

Corporate Governance Statement for 2014

Corporate governance is a framework of values, responsibilities and governing documents to control the business and ensure sustainable value creation for shareholders over time. Sound corporate governance shall ensure that appropriate goals and strategies are adopted, that the strategies are implemented in a good manner and that the results achieved are subject to measurement and follow-up.

1. The Corporate Governance Report

Basis for this Report

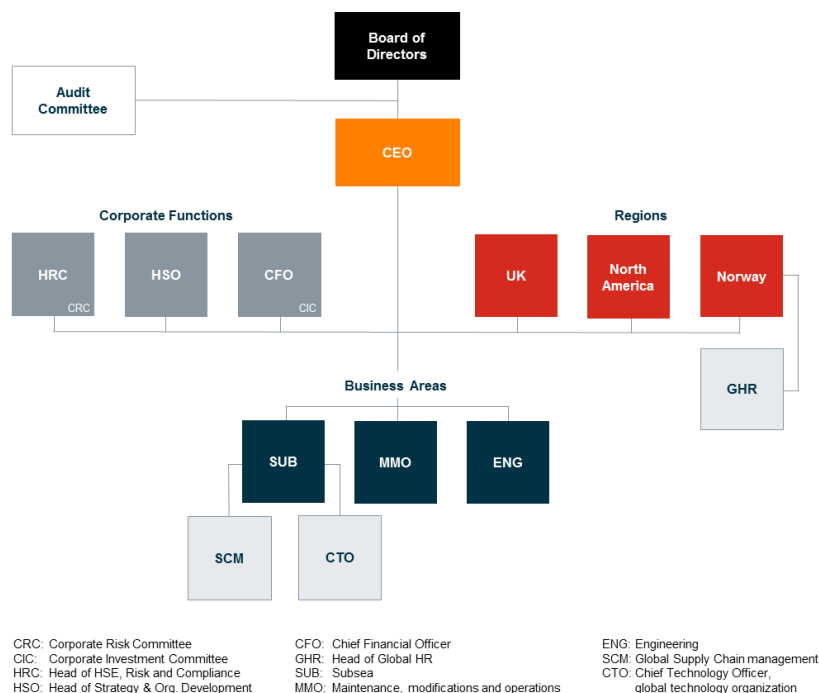
The corporate governance principles of the group are determined by the board of directors of Aker Solutions. The principles are based on the Norwegian Code of Practice for Corporate Governance as last amended 30 October 2014 (the «Code of Practice») available at www.nues.no.

This statement outlines how Aker Solutions has implemented the Code of Practice. It follows the same structure as the Code of Practice and covers all sections thereof. Deviations from the Code of Practice are discussed under the relevant sections. In general, the board of Aker Solutions only approves deviations that it believes contributes to value creation for the company's shareholders.

The statement includes a report on the company's policies and practices for corporate governance as per section 3-3b of the Norwegian Accounting Act.

The Overall Governance Structure

The overall structure of the governing bodies, corporate functions, business areas and regions are presented here:



It is the responsibility of the board of directors to ensure that Aker Solutions implements sound corporate governance. The board of directors evaluates this corporate governance statement on an annual basis. The board's audit committee also evaluates the corporate governance statement as well as other policies and procedures. Compliance with, and implementation of these corporate governance guidelines are continuously evaluated by the board and the audit committee; inter alia by way of the board being the decisive body for the company's defined management and reporting structure, which include regular reporting through monthly business reviews (MOR), quarterly business reviews (QBR), quarterly regional reviews (QRR) and executive management team (EMT) meetings and subsequent reporting to the board from the business areas and the corporate centre.

Policies and Procedures

Aker Solutions has a total of 20 policies providing business practice guidance within a number of key areas. These policy documents define responsibilities and express the position of the company with regard to; inter alia, HSE, project execution and governance. The policies refer to specific procedures and review mechanisms to ensure that Aker Solutions' operations and projects globally are conducted in accordance with applicable framework. The policies and procedures provide instructions and operational requirements that apply to individual employees in order to ensure that the company's operations are in compliance with internal and external regulatory framework. The policies and procedures are reviewed and updated as necessary based on operational and project experience.

