



**CORPORATE GOVERNANCE REPORT  
2015**

Effective corporate governance provides the foundation for value creation, which in turn is the ultimate goal for Aker ASA (Aker). Corporate governance is therefore a key concern for Aker's Board of directors and employees, and in the exercise of ownership in Aker's underlying companies.

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

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 2015.

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 2014), 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, together with Aker's compliance and any deviations. Aker's principles are largely consistent with the recommendations, which are published on the NUES website, [www.nues.no](http://www.nues.no).

## **1 Corporate governance**

Aker's corporate governance principles are adopted by the board, and are reflected in Aker's Code of Conduct. The purpose of the principles is to ensure a productive division of roles and responsibilities among Aker's owners, board and executive management, and satisfactory controls of the company's activities. The division of roles and the control regime are intended to maximise value creation and reduce risk for the benefit of owners and other stakeholders.

### **Values and ethical guidelines**

The board has approved the company's corporate values and ethical guidelines as stated in Aker's Code of Conduct. Aker's corporate values are presented on the company's webpage ([www.akerasa.com](http://www.akerasa.com)). The ethical guidelines are a vital component of active ownership. Aker's aim is to build sustainable, responsible companies driven by profitability and corporate social responsibility objectives.

Aker's corporate social responsibility guidelines are discussed on the company's webpage. They comprise the Aker "Compass", a tool intended to help Aker and its employees to navigate difficult waters. The Compass sets out Aker's ambitions, and its expectations of its own employees and those of its subsidiaries. In its capacity as a significant shareholder in many companies, Aker aims to function as a role model through

its attitudes, actions and exercise of ownership. An example from 2014 and 2015 is Aker ASA's key role in harmonising and updating the anti-corruption policies in companies where Aker is a dominant shareholder. A similar harmonization of said companies' Codes of Conducts is in process, and will be finalized during 2016. We also refer to a separate report on social responsibility that is available on the company's webpage ([www.akerasa.com](http://www.akerasa.com)).

## **2 Business purpose**

Aker ASA's business purpose is expressed in the company's articles of association:

"The objectives of the company are 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 company's business activities are governed by its objectives and strategies. Aker has streamlined its role as an industrial investment company. Its primary objective is to create shareholder value in each of its underlying companies by exercising active ownership.

## **3 Equity and dividend**

### **Equity**

Aker ASA and holding companies had NOK 11 831 million in book equity as at 31 December 2015, corresponding to an equity ratio of 60 per cent. The parent company's book equity amounted to NOK 17 940 million, corresponding to an equity ratio of 70 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 2015 Annual Report, and is published on the company website. The board's profit allocation recommendation for 2015 has been guided by Aker's dividend policy and dividend capacity.

### **Board authorisations**

The board's proposals for board authorisations comply with the relevant recommendation in the Norwegian Code of Practice for Corporate Governance. Board authorisations are limited to defined issues, and are dealt with as separate agenda items at the annual general meeting. Board authorisations remain valid until the next annual general meeting. Current board authorisations to increase share capital and to acquire own (treasury) shares are discussed in the shareholder information section of the 2015 Annual Report. The board has not proposed that the general meeting exercise its power to authorise the board to distribute dividends.

## **4 Equal treatment of shareholders and transactions involving related parties**

The company has a single class of shares, and all shares carry the same rights. Emphasis is given to equal treatment of all shareholders. Any transactions in own (treasury) shares are executed on a stock exchange. 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. Aker has also prepared guidelines designed to ensure that members of the board of directors and executive management notify the board of any direct or indirect material stake they may have in agreements concluded by Aker or companies in which Aker has a significant ownership interest.

All agreements with related parties must be concluded on commercial terms, and are subject to review by the respective companies' audit committees and/or Boards of directors. Any material transaction involving an Aker-owned company and a related party is subject to review and approval by the board on a case-by-case basis. An external, independent valuation must be obtained as a basis for the board's decision. Additional information on transactions with related parties can be found in Note 35 to the 2015 consolidated accounts.

