

# Evolutions

AKER SOLUTIONS ANNUAL REPORT 2014

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**AKER SOLUTIONS** has been a driving force offshore Norway since before oil was even discovered. In fact, we delivered the rig that uncovered the giant North Sea Ekofisk field in 1969. That deposit is still going strong and so are we. As one of the key oil services and equipment suppliers, we have taken part in the majority of field developments offshore Norway. Building on a 170-year heritage of engineering excellence, Aker Solutions today is a leading developer in the subsea revolution and offers products and services to maximize oil and gas recovery in the global energy market.

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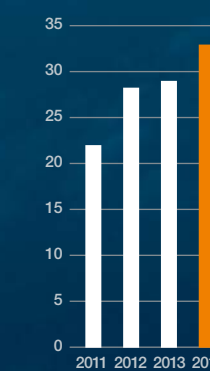
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# Key Figures

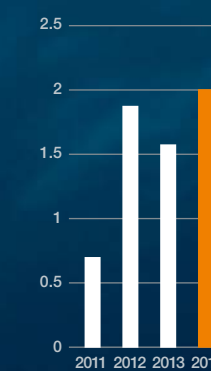
		2014	2013
<b>ORDERS AND RESULTS<sup>1</sup></b>			
Order backlog December 31	NOK mill	48,289	41,185
Order intake	NOK mill	37,135	44,370
Operating revenue	NOK mill	32,971	29,058
EBITDA <sup>2</sup>	NOK mill	2,675	2,079
EBITDA margin <sup>2</sup>	Percent	8.1%	7.2%
EBIT <sup>2</sup>	NOK mill	2,010	1,580
EBIT margin <sup>2</sup>	Percent	6.1%	5.4%
Net profit	NOK mill	1,300	1,181
<b>CASHFLOW</b>			
Cashflow from operational activities	NOK mill	2,645	2,659
<b>BALANCE SHEET</b>			
Borrowings	NOK mill	3,828	3,547
Equity ratio	Percent	21.5%	24.6%
Return on equity	Percent	21.2%	21.5%
Return on capital employed	Percent	18.3%	16.9%
<b>SHARE</b>			
Share price December 31	NOK	41.55	N/A
Dividend per share <sup>3</sup>	NOK	1.45	N/A
Basic earnings per share (NOK)	NOK	4.71	4.31
<b>EMPLOYEES</b>			
Total employees December 31	Own employees	16,694	15,968
<b>HSE</b>			
Lost time incident frequency	Per million worked hours	0.29	0.28
Total recordable incident frequency	Per million worked hours	1.24	1.32
Sick-leave rate	Percent of worked hours	2.64	2.53

1) Continuing operations  
 2) Includes one-off items  
 3) Proposed dividend for 2014

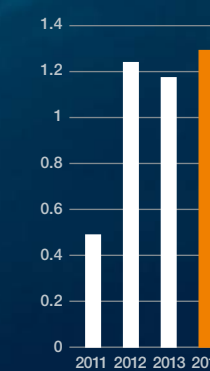
**REVENUE**  
NOK billion



**EBIT**  
NOK billion



**NET INCOME**  
NOK billion



**BACKLOG BY AREA**



**EMPLOYEES BY AREA**



**EMPLOYEES BY REGION**



## Business Areas

**SUBSEA**  
 Aker Solutions combines 40 years of subsea design, manufacturing and installation experience with cutting-edge technology as oil and gas production faces ever-deeper waters and new challenges

**MMO**  
 Specialist skills in maintenance, modifications and operations (MMO) to boost oil recovery and extend the lives of mature fields

**ENGINEERING**  
 Groundbreaking engineering that's engrained in all we do, from feasibility studies to designing the world's most advanced floating and subsea installations

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# 2014 Highlights



## Structure

The company was split in two in September to reduce complexity, realize synergies and bring down costs. The new slimmed-down Aker Solutions focuses on subsea, engineering and maintenance, modifications and operations (MMO). It employs about 17,000 people globally.



## Subsea

Aker Solutions in December started delivery of the modules for the world's first subsea gas compressor at Statoil's Åsgard field in the Norwegian Sea. This ground-breaking technology will extend output by 20 years and increase recovery by 282 million barrels of oil equivalents.



## Management

Luis Araujo was named CEO in July, coming from the post of regional president for Aker Solutions in Brazil. Svein Stoknes, who headed the subsea area's finance function, became CFO. Øyvind Eriksen remained chairman of the board.



## Alliance

Aker Solutions and Baker Hughes in April formed the subsea production alliance to develop solutions that will boost output, increase recovery rates and reduce costs at subsea fields.



## Financial

Revenue of NOK 33 billion in 2014 as sales rose in all business areas. EBIT increased to NOK 2 billion and earnings per share climbed to NOK 4.71. The order backlog grew to a healthy NOK 48 billion, helped by key contracts in countries including the UK, Norway, Brazil and Angola.




## Talent

Aker Solutions was ranked as Norway's second-most attractive workplace for engineering students in Universum's survey of more than 10,000 students in 2014. About 2,000 new employees were hired in 2014, down from roughly 3,000 in 2013, and the number of jobseekers to register CVs on the company's database rose 60 percent to more than 161,000.



## North Sea

One of the company's biggest-ever engineering teams was set up for the initial design and engineering of Statoil's North Sea Johan Sverdrup field, set to go on stream in 2019. Norway's largest oil find in 30 years is expected to produce 550,000-650,000 barrels of oil equivalents per day.



## Angola

Aker Solutions in April won a NOK 14 billion contract from Total for a subsea production system at Kaombo, a major field about 150 kilometers off Angola. The contract includes 20 subsea manifolds, 65 vertical subsea wellsets and other services with first deliveries in 2Q 2015.



## Brazil

Aker Solutions in April won a more than USD 300 million contract from Petrobras to supply eight manifolds that alternately inject water and gas to increase oil recovery from Brazil's offshore fields in depths of 2,500 meters. Deliveries start in 2016.



## UK

The company won two contracts for the Mariner oilfield development in the UK North Sea – a five-year accord with extension options from Statoil in June for maintenance and modifications services and a contract in December from DSME to provide engineering, construction and commissioning services for the field's hook-up phase.



## Norway

Aker Solutions won a framework agreement for engineering, modifications and maintenance services for BP-operated oil and gas fields offshore Norway. The contract is valued at as much as NOK 1.8 billion over two years, with an option to extend it to as many as four years.



## Capacity

The maintenance, modifications and operations (MMO) workforce capacity was adjusted because of a drop in activity in the Norwegian market.

## Management Team



### PER HARALD KONGELF

Head of Region Norway

Per Harald Kongelf was named regional head for Aker Solutions in Norway in January 2013. The Norwegian has 25 years of experience in the oil and gas industry, including as president of Aker Solutions' process systems business area. He has an MSc from the Norwegian University of Science and Technology.

Kongelf had no shares or stock options in the company at the end of 2014.

### TORE SJURSEN

Head of Maintenance, Modifications and Operations

Tore Sjurzen was named head of MMO in October 2010. The Norwegian has been with Aker Solutions for 28 years. He has an MSc in mechanical engineering from the Norwegian University of Science and Technology and an MSc in management from Boston University. Sjurzen owned 8,366 company shares and held no stock options at the end of 2014.

### VALBORG LUNDEGAARD

Head of Engineering

Valborg Lundegaard was named head of engineering in February 2011. The Norwegian chemical engineer has more than 20 years of oil and gas industry experience, including as president of Aker Engineering and Technology. She has a degree from the Norwegian University of Science and Technology. Lundegaard owned 5,185 company shares and held no stock options at the end of 2014.

### LUIS ARAUJO

Chief Executive Officer

Brazilian Luis Araujo was named CEO in July 2014. He joined Aker Solutions in 2011 as president for Brazil and led a successful turnaround of the country's subsea unit. His more than 30 years of experience includes senior posts in Wellstream Brazil, ABB, FMC Technologies, Vetco Gray and Coflexip. Araujo owned 32,853 company shares and held no stock options at the end of 2014.

### ALAN BRUNNEN

Head of Subsea

Alan Brunnen was named head of subsea in August 2011. Educated at Aberdeen University and London Business School, the Briton has over 30 years of experience in the oil and gas industry, including as managing director of Aker Solutions' subsea unit in Aberdeen and chief operating officer at Stolt Offshore. Brunnen held no company shares or stock options at the end of 2014.

### SVEIN STOKNES

Chief Financial Officer

Svein Stoknes was named CFO in September 2014. The Norwegian joined Aker Solutions in 2007 and held numerous key posts, including as head of finance of Aker Solutions' subsea business. Stoknes graduated from the Norwegian School of Management and has an MBA from Columbia Business School. Stoknes owned 14,248 company shares and held no stock options at the end of 2014.

### MARK RIDING

Chief Strategic Marketing

Mark Riding was appointed executive vice president of corporate strategic marketing in February 2011. The Briton has over 30 years of oil industry experience, much of it in international management posts. He has a BSc in mining engineering from the University of Birmingham, UK. Riding owned 32,006 company shares and held no stock options at the end of 2014.

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# Strongly Positioned

LUIS ARAUJO, CHIEF EXECUTIVE OFFICER

AKER SOLUTIONS emerged from 2014 as a leaner and more streamlined company that is well positioned to build on its strengths in subsea and field design. The company was split in two in September when the subsea, umbilicals, engineering and maintenance, modifications and operations areas were spun off to create a new business under the Aker Solutions name.

It was my pleasure to step in as chief executive officer of Aker Solutions in July, moving to Norway from Brazil where I headed our operations since November 2011. Leading a company with an industrial heritage of more than 170 years is a great responsibility and an inspiration. The split last year was a major step in an evolution that began 12 years earlier with the merger of Aker Maritime and Kværner. There have been a number of transactions since to get where we are today: a world-class provider of technologies, project management and field design for the global oil industry.

Aker Solutions is primed to capture growth in the deepwater and subsea markets and to benefit from a shift toward more complex hydrocarbon reservoirs. The split will allow us to realize deeper synergies across the com-

pany, to better utilize our expertise and to avoid duplication. We are working ever harder on lowering costs and are intensifying a drive to improve execution in all facets.

The ability to evolve, transform and develop solutions defines our company. An idea jotted down on a napkin thirty years ago is this year becoming a reality as we deliver the world's first subsea compression system for Statoil at Åsgard. We are hard at work on developing the next great leap: the total subsea production and processing system. We are bringing the platform to the seafloor and enhancing communication between installation and the reservoir to boost recovery, extend output life and reduce costs. We are working with many committed partners on these revolutionary developments, including forming an alliance with Baker Hughes to combine its well expertise with our subsea know-how.

Our revenue rose 13 percent in 2014 as sales increased in all areas. Profit margins strengthened, helped in part by improvement programs across the business. Major projects progressed as planned. We had a near-record order backlog of NOK 48 billion at the end of the year, after winning key con-



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- tracts in countries including the UK, Norway and Brazil. A highlight was the NOK 14 billion order in Angola to deliver the production system at Kaombo, one of the world's biggest subsea projects.

Africa now represents 37 percent of the order backlog, compared with 30 percent for Norway. That's the first time we've had more orders for delivery in a single region outside Norway and is in line with our strategy to grow in key international markets. Benefiting local communities is important in this expansion. We achieved a 99 percent local workforce in Brazil and 69 percent in Angola in 2014.

We are also seeing success in Norway. Last year we assembled our biggest ever front-end engineering and design team to deliver the initial engineering and design plans for the Statoil-operated Johan Sverdrup field, Norway's largest offshore oil find in 30 years.

At the same time, as everyone else in the industry, we have been buffeted by the slump in oil prices and the push to reduce spending. The offshore maintenance and modifications market in Norway was particularly affected and we adjusted our workforce in this area. We made every effort to find new work for these employees as we sought to take care of our staff and safeguard competence.

After a record year in 2013, our order intake was down a bit in 2014 even as tendering was robust in most of our markets. Our healthy order backlog puts us in a strong position. The main task now is to deliver – with an unre-

lenting focus on operational excellence and ceaseless efforts to lower costs and improve our financial performance.

As part of our streamlining, the annual report now incorporates our corporate responsibility report. Health, safety, environment, integrity and social issues are central to our values. As a signatory to the UN Global Compact, we are committed to supporting its ten principles and strengthening our CR performance. Last year we developed a new integrity policy and ethics training for our employees as part of our anti-corruption compliance program. We will implement this policy in 2015, increase ethics training, improve safety and develop more local talent.

Our people are the backbone of the company. We are committed to providing equal opportunities and a working environment free from discrimination. In 2014, we established a system to ensure equal pay based on local standards, workload and performance. We renewed and enlarged the European Works Council agreement and expanded Aker Care, an in-house health service, at major locations in Norway. Overall HSE performance improved, with a total recordable injury frequency of 1.2, down from 1.3 the year before. As part of our safety monitoring, we recorded 54 serious incidents last year, which resulted in 3 injuries. This is a cause for concern and we are stepping up safety efforts and training.

Our environmental efforts continued last year. We strive to improve our clients' environmental performance through technology innova-

tions and to enhance our own performance by reducing energy consumption and carbon dioxide emissions.

These are challenging times for our industry. The steep slump in oil prices last year was unexpected in its scope for producers that were already seeking to lower costs. Our share price also declined. We anticipate a slowdown in the Norwegian market over the next one to two years, especially for MMO. Major projects such as Johan Sverdrup will help offset some of the decline.

Looking ahead, the baseline is to grow with our key markets and at least hold the line in our core businesses. We expect margins to remain robust in Engineering and gradually recover in MMO. We aim to achieve peer-group margins over time for Subsea.

Few companies are better poised than us to capture growth in offshore oil and gas projects worldwide, through our local content, client relationships, leading technology and engineering. We face current market challenges from a position of strength, with a robust order backlog and a sharp eye on our operational and financial performance

Thank you for your commitment to our company.

**LUIS ARAUJO**  
Chief Executive Officer

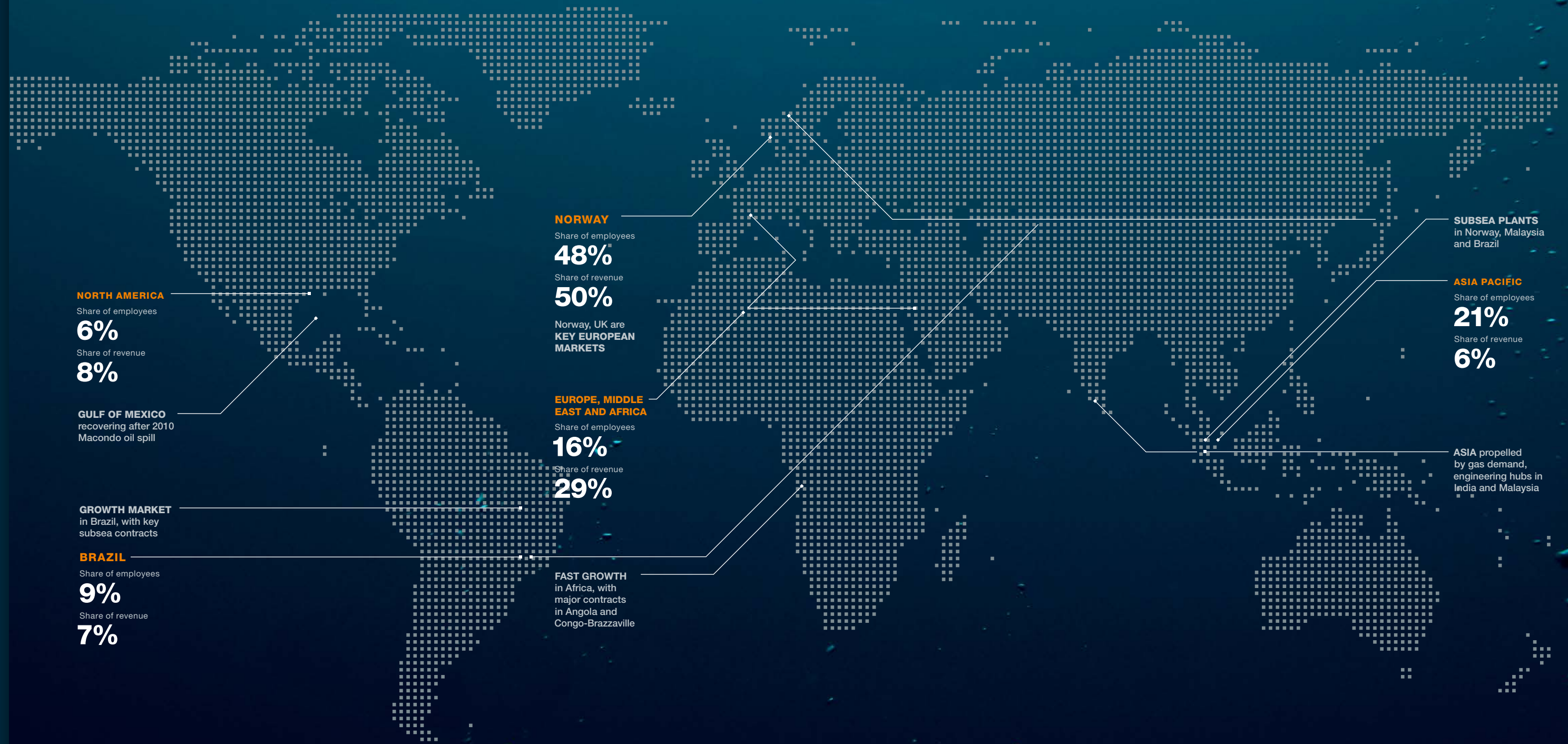
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# Global Expansion

Based in 22 countries in Europe, Africa, the Americas, Asia Pacific and Middle East



Revenue is from orders for delivery in a specific country or region

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**GLOBAL EXPANSION**

# West Africa Emerges as Key Market

West Africa has become a key market for Aker Solutions as projects in places such as Angola and the Congo-Brazzaville last year propelled the region's order backlog ahead of Norway.