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 applicable for the entire company. The core values are:

Customer Drive

Building customer trust is key to our business

HSE Mindset

We take personal responsibility for HSE 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

The «Code of Conduct» is a handbook that applies to all employees and provides guiding on what Aker Solutions considers to be responsible ethical conduct. The values and the «code of conduct» give a framework for what is acceptable behaviour that should be reflected in every aspect of how business is conducted. The ethical guidelines and other policy documents of the company have been drafted on the basis of these basic corporate values.

Corporate Responsibility

Aker Solutions takes an active approach to corporate responsibility and has been a member of the UN Global Compact since 2008. The company publishes annual reports on its corporate responsibility and the progress within this area. Aker Solutions is – through an agreement entered into by Aker ASA – also committed to follow the Global Framework Agreement (GFA) entered into with the trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna on 17 December 2012. The GFA builds on and continues the commitment from the previous framework agreements signed in 2008 and 2010, and outlines key responsibilities in relation to human and trade union rights. The parties commit themselves to achieving continuous improvements within the areas of working conditions, industrial relations with the employees of the Aker group, health and safety standards at the workplace and environmental performance.

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.

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 regularly monitor that the group's equity and liquidity are appropriate for its objectives, strategy and risk profile. The management of financial risk is further described in the annual report for 2014.

Dividend Policy

The Board of Directors is of the opinion that the average dividend payments over time should amount to 30 - 50 percent of the net profit for the year. The board proposes the level of dividend payment to the general meeting who in turn adopts resolutions on distribution of any dividend. The board's proposal for dividend distribution is 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 12 August 2014 mandated the board 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) purchase of treasury shares to be used as transaction currency in connection with acquisitions, mergers, demergers and other transfers of business, (ii) purchase of treasury shares to be sold and/or transferred to employees under share purchase programs for employees and (iii) purchase of treasury shares for the purpose of subsequent 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 2015, however in no circumstances beyond 30 June 2015.

As of December 31, 2014 Aker Solutions ASA, through its subsidiary AKSO ESP AS, held a total of 664,258 own shares.

The board currently holds no authorizations to increase the share capital.

Share Purchase Program for Employees

Aker Solutions wants its employees to be able to take an ownership interest in the company to benefit from any increase in the value of the company and contribute to an even closer relationship between the employees, the company and its shareholders, as well as to enhance interest in the creation of value within the company.

During the fall of 2014, Aker Solutions rolled out a share purchase program for its employees in Norway and six other countries. Participants were invited to buy shares for a maximum amount of NOK 60,000. To the extent permissible under local law, 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 (CEO level and 2-3 levels below) 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 held by the company.

4. Equal Treatment of Shareholders and Transactions with Close Associates

The company has only one class of shares, and all shares carry equal rights. Existing shareholders shall have pre-emptive rights to subscribe for shares in the event of share capital increases, unless otherwise indicated by special circumstances. If the pre-emptive rights of existing shareholders are waived in respect of a share capital increase, the reasons for such waiver shall be explained by the board of directors. Transactions in own shares are effected via the Oslo Stock Exchange.

Aker ASA holds 70 percent of the shares of Aker Kværner Holding AS which held 40.56 percent of the shares of Aker Solutions ASA as per 31 December 2014. As per the same date, Aker ASA directly held 6.37 percent of the shares of Aker Solutions ASA.

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 the laws and regulations governing the stock exchange and the securities market.

Applicable accounting standards and regulations require Aker ASA to prepare its consolidated financial statements to include accounting information of Aker Solutions. IFRS 10, effective from 1 January 2014, implies that Aker ASA is deemed to have control of Aker Solutions. Aker Solutions is therefore, *for IFRS accounting 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.

Aker Solutions is, however, not deemed, within the meaning of the Public Limited Companies Act, to be a close associate (NO. *nærstående*) of Aker ASA, or any company in which Aker ASA holds ownership interests. 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 companies 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 on the one hand the company (or any of its subsidiaries) and on the other hand the company's shareholders, directors, executive personnel, or close associates 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 of Aker Solutions stipulate that the board members and the CEO 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 close associates, so that the board member or person in question must be deemed to have a prominent personal or financial interest in such matters. The relevant board member or person shall raise the issue of his or her competence 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 Aker Solutions' related party transaction procedures, board members of Aker Solutions 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 and the chairman of Aker ASA, will, as a ground rule, not participate in the board's discussions of matters that concern commercial relationships between Aker Solutions and Aker ASA as his relative indirect ownership interests in Aker ASA exceed his ownership interests in Aker Solutions. Also, chairman of the board, Øyvind Eriksen, is also a shareholder and the CEO 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.

