



Corporate Governance Report 2019

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Our Vision

A leader in forging a sustainable future for the
global energy industry and the world it serves.

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.

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.

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.

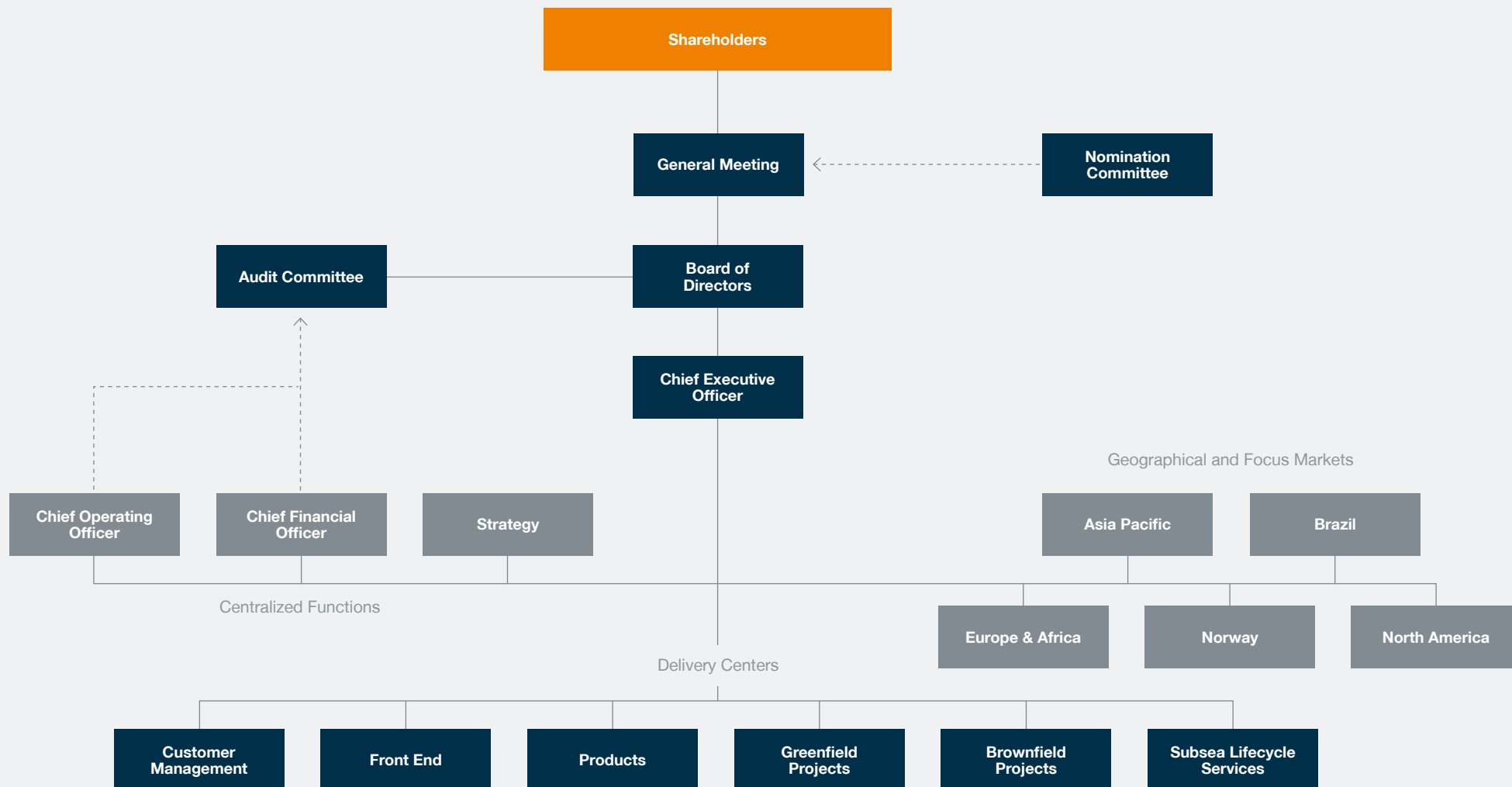
Governance Structure

The governance structure of Aker Solutions forming the basis for management and segment reporting in the financial statements, including the company's consolidated annual accounts for the full financial year 2019, is set out below.