Aker Solutions is set to get 60 percent of its revenue in 2015 from orders for delivery outside Norway, up from about 40 percent in 2013

"IF WE LOOK beyond current oil prices, I think we will see major opportunities here in Angola and elsewhere in Africa from ultra-deepwater developments," said Rafael Loureiro, head of the company's base in Luanda, Angola. Other promising countries include the Congo, Ghana, Mozambique and Tanzania, he said.

Aker Solutions in April last year won a NOK 14 billion contract from France's Total to supply 20 subsea manifolds and 65 vertical subsea wellsets at the giant Kaombo oil field in ultra-deep waters off Angola. Africa constituted 37 percent of the company's order backlog at the end of 2014, followed by Norway at 30 percent.

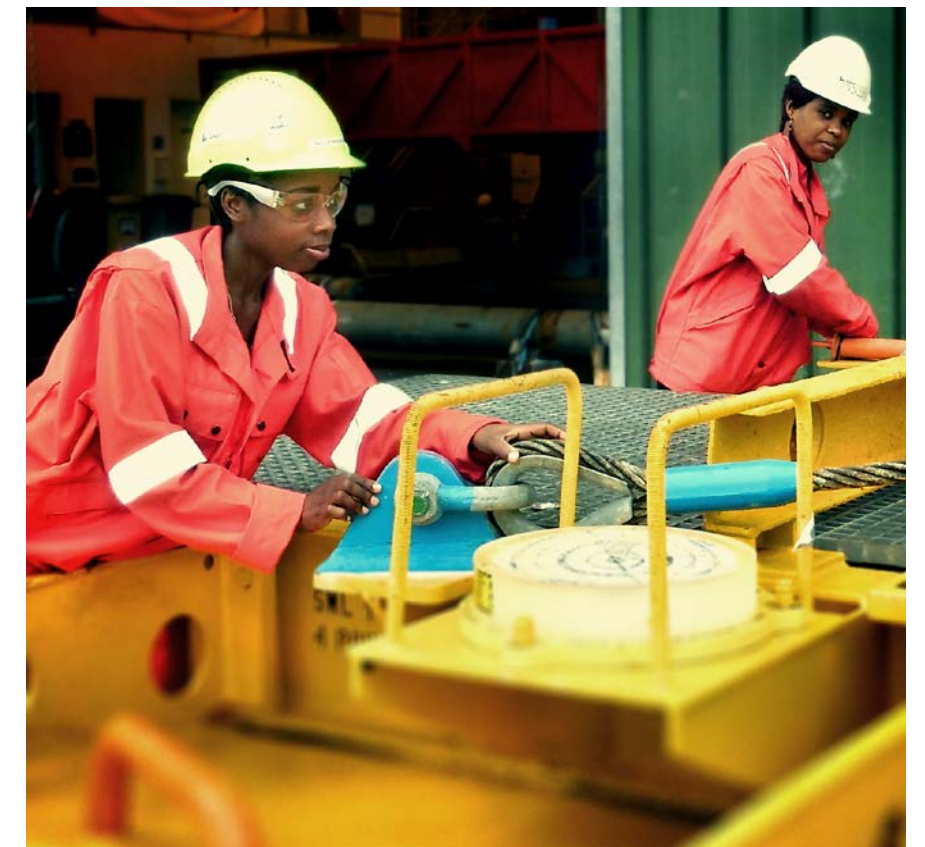
"It is one of the world's major subsea projects," said Loureiro. "The current phase creates substantial work for Aker Solutions in Norway, Aberdeen, Malaysia and here in Angola," he said, adding that it will be the first time the West African team assembles, tests and installs Aker Solutions' new, vertical Christmas trees.

Aker Solutions started training local staff in Angola in 2002, after winning a contract from Total for a subsea production system at the Dalia oil field. In 2005, the company opened a state-of-the-art base, and then in 2012, landed a second Dalia contract.

According to Loureiro, 69 percent of the workforce is Angolan and the base has had six years without a lost-time incident. To underscore the importance of safety, the time clock was reset last year after a minor incident.

Maintaining international standards of health, safety and the environment can be a challenge in Africa. Other issues include slow deliveries, security, finding personnel and subcontractors, as well as fending off petty corruption. There are also health concerns such as last year's Ebola outbreak.

The Angola base works closely with a new office in Pointe Noire, Congo, that was set



up to provide maintenance and other services for the NOK 4.9 billion Total contract from 2013 for a subsea system at the Moho Nord oil project. Cooperation between the two projects is close since both will use the new vertical trees.

Congo country manager Trond Kostveit said: "It is important to draw out as many

synergy effects as possible between these two projects."

He sees a promising future in Africa, with petroleum discoveries in a region the International Monetary Fund last year said has six of the world's 10 fastest-growing economies. Aker Solutions is also active in Lagos, Nigeria and Ghana.

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**INNOVATION**

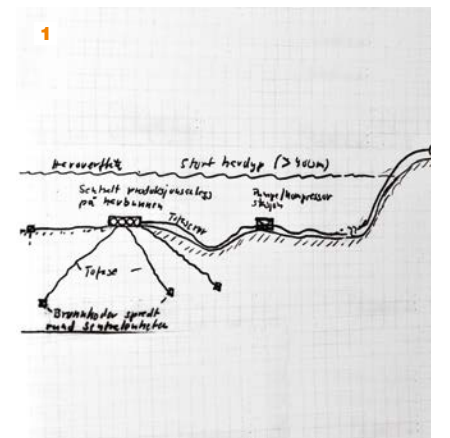
# Tomorrow's Technology Today

Aker Solutions is delivering the world's first subsea gas compression system to extend the life of the Statoil-operated Åsgard field using a groundbreaking idea that was sketched on a paper napkin 30 years ago.



Our know-how helps clients meet the growing challenges of declining production, increasingly complex reservoirs and escalating costs as the age of easy oil ends

1 Kjell Olav Stinessen's iconic 1985 paper napkin sketch of a future subsea compression system



"IT MAY NOT have been my best drawing, but it was probably my best idea," said Kjell Olav Stinessen, the Norwegian engineer who came up with the system in 1985 on a paper napkin sketch. "Now the whole oil and gas world is watching," he said about the real-life soccer-field-sized version that is a quantum leap for subsea development.

Although he is almost 73 and could retire, Stinessen is staying on to see this through. The award-winning design is expected to extend the life of the Norwegian Sea field by as many as 20 years and extract an extra 282 million barrels of oil equivalents.

The idea pushes the envelope by cutting costs, improving safety and opening for fully-fledged oil and gas production and processing systems on the seafloor.

The Midgard and Mikkel gas reservoirs at Åsgard were developed with seabed installations in 240-310 meters of water some 200 kilometers offshore and linked to the remote Åsgard B floating platform. Declining gas pressure threatened long-term production. ▶

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**ÅSGARD FIELD**  
**200 km**  
OFFSHORE DISTANCE  
**310m**  
MAXIMUM DEPTH

**1** Spanning generations: Engineers Kjell Olav Stinessen, 72 (right), Louise Thorén, 27 and Ingvild Bakken, 38, break new ground daily on the Åsgard project

▶ Offshore gas compressors that help boost recovery are normally built on expensive platforms but since Åsgard uses subsea systems another solution had to be designed. "It seemed like a bad idea to have worked so hard to avoid having to build a platform and then have to build one for a gas compressor anyway," said Stinessen. "That was the basic idea."

A subsea compressor also eliminates the risk of fire and explosions or damage from waves or storms and increases efficiency by putting the compressor closer to the well, he said. It can cut costs compared to a platform by 50 percent or more, according to Stinessen.

Back in 1985, the idea was simply not possible with existing technology. Now, 30 years later, the technology, including computers, fiber optics and remotely operated vehicles, have finally caught up with Stinessen's plan.

The system being delivered consists of modules for two sets of compressors, pumps, scrubbers and coolers fitted together like 430-ton Legos in an 1,800-metric ton steel frame. The first parts are already being delivered and the rest are due this year. It will be pieced together from the surface using guide wires and ROVs.

Ingvild Bakken, a specialist engineer, said the huge dimensions reflect a "belt and suspenders" approach to such a pioneering effort. "You don't have any reference points," she said. "We are putting something like this on the ocean floor for the first time. Now, when it starts running on the seabed, we will gain experience to build on."

Stinessen said they are already seeing ways to slim down future versions. "It is very, very usable in all places that have offshore gas fields," he said.



**Facts**

- Norwegian Sea field about 200 kilometers offshore at depths up to 310 meters
- Declining reservoir gas pressure requires compression to increase recovery
- Subsea compressor expected to raise production by more than 280 million barrels of oil equivalents over 20 years
- System includes template with two compressor sets, coolers, separators and pumps powered by a subsea cable
- Project cost framework of almost NOK 15 billion
- 2010 Ormen Lange subsea gas compression pilot for Shell instrumental in proving the technology viable

**Technology for Safe Arctic Operations**

ARCTIC AREAS hold great potential for oil and gas discoveries. Conditions are harsh and require new technology to ensure health and safety. Aker Solutions has a proven record for design innovation and is uniquely positioned to deliver on this. One example is our patented lifeboat protection design. Platform evacuation is a major issue for

field developments in the Arctic because of potential disruptions caused by sea or atmospheric ice. Our lifeboat design provides an efficient shield against the Arctic weather and ensures a free-fall launch without affecting operability. It enables inspections and repairs without personnel working above the open sea.



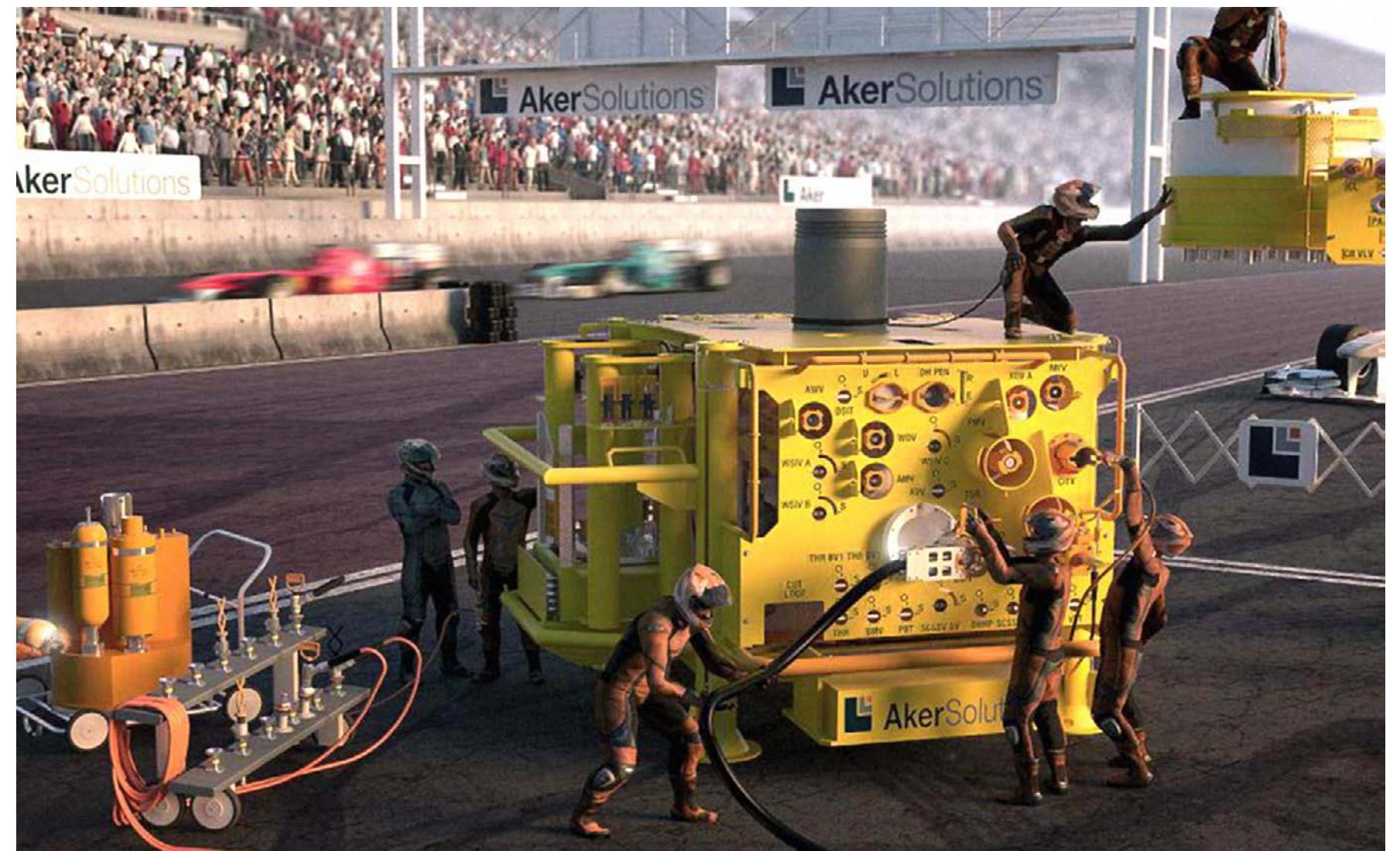
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DELIVERING EXCELLENCE

# Pit Stop Draws Industry Attention

Taking inspiration from Formula One pit-stop crews, Aker Solutions in Ågotnes cut the time to refurbish and upgrade a subsea Christmas tree to 17 weeks from more than 52 weeks, sending ripples through the global offshore industry.

We're committed to the highest quality in all our deliveries as we seek to create value for our customers and shareholders



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1 Aker Solutions' 800-employee subsea facility in Ågotnes, near Bergen, offers life-of-field services

“ The inspiration comes from auto racing, where pit crews train to handle one specialized task each

SENIOR PROJECT MANAGER TRYM ATLE LIEN

**THE NEW APPROACH** was born in 2011, when Statoil said it would need to overhaul as many as 17 trees a year from its Troll and Njord fields. Aker Solutions at the time had capacity for four to six.

“We looked into how to do it,” said Trym Atle Lien, senior manager at the Ågotnes subsea facility on Norway’s west coast. “Pit Stop was the result.”

The inspiration came from auto racing, where pit crews train to handle one highly specialized task, such as changing the left, front wheel in seconds.