If grounds for incapacity are concluded, the relevant board member will, as a ground rule, prior to the relevant board meeting, not be granted access to any documentation prepared to the board of directors for the deliberation of the agenda item in question.

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

As far as the other officers and employees of Aker Solutions are concerned, transactions with close associates are comprehensively addressed and regulated in the group'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 and are freely transferable. The company's articles of association do not contain any restrictions on the transferability of the shares.

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 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 normally be sent physically by post to the shareholders unless required by statute.

The deadline for registering intended 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. Moreover, 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. The company also aims to structure, to

the extent practicable, the proxy form such as to enable the shareholders to vote on each individual item on the agenda.

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 said chairman. According to the Code of Practice the board should however «make arrangements to ensure an independent chairman for the general meeting». Thus, Aker Solutions' articles 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 chairing the general meeting also simplifies the preparations for the general meetings significantly.

Election of Board Members

It is a priority for the nomination committee that the board of directors shall work 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 board of directors will propose that 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 one 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.

Electronically voting possibilities in advance of the meeting (but not during the meeting) will be offered with respect to the Annual General Meeting of 2015.

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 (ticker: AKSO), and on the company's own website, www.akersolutions.com, in the Investors section.

7. Nomination Committee

The articles of association stipulate that the company shall have a nomination committee. The nomination 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, Trond Brandsrud and Mette Wikborg. None of the members are up for election at the ordinary general meeting in 2015. No members of the nomination committee are employed by, or board members of, Aker Solutions. A majority of the members of the nomination committee are independent of both Aker Solutions' board of directors and the executive management. Trond Brandsrud is the CFO of Aker ASA and reports directly to Øyvind Eriksen who is CEO of Aker ASA and chairman of Aker Solutions. Brandsrud is therefore not considered independent 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 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, 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 when there are candidates up for election. None of the directors of the board are up for election on the company's general meeting to be held on April 9, 2015.

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 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. Directors are appointed for a term of two years at a time unless otherwise stated in the company's articles of association.

The right of the employees to be represented and participate in decision making is safeguarded through employee representation on the board of directors of both Aker Solutions ASA and in a number of the group's portfolio companies.

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 of directors comprised eight members as per September 29, 2014, five of whom were elected by the shareholders and three of whom were elected 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, 2014 are set out in note 29 ("Management remuneration") to the consolidated financial statements for the group. The board composition, including the board meeting attendance and information about the board members' background and expertise is also detailed in the annual report for 2014.

Independence

A majority of the board members 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 of directors.

The composition of the board of directors aims to ensure that the interests of all shareholders are attended to, and that the company has the know-how, resources, and diversity it needs at its disposal. Among the five shareholder-elected board members, three of such (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 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 of directors, the chairman of the board of directors and the chief executive officer. The rules of procedure for the board of directors also include provisions on convening and chairing board meetings, on decision making, on the duty and right of the chief executive officer to disclose information to the board of directors, on the duty of confidentiality, etc. According to the company's articles of association, 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 of directors 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.

In the period from listing of the company on September 29, 2014 and until year end, the board of directors held three ordinary board meetings with an average attendance percentage of ~80. There were no extraordinary board meetings held in the period.

The Matters Discussed in the Board

The chairman, in cooperation with the chief executive officer, prepares cases for deliberation by the board of directors. Weight is attached to having matters prepared and presented in such a way that the board is provided with 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 and in cooperation with the executive chairman, ensure that its activities are organized in a sound manner. The board of directors shall adopt plans and budgets for the business, and keep 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 for the group, as well as financial plans, budgets, and forecasts for the group and the business areas. The board of directors performs annual evaluations of its work and its know-how.

Audit Committee

Aker Solutions has an audit committee comprising three of the board members. The committee held two ordinary meetings in the period after listing September 29, 2014 and until year end. No extraordinary meetings were held. 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 of the audit committee shall have either formal qualifications within accounting or auditing, or relevant experience and skills within the same. The member Drinkwater has such experience and skills.

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. Significant judgment calls (uncertain estimates) made in the financial statements in the quarter 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 reviews the status on internal controls on an annual basis.