## **5 Freely negotiable shares**

Aker ASA's shares are freely negotiable. The company's articles of association contain no restrictions on transferability.

## **6 Annual general meetings**

### **Meeting notification, registration and participation**

Aker encourages all of its shareholders to participate in general meetings, the forum for shareholders' exercise of the highest authority in the company. Holding annual general meetings as soon as possible after year-end is a priority. In 2016, the annual general meeting will take place on 22 April. Aker's financial calendar is published in a notice to Oslo Børs and on the company website.

Written notice of the annual general meeting is sent to all shareholders whose address is on record no later than 21 days before the meeting date. The meeting notification, Annual Report and accompanying material are made available on the company's website and through the publication service of Oslo Børs.

The registration deadline is set as close to the meeting date as possible, and normally falls two or three days before the meeting. Shareholders who wish to receive accompanying material by post can contact the company to request this. The meeting

documents must include all documentation shareholders require to make a decision on each agenda item.

### **Electronic advance voting and proxies**

Shareholders who are unable to attend the general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period. Until the end of the period, shareholders who use the service may nevertheless change their votes or opt to attend the general meeting in person.

Shareholders who are unable to attend a meeting may vote by proxy. The company has prepared proxy forms that allow shareholders to vote on the individual agenda items considered by the general meeting (proxy with voting instructions). The procedures for electronic voting and the issue of proxies with voting instructions are described in the meeting notification and published on the company's website.

The company does not appoint an independent proxy to vote on behalf of shareholders. Aker considers that shareholders' interests are adequately safeguarded by the option of participation via an appointed proxy and the option of authorising the meeting chair/Board Chairman to vote according to specific proxy instructions.

### **Meeting chair, voting, etc.**

Pursuant to Aker ASA's articles of association, the general meeting is chaired by the Board Chairman or an individual appointed by the chairman. Aker deviates from the NUES recommendation on this point, which states that the board should ensure independent chairing of general meetings. In the company's experience, its procedures for the chairmanship and execution of general meetings have worked well.

The chairman 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.

The general meeting otherwise deals with the matters it is required to consider pursuant to legislation or the company's articles of association. The company allows shareholders to propose matters for consideration at the general meeting, and shareholders can also ask questions and propose decisions at the general meeting directly. Information on procedures for presenting such proposals is published on the company's website.

Minutes of general meetings are published as soon as practical via the Oslo Børs notification system – [www.newsweb.no](http://www.newsweb.no) (ticker: AKER) – and on Aker's investor relations pages on [www.akerasa.com](http://www.akerasa.com).

## 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 composition of the nomination committee must reflect the composition of shareholders.

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 2015 Annual Report.

Instructions for the nomination committee's operations were adopted by the annual general meeting in 2011. 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. The nomination committee must make a written recommendation, which is published and presented to the shareholders' meeting. The nomination committee is required to liaise with shareholders, directors and general management in the course of its work. Shareholders who wish to contact the nomination committee can do so using the following email address: [contact@akserasa.com](mailto:contact@akserasa.com). Proposals for board candidates for the upcoming term should reach the nomination committee no later than 30 November, since the nomination committee normally begins its work for the upcoming general meeting on this date.

Kjell Inge Røkke is chairman of the nomination committee. Røkke is also the chairman of Aker ASA. 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 this 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 Corporate assembly and 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 a decision by the publicly appointed Industrial Democracy Board (Bedriftsdemokratnemnda). Pursuant to the company's articles of association, the board comprises between six and 12 members, of whom at least one-third are elected by and from among group employees. Further, up to three deputy board members may be elected by shareholders. The nomination committee also recommends a candidate for the position of Board Chairman, who must be approved by the general meeting. The board elects its own Deputy Board Chairman. Board members are elected for a period of two years. 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 2015 Annual Report, as are board members' qualifications and expertise. The shareholder-elected board members represent a broad range of expertise, capacity and experience from finance, industry and non-governmental organisations. Board members' shareholdings are presented in Note 37 to the consolidated accounts.