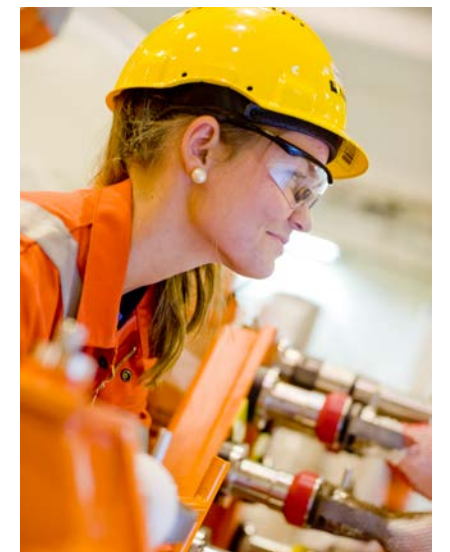
In the past, the upgrade and refurbishment of each tree was treated as a new, individual project, with scope and details defined on arrival. Now, Aker Solutions and Statoil agree on a scope for all of the trees, most from the mid-1990s. Specialist teams are assigned to work on individual parts of the tree. This enables longer term planning, ordering of parts and scheduling some six months to a year in advance.

“The job is broken down into small pieces,” said Lien. “The tree is stripped down in sub-assemblies when it arrives and then each team goes to work on a single component. They do the same job over and over again and become extremely good.”

The first 15 of about 70 trees to be upgraded for Statoil were delivered ahead of schedule. Companies around the world have contacted Ågotnes to learn more about the methods.

“In this particular area, we set the standard for the subsea industry,” Lien said.

Pit Stop has proved its worth during a period of sharply declining oil prices and as producers are reviewing costs. The program assures Statoil and other operators that planned maintenance will be carried out on schedule in a cost-effective and environmentally responsible manner. The Pit Stop approach can also be applied to other projects.



**Facts**

- Troll field holds about 40 percent of Norway’s known natural gas reserves. Located in northern North Sea, 65 kilometers off Kollsnes, near Bergen
- Operator Statoil undertaking largest-ever subsea workover program to boost oil recovery and extend field’s life to 2030
- Pit Stop project refurbishes and upgrades about 70 subsea trees to as-new standards. Team of 50-85 people delivered first 15 trees ahead of schedule in first year
- A subsea Christmas tree is an advanced set of valves used with associated technologies to control the well flow in a subsea production system. Some resemble a decorated Christmas tree

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PEOPLE

# Space to Grow

Working on designs for complex underwater machines the size of soccer fields or figuring out how to build systems that work in unfathomably deep oceans help make Aker Solutions as exciting as Disneyland for a fresh engineering graduate.

"IT'S LIKE a big box of toys," said Fareez Yusoff, a 27-year-old management trainee from Kuala Lumpur, Malaysia. Aker Solutions is attractive because "it's a big company, forward thinking, technologically advanced and a bit adventurous," he said.

Zoya Bhatnagar from New Delhi, India, long wanted to work in the oil and gas industry and says Aker Solutions stood out when she was taking a Masters degree in economics and business strategy at London's Imperial College. Her topic was the Norwegian continental shelf.

"Aker Solutions is rated as one of the most attractive workplaces for both engineers and business professionals," said Bhatnagar, who's also a management trainee.

The company was ranked as Norway's second-favorite workplace for engineers and the fifth-most attractive for business students in a 2014 survey of more than 10,000 people by the employer branding firm Universum.

Bhatnagar and Fareez won spots in Aker Solutions' two-year International Talent Program, which entails eight months of on-the-job training in each of three projects or locations. So far Bhatnagar has worked for Aker Solutions in Houston, Malaysia and Norway. Changing jobs every eight months was challenging, she said.

"Once you get used to a job, you move on, but I decided to make the most of each eight-month period," she said. "The International Talent Program has a very good reputation in the company, so I had a lot of informal mentors."

Fareez has a Masters degree in offshore and ocean technology from Cranfield University in England. So far, he has worked in Aberdeen and Oslo.

"One of best things about working for Aker Solutions is that they give space for young staff to grow and become leaders. They do not suppress the voice of the younger generation," he said.



With more than 90 nationalities represented in our workforce, our diversity and inclusiveness are key strengths

## Highly Skilled and Diverse

OUR 17,000 employees in more than 20 countries generate and realize the ideas that make Aker Solutions a success. Each of us is dedicated to delivering the highest quality every day.

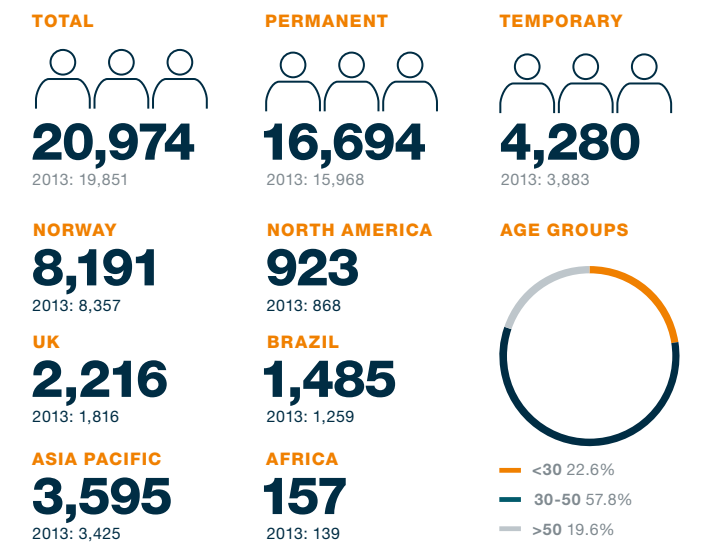
With over 90 nationalities represented in our workforce, our diversity and inclusiveness are key strengths in an increasingly competitive global environment. We see creativity as a crucial component in fostering productivity.

Aker Solutions is firmly commit-

ted to promoting equal opportunities. We employ a wide range of engineers, technicians, operators and other professionals from different cultures and nationalities, reflecting the communities and people we work with daily.

It is essential for us to attract and retain the best talents. We place great emphasis on providing opportunities for our employees to develop their competence and careers. Last year we welcomed about 2,000 new recruits.

## Employees



Permanent employees unless otherwise stated.

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## ” Aker Solutions is a fantastic learning facility

CHIEF HUMAN RESOURCES OFFICER SISSEL LINDLAND

### Seizing Opportunity

**AKER SOLUTIONS IS** all about nurturing talent, offering opportunities and promoting diversity.

Just ask Chief Human Resources Officer Sissel Lindland. She has risen through the ranks after starting as a 19-year-old HR assistant.

“I was just finished with secondary school and wondered whether to go to university or get a job,” she said. The oil business was booming, workers were in short supply and she joined Aker Solutions just days after answering an ad.

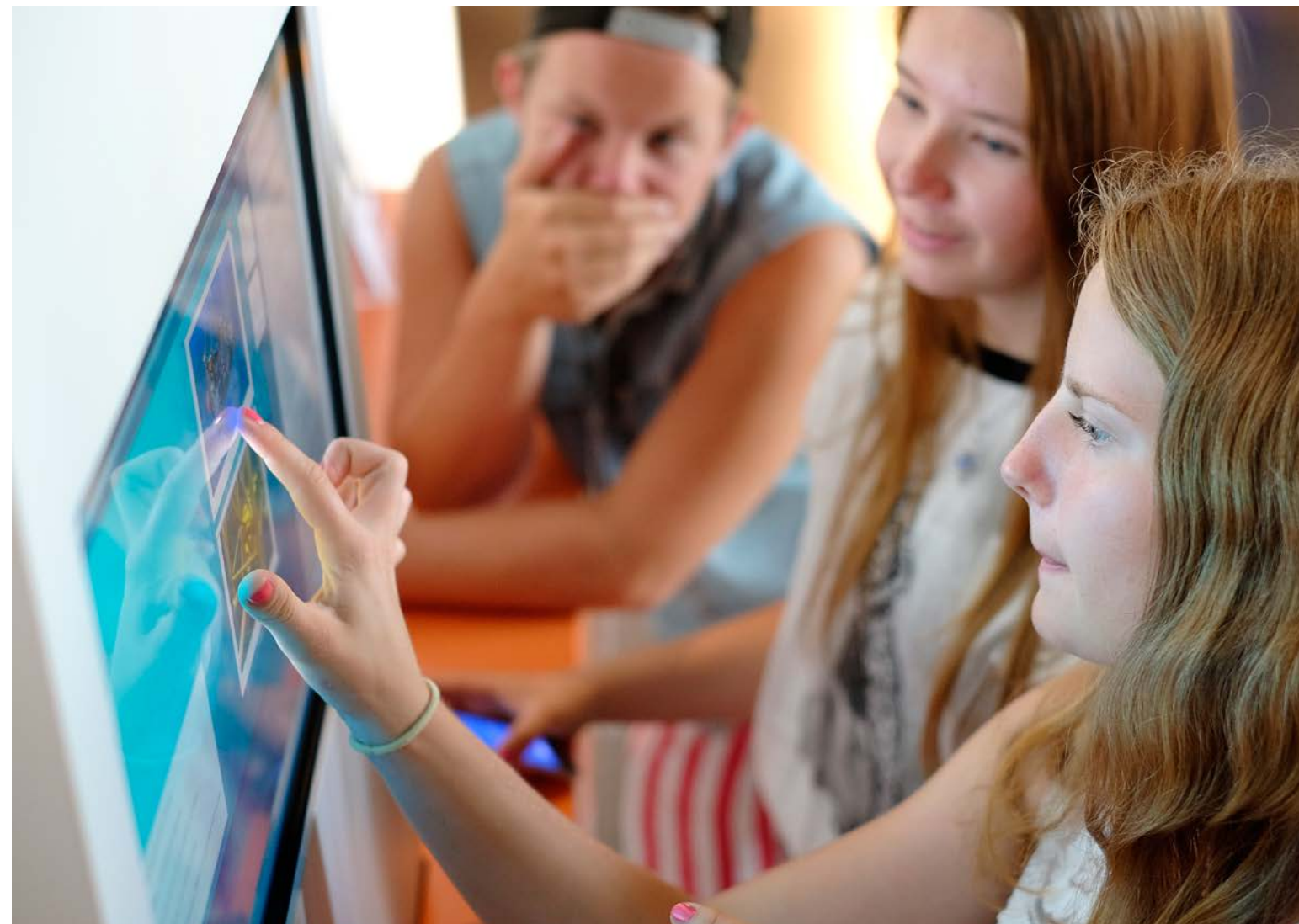
Since then Lindland has held such posts as senior vice president for human resources, acting chief of staff at Aker Yards ASA and president of Aker Business Solutions. Her resume includes setting up a shared services unit and serving on boards in several countries.

Keys to her success were mentoring, opportunity, training, changing views of corporate diversity and a willingness to try something new, all of which she says still apply for others.

“I’ve never held a position for more than five years before being given a new opportunity and I’ve never said ‘no’ to a challenge,” she said.

Lindland encourages Aker Solutions’ employees to be proactive and seek out new challenges. The company offers opportunities worldwide and across all business areas.

“I’ve seen the company go through three decades of reorganizations, mergers, acquisitions and splits, but one thing remains the same: Aker Solutions is a fantastic learning facility.”



### Teens Test Engineering Challenges

**AKER SOLUTIONS** seeks to promote interest in science and technology among the younger generations. The Engineerium interactive technology center, established by the company in 2012, launched the “Engineering Challenge” in 2014 to give secondary school students a taste of the world of science and engineering. Students are divided into teams, each pretending to be an oil-services business vying for a contract from a company that has struck oil

in the Barents Sea, off northern Norway. As in real life, the best technological idea alone is not enough, since plans must also address such issues as health, safety, environment and viable economics. Teams use the center’s interactive installations to find the information they need. The competition is free for school classes and more than 2,300 students have so far participated. Aker Solutions hopes some will become its future engineers.

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## RESPONSIBILITY

# Responsible Operations

Corporate responsibility at Aker Solutions is about making good, sustainable business decisions. CR principles are integrated with our operations to benefit the company, our stakeholders and society.

We tailor our efforts to local contexts to ensure business relevance and the greatest positive impact for the community

### OUR APPROACH

CR should be closely linked to our daily operations in the societies where we are present. We tailor our efforts to the local context to ensure business relevance and the greatest positive impact for the community. The focus on ethical business conduct is deeply rooted in our corporate values. Integrating CR helps us improve processes and mindsets, motivate our employees and make us a more attractive supplier and business partner. CR furthers our vision to be the preferred partner in the oil and gas industry.

### A Solid Foundation

Aker Solutions' global Corporate Responsibility Strategy 2013-2017, approved by the board of directors in 2013, sets the vision and goals. It was developed based on an assessment of sustainability risks and on communication with stakeholders.

The strategy builds on four main areas: integrity, society, environment and people. It provides a detailed framework including clear objectives for the direction and ambition of our CR activities.

These are:

- To ensure that values created by operations benefit the communities where we are present and are used to stimulate economic and social development
- To protect the health, safety, human rights and well-being of our workforce
- To do our part to reduce negative environmental effects of the global oil and gas industry by providing leading technology and environmentally safe products and by reducing the impact of our own operations
- To be transparent about how we operate and the impact we have on society

A set of goals and focus areas were last year

defined to turn these objectives into tangible and measurable activities. The global CR strategy provides a framework and direction for our organization to ensure we all work toward the same goals. Unless otherwise stated, year-earlier figures in this report have been adjusted for the split of Aker Solutions in September 2014.

### Local Commitment

Tailoring strategy and activities to suit local conditions is at the core of our approach to corporate responsibility and is essential in bringing real value to the business and to our local stakeholders. We use our global CR approach as a framework for developing strategies that suit the specific contexts, needs and impacts of a particular region. In 2014, local CR strategies were developed for Norway and India and are under way for North America, Brazil and the UK.

Aker Solutions established a CR network in 2013 to pursue activities that support local commitment and implementation of the global CR strategy. The network consists of 12 representatives from all regions and business areas except Africa, where we are seeking a member. The network works to achieve and monitor CR goals with support from management teams. In 2014, the network's main focus was defining specific goals and establishing regional strategies.

### Stakeholder Engagement

Aker Solutions engages in dialogue with internal and external stakeholders to ensure our CR efforts are relevant to our context, market and strategy as well as to meet the expectations and information needs of stakeholders.

Our stakeholders are in a position to affect or be affected by Aker Solutions. We have a broad range of stakeholders who we engage with through several channels. These include

our internal CR network, management meetings, seminars and workshops, articles and interactive blogs on the company intranet, feedback from training courses and dialogue with customers, including structured feedback on our HSE performance after project completion. We receive input from forums such as the UN Global Compact Nordic Network and various anti-corruption initiatives. We seek to discuss, benchmark and align our CR activities internally and with international best practices.

We will in 2015 seek to follow up on the extensive dialogue we had in 2011 with internal and external stakeholders, including suppliers, customers, trade unions and investors in different regions and markets. These efforts were used to better understand our stakeholders' interest in and influence on our business. The engagement provided valuable input to the global CR strategy and our CR reporting. We had aimed to conduct new dialogue in 2014, but the split made that impractical.

For an overview of our engagement with external stakeholders, see appendix 2.

### Governance

Good corporate governance structures and practices help reduce risks and ensure sustainable value creation. Aker Solutions is committed to ensuring sound governance and an effective framework for managing CR risks.

The board of directors is ultimately responsible for the company's CR and governance activities. The audit committee supports the board in the execution of its responsibility. Development and oversight of the CR strategy, performance and reporting is delegated to the corporate function, Business Integrity and Compliance (BIC), which reports to the executive vice president for HSE, risk and compliance. Regional heads and country managers are responsible for safeguarding the implementation of the CR strategy in their

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## We expect the highest standards of ethical behavior and integrity from each of us, everywhere

### Code of Conduct

Aker Solutions' code of conduct outlines our commitments and requirements for ethical business practices and personal conduct. It describes what we expect of our employees, subsidiaries, subcontractors, representatives and other partners and explains the company's policies in the following areas of particular ethical importance:

- Corruption, including bribery and facilitation payments
- Conflict of interest
- Export controls
- Fair competition
- Gifts and hospitality
- Human rights
- Insider information
- Money laundering
- Sponsoring and donations

It also explains how to respond when unprofessional or unethical behavior is observed or suspected. The code is available on [www.akersolutions.com/en/Global-menu/CR/Code-of-conduct](http://www.akersolutions.com/en/Global-menu/CR/Code-of-conduct).

