July), enabling management to review the quality of reported figures, evaluate performance and identify red flags in the projects.

The business units report financial figures in the Hyperion Financial Management consolidation system on a monthly basis (except January and July). The figures as reported in this system are used for both external reporting and internal management reporting. The reporting is more comprehensive at year-end, which also includes notes disclosures.

The business units and business areas are responsible for analysing performance based on actual and forecasted figures and to take measures to secure satisfactory financial performance and cash flows as well as to safeguard assets.

The business units prepare management reports with financial results compared to forecast, sensitivities, operational challenges and a number of other figures that are reviewed by the business area. The reports from the business units are aggregated to a report for each business area which is discussed in the monthly financial meetings held between the chief financial officer and the business area management. The focus in these meetings is to discuss financial performance and sensitivities in the reported figures. The quarterly review meetings include business operational performance and relevant strategic issues for the business areas in addition to the financial performance management.

Due to the nature of the project business in Aker Solutions, management judgments are made each reporting period. Significant judgements are properly documented as part of the financial closing process and shared with management and the audit committee to secure transparency.

The projects have to report specifically on judgmental items included in the forecast as part of the monthly project report. These include variation orders under discussion with the client, potential liquidated damages exposure, bonuses and incentives and uncertainties in cost estimates. Projects are required to provide a description of significant judgement items.

Other accounting estimates with potential significant impact where management has exercised significant judgment are also comprehensively assessed. Supporting documentation describes the assumptions made in order to estimate the financial impact of the judgmental item.

## 11. Remuneration of the Board of Directors

The remuneration of the board of directors reflects its responsibilities, competency and time commitment, as well as the complexity of the business. The remuneration is proposed by the nomination committee, and is not performance-related. More detailed information about the reward of individual board members is provided in the management remuneration note to the consolidated financial statements of the company, included in the annual report for 2016. Neither the members of the board of directors, nor companies with whom they are affiliated, should accept specific paid duties for Aker Solutions beyond their directorships. If they nevertheless do so, the board of directors shall be informed and the remuneration shall be approved by the board. No remuneration shall be accepted from anyone other than the company or the relevant group company in connection with such duties.

## 12. Remuneration of Executive Personnel

The board of directors has adopted guidelines for the remuneration of executive management pursuant to the provisions of Section 6-16a of the Public Limited Companies Act. The board's statement on the remuneration of executive personnel for the next financial year, such statement containing guidelines for remuneration, will be prepared as a separate document for the annual general meeting to be held April 20, 2017. Aker Solutions has no option schemes or option programs for the allotment of shares to employees or board members. The chief executive officer determines the remuneration of executive personnel on the basis of the guidelines laid down by the board of directors, reflecting the overall guidelines adopted by the general meeting. All performance related remuneration within the group is made subject to a cap.

## 13. Information and Communication

Aker Solutions has adopted an investor relations policy (shareholder policy) which covers guidelines for the company's contact with shareholders and the financial community. Extracts from the policy is available on the company's website.

The investor relations function is responsible for managing, controlling and co-ordinating all communication and interaction with the financial community. Aker Solutions aims to serve the financial community with precise, relevant and timely information about the company. This approach is characterized by openness and equal shareholder treatment to ensure that the share price reflects fairly the underlying values and future prospects. The company engages in open and continuous dialogue with the financial market for the purpose of creating a good basis for a fair and correct pricing of the shares. This shall take place through the timely distribution of price-sensitive information to the market, at all times handled in compliance with applicable market rules and practices. The dialogue with the financial market consists primarily of annual reports, quarterly reports and presentations, meetings with investors and analysts, participation in financial market conferences around the world, and use of the company's website.

All stock exchange announcements and press releases are made available on the company's website. Stock exchange announcements are also available on [www.newsweb.no](http://www.newsweb.no). All information sent to the shareholders is posted simultaneously on the company's website. The company holds open quarterly presentations that are broadcasted live on our webpage. Aker Solutions participates in the capital markets day is hosted on a regular basis by Aker ASA for its listed portfolio companies, and is open to all interested parties. The company's financial calendar is available on the company's website.

## 14. Take-overs

The board of directors has not deemed it appropriate to adopt specific guidelines for takeover situations as long as the ownership cooperation context within Aker Kværner Holding AS remains intact and this company continues to be the dominant shareholder of Aker Solutions ASA. This represents a deviation from the Code of Practice.

## 15. Auditors

The auditor annually presents a plan for the audit work to the audit committee. In addition, the auditor provides the board of directors with a written confirmation to the effect that the independence requirement is met annually. The auditor attends all meetings of the audit committee. The auditor also attends the part of the board meeting that approves the annual financial statements. The board of directors holds a minimum of one annual meeting with the auditor without presence of executive personnel.

The audit committee set guidelines on the scope for using the auditor for services other than auditing, and makes recommendations to the board of directors concerning the appointment of the auditor and the approval of the auditor's fees. Fees payable to the auditor split on auditing and other services are specified in the auditor fees note to the consolidated financial statements of the company. The auditor fees are subject to approval by the annual general meeting.

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Fornebu, Norway March 22, 2017

The Board of Directors of Aker Solutions ASA