

# Corporate Governance Report 2021

Effective corporate governance provides the foundation for responsible business conduct and value creation, which in turn is important goals for Aker Horizons. It is a prerequisite for a planet-positive investment company to succeed. Corporate governance is therefore a key concern for Aker Horizons' Board of Directors and employees, as well as in the exercise of ownership in Aker Horizons' underlying companies. As a newly established company and owner of several newly established companies, a major focus for the Board and management of Aker Horizons, during its first full year of operation, has been to establish effective governance.

Aker Horizons believes in active ownership. Shareholders with clearly defined strategic goals for the Company, who are involved through the boardroom and in direct dialogue with company management promotes shareholder value. Active ownership provides direction and purpose. Aker Horizons' main shareholder, Aker ASA (through its subsidiary Aker Capital AS) and the Aker group's ultimate owner, Kjell Inge Røkke, are actively engaged in Aker Horizons as owners. Similarly, Aker Horizons is closely involved in the monitoring and follow-up of companies in which Aker Horizons is the main shareholder. Aker Horizons' management model is discussed in the Board of Directors' Report for 2021. 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 2021, the Board has reviewed and updated the Company's corporate governance principles. The individual recommendations of the Norwegian Corporate Governance Board (NUES) are discussed below. Aker Horizons' principles are largely consistent with the recommendations.

## 1. Corporate governance

This corporate governance report and Aker Horizons' governance system have been approved by the Board. The purpose is to ensure a productive division of roles and responsibilities among Aker Horizons' owners, Board of Directors and executive management, as well as satisfactory control of the Company's activities.

## 2. Business purpose

Aker Horizons' business purpose is expressed in the Company's Articles of Association: "The company's purpose is to, by itself or together with other parties, invest in and develop companies and businesses

within energy, climate- and environmental solutions, and infrastructure, and associated technology, goods and services." The Board has prepared clear goals, strategies and a risk profile for the Company. The Company has guidelines for how it integrates the concern for people, the planet and prosperity for all stakeholders into its value creation with a clear planet-positive purpose. A sustainability policy has been established. In the annual report, Aker Horizons describes how sustainability is integrated into Aker Horizons' investment process and ownership practices. Further, the annual report includes reporting on progress on key topics. The Board evaluates Aker Horizons' targets, strategies and risk profile on an annual basis, at a minimum.

## 3. Equity and dividends

### Equity

Aker Horizons Group had NOK 9,985 million in book equity as of 31 December 2021, corresponding to an equity ratio of 30.7 percent. The parent company's book equity amounted to NOK 14,535 million, corresponding to an equity ratio of 69 percent. Aker Horizons considers its capital structure appropriate and adapted to its objectives, strategy and risk profile.

### Dividends

Aker Horizons has a clear long-term ambition to become a dividend-yielding company. To reach the ambitious targets for contributing to global decarbonization and build scale at the operational level, Aker Horizons will, short-term, prioritize growth over dividends. Building scale will enable self-sustained growth alongside dividend capacity, and is consequently seen as critical to maximizing shareholder value ahead of initiation of dividends from portfolio companies.

## Board authorizations

The Board's proposals for board authorizations comply with the relevant recommendation in the Norwegian Code of Practice for Corporate Governance. Board authorizations are limited to defined issues and are dealt with as separate agenda items at the Annual General Meeting. Board authorizations remain valid until the next Annual General Meeting.

## 4. Equal treatment of shareholders

The company has a single class of shares, and all shares carry equal rights. Aker Horizons has developed principles and guidelines for transaction agreements and other agreements not forming part of ordinary operations involving Aker Horizons and companies in which Aker Horizons has significant ownership interests. Additional information on transactions with related parties can be found in Note 32 to the 2021 consolidated financial statements.

## 5. Shares and negotiability

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

## 6. General meetings

### Meeting notification, registration and participation

Aker Horizons encourages all its shareholders to participate in general meetings. Aker Horizons will, however, normally not have the entire board attend the meeting as this is considered unnecessary. This represents a deviation from the Norwegian Code of Practice which states that arrangements shall be made to ensure participation by all directors.



Through the general meeting, shareholders exercise the highest authority in the Company. The Annual General Meeting for 2022 will take place on 22 April. Shareholders unable to attend a general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period. Shareholders unable to attend a meeting may also vote by proxy. The procedures for electronic voting and the proxy voting instructions are described in the meeting notification and published on the Company's website.

#### Meeting chair, voting, etc.

According to Aker Horizons' Articles of Association, the general meeting is chaired by the Chair of the Board, or by an individual appointed by the Board Chair. In this regard, Aker Horizons deviates from the NUES recommendation, which states that the general meeting should be able to elect an independent chair. In the Company's experience, its procedures for the chairing and the execution of general meetings have proven satisfactory. The general meeting elects the members of the Nomination Committee and shareholder-elected board members. The Nomination Committee focuses on composing a Board of Directors that works optimally as a team, and on ensuring that board members' experience and qualifications complement each other, that required and important areas of competence are covered by Board and that statutory gender representation requirements are met. This entails that the shareholders can only vote on the composition of the Board of Directors, and not on each board member separately. On this point, Aker Horizons' practice differs from the NUES recommendation, which states that the general meeting should be given an opportunity to vote on each individual candidate nominated for an appointment to a company body.