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 authorization 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.



Governance Structure



Business

Purpose

The purpose of the company, as defined in its articles of association, is «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 at www.akersolutions.com.

Objectives, strategy and risk profile

The board of directors sets the direction of the company by determining the objectives, strategy and risk profile of the business within the parameters of the articles of association. The existing business targets and strategy are evaluated on an annual basis by the board through a designated strategy process whereby any significant changes as well as goals and guidelines of the company are adopted. The objectives and business strategy as defined and approved by the board of directors, are executed through a strategy implementation process in Aker Solutions owned by the chief executive officer.

The process is represented by the enterprise performance management framework, and shall be followed in accordance with the procedure to ensure strategic decision making and cohesive strategy implementation across the organization. Each quarter, the executive management team of Aker Solutions meets for enterprise performance review in order to drive discussion and action related to strategy and strategy implementation – with the purpose of continued organizational alignment and focus.

The board takes an active and strong approach in identifying and assessing business risks to ensure the overall risk profile of the company is understood and sound. The board defines the general level of acceptable risk for the company and will continuously make assessments to ensure the risk level is within the parameters set and adopt changes to the company’s risk profile as and when required or relevant. For risk management within the company, reference is made to section 10 of the report.

Information concerning the objectives and principal strategies of the company and any changes thereto as well as business risk aspects, are disclosed to the market in the context of the company’s annual report, its quarterly reporting and in designated market presentations as well as on the company’s website.

Values, Code of Conduct and Responsible Business Operations

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

HSSE Mindset

We take personal responsibility for HSSE because we care

People and Teams

All our major achievements are team efforts

Open and Direct Dialogue

We encourage early and honest communication

Hands-on Management

We know our business and get things done

Delivering Quality Results

We deliver consistently and strive to beat our goals

Aker Solutions has a code of conduct outlining the company’s commitments and requirements for ethical business practices and personnel conduct. The code of conduct describes what Aker Solutions expects from its 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.

Aker Solutions has a total of 12 policies providing business practice guidance within a number of key areas. These policy documents define commitment and express the expected behavior across the company within areas such as HSSE, project execution, quality, governance and finance. The policies set the direction for 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 regularly and as necessary.

Aker Solutions works proactively to ensure sustainability, integrity and responsibility in its operations. Sustainability at Aker Solutions is about making good and sustainable business decisions that add value to the company, its stakeholders and society. Sustainability considerations are integrated in internal processes and business operations and tailored to diverse local contexts and stakeholder expectations. The company is a member of the United Nations Global Compact and is committed to its 10 principles.

Aker Solutions has integrated a global anti-corruption compliance program and is also a member of Trace International, an international organization promoting transparency and anti-corruption. The company's commitment to human and labor rights is covered by the Global Framework Agreement between Aker ASA and the Norwegian and international trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna. Aker Solutions reports and communicates on sustainability based on recommendations from the Oslo Stock Exchange. This includes reporting according to the Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP) and Task Force on Climate related Financial Disclosures (TCFD) reporting. Aker Solutions' strategy supports the UN sustainability development goals. More information is available in the company's sustainability report for 2019 on www.akersolutions.com.



Equity and Dividends

Capital Structure

Management and the board of directors regularly monitor that the capital structure of Aker Solutions, including the level of equity and liquidity, are appropriate for the company's 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. Information of the company's dividend policy is available at www.akersolutions.com.

Authorizations for the Board of Directors

The company's general meeting on April 10, 2019 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 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 April 21, 2020, however, in no circumstances beyond June 30, 2020.

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

Equal Treatment of Shareholders and Transactions with Related Parties

Anti-dilution

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.

Trading in own shares

Aker Solutions may from time to time buy and sell own shares, for example related to employee share programs. The general meeting has authorized the board to trade in own shares for certain defined mandates; see further details in section 3 above. Transactions in own shares are done via the Oslo Stock Exchange and in compliance with applicable stock exchange regulations. As of December 31, 2019, Aker Solutions ASA held a total of 101,636 own shares.

Related party transactions

Aker ASA held 70 percent of the shares of Aker Kværner Holding AS which in turn held 40.56 percent of the shares of Aker Solutions ASA as per December 31, 2019. 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 laws 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 Financial statements. 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 of all relations with Aker ASA, its subsidiaries and other entities in which Aker ASA has significant ownership interests, e.g. AkerBP, Kværner, Akastor, Aker Energy and Cognite.