► regions. Executive vice presidents of business areas are responsible for ensuring the strategy is implemented in their areas. The CR network is responsible for supporting efforts, and to set and meet goals in each business area.

The company has policies on CR and governance issues, including safety, the environment, business ethics and integrity. These provide instructions and operational guidelines for employees to ensure our operations comply with internal and external regulations. Policies and procedures are updated each year, based on risk assessments by the business areas, regions and corporate functions. The corporate center monitors compliance and ensures implementation and effectiveness of policies and procedures. Assurance activities are carried out by the HSE, risk and compliance organization.

#### 2015 Targets and Initiatives

- Complete stakeholder dialogue to identify expectations toward Aker Solutions
- Develop materiality assessment based on input from stakeholder dialogue
- Improve internal communication on CR efforts

#### INTEGRITY

Aker Solutions' corporate values and code of conduct guide our policies, operations and behavior. They define who we are and how we want to be perceived across business units, regions and cultures. The highest standards of ethical behavior and integrity are expected from all in the company. This is the foundation for building trust internally, with our customers and other stakeholders.

#### Managing Integrity Risks

Being the preferred business partner means being trusted in every aspect of how we do business. Our code of conduct is the frame-

work for managing integrity risks and informs all employees of the ethical standards they are expected to meet.

In 2014, we started work to supplement the code with a new business integrity policy that sets out clear responsibilities and procedures for managing integrity risks at all business levels. This includes new monitoring and reporting procedures to ensure strong control and follow-up on compliance. The policy will be implemented in 2015, after which the code will be updated to reflect additional principles set forth in the policy.

Aker Solutions employees and directors must each year as part of their performance dialogues sign a statement to confirm they have read the code and performed their jobs in accordance with its terms. Suppliers and subcontractors of Aker Solutions must also sign a declaration confirming that they act responsibly and in compliance with the principles in the code.

#### Zero Tolerance

Corruption, including bribery and facilitation payments, is not acceptable in any form. Aker Solutions is committed to fair and open competition and does not engage in anti-competitive practices or other activities that violate anti-trust laws.

The company continuously works to improve its anti-corruption compliance program through employee training, raising awareness, country risk assessments and by reducing the number of third-party representatives. Every effort is made to ensure the company complies with all applicable anti-corruption regulation.

The compliance program was strengthened in a number of areas in 2014 covering anti-corruption, country risk and corporate responsibility. The new business integrity policy will improve internal integrity compli-

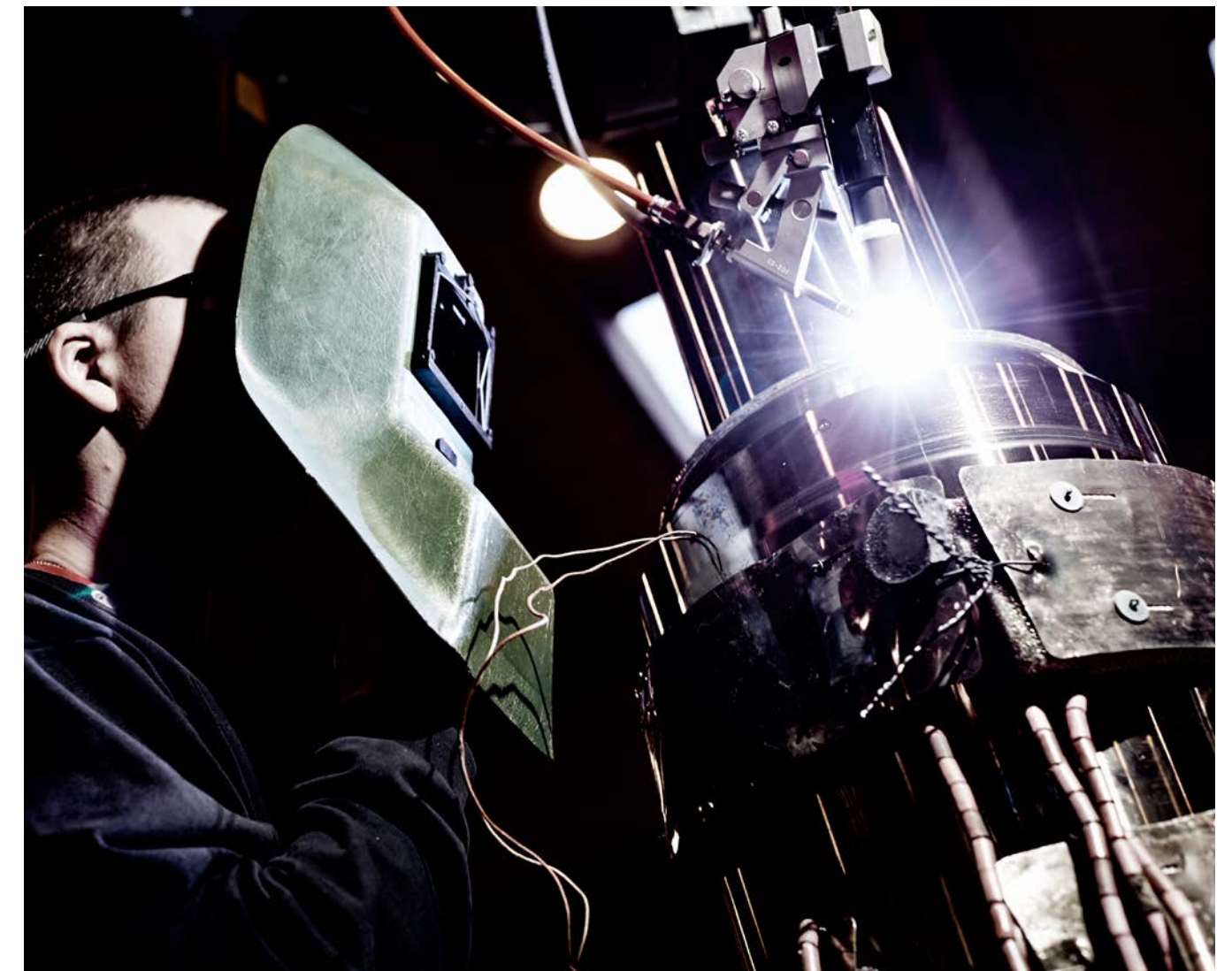
### India Strategy

THE IMPORTANCE and relevance of tailoring our CR activities to local conditions are highlighted in our operations in India, where national regulation stipulates how CR should be governed and what constitutes such activities. To comply with these requirements in keeping with our own global strategy, three focus areas were defined:

- Support large-scale causes such as disaster relief and poverty reduction

- Enable skills enhancement, healthcare and education of socially and economically challenged persons to improve their well-being and livelihoods in the Indian state of Maharashtra
- Champion engineering education in India by strengthening linkages between industry and academia. Facilitate cross-sharing of experiences and resources at Aker Solutions to boost competency

The focus areas are supported by guidelines and procedures to ensure the integrity of projects and that they have measurable positive impacts for the beneficiaries.



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## Knowing What to Do

WE WORK SYSTEMATICALLY to inform our employees of Aker Solutions' approach to business ethics and anti-corruption and to teach them how to handle a risk or breach. Mandatory classroom training for all office-based employees has run successfully for four years. The training teaches employees how to recognize and respond to risks and will be updated in 2015. This training will also

be supported by a new e-learning course in 2015, consisting of modules covering human and labor rights, anti-corruption and bribery, gifts and hospitality and conflict of interest. The course will be a mandatory refresher and must be completed within two years after the classroom training. An e-learning program for business ethics will be introduced in our onboarding program for new employees.



► ance procedures in all business areas by using a risk-based approach to integrity issues. We are making it mandatory for all office staff to complete training within the first six months of their employment.

A new e-learning program will in 2015 be rolled out as a refresher of the business ethics course and be mandatory for all office employees. There will be increased effort to improve reporting procedures to ensure we know where to focus our training and awareness activities.

**Business Ethics Classroom Course – Participants per year**

Year	Completed (active employees only)
2011	178
2012	5,628
2013	2,214
2014	813
<b>Grand Total</b>	<b>8,833</b>

Aker Solutions also analyzes and assesses whether an individual country or project could pose a risk of involvement in corrupt practices, human rights abuse, breach of sanctions, environmental damage or put the health and safety of our employees at risk. We won't bid on projects if the risk is deemed too high. Several compliance reviews and audits were completed in 2014. When audits reveal possible breaches of policies and procedures, action plans are set in motion to mitigate risks and improve processes, including follow-ups. The company has sought to reduce the use of third-party representatives, such as sales agents, and imposed stringent compliance and approval procedures to ensure that any representative acting on behalf of the company operates by the expected and required ethical and integrity standards.

### Reporting Ethical Concerns

Aker Solutions opened a whistleblowing channel in 2010 that allows anyone to report suspected violations of corporate values, the code of conduct or any other governing policy. Reporting can be done anonymously on the company's external website, by internal e-mail or to a trusted HR manager. In 2014, improvements in reporting methods, including statistics and trends, allowed us to analyze, identify and address weaknesses in our control systems. A new whistleblower and investigation procedure is being developed to increase transparency and strengthen internal processes.

Most cases reported through the whistleblowing channel concern employee relations and HR issues. When a report is substantiated, follow-up action is initiated, ranging from internal communication and policy updates to warnings and dismissals. In 2014, 112 cases were received through the whistleblowing channel, with several reports leading to disciplinary actions that included dismissals. This was up from 40 cases reported in 2013; a trend that signals that our business ethics training and awareness activities are working. The increase puts us close to global benchmarks for hotline reporting for a company of our size.

### Building Trust

Aker Solutions believes in the value of open and honest internal and external dialogue. The company sees transparency as essential in an industry that can have a significant impact on local communities, as highlighted in our corporate responsibility strategy for 2013-2017. Aker Solutions operates globally, including in places that depend heavily on oil and gas revenue, suffer from poverty or face corruption challenges. Sharing information in an open and transparent manner is necessary to build trust where we do business.

The table below reflects our 2014 revenues,

investments and employees by country based on the location of the Aker Solutions' company recognizing the revenue.

Country	Employees excl. contractors <sup>1</sup>	Revenue <sup>2</sup>	Investments in assets <sup>3</sup>
Norway	8,191	20,102	592
UK	2,216	6,081	193
India	1,515	632	30
Malaysia	1,498	1,924	43
Brazil	1,485	2,056	315
USA	804	2,704	133
Brunei	483	806	11
Sweden	123	123	2
Angola	123	225	-
Canada	119	268	12
Australia	96	143	-
Congo	21	417	-
Nigeria	13	87	-
Cyprus	4	347	50
China	3	9	-
Other	-	12	-
Sum of countries	16,694	35,935	1,381
Eliminations <sup>2</sup>	-	(2,964)	-
Total Aker Solutions	16,694	32,971	1,381

<sup>1</sup> The locations of employees are based on the location of the company where they are employed. Branches are therefore included in the figures for the legal entity.

<sup>2</sup> Revenue figures per country include internal and external revenues and are based on location of the Aker Solutions company that has recognized the revenue. Intercompany sales are subtracted in the line "eliminations" to present external Aker Solutions revenues as in the income statement.

<sup>3</sup> Investments in assets includes investments in property, plant and equipment in addition to intangible assets. Investments presented here do not include acquisition of other companies.

**TOTAL STAFF**  
**20,974**  
2013: 19,851

**PERMANENT EMPLOYEES**  
**16,694**  
2013: 15,968

### 2015 Targets and Initiatives

- Implement the Business Integrity Policy
- Develop and implement a whistleblower and investigation procedure
- Perform a compliance risk assessment for Aker Solutions to map our integrity risk profile
- Continue focus on business ethics training
- Introduce new e-learning modules on business ethics
- Utilize cross-functional resources to review compliance by improving cooperation between the business areas

### SOCIETY

The oil and gas industry has the potential to support positive social and economic developments in the countries where it is present. Aker Solutions recognizes this responsibility. It is our goal to ensure that we benefit local communities and build good relations based on transparent communications with local stakeholders to ensure our long-term presence.

Such a goal can be a challenge when operating in parts of the world that present political and reputational risks and it is important that we are vigilant about being ethical and responsible in our business dealings. Aker Solutions takes steps to ensure that we do not negatively impact development of communities, the environment or human rights while also contributing to local employment, economic growth and the transfer of knowledge and technology.

### Contributing to Local Economies

Aker Solutions' most direct contribution to local economies is through local content, which includes hiring personnel and suppliers from the area and providing training and education. Countries such as Angola and Brazil require a minimum percentage of local content. The company views local con-

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**BUSINESS ETHICS CLASSROOM COURSES**

**8,833**

PARTICIPANTS 2011-2014

**COUNTRY RISK ASSESSMENTS**

**30**

2013: 26

▶ tent as a good business practice even when not required because it lowers costs, gives a better understanding of local conditions and gives the community a boost.

Programs for local content are tailored for each location to ensure sustainability and relevance. This requires close collaboration with suppliers, local governments, training and educational institutions and business communities.

**Respecting Human Rights**

Aker Solutions sometimes does business in places where human and labor rights are at risk and where there's a risk of becoming implicated in violations through our own activities or through our supply chain. We support and respect internationally recognized human rights standards as expressed in the UN Guiding Principles on Business and Human Rights. We are committed to avoid complicity in any form of human rights violations. This commitment is part of our obligations as a signatory of the UN Global Compact and is emphasized in our code of conduct, new business integrity policy and people policies.

Human rights considerations are an integral part of our business decisions. We have developed a country risk standard as a tool to ensure that we do not become complicit in activities with negative effects on our surroundings. This procedure requires certain background checks and analyses of potential projects in markets associated with high non-financial risks such as complicity in human rights abuses or corruption, political and security risk, ethical dilemmas, and risk of supporting violence or abetting conflict. We assess potential human rights risks related to location, projects or services delivered, partners involved or sourcing of materials. We can decide to decline a project or market if it

is deemed high risk. The country risk standard also includes an internal watch list of markets seen as posing high political and reputational risk, including risk for human rights violations. The list is updated every six months to reflect any changes in the global geo-political environment. During 2014, more markets were classified as high risk and we placed even stronger emphasis on compliance with the country risk standard, which might explain the increase in early risk assessments to 30 in 2014 from 26 the year before.

Mapping and assessing human rights risks are the first steps toward managing them. Other activities include training of relevant personnel to recognize situations with potential human rights issues and continuously communicating our stand to employees through training courses and internal communication. Safeguarding the human rights of our workforce, our subcontractors and suppliers is a high priority that is integrated into our employee policies and processes and our supplier assessment program. In 2015, a new e-learning module on human and labor rights will be launched to ensure that our employees are aware of and understand our internal rules and international commitments to human rights.

**Doing Our Part**

Aker Solutions supports a variety of good causes and projects as part of our efforts to build good relations with stakeholders. The company is especially interested in civic partnerships that have a strong local impact and are mutually beneficial. Projects are selected and managed by regional and local offices that know the communities' needs. In 2014, we supported and engaged in projects ranging from donating to Doctors Without Borders, participating in the National Multiple Sclerosis Society's fundraising bike ride in Houston,

refurbishing a school in São José dos Pinhais, planting trees in Kuala Lumpur to celebrating International Women's Day in India.

**ENVIRONMENT**

Aker Solutions recognizes that the oil and gas industry can have significant impact on the environment, including the risk of oil spills, CO<sub>2</sub> emissions, waste and the use of natural resources. Sustainable management is essential to the future of the industry and the company.

Aker Solutions takes a proactive and precautionary approach to environmental management. We strive to minimize the environmental impact of our own and our customers' activities by providing technology, products and services that are environmentally sound. We manage our environmental impact by reducing energy consumption and emissions, and handling waste and spills. We continuously challenge ourselves to reduce our environmental footprint, which is one of the main goals in the Corporate Responsibility Strategy 2013-2017.