## 7. Nomination Committee

Aker Horizons has a Nomination Committee as required by its Articles of Association. The Nomination Committee must comprise at least two members, and each member is normally elected for a two-year period. The members and chair of the Nomination Committee are elected by the Company's general meeting, which also determines the remuneration payable to committee members. The Company's general meeting adopted instructions for the Nomination Committee's operations in April 2021. 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.

Current members of the committee are Svein Oskar Stoknes, Chief Financial Officer of Aker ASA, Aker Horizons' main shareholder, and Ingebret Hisdal. Ingebret Hisdal is former a Deloitte Partner and Auditor and currently a business consultant and member of several nomination committees both in the Aker ecosystem and elsewhere. Svein Oskar Stoknes chairs the committee. Shareholders who wish to contact the Nomination Committee can contact Svein Oskar Stoknes: [svein.stoknes@akerasa.com](mailto:svein.stoknes@akerasa.com).

## 8. Board of Directors – composition and independence

Pursuant to the Company's Articles of Association, the Board comprises between three and nine members. The majority of the shareholder-elected board members are independent of executive personnel and material business contacts. A minimum of two are independent of the Company's main shareholder(s). The nomination committee recommends candidates for and the composition of the Board for approval

by the general meeting. Neither the CEO nor any member of the executive management is a member of the Aker Horizons Board of Directors. The Board's current composition is presented in the 2021 annual report, as are board members' qualifications and expertise, record of attendance, share ownership, membership in board committees and independence considerations. The Company does not have a Corporate Assembly.

## 9. The work of the Board of Directors

Aker Horizons' Board of Directors has established board instructions that regulate areas of responsibility, tasks and the division of roles between the Board, the Board Chair and the CEO. The Board has adopted guidelines for related party transactions. Guidelines have also been drawn up to ensure that Board members and senior employees report to the Board if they directly or indirectly have significant interest in agreements entered into by Aker Horizons or companies in which Aker Horizons has significant ownership interests. Aker has an Audit Committee. The Committee's mandate regulates areas of responsibilities, tasks, relations with the external auditor and reporting to the Board of Directors. The composition of the Committee is presented in the 2021 annual report. The Board has considered whether Aker Horizons should have a compensation committee, but has concluded that it is currently not necessary.

## 10. Risk management and internal control

### Governing principles

The Board of Directors, supported by the Audit Committee, ensures that Aker Horizons has procedures and systems for good corporate governance, effective internal control and risk management appropriate to the extent and nature of the Company's activities.

The Board establishes the overall principles for governance and control in Aker Horizons ASA through the approval of governing documents. For particularly important areas of group-wide relevance, the Board ensures that governing documents are implemented in the portfolio companies which are consistent with the framework of Aker Horizons' relevant governing documents. For example, Aker Horizons' Code of Conduct expresses expectations with respect to the portfolio companies' respective codes of conduct. The same applies to policies and procedures in key areas such as anti-corruption and sustainability. The Audit Committee reviews the Company's reporting systems, internal control and overall risk management on an annual basis.

### Compliance function

Aker Horizons has established a Compliance function with dual reporting duties to the Company's General Counsel and the leader of the Audit Committee. The Chief Compliance Officer's main task is to ensure that Aker Horizons is compliant with relevant laws and regulations, including Aker Horizons' internal regulations and guidelines. This is done through the group-wide implementation of a risk-based compliance program. Aker Horizons ASA's Chief Compliance Officer works to contribute to effective information and knowledge sharing between the various compliance departments in the Group.

Aker Horizons has implemented a whistleblowing channel for the reporting of censurable conditions, such as potential breaches of ethical guidelines and violations of the law. Information about the whistleblowing channel, including contact information, is available on the Company's website.

### Risk management

Aker Horizons and its portfolio companies are exposed to a variety of risks. The Board carries out a quarterly

review of the Company's most important areas of exposure to risks throughout the portfolio. Prior to the quarterly risk reporting to the Board, the Audit Committee reviews the reported main risks and relevant risk mitigating measures.

Aker Horizons' process for enterprise risk management is based on the assessment and monitoring of major financial, strategic and market, legal and compliance, project and operational, and climate-related risk factors. These include group level risks as well as risks related to the portfolio companies' operations. Mitigating actions are identified for key risks and their implementation is ensured and monitored.

Aker Horizons considers risk assessment to be a natural part of all business operations and works continuously to identify and address risks. Management of project and operational risk lies primarily with the portfolio companies, but Aker Horizons monitors and follows up risk through its regular dialogue with the portfolio companies' managements and participation on their boards. Aker Horizons expects to formalize, adopt and implement a risk management procedure during the course of 2022.