Under the Public Limited Companies Act section 6-27, a director is disqualified (NO. inhabil) from participating in the discussion or decision of issues which are of such special importance to him/her or to any connected person of the director that the he/she must be regarded as having a major personal or financial special interest in the matter.

Deputy board member Kjell Inge Røkke is an indirect shareholder of both Aker ASA and Aker Solutions as well as the chairman of Aker ASA. To the extent Røkke is called to serve in board meetings of Aker Solutions ASA, he will not, as a ground rule, participate in 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. External legal counsel has concluded Kjell Inge Røkke should be considered disqualified under the Public Limited Companies Act if a matter to be dealt with by the board of Aker Solutions ASA is of special importance to TRG Holding AS, Aker ASA or any other company where he indirectly has a large shareholding, and that the same applies for his son, Kristian Røkke, who is a board member of Aker Solutions ASA.

Chairman of the board of directors of Aker Solutions, Øyvind Eriksen, is the chief executive officer of Aker ASA and also holds a minority stake of both TRG Holding AS and Aker ASA. External legal counsel has concluded that such shareholding is too insignificant to disqualify Eriksen from participating in board discussions of Aker Solutions ASA for matters involving TRG Holding AS or Aker ASA, any of their subsidiaries or entities in which they have a large shareholding. However, external counsel has stated that Eriksen's position as chief executive officer of Aker ASA may under the circumstances disqualify him from participating in such board discussions, and that this will have to be assessed on a case-by-case basis.

Aker Solutions has adopted related party transaction procedures to ensure all transactions and other relations with such entities are premised on commercial terms, structured in line with the arm's length principle and processed without the involvement of any conflicted directors. These procedures supplement the Public Limited Liability Companies Act and may among other things lead to a board member not being entitled to participate in certain discussions or decisions due to a conflict of interest. Also, 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 Aker ASA, its subsidiaries and other entities in which Aker ASA has significant ownership interests.

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 Aker ASA, its subsidiaries and other entities in which Aker ASA has significant ownership interests.

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 limitations on voting or restrictions on the transferability of shares, and the shares are consequently freely transferable. The company has only one class of shares, and all shares carry equal rights, including voting rights. Each share is entitled to one vote at the general meeting.

General Meetings Attendance and Voting

The company encourages shareholders to attend the general meeting. It is also the intention to have representatives of the board of directors and the chairman of the nomination committee to attend the general meeting. The company will, however, normally not have the entire board attend the meeting as this is considered unnecessary. This represents a deviation from the Code of Practice which states that arrangements shall be made to ensure participation by all directors.

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 based on 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 21, 2020.

Documentation and registration

Notices convening general meetings are submitted and announced in accordance with applicable law and stock exchange regulations. Comprehensive documentation relating to the items on the agenda is prepared and made available on the company's website no later than 21 days prior to the general meeting.

The registration deadline for attendance is set 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. A proxy form is included in the notice convening the general meeting. The company offers each shareholder who is not able to attend the general meeting the possibility of issuing a proxy to the chairman who will then represent and vote for the shareholder at the general meeting.

Chairman of the Meeting

The articles of association stipulate that 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 the general meeting may elect an independent person to chair the 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 which states that shareholders at the general meeting should be able to vote separately on each candidate nominated for election to the company's corporate bodies.

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. Langøy and Heiberg are up for election at the annual general meeting to be held April 21, 2020. 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.



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. Shareholder appointed directors are normally elected for a period of two years. The company encourages the board members to hold shares of the company. The shareholdings of the board members as of December 31, 2019 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 2019.

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, Birgit Agaard-Svendsen and Henrik O. Madsen) are deemed independent from the company's largest indirect shareholder, Aker ASA.

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.

Conflict of Interest

Aker Solutions applies a strict norm as far as independence assessments are concerned, and 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 neither the board members, the chief executive officer nor anyone else shall participate in the preparation, deliberation, or resolution by the board of any matters that are of such special importance to themselves or any of their related parties such that the 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 is 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. For further details on conflict of interest, reference is made to section 4 above.

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.