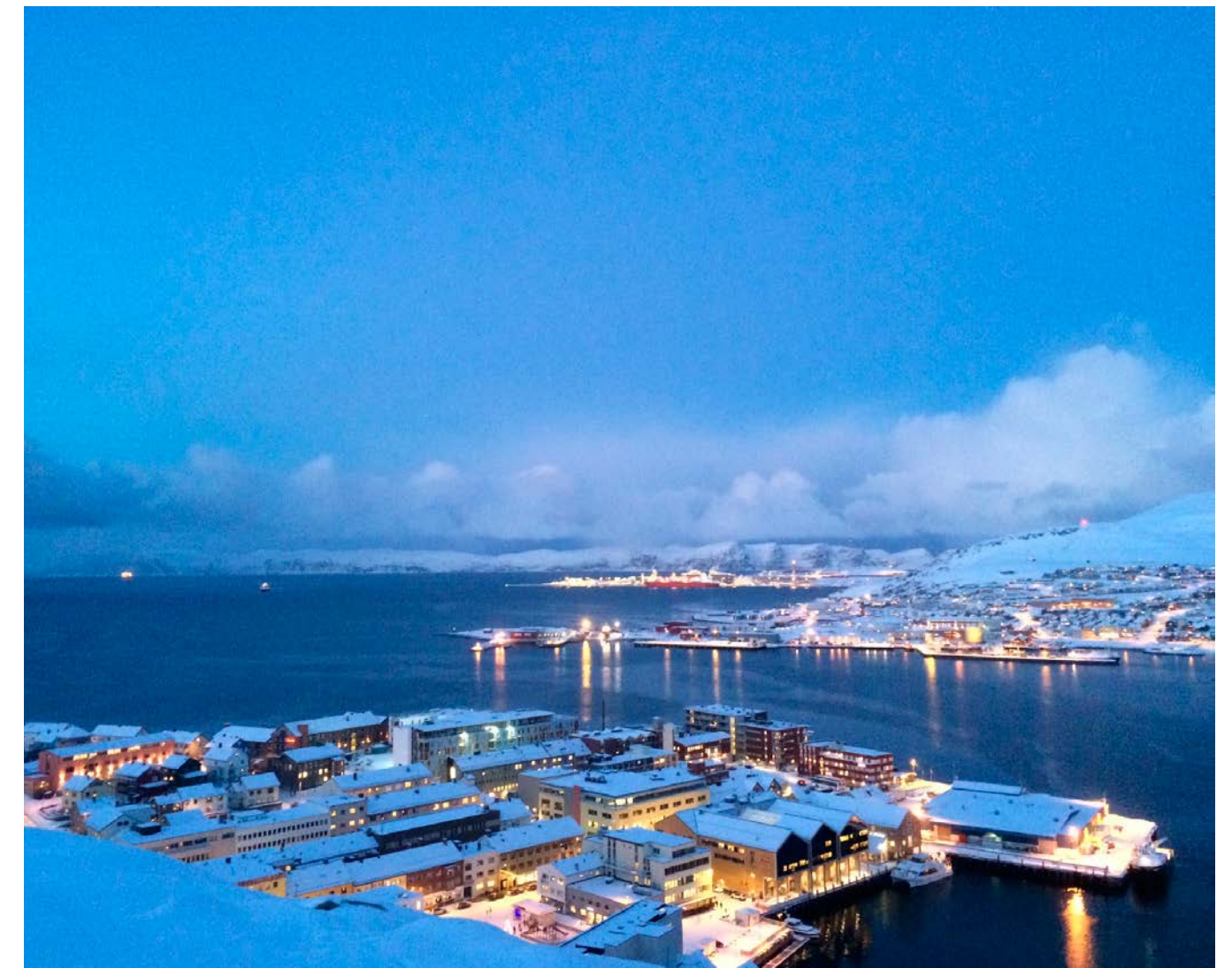
**Environmental Safety Through Technology**

Aker Solutions has identified significant opportunities to address environmental impact through our products and services by being at the forefront of technological developments and predicting customer needs. As a preferred partner, it is increasingly important that we contribute to the performance of our clients. Recent examples of environmentally friendly solutions include, among others, sub-sea factory solutions, including compression and boosting, that avoid huge surface production rigs, and subsea systems with electronic operations rather than hydraulic oil.

**Strong Local Presence in Norway**

IN NORWAY'S far north, the Arctic cities of Tromsø, Sandnessjøen and Hammerfest have a local tradition of delivering quality projects to customers such as Statoil, BP, Shell and Eni. These achievements were possible because of Aker Solutions' long-

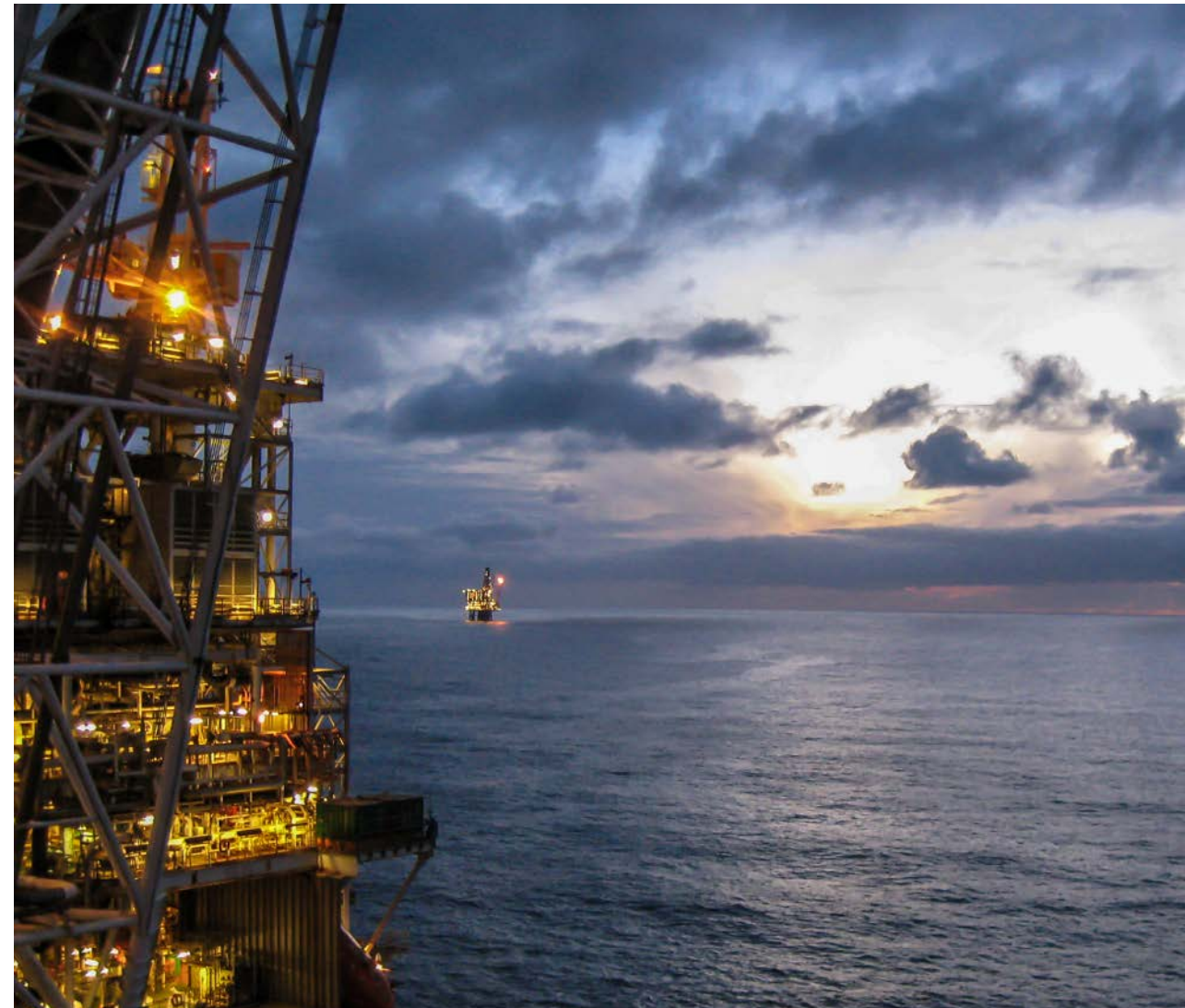
term strategy for developing capacity and competence in the region. The company not only hires local staff and uses local suppliers, but also collaborates closely with local companies such as Helgeland V&M in Sandnessjøen.



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## Building Skills in Congo

IN CONGO-BRAZZAVILLE, we have taken our responsibility for developing local talent seriously, including bringing 16 of our new employees to Norway for comprehensive training. The program started in September 2013, when four locally educated engineers began training in Norway to gain the added skills needed in our operations. Each of the four will have a new specialty as a subsea tree engineer, workover engineer, controls engineer and quality control inspector. A further 12 colleagues headed to Norway last year for training as offshore and workshop technicians and HSE inspectors.



### ENERGY CONSUMPTION (MWH)

▼ **13%**  
116,339 MWH

### TOTAL CO2 EMISSIONS

▼ **27%**  
21,188 MWH

#### Managing Our Footprint

Aker Solutions' commitment to continuously reducing its environmental impact is expressed in our Health, Safety and Environment (HSE) policy:

- The company designs products and services to have no undue environmental impact and to be safe and efficient in consuming energy and natural resources
- Our operations are conducted with efficient use of materials and energy, minimum waste and damage to the environment
- We seek to ensure that our products can be recycled or disposed of safely in accordance with customer requirements

The HSE policy is implemented through the management system, e-learning and various leadership development initiatives. Programs are in place to monitor and improve energy use and to reduce CO<sub>2</sub> emissions and waste. Identifying and managing potential environmental risks are integral aspects of the company's project tendering and execution, ensuring that appropriate measures are taken for each project and location. These activities contribute to increased environmental awareness in Aker Solutions and among our customers.

Aker Solutions was not subject to any significant fines or sanctions for non-compliance with environmental laws and regulations in 2014. We monitor governmental guidelines, directives and regulations on the environment so that we are informed and prepared for changes.

#### Reducing Energy Consumption and Emissions

As a global provider to the oil and gas industry, Aker Solutions' activities and impact depend almost entirely on the needs and operations of our customers. The results measured at the corporate level depend largely on the

type of projects the company is performing. Some major projects run for several years, and energy consumption varies depending on the phase. Offshore hook-up and decommissioning phases are energy consuming while engineering phases are not. This is why we see fluctuations in our environmental performance even as we are in the midst of a strong push to be energy and resource efficient. Because of the strong correlation between the customer project portfolio and energy usage, Aker Solutions has decided not to set a target for our own CO<sub>2</sub> emissions. We still accept responsibility for CO<sub>2</sub> emissions and direct our efforts and resources to areas we can control. This includes choosing the best available technology, reducing energy consumption in offices and workshops by upgrading to more energy-efficient technology, reducing travel through use of video conferencing and improving logistics to reduce long-distance material transport.

The company's energy consumption, based on recorded use of oil, gas and electricity, fell to 116,339 megawatt hours (MWh) in 2014 from 134,404 MWh a year earlier. Since consumption is linked to the level of project activity, we view energy intensity as the key performance indicator (KPI) and measure energy consumption per million worked hours. The energy intensity for 2014 decreased 23 percent from 2013. Total CO<sub>2</sub> emissions declined to 21,188 metric tons in 2014 from 29,050 tons the year before. This positive development may be explained by an increase in engineering work and a decrease in offshore activity. We aim to map energy usage more closely going forward to determine which part of the organization causes the largest fluctuations. Energy usage and intensity at our production facilities will vary with project type, while it should be more stable in office environments.

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**RECYCLING FACTOR**

**94%**

2013: 86%

**RECYCLED WASTE (TONS)**

**25,126**

2013: 13,482

▶ **Handling Waste and Spills**

Waste production is also linked to the project portfolio. A decommissioning project will produce more waste than other kinds of projects. Total waste in 2014 was 26,636 metric tons, an increase of more than 10,000 tons from 2013 due to the nature of our product portfolio. Aker Solutions maintains a strong focus on waste management, and strives to improve each year, which includes the goal of an at least 80 percent recycling rate. In 2014, the recycling factor rose to 94 percent from 86 percent in 2013, with all business areas exceeding a 90 percent recycling factor.

There is always room for improvement, often at the local level. Aker Solutions headquarters at Fornebu was in 2014 designated a key local initiative. All waste handling agreements were revised to save cost and reduce the environmental impact. The Fornebu case is now used as a best practice example for other locations.

Client projects often require the replacement of hazardous components. Authorized, specialist companies handle all hazardous waste. The company collected 420 tons of hazardous waste in 2014, a decrease from 431 tons in 2013. This is also subject to variations in our project portfolio.

While there were no accidental oil spills in 2014, the risk is always at the forefront of planning. Aker Solutions works hard on prevention but is well prepared to respond should one occur. These measures are managed through good operational controls, regular equipment maintenance and drills for emergencies and oil spill response.

	2014	2013
Energy consumption <sup>1</sup> (MWh)	116,339	134,404
Energy Intensity (MWh per million worked hours)	2,627	3,405

Energy Intensity (GJ)	418,820	483,854
Energy Intensity (GJ per million worked hours)	9,458	12,259
CO <sub>2</sub> Emissions <sup>2</sup> (Metric tons)	21,188	29,050
CO <sub>2</sub> Emissions (Metric tons per million worked hours)	478	736
Recycled Waste (Metric tons)	25,126	13,482
Total Waste (Metric tons)	26,636	15,482
Recycling Factor <sup>3</sup> (%)	94	86
Hazardous Waste (Metric tons)	420	431
Accidental Oil Spills (number)	-	-

1) Travel activity is not incorporated into Energy Consumption

2) Travel activity is not incorporated into the CO<sub>2</sub> emissions

3) Water recycling is not incorporated into this number, even though recycling is performed at sites where water is scarce.

**2015 Targets and Initiatives**

- Zero oil spills and a recycling factor of 90 percent
- Perform Life Cycle Assessments (LCAs) on key products to assess environmental impact associated with all stages of a product's lifecycle
- Continue to apply Best Available Technology (BAT) analyses in engineering and design phases of projects to ensure solutions with minimum environmental impact
- Collect data from travel agencies and IT department to analyze impact of Travel Policy
- Conduct comparative studies of offices and workshops as part of mapping of energy usage and carbon dioxide emissions per location to identify best practice improvement opportunities and solutions



**Preparing for the Worst**

AKER SOLUTIONS in Egersund, Norway in October simulated a 100,000-liter oil spill. The purpose of the drill was to gain practical experience in handling an uncontrolled event. The drill included the local police, firefighters and rescue boats to provide a realistic training experience.

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**HAZARDOUS WASTE (TONS)**

**420**

2013: 431

**TOTAL WASTE (TONS)**

**26,636**

2013: 15,482

► **SUPPLY CHAIN MANAGEMENT**

Suppliers and subcontractors help to ensure that Aker Solutions delivers high-quality, on-time services to customers. We exercise responsible supply chain management and expect integrity and respect for human and labor rights among our suppliers. The procurement process is performed in alignment with the principles of the Aker Solutions code of conduct.

**Responsible Supply Chain Management**

Aker Solutions is committed to engaging suppliers that consistently operate in accordance with our values, comply with national laws and regulations and meet the company's requirements for health and safety, quality management, environment, ethics, anti-corruption and social responsibility, including human rights and labor standards.

Aker Solutions has developed a Supplier Qualification and Information System (SQIS) to ensure the required standards from its suppliers. The system helps to measure and predict supplier performance through a rigorous qualification, monitoring and performance evaluation process, providing a fact-based approach to supplier selection and development.

All suppliers are required to sign the Supplier and Subcontractor Declaration, confirming that they act responsibly in their organizations and with their own subcontractors. We last year updated our supplier qualification questionnaire to include more questions on human rights, anti-corruption and corporate responsibility, including higher requirements related to the CR certification from the International Standards Organization (ISO26000) and Social Accountability International (SA8000). Further, audits are conducted to verify answers in the questionnaire and investigate a supplier's ability to meet Aker Solutions requirements.