### Internal control in financial reporting

The Aker Horizons' financial reporting division reports to the Chief Financial Officer and is responsible for the external reporting process and the internal management of the financial reporting process. This includes assessing financial reporting risks and internal controls over financial reporting in the Group.

Aker Horizons has established a procedure for internal control in financial reporting (ICFR) that is under implementation in all major companies in the Group. The procedure requires annual risk assessment, mapping/implementation of key controls, and processes for monitoring that key controls are

performed as intended. The procedure creates a framework for more targeted and consistent work with ICFR. Experience so far shows that the companies are making headway in this area.

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

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

In the process of preparing Aker Horizons' annual sustainability reporting, meetings are held with portfolio holdings. The main purpose of these meetings is to ensure the quality of the sustainability reporting. The Audit Committee also prepares a preliminary review of the annual sustainability reporting.

## 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 Horizons' financial performance, and there are no option programs for any of the board members. The Annual General Meeting determines board remuneration after considering recommendations from the Nomination Committee. The board members representing associated

companies are not compensated. Information on the remuneration paid to individual board members for 2021 can be found in Note 33 to the 2021 consolidated financial statements.

## 12. Remuneration of executive management

The Board will adopt separate guidelines on the remuneration of executive management in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. These guidelines will be presented for approval to shareholders at the first annual general meeting of Aker Horizons on 22 April 2022. The CEO's employment contract has been approved by the Board. The remuneration paid to the CEO is approved by the Board after considering recommendations from the Board Chair. The CEO determines the remuneration payable to key executives in accordance with board guidelines. Aker Horizons has no stock option programs. The remuneration for executive management includes a fixed annual salary, standard employee pension and insurance schemes and a variable pay element. Aker Horizons had a share purchase program for employees in combination with its listing in May 2021. The details of the share purchase program are discussed in more detail in the listing prospectus dated 19 May 2021. Further information on the remuneration of individual members of Aker Horizons' executive management in 2021 can be found in a separate report prepared in accordance with section 6-16b of the Norwegian Public Limited Liability Companies Act and in Note 33 to the consolidated financial statements. Some members of Aker Horizons' executive management represent the Company's interests as members of the boards of other Aker companies. They do not receive personal remuneration for these board positions.

## 13. Information and communication

Aker Horizons' reporting of financial, sustainability and other information is based on transparency and equal treatment of stakeholders. All stock exchange notifications and press releases are published on the Company's website, [www.akerhorizons.com](http://www.akerhorizons.com). Stock exchange notices are also available at [www.newsweb.no](http://www.newsweb.no). The Company organizes presentations in connection with its financial reporting. These meetings are generally broadcast directly via the internet (webcast). The Company's financial calendar for 2022 is published on Aker Horizons' website.

## 14. Takeover

Aker Horizons 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 its indirect majority ownership, Aker ASA (through its subsidiary Aker Capital AS) controls 76.15 percent of the Company. Aker ASA is privately held by TRG holding companies, which gives Kjell Inge Røkke effective control of 68.2 per cent of Aker Capital stock. In view of this, the Board has deemed separate takeover guidelines as recommended by the Code of Practice 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 for 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. During 2021, there were no disagreements between the auditor and management on any material issues. The auditor reports to the Audit Committee on its assessment of the internal controls on the financial reporting process. The outcome of this review is presented to the Board. The Audit Committee and the Board meet with the auditor on a regular and annual basis, respectively. The Audit Committee receives a quarterly overview of services rendered by the auditor to the Company. The Audit Committee also approves the fees paid to the auditor for material additional services. The remuneration paid to the auditor in 2021 for both audit and other services is presented in Note 6 to the consolidated financial statements. These details are also presented to the Annual General Meeting.

## 16. Equality, diversity and inclusion

Aker Horizons has established a Sustainability Policy, approved by the Board of Directors, which includes its commitments to equality, inclusion and diversity. Further, Aker Horizons aims to have gender balance at all levels and bodies in the organization. In addition, Aker Horizons focuses on diversity with respect to age, competence, and background throughout the organization. Aker Horizons also has an ambition to include people with disabilities in its organization. The Company has developed guidelines for equality, inclusion and diversity with respect to the composition of the Board, executive and control bodies, committees and the wider organization. The goal of these

guidelines is to ensure a strong corporate culture, driven by diversity in thinking and actions, that leads to better decisions and creates long-term value for Aker Horizons, other stakeholders and society at large. In 2021, the focus for Aker Horizons has been to build the organization, recruit a significant number of new employees and establish relevant governing documents, policies and guidelines. Equality, diversity and inclusion has been top of mind also in this process. The current status of equality, diversity and inclusion is described throughout this report, including in the Board of Directors Report, the Respect for People and the Prosperity for All sections. The diversity status of each Platform portfolio company is reported in its specific company one-pager.



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