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 2019 contains information on the number of board meetings held in 2019.

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 adopts 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: Birgit Aagaard-Svendsen (chairperson), Kristian Røkke and Atle Teigland. The audit committee is independent from the management of the company. At least one of the members shall have either formal qualifications within accounting or auditing, or relevant experience and skills within the same. Birgit Aagaard-Svendsen has such experience and technical competence. The committee held six meetings in 2019.

The audit committee has a mandate and working method that comply with statutory requirements. The committee participates 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 reporting 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 the relevant matters with all board members present.

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 organization reports status directly to the committee on significant matters. The chief operating officer informs the audit committee on matters relating to management of enterprise, 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 governing documents, 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 laws and regulations at any given time. This involves close cooperation between the global functions and the operating units. They assess (identify, analyze and evaluate), manage and report 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, 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.

Enterprise Risk Management

The responsibility to oversee enterprise risk management, including climate related risk, is held by the chief operating officer. The enterprise risk committee members report risks as per established procedure by the enterprise risk management function on a quarterly basis, which is consolidated into the enterprise risk portfolio. The portfolio is evaluated by the enterprise risk management function, and approved by the chief operating officer, before being aligned with the executive management team and reported to the audit committee.

Risk Management

Aker Solutions has company-wide governing documents and tools for each defined risk category on how to assess, respond to and report on risks actively and systematically. The assessment, definition, follow-up and implementation of adequate mitigating actions towards the main risk factors are all integral parts of the overall governance of the company. Aker Solutions applies a combination of risk management practices in order to effectively manage the risk to the company such as internal controls, scenario planning, sensitivity analysis and audit management.

The heads of each of the strategy, financial reporting, project risk management, functional and country, business integrity & compliance and HSSE functions have the global responsibility of implementation of the relevant risk management governing documents and tools within their risk category, and for the development and maintenance of the documents and tools as required. Delivery centers, global functions and country functions are responsible for the risk assessment, treatment and reporting within their unit, in accordance with the respective governing document and reporting requirements.

The governing documents for project risk management (operational risk) are issued by Aker Solutions' central project office department. 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 centres Greenfield Projects and Brownfield Projects as well as the chief operating officer and chief financial officer functions monitor project reporting in order to identify early risk indicators. The procedure for financial reporting risk is owned by the chief financial officer.

Review and Oversight

All significant tenders are reviewed by the group's corporate risk committee. The scope of the reviews includes all aspects 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 decision-making support to the decision makers. For tenders requiring board approval, the corporate risk committee presents a separate tender memo to the board of directors.

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 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 risks, controls and process

Aker Solutions' consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

In order to comply with IFRS, the company has developed a group-level financial reporting policy supported by procedures and work instructions. Additionally, the internal controls over financial reporting (ICFR) program and associated activities are designed to manage financial reporting risks and therefore form a basis for providing reasonable assurance to the company's stakeholders. Governance, framework and operations of both financial reporting and ICFR processes are owned and supervised by chief financial officer.

Aker Solutions' financial reporting process is core in the preparation of the consolidated financial statements, quarterly and annual reports. It consists of three different levels of sub-process reporting rolling up to the consolidated financial statements; 1) Project reporting, 2) Business unit reporting, and 3) Group level consolidation. Financial professionals ensure transparent and consistent link from projects reporting in the accounting system (SAP) to group level consolidation system (HFM). Equally important, significant project-level financial judgements and other material accounting estimates are systematically assessed, documented, reviewed and approved by appropriate level of management. Various control activities are performed at different levels to secure high quality and compliant financial reporting.

Aker Solutions' audit committee takes an active role in reviewing the quarterly and annual financial statements and results. ICFR topics are also reported and discussed with the audit committee.

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 2019. Neither the members of the board, 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.

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 21, 2020. 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.

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 coordinating 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, half year reports and quarterly presentations, meetings with investors and analysts, participation in financial market conferences around the world and use of the company's website.

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.

Auditors

The board of directors each year arranges for the auditor to submit to the audit committee a plan for the audit work to be conducted such year. The auditor prepares an annual statement to the board confirming fulfilment of the independence requirement applicable to auditors. All meetings of the audit committee are attended by the auditor who also attends the part of the board meeting approving the annual financial statements.

The audit committee sets 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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