The SQIS also includes risk screenings for political, corruption and HSE risks on a country level and make this information more accessible to all buyers. Combined with the individual screening of suppliers, this gives a good understanding of the risk picture for our suppliers. Any deviation from our requirements is entered into the Supplier Risk Dashboard.

In 2014, 877 new suppliers were qualified and listed on the Qualified Supplier List (QSL). A key requirement of being listed on the QSL is that the supplier must sign the Supplier and Subcontractor Declaration.

**2015 Targets and Initiatives**

- Incorporates specific contract requirements for HSE training, supervision and reporting
- Review of Qualified Supplier List related to HSE, human rights, society and labor practices

**EMPLOYEES**

**Securing Skilled Employees**

Attracting and retaining highly-skilled and motivated employees globally are key to Aker Solutions' success. The company has a diverse workforce, which it seeks to maintain and motivate through procedures to strengthen management of recruitment, training, benefits, welfare rights in the workplace and dialogue between employees and management.

**Rewarding Hard Work**

Aker Solutions invests substantially in the retention and development of talent to ensure those skills turn into a competitive advantage. We want to motivate current and future employees with opportunities for international experience, for turning innovative ideas into solutions and for long-term careers with competitive rewards and an understanding of diverse local needs.

Aker Solutions offers competitive pay,

benefits and extensive welfare programs to full-time and part-time employees. Such programs depend on the laws and practices in the countries where we operate and benefits include one or more of the following: Life insurance, healthcare, disability cover, retirement provisions and share ownership.

In 2014, a new reward standard procedure was introduced outlining key principles and responsibilities to ensure a common global practice for all employees. The reward procedure supports managers and human resource professionals in making consistent and fair decisions on employees' remuneration both by region and globally. Together with correct positioning of the jobs in the Aker Solutions career model, standard procedures and guidelines help facilitate 'equal pay' that takes the employee's workload and performance into consideration.

**Managing Performance**

Aker Solutions wants every employee to know what is expected of them and how we view their contribution to the company. Performance dialogues between managers and staff are key to managing expectations, achievements and development. Discussions on an employee's priorities and objectives foster a sense of responsibility and commitment to good performance. A career model was rolled out in 2014, offering employees and managers training and information sessions on effective ways to discuss performance and career choices. It also describes career tracks for professionals and leaders that facilitate movement of people across departments and business areas.

**Safeguarding Diversity and Equal Opportunity**

Aker Solutions' diverse workforce ensures that we have a wide range of skills and

**A Collaborative Approach in Brazil**

IN DECEMBER 2014, Aker Solutions in Brazil hosted the Brazilian Supplier Day attended by 180 key strategic suppliers. The event provided a collaborative and open environment in which to discuss our approach to such issues as business ethics and responsible supply chain management. There was also a competition with nominations in 21 categories, including Best Supplier in HSE and Best Supplier of the Year 2014.



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## European Works Council

AKER ASA renewed the agreement on the European Works Council in 2013 and in 2014 in accordance with EU Directive 94/95 EC. Aker ASA European Works Council has been expanded to include employee representatives from Aker Solutions Brazil to achieve a more global council. The main purpose of the agreement is to ensure and develop a forum for communication, consultation and information between management and employee representatives. Aker Solutions also established an Employee Consultative Forum covering all Aker Solutions' companies in the UK, and held elections of employees' representative.



## Aker Solutions is strongly committed to equal opportunities and works to increase the number of local people in its management teams

insights. We are committed to equal opportunity and non-discrimination, as described in the company's code of conduct, personnel handbook and agreements with national and international trade unions.

The human resources organization is responsible for compliance with the people policy by setting specific requirements for diversity in recruitment and employee development, as well as supporting equal opportunity programs. Each business area and region is responsible for developing local procedures to promote equal opportunity and diversity, while ensuring compliance with local legislation.

Equal opportunity for men and women is a fundamental principle at Aker Solutions. Male-dominated industries, including the oil and gas sector, provide challenges for equal gender opportunity. Women accounted for 20 percent of Aker Solutions' own employees by the end of 2014 and about 22 percent of managers were female. Aker Solutions fulfills the requirements of the Norwegian Company Act for gender representation on the board of directors. Two of five shareholder-elected directors are women. One of three employee representatives is a woman. The corporate management group had one female member as of December 31, 2014.

Aker Solutions is strongly committed to equal opportunity and works to increase the number of local people in its management teams. This is mandatory in some places under local content and local participation regulations aimed at promoting job creation for residents.

### Turnover and Exit Process

Aker Solutions has a structured exit process that aims to ensure that departing employees can leave with dignity and a positive view of the company. Structured exit interviews are conducted, compiled and analyzed to help understand why people choose to leave. This

serves as a strategic tool to reduce employee turnover globally. The global workforce turnover averaged 6.2 percent in 2014. The human resources department ensures that downsizing and cutbacks are conducted in accordance with local legislation and with appropriate help from the company for affected employees. The notice period ranges from one to 24 weeks depending on length of service.

### Employee Representation

Good industrial relations are an important part of our history and culture. We encourage employee representation in our business units worldwide. This is also part of our commitment to human and labor rights. Employees have the right to be heard, represented and to form and join trade unions of their own choice. Employee representatives provide employees with influence and lines of communication through participation in working committees, on the board of directors and in operational improvement and organizational change projects.

Aker Solutions is committed to the global framework agreement for the development of good working relations, an agreement between Aker ASA and the Norwegian United Federation of Trade Unions, Tekna, the Norwegian Society of Engineers and Technologists (NITO) and IndustriALL Global Union trade unions.

### HR Function Targets and Initiatives

- Be preferred employer for top performers in oil and gas industry globally through integrated talent management process that crosses borders and business areas
- Continue to focus on robust governance and leading practices and infrastructure to improve HR operations across business areas globally
- Complete successful global shift in workforce from the West to a skilled workers in

emerging markets

- Achieve globally connected workforce that is seamlessly sourced, developed and managed
- Deliver operational excellence through high-quality execution, synergy realization, cost effectiveness, cost savings and standardization

### HEALTH, SAFETY AND WORKING ENVIRONMENT

Safety is at the core of our operations. We often work in challenging conditions, and it is essential that we do everything possible to ensure the safety of our employees, customers, subcontractors, consultants and other parties.

### Zero Incident Mindset

Aker Solutions strives for zero incidents. Our Health, Safety and Environment (HSE) operating system is essential in ensuring that management and business areas continuously focus on HSE performance.

Our global Just Care program was established in 2005 to underscore the responsibility of every employee in protecting health and safety. In our industry, certain types of work can account for many of the serious incidents. As a result, Aker Solutions launched Just Rules, a mandatory program for all employees that focuses on safety, preventing injuries and saving lives. In 2014, the Just Rules were revised to include two new rules for pressure testing and use of tools to reflect a shift toward workshop-based projects from traditional shipyard and construction work. Following this update, the Just Rules scheme was revitalized globally through training, awareness campaigns, inspections and compliance checks.

Important elements for building the zero incident mindset include the mandatory

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## Creating HSE Mindset in Brunei

AKER SOLUTIONS took over management of the Offshore Reliability, Maintenance & Construction (ORMC) project in Brunei in 2013/14. The challenge was to ensure full integration of the Aker Solutions zero incident mindset in an organization made up of subcontractors with no offshore experience, a different language and culture, and with a 50 percent local workforce in the first

year of operation. Hard work, determination and a tailored safety plan resulted in great HSE results of a lost time injury frequency of 0.6 and a total recordable incident of 1.7 in 3 million exposure hours. The project is now aiming at zero injuries in 2015. The ORMC project also won the Aker Solutions Just Care Safety award for dedication and performance.



► HSE Leadership Program courses over two half days for selected top managers to focus on the link between HSE and business results. Course content is updated at five-year intervals, and the program ensures that managers pay adequate attention to Just Care and HSE initiatives and include them in business decisions. As of January 2015, we were nearing the goal of training 2,000 managers set in 2012. The program will continue in 2015 and then be arranged as needed.

We have also implemented HSE training for employees, including mandatory e-learning programs for all employees plus short, “quick hit” lessons called Nano-learning. HSE training programs at various production sites are tailored to suit local operations.

### Safety Performance

One of our employees suffered a permanent disability injury in 2014, with a fingertip severed by rotating machinery. Other 2014 incidents involved on- and offshore slips, trips and falls and injuries while operating hand tools and equipment. A subcontracted driver was assaulted, robbed and stabbed in Luanda, Angola, while on duty with an Aker Solutions vehicle. The driver suffered lacerations. We carefully study each incident so we can learn to avoid similar mishaps.

In 2014, the Lost Time Injury Frequency (LTIF) was 0.3, the same level as in 2013. The Total Recordable Injury Frequency (TRIF) score of 1.2 was better than our goal of under 1.3. We always work for a ‘best year ever’ injury record with the ultimate goal of zero incidents per year.

In recent years, we have witnessed a shift from life-threatening or disabling injuries to more minor ones. In 2014, most lost time injuries were minor bone fractures of the hands or feet, twisted ankles and smaller cuts, suggesting progress toward our zero-injury goal. We pay close attention to near misses and high-risk observations.

In 2011, the number of near misses and risk observations registered fell to an all-time low, leading us to suspect underreporting. Consequently, in 2012, we had a campaign for the registration of near misses and risky situations, resulting in an increase in incidents reported over the past two years. Knowing about and learning from incidents and near misses help us avoid them in the future.

In early 2014, we noted a trend of near-miss incidents involving forklifts, and launched a corporate awareness campaign for forklift operators. Business units followed up with site-specific training and increased focus on forklift safety. The effectiveness of the campaign will be evaluated during 2015.

	2014	2013
Lost Time Incident Frequency (LTIF) including subcontractors	0.3	0.3
Total Recordable Incident Frequency (TRIF) including subcontractors	1.2	1.3
Fatalities, including subcontractors	-	-
Sick leave rate (%)	2.6	2.5

### Knowledge Sharing and Monitoring

We took several steps in 2014 to help share knowledge within the company. We revised the Health, Safety and Environment intranet site and released a new version of the Just Care interactive e-learning course that includes security training in addition to traditional topics. HSE information is also shared through online libraries, e-learning courses and incident registrations in the company's Synergi database. In addition, we set up an interactive HSE community on Arena, our internal webpage, as a global discussion and networking forum for HSE professionals and others. The community also shares knowl-

edge through blogs and document folders.

Aker Solutions monitors leading and lagging HSE indicators with a key performance indicator (KPI) dashboard. Management teams often use this barometer internally and externally as a quick and easy-to-understand overview of HSE performance. Management teams also do annual self-assessments for all business units and larger projects, and are required to present a plan to address any shortcomings.

### Security and Emergency Preparedness

Aker Solutions continuously seeks to improve strategic and operational security by adapting to a more complex global security environment and increasing demands from customers. Protecting employees, clients and assets with optimized processes for identifying, analyzing and mitigating potential threats remains in the highest focus for Aker Solutions. In depth security risk assessments also help us address and adapt to the international Voluntary Principles on Security and Human Rights, first set up by extraction companies, governments and NGOs in 2000.

Aker Solutions in 2014 worked to raise the level of emergency preparedness through improvement of plans, systems and extensive training. No incidents requiring a mobilization of the emergency resources occurred in the year. All minor incidents are registered and evaluated, and the knowledge gained is shared inside and outside the company. Testing safety and security preparedness through minor incidents and exercises is an important learning tool for the company, and, like training and development, will remain in focus in 2015.

### From Sick Leave to Wellness

The company's commitment to its employees' health and wellbeing goes beyond preventing illness and injuries. The company seeks to provide an environment that encourages a

### LOST TIME INCIDENT FREQUENCY

0.3

2013: 0.3

### TOTAL RECORDABLE INCIDENT FREQUENCY

1.2

2013: 1.3

healthy lifestyle, and thus reducing the risk of staff having to go on sick leave. The Aker Active program last year rolled out “The Challenge,” in which employees are encouraged to push each other toward more exercise, healthy nutrition and stress management.

Sick leave in Aker Solutions went up to 2.6 percent of total working hours in 2014 from 2.5 percent in 2013.

### Travel Risk Assessment

Visiting places with poor sanitation and unfamiliar microorganisms can increase the risk of contracting a disease or worsening an existing health problem. To reduce the chance of either problem, the corporate HSE team last year revised the Travel Risk Assessment form to include basic questions on health prior to journeys to areas that the company International SOS defines as high or extreme medical risk.

### 2015 Targets and Initiatives

- Achieve best health and safety performance ever with no fatalities, a lost time incident frequency less than 0.3, a total recordable incident frequency less than 1.2 and a sick leave rate below 2.6 percent
- Implementation of an HSE strategy for 2015-2017, including long-term goals for health, safety, security, emergency response, and environment
- Implementation of internal project to improve such things as internal procedures, standards and tools, further develop ‘Fit for Travel’ medical assessments, agree on a common corporate audit program, and deliver a monitoring and mitigation program for site security risks

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## Managing the Ebola Virus

AKER SOLUTIONS responded quickly to the Ebola outbreak in West Africa by setting up a corporate HSE task force to help protect employees and operations in high-risk areas by drawing on information from the World Health Organization and International SOS. Emergency plans were drafted and weekly updates were sent to the appropriate managers. The team also established travel restrictions and drew up practical disease prevention guidelines for local staff and visitors. The swift and concerted action has so far helped keep all employees safe, while avoiding any shutdown of operations in West Africa.

### PARENTAL LEAVE PERMANENT EMPLOYEES

	Female	Male	Total
<b>Norway</b>			
Employees taking parental leave in 2013	123	226	<b>349</b>
% still employed in Aker Solutions 12 months after parental leave ended	89.4%	86.3%	<b>87.4%</b>
<b>UK</b>			
Employees taking parental leave in 2013	32	30	<b>62</b>
% still employed in Aker Solutions 12 months after parental leave ended	81.3%	90.0%	<b>85.5%</b>
<b>Malaysia</b>			
Employees taking parental leave in 2013	37	96	<b>133</b>
% still employed in Aker Solutions 12 months after parental leave ended	91.9%	83.3%	<b>85.7%</b>
<b>India</b>			
Employees taking parental leave in 2013	70	347	<b>417</b>
% still employed in Aker Solutions 12 months after parental leave ended	80.0%	81.3%	<b>81.1%</b>

### KEY STAFF FIGURES<sup>1</sup>

	2014	2013
Total staff	20,974	19,851
Permanent employees, Office <sup>2</sup>	12,218	12,067
Permanent employees Non-Office <sup>2</sup>	4,476	3,901
Temporary employees	4,280	3,883
Permanent employees, Global <sup>2</sup>	16,694	15,968
North America	923	868
Brazil	1,485	1,259
Africa	157	139
Asia Pacific	3,595	3,425
Europe (ex-Norway and UK)	127	104
UK	2,216	1,816
Norway	8,191	8,357
Part-time permanent employees (UK)	1.4%	1.9%
Part-time permanent employees (Norway)	0.9%	1.0%
<b>Age groups permanent employees</b>		
<30	22.6%	23.3%
30-50	57.8%	57.3%
>50	19.6%	19.4%
<b>Recruited</b>		
Permanent employees, Office <sup>3</sup>	1,464	2,261
Permanent employees, Non-Office <sup>3</sup>	517	646
<b>Age groups recruited<sup>3</sup></b>		
<30	41.5%	39.2%
30-50	52.4%	53.0%
>50	6.1%	7.5%
Turnover	6.2%	Incomparable due to split
<b>Gender Distribution % female</b>		
Permanent employees, Office <sup>2</sup>	26.6%	27.0%
Permanent employees, Non-Office <sup>2</sup>	3.2%	3.4%

<sup>1</sup> The figures in this table are estimated to reflect Aker Solutions and exclude numbers from Akastor.  
<sup>2</sup> Permanent and temporary employees on our payroll (judicially employed)  
<sup>3</sup> Permanent employees

## Healthcare Initiative

AKER CARE is a health initiative for our permanent employees that started in 2012 and is now staffed and equipped for a level of health care that we aim to make the best and most unique in the Norwegian oil and gas sector. The first health center at company headquarters at Fornebu was followed with on-site centers in Trondheim, Bergen, Stavanger, and in Egersund (under construction). There will be satellite offices at facilities at Ågotnes, Tranby and Moss, which, along with some smaller sites, will have regular visits from healthcare personnel.