Aker Solutions currently has no remuneration committee. The experience of the former board of Aker Solutions (prior to the demerger in 2014) from 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 the management of the company have increased its focus on risk management and internal controls. Initiatives are ongoing 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 the company has internal procedures and systems in place to ensure that corporate governance processes are effective. The CFO reports directly to the audit committee on matters relating to financial reporting, financial risks and internal controls. The HSE, Risk and Compliance organisation reports directly on matters relating to enterprise risk management, Internal Control and Business Integrity and Compliance

The operating model of the company implies that each corporate function has a global responsibility for their respective areas of specialization. Such responsibility includes risk management and ownership of relevant policies. Group functions set the direction for acceptable levels of risk and risk management within the respective areas in line with ambitions from the board of directors and safeguards that the operations comply with this direction.

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

The group has based its approach to enterprise risk management and internal controls on the principles in ISO 31000, Project Management Institute (PMI) and the Committee of Sponsoring Organizations of Treadwell Commission (COSO) frameworks. The focus going forward will be to further develop and formalize the processes and key controls through policies and procedures to ensure risk management and internal controls are in line with the COSO framework.

Risk Management

The responsibility for enterprise and operational risk management in the group is held by the HSE, Risk and Compliance organization. The operational leaders have ownership to the operating system and governing documents, including the risk management framework and tools. The organization is responsible for risk reporting to the management and audit committee.

Aker Solutions manages risk through an internal framework comprising guidelines, procedures, standards, and tools intended to ensure safe and stable business operations and provide unified and reliable financial reporting.

The global «risk management network» consists of representatives from each of the business areas (BAs) and is headed by corporate risk management. The BA representatives are responsible for all risk management work and implementation of the corporate policies within their BA, across regions and business units, and develop and maintain BA 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. The HSE, Risk and Compliance organization and the CFO organization monitor the project reporting in order to identify early risk indicators. The portfolio risk picture is reported to the executive management team and to the board audit committee. A new tool for performing risk management has been implemented across all projects that will improve the project risk management process.

In addition, there is an annual risk assessment process where the total risk profile for the company is presented to the audit committee.

Review and Oversight

The HSE, Risk and Compliance organization is responsible for performing reviews of tenders, investments and for performing operational reviews on projects during execution. All significant tenders have to be reviewed by the corporate risk committee (CRC). The CRC is responsible for reviewing the risk assessment, financial estimates and planned execution of the project. The CRC gives guidance to the tender teams and advises the decision makers on the risk profile of the tenders. For tenders requiring board of directors' approval, the memos from the CRC reviews are presented to the board as decision making support documentation.

When the business areas request investments and present their business cases including calculations, the investments are reviewed by the corporate investment committee (CIC). Approval of the investments is done according to the authorization matrix. The committee evaluates the risk from different perspectives such as legal, tax, technical, execution and finance and is represented by the head of the relevant corporate staff functions. For investments requiring board of directors' approval, the memos from the CIC reviews are presented to the board as decision making support documentation.

The principal focus of the operational reviews is to assess operational and financial performance, and to verify governance aspects (policy compliance and internal control). The reviews are planned based on risk assessments, and the review objects can be operational units, functional departments, portfolios of projects or specific projects. The reviews can vary from a two to three hour meeting to in-depth reviews lasting several days. The review findings are reported to EMT, BA/BU Management and audit committee, and followed up until issues are properly closed.

Financial Reporting

The corporate financial reporting department reports to the CFO and is responsible for the external reporting process and the internal management reporting process. This also includes assessing financial reporting risks and internal controls over financial reporting in the group.

The consolidated external financial statements are prepared in accordance with IFRS and IAS standards as approved by the EU. The policies and standards governing the annual and quarterly financial reporting in the group, including the Aker Solutions accounting principles, are available on the Aker Solutions intranet. IFRS trainings are held annually for the operational units on various topics, including project accounting.

The internal management reporting consists of both financial and operational information. The financial information used in the management report is in all majority according to IFRS, except some additional information like order intake and best/worst case scenarios where internal procedures are developed.

The Continuous Improvement Process

Internal controls are built into the established financial reporting processes. The most important controls include authorization matrix, access controls, segregation of duties, automated validations, reconciliations and management reviews. Risks and controls in order to meet process objectives change over time, and there is a continuous process to improve the internal controls.