## **9 The work of the Board of directors**

The board of Aker ASA adopts annual plans for its work, emphasising goals, strategies and execution. The board approves the budgets of Aker ASA and holding companies following review by the audit committee.

Aker also has board instructions in place that regulate areas of responsibility, tasks and the division of roles among the board, the Board Chairman, and the President and CEO. The board instructions also contain rules on board schedules, notification and chairing of board meetings, decision-making, the President and CEO's duty to disclose information to the board, confidentiality, impartiality and other issues.

In 2015, the board held seven board meetings, and meeting attendance averaged 96 per cent. The board evaluates its own performance and composition once a year.

Aker has an audit committee, which met nine times in 2015. 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 2015 Annual Report. The board has considered whether Aker ASA should have a compensation committee, but has concluded that the company does not currently need one.

## **10 Risk management and internal control**

### **Governing principles**

Aker's board determines the overall principles for the company's management and control functions. Instructions have been developed for the board of directors and the President and CEO that define their respective areas of responsibility. The other governing documents adopted by the board clarify the responsibilities of and division of roles between the board and company management.

In 2014, Aker also established a dedicated compliance officer function with dual reporting duties to the company's CEO and audit committee. The main task of the compliance officer is to ensure that Aker ASA is compliant with all relevant laws and regulations, including Aker's internal guidelines. The company's code of conduct and anti-corruption policy are also considered very important in this regard.

Aker has chosen a risk-based approach in drafting the compliance officer's mandate, i.e. has focused compliance efforts on the areas in which the risk must be assumed to be greatest. These areas are determined by the board's annual risk review. Further tasks of the compliance officer are to adopt adequate control procedures and to ensure implementation of relevant regulations. Aker ASA's compliance officer liaises particularly closely with other staff within fields such as compliance and internal control at Aker ASA and other companies in which Aker ASA (directly or indirectly) is the controlling shareholder.

Aker has implemented a system for reporting serious matters such as breaches of ethical guidelines and violations of the law (a whistleblowing channel). Aker's website contains information on the reporting system, and contact details.

### **Risk management and internal control**

The board carries out an annual risk-based review of the company's portfolio; both through assessing each of the investments in isolations, but also the aggregated risk profile of the total portfolio.

Further, the board ensures that the company has in place effective internal control procedures and appropriate risk management systems tailored to the company's business activities. Aker has developed an authorisation matrix that forms part of its governing documents. Special expenditure approval procedures have also been developed.

The board receives and reviews risk reports prepared by company management. The management's risk reporting is based on the total level of insight obtained through the close cooperation that Aker ASA has with the operating companies, including from Aker's investment team and board representatives. The management of operational risk primarily occurs in the underlying operating companies, although Aker acts as an active driver through its involvement in the boards.

Aker has appointed a finance committee whose members include the Board Chairman, the President and CEO and the CFO. The finance committee meets as needed, and at least once every quarter. It focuses particularly on issues and decisions regarding financial investments, and on assessments concerning the value accretion of the portfolio as a whole, capital allocation, the status of the liquidity projection, and share price development relative to underlying values. The finance committee also has a framework and methodology in place for following up and evaluating financial portfolio risk. This evaluation is reported to and reviewed by the board of directors.

Aker's management holds regular review meetings for each of the industrial investments. These meetings are attended by Aker's investment directors and representatives from company management. The purpose of the meetings is to conduct an in-depth review of the development of each operational company, focusing on operations, internal control, risk management, market conditions, the competitive situation, strategic issues and Aker's

ownership role. These meetings provide a solid foundation for Aker's assessment of its overall financial and operational risk. Review meetings are held at least once every quarter.

Prior to the board's review of risk reporting, the audit committee reviews the reported risks and associated risk-reducing measures. The audit committee also reviews the company's in-house reporting systems and internal control and risk management, and prepares the board's review of financial reporting.