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The leaner, more focused Aker Solutions is designed to boost the company's competitiveness, creating more value for customers and shareholders

ØYVIND ERIKSEN, CHAIRMAN



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## Board of Directors

Aker Solutions' board has eight directors. Five are elected by shareholders and three by employees



**ØYVIND ERIKSEN**  
Chairman

Øyvind Eriksen is president and chief executive officer of Aker ASA, which controls 34.1 percent of Aker Solutions' shares. The Norwegian has a law degree from the University of Oslo and is director/chairman of the Oslo-based law firm BA-HR. While Eriksen at the end of 2014 held no shares or stock options in Aker Solutions directly, he had an ownership interest through his holding of 100,000 shares in Aker ASA and 0.2 percent of the shares in TRG Holding AS through a privately-owned company. Term: 2014-16.



**ANNE DRINKWATER**  
Director

Anne Drinkwater had a leadership career with BP before stepping down in 2012 from her final post as managing director of the company's Norway unit. The Briton has a B.Sc. degree in applied mathematics and statistics from Brunel University, London. Drinkwater held 3,500 shares in Aker Solutions and had no stock options at the end of 2014. Term: 2014-2016.



**KJELL INGE RØKKE**  
Director

Kjell Inge Røkke, Aker ASA's main owner, launched his business career with the purchase of a trawler in the U.S. in 1982 and gradually built a leading worldwide fisheries business. The Norwegian became Aker's largest shareholder in 1996. At the end of 2014, Røkke held 67.8 percent in Aker ASA through his investment company TRG AS and its subsidiaries, which he co-owns with his wife, Anne Grete Eidsvig. Term: 2014-2016



**KOOSUM KALYAN**  
Director

Koosum Kalyan worked for Shell as a senior business development manager for Africa from 2000-2008. The South African has a law and economics degrees from the University of Durban. She has completed the Senior Executive Management Program at the London Business School and worked in the mining and electricity sectors. Kalyan held no shares in Aker Solutions at the end of 2014. Term: 2014-16.



**STUART FERGUSON**  
Director

Stuart Ferguson is a consultant with Flux Oilfield Technology Ltd., which assists oil-services companies. The Briton has a B.Sc. in chemical engineering from the University of Birmingham. He has held leadership posts in Weatherford International Inc., including as chief technology officer and senior vice president. Ferguson held no shares in Aker Solutions at the end of 2014. Term: 2014-2016.



**ATLE TEIGLAND**  
Director

Atle Teigland is a full-time Aker Solutions union representative who was first elected to the board by fellow employees in 2004. The Norwegian is a certified electrician and joined the company in 1978. He has also served on the boards of Aker and Aker RGI. Teigland owned 5,608 shares in Aker Solutions and had no stock options at the end of 2014. Term: 2014-2017.



**ÅSMUND KNUTSEN**  
Director

Åsmund Knutsen was elected to the board by company employees in 2004. The Norwegian has a Master's degree in hydrodynamics from the University of Oslo and has worked for the company since 1991. He is a full-time union representative for the company's office workers. Knutsen owned 6,408 shares in Aker Solutions and had no stock options at the end of 2014. Term: 2014-2017.



**HILDE KARLSEN**  
Director

Hilde Karlsen was elected to the board by company employees in 2011. The Norwegian has a B.Sc. in mechanical engineering from Norway's Narvik University College and has worked at Aker Solutions since 1992. She owned 3,643 shares in Aker Solutions and had no stock options at the end of 2014. Term: 2014-2017.

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# Board of Directors' Report

Aker Solutions was split in two in September 2014 to reduce complexity, realize synergies and bring down costs.

## OVERVIEW

Aker Solutions is a global provider of products, systems and services to the oil and gas industry. Its engineering, design and technology bring discoveries into production and maximize recovery. The company seeks to be the preferred partner for upstream oil and gas solutions.

The portfolio of oilfield products, systems and services ranges from concept studies and front-end engineering to subsea production systems and other solutions to extend the life of petroleum fields. The main customers are international, national and independent oil and gas companies worldwide. Aker Solutions employed about 17,000 people in 22 countries at the end of 2014. The main office is in Fornebu outside Oslo in Norway. The parent company, Aker Solutions ASA, is listed on the Oslo Stock Exchange.

## Strategy and Organizational Development

Aker Solutions was split in two in September 2014 to reduce complexity, realize synergies and bring down costs. The subsea, umbilicals, engineering and maintenance, modifications and operations (MMO) units were spun off to create a new company using the Aker Solutions name. The remaining units formed the oil-services investment company Akastor.

Aker Solutions emerged from the split a leaner, more focused company with two business segments: Subsea, including the subsea and umbilicals units, and Field Design, comprising the engineering and maintenance, modifications and operations (MMO) areas. The corporate center was also streamlined and responsibility for operational functions such as supply chain management and technology were moved to the business areas to

better utilize their expertise across the company, eradicate duplication and strengthen processes.

The company is well placed to capture growth in key deepwater and subsea markets through its leading technology and offshore field design capabilities. It seeks to develop cost-effective solutions that create value for its customers, while taking advantage of its narrower business scope to achieve greater operational and commercial synergies that will boost profitability and shareholder returns. Aker Solutions has an experienced management team committed to operational excellence.

Growth prospects in the global oilfield services industry grew more uncertain last year as oil companies scaled back spending and delayed projects amid concern over capital and the steep oil price drop in the second half of the year. This was particularly evident in the Norwegian MMO market, where activity declined considerably. Aker Solutions adjusted its workforce capacity to the situation. It intensified efforts to reduce costs in all parts of the company. This included cost-savings programs in all business areas and functions, as well as the pursuit of deeper synergies across the group. The company also renegotiated terms with suppliers and contractors to adapt to changing market conditions. It continued a major push to improve quality in execution and initiated a program to test work methods and processes at key projects and develop new best practices.

Aker Solutions' finances are sound and allow for further investments in technology and manufacturing capacity to support organic growth. The company has an asset-light business model and targets high returns on capital employed to secure strong cash generation.

Industry cyclicality shall partly be offset by framework contracts with key customers, service revenue and a large brownfield and greenfield project backlog.

Aker Solutions strives to achieve the highest levels of safety, reliability and performance. Employees are encouraged to live by the company's values of having a health, safety and environment (HSE) mindset, customer drive, open and direct dialogue, hands-on management, quality results and to focus on people and teams.

## Customer Focus

Aker Solutions' customer base is more homogenous following the demerger and consists mainly of international, national and independent oil and gas companies. This enables a more coordinated and systemic approach to customers. The company in 2014 rolled out a new framework for customer engagement where key account managers across the business work together to form proactive, targeted strategies aimed at capitalizing on opportunities and strengthening customer relationships. The company also works closely with its suppliers to meet customer needs. Some field design deliveries are made in collaboration with engineering, procurement and construction (EPC) contractors, fabrication companies and yards. The company also works with floating production, storage and offloading (FPSO) contractors and offshore installation companies.

## Where We Operate

Aker Solutions' regional matrix organization and global customer approach provide a solid foundation for understanding and engaging with customers and for offering products, services and technologies based on client needs.

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The company's single-largest regional market is the North Sea where Aker Solutions has a strong footprint in Norway and the UK. Key project wins last year in Brazil and Sub-Saharan Africa put the company in a strong position for further international growth. About two-thirds of the order backlog at the end of the year was from projects to be delivered outside Norway, with Africa constituting the largest share at 37 percent, compared with 30 percent for Norway. Half of the company's revenue was generated outside its home market, up from about 40 percent in 2013. This share is expected to increase as the company moves forward with a target set five years ago to have 60 percent of its revenue from orders delivered outside Norway in 2015.

In Asia Pacific, Aker Solutions operates in countries such as Malaysia, Brunei, India and Australia. Customers in this region include South Korean yards that build deepwater production facilities for international markets. In Sub-Saharan Africa, the company has operations in Angola, Congo-Brazzaville and Nigeria. It also has a strong presence in Brazil where Aker Solutions is building a new subsea facility in Curitiba. North America remains important because of petroleum activity in the deepwater Gulf of Mexico and the region's position as a hub for large international exploration and production companies.

**Market Outlook**

Demand for Aker Solutions' technology, products and services is driven by continued global growth in oil and gas used for transportation, energy production and industrial operations. The company operates mainly in the industry's offshore, upstream segment, and the long-term market prospects are deemed to be good. Declining reserves and lower petroleum production in many parts of the world are

also expected to generate an ongoing need for investments in new developments and technology to increase recovery from existing fields. Fluctuations in petroleum prices typically influence companies' decisions to invest in new developments, upgrade existing facilities and improve recovery from producing fields. A 50 percent decline in oil prices in the second half of 2014 and concerns about capital constraints among oil companies increased uncertainty about the shorter-term outlook. The underlying, long-term outlook for offshore and deepwater developments remains positive and Aker Solutions is primed to benefit from a shift toward more complex offshore reservoir production.

**Corporate Responsibility**

Corporate responsibility at Aker Solutions is about making good and sustainable business decisions that add value to the company, its stakeholders and society. The company seeks to increase the positive effects and reduce potential negative consequences of its operations. Aker Solutions is a member of the UN Global Compact and is committed to its ten principles. It also adheres to the Global Framework Agreement (GFA) between Aker ASA and the trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna, which outlines key responsibilities related to human and trade union rights. Aker Solutions reports and communicates on corporate responsibility based on recommendations from the Global Reporting Initiative (GRI).

**Corporate Governance**

Corporate governance is a framework of values, responsibilities and governing documents to control the business and ensure sustainable value creation over time. The board of directors is responsible for ensuring Aker Solutions has sound corporate gov-

ernance. The audit committee supports the board in ensuring the company has internal procedures and systems in place for effective corporate governance processes. Aker Solutions' corporate governance principles are based on the Norwegian Code of Practice for Corporate Governance and are available on akersolutions.com/corporate-governance

**Ethical and Political Risks**

Aker Solutions could become involved in unethical behavior, either directly or through third parties or partners, or involved in countries where international sanction regimes are in place. Such ethical and political risks are managed through regular country analyses, mandatory awareness training, compliance reviews and regular integrity due diligence.

**FINANCIAL PERFORMANCE**

Aker Solutions presents its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts relate to the consolidated financial statements for the group, unless otherwise stated. The parent company has limited operations.

Aker Solutions' separation into two companies was registered with the Norwegian Registry of Business Enterprise on September 26, 2014. All figures in this report are presented as if the demerger had occurred at the start of the earliest reported period.

**Financial Results of the Group**

Consolidated revenue rose 14 percent to NOK 33 billion in 2014 from a year earlier. Earnings before interest and taxes (EBIT) increased to NOK 2 billion from NOK 1.6 billion a year earlier. Earnings in 2014 were impacted by demerger costs of NOK 90 million, increased capacity costs in the Norwegian MMO busi-

ness and NOK 74 million in write-downs of equipment, property and technology.

Net financial expenses rose to NOK 194 million in 2014 from NOK 4 million the previous year.

Aker Solutions hedges currency risks for all significant project exposure. While this provides a full currency hedge, about 20 percent of the hedged exposure does not meet the requirements for hedge accounting specified in IFRS. Value fluctuations in the associated hedging instruments are recognized at fair value under financial items in the income statement. In 2014, these effects appeared as an accounting gain of NOK 51 million versus NOK 180 million the year before.

Pretax profit climbed to NOK 1.8 billion in 2014 from NOK 1.6 billion in 2013. Tax expenses rose to NOK 516 million in 2014 from NOK 397 million a year earlier, corresponding to an effective tax rate of 28.4 percent and 25.1 percent, respectively, for each year. The increase was caused by increased profits in countries with higher tax rates and more withholding of tax. Net profit for the year ended at NOK 1.3 billion, compared with NOK 1.2 billion the previous year. Earnings per share were NOK 4.71 in 2014, compared with NOK 4.31 a year earlier.

The board proposes a dividend of NOK 1.45 a share for 2014, in line with the policy to pay between 30 percent and 50 percent of net profit as a dividend.

**Financial Results of the Subsea Business Segment**

(includes Subsea and Umbilicals)

Amounts in NOK mill	<b>2014</b>	2013
Operating revenue	<b>19,293</b>	15,703
EBITDA	<b>2,058</b>	1,316
EBITDA margin	<b>10.7%</b>	8.4%
EBIT	<b>1,536</b>	931
EBIT margin	<b>8.0%</b>	5.9%
NCOA	<b>(332)</b>	311
Net capital employed	<b>3,989</b>	4,038
Order intake	<b>27,306</b>	28,691
Order backlog	<b>33,702</b>	23,584
Employees	<b>8,103</b>	7,336

**SUBSEA EX UMBILICALS**

Operating revenue	<b>16,864</b>	13,670
EBITDA	<b>1,790</b>	1,317
EBITDA margin	<b>10.6%</b>	9.6%
EBIT	<b>1,339</b>	982
EBIT margin	<b>7.9%</b>	7.2%
Order intake	<b>26,035</b>	25,648
Order backlog	<b>32,472</b>	21,399

**UMBILICALS**

Operating revenue	<b>2,437</b>	2,036
EBITDA	<b>268</b>	(2)
EBITDA margin	<b>11.0%</b>	(0.1%)
EBIT	<b>196</b>	(51)
EBIT margin	<b>8.1%</b>	(2.5%)
Order intake	<b>1,290</b>	3,045
Order backlog	<b>1,234</b>	2,185

The subsea business delivers technologies, products and services to increase production and cost-effectively enhance the life of fields for customers globally. The business develops concepts and designs for field developments, manufactures and installs products including subsea production systems, umbilicals and power cable systems, and provides operational support and maintenance through the life of a field. The subsea reporting segment consists of the subsea and umbilicals units.

Revenue in the subsea segment, including umbilicals, rose 23 percent in 2014 to NOK 19.3 billion from a year earlier. Growth was driven by progress on major subsea projects and high activity at the U.S. umbilicals plant. The EBIT margin increased to 8 percent from 5.9 percent a year earlier, helped by improved execution in the umbilicals unit. While tendering was robust, the order intake dropped 5 percent in the year to NOK 27.3 billion as oil companies delayed awarding some large umbilicals contracts. This decline was somewhat offset by key subsea contract wins, including a NOK 14 billion order for a subsea production system for the Kaombo development in Angola and a contract of more than USD 300 million to supply subsea manifolds in Brazil. The order backlog was NOK 33.7 billion at the end of the year, up from NOK 23.6 billion twelve months earlier.

Subsea sales, excluding umbilicals, rose 23 percent to a record NOK 16.9 billion in 2014 from the previous year, boosted by progress on key projects and robust service activity in all regions. The EBIT margin was 7.9 percent, compared with 7.2 percent the year before. The order intake rose to a record NOK 26 billion from NOK 25.6 billion a year earlier. This gave a backlog of NOK 32.4 billion at

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the end of the year, compared with NOK 21.4 billion a year earlier.

The umbilical unit's revenue increased 20 percent to NOK 2.4 billion in 2014 from a year earlier, helped by progress on projects in the U.S. The EBIT margin improved to 8.1 percent in the period from a negative 2.5 percent a year earlier because of stronger project execution and higher utilization levels at the plants in the U.S. and Norway. The order intake decreased to NOK 1.3 billion in 2014 from NOK 3 billion a year earlier as project awards were delayed. This led to a backlog of NOK 1.2 billion at the end of 2014, compared with NOK 2.2 billion twelve months earlier.