Lately, there has been an increased focus on internal controls over financial reporting in the group. Methods are being developed using COSO as the overall framework. The starting point for the ongoing strengthening of internal controls over financial reporting is an assessment of the financial reporting risks, which is the risk of the external and internal financial reporting (either monthly, quarterly, annually or other) being materially misstated. The annual risk assessment gives valuable input to plan the improvement areas for the finance organization. A number of improvement projects are currently on-going to further address and mitigate the financial reporting risks. The improvement projects are monitored after completion in order to ensure a successful implementation.

The improvement initiatives are grouped into the following categories:

- Systems – integrated systems are important to ensure efficient controlling and reporting of high quality
- Quality and transparency – standardized processes with key risks and controls clearly identified is important to ensure quality and transparency of reported figures
- Guidance, tools and training – easy access to useful guidance, tools and training for all personnel involved in key financial reporting processes is important to ensure consistency, quality and compliance



Illustration: The Internal Control Improvement Process

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. The operating units are required to submit detailed financial budgets which are approved at business area and corporate levels and against which corporate monitors performance. The annual budget process involves all operating units with detailed budgets of results and balance sheet for the next year. Twelve months rolling forecast is updated quarterly. Also, the quarterly business reviews (QBRs) are held between corporate leaders and the business areas to follow up the strategic development, review performance against budget and forecast, discuss risks and governance issues.

The Monthly 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 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 operational units report financial figures in the Hyperion Financial Management (HFM) consolidation system on a monthly basis (except January and July). The figures as reported in the HFM consolidation 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 operational units prepare management reports with financial results compared to budget and forecast, sensitivities, operational challenges and a number of other figures that are reviewed by the business area. The reports from the operational units are aggregated to a report for each business area which is discussed in the monthly financial meetings held between the CFO and the business area. The focus in these meetings is to discuss financial performance and sensitivities in the reported figures.

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

Transparency management

Management judgment is required when management has to apply judgment to estimate the financial outcome of an event. Due to the nature of the project business in Aker Solutions, management judgments are made each reporting period.

The projects have to report specifically on judgmental items included in the forecast as part of the monthly project report. These include variation orders in an approval process or under discussion with the client, potential liquidated damages (LD) exposure, bonuses and incentives and uncertainties in cost estimates. If amounts are significant, projects are required to provide a description of the accounting assessment either in the project report or in a separate accounting paper.

Any other significant management judgment in the monthly report are reported separately, where management prepares documentation describing the significant assumptions made in order to estimate the financial impact of the judgmental item. The significant judgment items are discussed during the monthly meetings between the CFO and the business areas. The most significant judgment calls are presented to the audit committee and the board of directors together with the external quarterly report to the market.

11. Remuneration of the Board of Directors

The remuneration of the board of directors reflects its responsibilities, know-how and time commitment, as well as the complexity of the business. The remuneration is proposed by the nomination committee, and is not performance-related or linked to options in Aker Solutions. More detailed information about the reward of individual board members is provided in note 29 ("Management remuneration") to the consolidated financial statements for the group. Neither the board members, 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 of directors. 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 on April 9, 2015.

Aker Solutions has no option schemes or option programs for the allotment of shares to employees. The chief executive officer determines the remuneration of executive personnel on the basis of the guidelines laid down by the board of directors. All performance related remuneration within the group is made subject to a cap.

13. Information and Communication

Aker Solutions has adopted an investor relations (IR) 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, with this at all times being handled in compliance with applicable market rules and practices. The dialogue with the financial market consists primarily of annual reports, quarterly earnings reports, meetings with investors and analysts, participation in financial market conferences around the world, and use of the company's website. Concerning the flow of information between Aker Solutions and Aker ASA, reference is made to the above discussion.

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. 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. A capital markets day is hosted on a regular basis, and is open to all interested parties. The company's financial calendar is available in the annual report and on the company's website.

14. Take-overs

Aker ASA has undertaken to retain control of Aker Kværner Holding AS for a minimum of ten years from June 2007. The board of directors has not deemed it appropriate to adopt specific guidelines for takeover situations for as long as the ownership cooperation context within Aker Kværner Holding AS remains intact. This represents a deviation from the Code of Practice.

15. Auditors

The auditor annually presents a plan for the performance of 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 board meeting that approves annual financial statements. The board holds a minimum of one annual meeting with the auditor without any executive personnel being present.

The audit committee stipulates 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 «Other operating expenses» note to the consolidated financial statements for the group and also presented by the board on the annual general meeting.

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