Aker's financial guidelines ensure follow-up of financial risk issues. The management of financial market risk exposure, including to currency, interest and counterparty risk, is required by the company's governing documents. The principles are presented in greater detail in Note 6 to the consolidated accounts and Note 16 to the parent company accounts for 2015.

Key target figures have been identified by the board and management, and are monitored and followed up by Aker's Treasury department. Aker's Treasury department prepares a rolling 36-month liquidity projection. The projection is updated on an ongoing basis, and management holds monthly meetings to assess it.

Aker employs a decentralised model for allocating managerial responsibility under which operating subsidiaries and associated companies have established their own management and control systems. Aker's representatives on boards of directors seek to ensure that Aker's operating companies follow the principles of good corporate governance.

### **Financial reporting process**

The Corporate Controller is responsible for financial reporting, including for the areas of accounting, tax and internal financial reporting controls. The Corporate Controller reports to the CFO, and presents an annual evaluation of the group's internal financial reporting controls to the audit committee.

Aker prepares and publishes quarterly and annual financial statements. The Aker group's consolidated accounts are prepared and presented pursuant to EU-approved IFRS standards, while the parent company accounts are prepared and presented in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway. Various control measures have been established in connection with the preparation and presentation of quarterly and annual financial statements. Because Aker is an investment company with significant ownership interests in other companies, including listed companies, Aker's procedures for closing accounts have a strong focus on checking submitted accounts and analysing financial figures. Operating subsidiaries and associated companies have also introduced control measures that are applied before their respective financial statements are reported to Aker.

Clearing meetings are held with the management teams of the operating subsidiaries in connection with the annual closing of accounts. The main purpose is to ensure high-quality financial reporting. Such clearing meetings focus on important items involving estimation and judgment, non-balance-sheet items, related-party transactions, new or modified accounting principles and special topics in the year-end closing process. The external auditor participates in these meetings. In accordance with the same principles,

annual meetings are held with focus on internal control. These meetings are held with operating subsidiaries in which the auditor has reported improvement potential in regards to internal control.

The audit committee conducts a preparatory review of the quarterly and annual financial statements, focusing on items involving estimation and judgment, the application of new accounting principles and any material related-party transactions.

Monthly reports for Aker ASA and holding companies are submitted to the board of directors. These reports emphasise net asset value developments, changes in liquidity projections and other material issues pertaining to Aker's portfolio of investments. To maintain and further develop Aker's accounting expertise, courses are regularly held with in-house and external lecturers. Key personnel from the accounting department also participate in various external courses and seminars.

## **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 board members.

The annual general meeting determines board remuneration after considering recommendations by the company's nomination committee. The board members elected by and from among group 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 2015 can be found in Note 36 to the 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 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 Board Chairman.

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.

A share bonus award programme for employees (excluding the President and CEO) was established in 2011. 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 2015 for individual members of Aker's executive management can be found in Note 36 to the consolidated accounts. The company's guidelines for remuneration to executive management are described in Note 36, and will also be presented to shareholders at the annual general meeting in the form of a dedicated supporting document.

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 memberships.

### **13 Information and communications**

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

The long-term purpose of Aker's investor relations activities is to ensure access to capital on competitive terms and the informed pricing of Aker's shares in the market by providing financial market participants with correct information. These goals are to be accomplished through accurate and timely distribution of information that may affect the company's share price. The company must also comply with applicable rules, regulations and market practices, including the requirement of equal treatment.

All stock exchange notifications and press releases are published on the company's website, [www.akerasa.com](http://www.akerasa.com). Stock exchange notices are also available at [www.newsweb.no](http://www.newsweb.no).

The company organises public 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 2015 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 67.8 per cent of Aker ASA stock. Mr Røkke has committed to retaining control of Aker for a minimum of 10 years from June 2007. In view of this undertaking, 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 reviewed and approved guidelines for executive management's use of the auditor for purposes other than auditing, and 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 2015 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.