**Financial Results of the Field Design Business Segment**

(includes Engineering and MMO)

Amounts in NOK mill	<b>2014</b>	2013
Operating revenue	<b>13,710</b>	12,502
EBITDA	<b>868</b>	959
EBITDA margin	<b>6.3%</b>	7.7%
EBIT	<b>725</b>	855
EBIT margin	<b>5.3%</b>	6.8%
NCOA	<b>71</b>	(304)
Net capital employed	<b>11</b>	(214)
Order intake	<b>9,899</b>	15,982
Order backlog	<b>14,609</b>	17,530
Employees	<b>8,380</b>	8,483

**MMO**

Operating revenue	<b>10,005</b>	9,671
EBITDA	<b>401</b>	686
EBITDA margin	<b>4.0%</b>	7.1%

EBIT	<b>341</b>	625
EBIT margin	<b>3.4%</b>	6.5%
Order intake	<b>6,953</b>	12,079
Order backlog	<b>12,684</b>	14,939

**ENGINEERING**

Operating revenue	<b>3,899</b>	3,002
EBITDA	<b>467</b>	273
EBITDA margin	<b>12.0%</b>	9.1%
EBIT	<b>384</b>	229
EBIT margin	<b>9.9%</b>	7.6%
Order intake	<b>3,137</b>	4,072
Order backlog	<b>1,982</b>	2,643

Field Design provides services, products and technologies for petroleum field developments, including engineering, project management, fabrication and offshore construction services. The reporting segment is comprised of the engineering and maintenance, modifications and operations (MMO) areas.

Field Design revenue increased 10 percent to NOK 13.7 billion in 2014 from a year earlier as demand for engineering services rose and key projects progressed in Norway, India and Malaysia. The EBIT margin in the same period decreased to 5.3 percent from 6.8 percent as improved engineering margins were tempered by challenges in the Norwegian MMO market. The order intake was NOK 9.9 billion, down from NOK 16 billion a year earlier. This brought the backlog to NOK 14.6 billion at the end of 2014, compared with NOK 17.5 billion in 2013.

MMO's revenue increased 3.5 percent from a year earlier to NOK 10 billion in 2014. The EBIT margin in the same period narrowed to

3.4 percent from 6.5 percent as lower activity in the Norwegian market caused overcapacity. Aker Solutions in the second half of the year adjusted the workforce to the market, reducing capacity costs. MMO's order intake declined to NOK 7 billion in 2014 from NOK 12 billion a year earlier. The backlog was NOK 12.7 billion at the end of the year, compared with NOK 14.9 billion the year before.

While activity levels slumped in the Norwegian MMO market, the business experienced robust demand for its services outside Norway in countries including Canada, Brunei and the UK. The share of revenue from outside Norway constituted about a third of overall MMO sales at the end of 2014, up from 18 percent a year earlier. The unit won key orders in 2014 including a hook-up and commissioning contract in December from DSME for the UK Mariner project, as well as a five-year maintenance and modifications accord in June from Statoil for the same development.

Sales in the engineering area rose 30 percent from a year earlier to NOK 3.9 billion in 2014 as key projects progressed. The EBIT margin increased to 9.9 percent from 7.6 percent the year before, mainly driven by higher capacity utilization as the company assembled one of its biggest-ever engineering teams to deliver the front-end engineering and design (FEED) work for the Johan Sverdrup development in Norway. The order intake was NOK 3.1 billion in 2014, compared with NOK 4.1 billion a year earlier. This brought the backlog to NOK 2 billion at the end of the year, compared with NOK 2.6 billion 12 months earlier. The backlog does not reflect the five-year engineering, procurement and management assistance (EPMA) contract Aker Solutions won in January 2015 for the Johan Sverdrup

project. The accord is part of a framework agreement signed in December 2013 for Aker Solutions to provide EPMA services for as many as 10 years at the development. It came after Statoil, the field's operator, exercised an option.

**Parent Company Results and Proposed Dividend**

Aker Solutions ASA is the parent company of the Aker Solutions group. Its business is the ownership and management of the group's subsidiaries. Aker Solutions ASA has outsourced all company functions to Aker Solutions Holding AS and other companies in the group. Assets and liabilities related to the corporate treasury function are held by Aker Solutions ASA. Aker Solutions ASA had a net loss of NOK 95 million in 2014.

Aker Solutions' policy is to pay shareholders between 30 and 50 percent of consolidated net profit as an annual dividend in cash or share buybacks or a combination of both. The board has proposed an ordinary dividend of NOK 1.45 a share for 2014, amounting to 30 percent of net profit. More information on the allocation of profits can be found in Aker Solutions ASA's financial statements.

**Cashflow for the Group**

Consolidated cashflow from operating activities depends on several factors, including project progress and delivery, changes in working capital and prepayments from customers. Net cashflow from operating activities was NOK 2.6 billion in 2014, the same as a year earlier. While cashflow may fluctuate considerably due to large milestone and advance payments, this is normally evened out over a project's lifetime.

Aker Solutions made investments worth NOK

1.4 billion in 2014, down from NOK 2.1 billion a year earlier. Investments in properties and equipment amounted to NOK 816 million, compared with NOK 996 million a year earlier. Investments in technology development were NOK 555 million, compared with NOK 498 million a year earlier. The investments were mainly driven by subsea expansion projects in Brazil and Norway as well as subsea-related technology development projects. Financing activities led to spending of NOK 2.8 billion in 2014, including a demerger consideration of NOK 3 billion. This compares with a net cash inflow of NOK 723 million the year before.

**FINANCIAL POSITION****Assets, Equity and Liability**

Non-current assets totaled NOK 9.8 billion at the end of 2014, compared with NOK 8.6 billion a year earlier. Of this, goodwill and other intangible assets amounted to NOK 5.8 billion versus NOK 5 billion the year before. Borrowings were NOK 3.8 billion at the end of 2014, compared with NOK 3.6 billion a year earlier. Borrowings include bond loans in the Norwegian market, local financing in Brazil and some smaller loan facilities between group subsidiaries and local banks. The liquidity reserves were solid at the end of the year with cash and bank deposits of NOK 3.3 billion, compared with NOK 4.5 a year earlier. Undrawn and committed long-term revolving bank credit facilities were NOK 4 billion, giving a total liquidity buffer of NOK 7.3 billion. Capital adequacy and liquidity were deemed solid at the end of 2014, putting the company in a good position to meet challenges and opportunities over the next years.

The book value of equity including non-controlling interests was NOK 5.9 billion at the end of 2014, compared with NOK 6.4

billion a year earlier. The company's equity ratio was 21.5 percent of the total balance sheet at the end of 2014, down from 24.6 percent 12 months earlier.

**Financial Risks**

The objective of financial risk management is to manage and control financial risk exposures to increase predictability of earnings and minimize potential adverse effects on the group's financial performance. Financial risk management and exposure are described in detail in [note 24](#). The main financial risks are outlined below:

- **Currency risk:** Aker Solutions has international operations and is exposed to currency fluctuations in a competitive market. Signed contracts are hedged in the external market and more than 80 percent of project-related currency risk exposure either qualifies for hedge accounting or is presented separately as embedded derivatives and therefore includes an economic hedge.
- **Liquidity risk:** The corporate treasury department, acting as the company's internal bank, ensures sufficient liquidity by maintaining availability under committed credit facilities with a number of Nordic and international banks. The company monitors rolling weekly and monthly forecasts of the group's liquidity reserve based on expected cashflows.
- **Interest rate risk:** The group's interest rate risk stems from external borrowings issued at variable rates.
- **Credit risk:** The credit risk related to customers' ability to pay is assessed in the bid phase.

**Going Concern**

Based on Aker Solutions' financial results and position, the board affirms that the

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annual accounts for 2014 were prepared on the assumption that the company is a going concern.

**RESEARCH, INNOVATION AND TECHNOLOGY DEVELOPMENT**

Aker Solutions emerged from the company split in 2014 as a more streamlined business building on its strengths in the subsea and field design areas. This narrower focus is underpinned by a stronger and more concentrated push in research, innovation and technology development, which is key to securing future profitable growth and market leadership.

The company seeks to use its know-how and technology to create value for its customers as the industry faces growing challenges from declining production at maturing fields, increasingly complex reservoirs, escalating costs and stricter regulation. As the age of so-called easy oil recovery draws to a close, there is growing interest in new concepts, technologies and products that address these challenges.

Aker Solutions is well suited to meet these challenges through its deepwater, subsea and harsh environment technology. The company's research and development (R&D) investments have shifted from a focus on filling product gaps to developing cost-effective products, technologies and services needed to address the challenges the industry faces. As part of this strategy, Aker Solutions in 2014 formed an alliance with Baker Hughes to develop solutions that will boost output, increase recovery rates and reduce costs at subsea fields.

The company's R&D investments center on four areas. These are advanced subsea production products and solutions, includ-

ing technologies developed by the alliance with Baker Hughes, new generation subsea controls and automation systems, offshore greenfield developments and offshore brown-field modifications to increase oil recovery and extend the life of fields.

These priorities were reflected in 2014 R&D portfolio investments, which encompassed near-term project-driven product development, medium-term feasibility studies and market driven development, as well as investments in longer-term, higher-risk innovation. R&D portfolio investments involved more than 200 projects in 2014 and led to the filing of 34 patents. Total R&D expenditure was NOK 740 million, of which NOK 554 million was capitalized and NOK 185 million expensed.

Aker Solutions also encourages employees to develop ideas and concepts that ensure a steady stream of innovation for the technology development and qualification pipeline. The company in 2014 implemented a systematic approach to fostering such innovation and development. It also increased its involvement in university research aimed at developing new competence and products.

**HEALTH, SAFETY AND ENVIRONMENT**

Aker Solutions strives to prevent all unfavorable incidents and to safeguard the health, safety and environment (HSE) of its employees. The company continuously works to prevent incidents that could harm personnel, material or non-material assets through a company-wide system that sets the standard for key aspects of HSE management and leadership. Regular audits uncover possible shortcomings and mitigating measures are identified and initiated. The HSE system functions as a framework for cross-organizational

sharing and learning. The company's Just Care concept is a symbol for its HSE culture and efforts, and is based on a key idea launched in 2005 that HSE is the personal responsibility of each and every employee. Just Care will be developed further in 2015 to ensure safety remains a top priority.

**Safety**

Aker Solutions had 54 serious incidents in 2014, of which 14 caused personal injury or material damage, 26 were near misses and 15 were observed risks. The incidents largely stemmed from falling objects, lifting operations, mobile equipment, pressure testing and security situations. Several involved people working for subcontractors, resulting in a renewed effort by Aker Solutions to ensure that suppliers also adhere to and train personnel to follow safety procedures. Aker Solutions investigates all serious incidents and near misses to learn from these and improve.

The total recordable injury frequency (TRIF) per million working hours was 1.24 in 2014, down from 1.32 in 2013. The lost-time injury frequency (LTIF) per million working hours was 0.29 in 2014, compared with 0.28 the year before. The figures include Aker Solutions' subcontractors.

**Health and Working Environment**

Sick leave amounted to 2.6 percent of total working hours in 2014, compared with 2.5 percent the year before. Variations in national laws and practices make it difficult to directly compare sick-leave rates between countries in the Aker Solutions system. Rates for staff in Norway were low by national standards, but generally higher than for employees in other countries.

The company's health initiative Aker Care was expanded in 2014, providing employees in major locations in Norway easy access to a variety of "in-house" services from health personnel. Elements of the initiative will be brought to the global organization in 2015. Aker Care will also join forces with Aker Active to campaign for increased physical activity among all Aker Solutions' employees globally. Aker Active last year had several initiatives to motivate staff, mainly in Norway, to participate in more physical activity and training.

**Security**

Security is in constant focus and requires tireless development, in part to meet increasingly stringent demands from clients. A series of security risk assessments were conducted in 2014 as part of a program that will continue in 2015 until all business units have been reviewed.

**Emergency Preparedness**

The company works hard at emergency preparedness. In 2014, Aker Solutions had an active program of training and exercises in close cooperation with regional and national authorities in all the company's regions. While there were no major incidents last year, the company continued to study and learn from minor occurrences.

**Environment**

Aker Solutions' activities generally have a limited environmental impact and no significant, accidental emissions or discharges by the company were reported last year.

The company seeks to reduce its own direct impact on the environment. It also offers products, systems and services that help reduce customers' environmental footprint.

For example, Aker Solutions has developed a subsea control system that runs on electricity rather than hydraulic oil that could cause pollution if it leaked. In 2012, the company took over Aker Clean Carbon AS, a leading technology firm in carbon capture and sequestration and made it part of the existing engineering business unit.

The company's total energy consumption, based on recorded use of oil, gas and electricity, decreased to 113,339 megawatt hours (MWh) in 2014 from 134,404 MWh in 2013, while carbon dioxide emissions fell to 21,188 tons from 29,050 tons in 2013. These encouraging trends show that energy-saving efforts and new, more energy-effective facilities have been successful. Delivery of more energy-efficient products and services in 2014 compared to 2013 may also have contributed.

While the company continues to focus on waste reduction, annual amounts vary greatly because of large differences in projects from one year to the next. In 2014, the company recorded total waste materials of 26,636 tons, compared with 15,482 tons a year earlier.

Aker Solutions strives to make each year the 'best ever' in recycling, with a company-wide minimum of 80 percent. Last year, the company achieved a recycling factor of 94 percent, up from 86 percent the previous year and with all business areas exceeding 90 percent in 2014.

Aker Solutions uses HSE leadership development initiatives, e-Learning and management systems to encourage employees to focus on the environment. These efforts also inspire the organization to improve its own environmental profile and develop products that help customers do the same.

**PEOPLE AND TEAMS**

Aker Solutions' workforce totaled 16,694 own employees and 4,280 contract staff at the end of 2014. The company has two main categories of own employees, office and non-office workers. The first group accounted for 73 percent of the workforce and the second comprised 27 percent. Norway had the largest share of own employees at 49 percent, followed by about 22 percent in the Asia Pacific region, 14 percent in Europe, excluding Norway, 9 percent in Brazil, 5 percent in North America and 1 percent in Africa and the Middle East. Nearly four-fifths of the about 2,000 own employees recruited last year were outside Norway.

**Diversity**

Aker Solutions is committed to equal opportunity and non-discrimination, as described in the company's values, code of conduct, policies and agreements. The company in 2008 signed a global framework agreement with national and international trade unions that was renewed in 2013. As a signatory to this accord, Aker Solutions commits to ensuring equal opportunities and treatment of employees regardless of cultural origin, gender, religion, political conviction, nationality, sexual orientation, disability or other irrelevant factors.

The company's human resources department is responsible for safeguarding compliance with ethical standards, equal opportunities and non-discrimination. The company conducts yearly audits and reviews to ensure these standards are implemented throughout the organization. As an example, a human-resources audit of all Aker Solutions subsidiaries in India was conducted in 2014, with equality and diversity as important topics. This included control of the implementation of the

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country's sexual harassment act, which seeks to protect women from harassment in the workplace. Aker Solutions plans to conduct similar HR audits in other countries in 2015.

Equal opportunity for women and men is a fundamental principle. Women constituted 20 percent of the workforce at the end of 2014 and men represented 80 percent. The company promotes equal opportunities by setting specific requirements for diversity in recruitment and individual development and by supporting programs dedicated to equal opportunity.

About 22 percent of Aker Solutions' managers were women at the end of 2014. The company fulfills the legal requirements of the Norwegian Company Act for gender representation on the company's board of directors where two out of five shareholder-elected members are female and one of three employee-elected representatives is a woman. The executive management team had one female member as of December 31, 2014.

The company works to increase the number of local people in its management teams. This is also mandatory in some places under local content and local participation regulations aimed at promoting job creation for residents.

A framework for a global career model was rolled out in 2014 to help employees explore opportunities for future development at the company. The model describes and illustrates a professional and leader career track and aims to facilitate movement of people across departments and business areas. A set of learning and development programs to

support professional, leadership and project execution competence development were executed in 2014.

Workforce turnover averaged 6.2 percent in 2014. Aker Solutions provides competitive remuneration to attract, retain and support development of employees, including variable pay programs to reward company and individual performance among some groups of employees. Extensive welfare programs are common. Health, insurance, pension plans and other benefit programs are adjusted to comply with local requirements and practices.

The company last year held an annual program entitling eligible employees to buy Aker Solutions shares for as much as NOK 60,000 each at a 25 percent price reduction and a fixed discount of NOK 1,500. A group of senior managers were also entitled to buy shares for up to 25 percent of their base salaries at the reduced price. A total of 2,336 employees in eight countries took part in the 2014 program and bought shares for about NOK 95 million.

For information about the remuneration of senior executives, please see [note 29](#).

#### Performance Culture

Aker Solutions' remuneration policy specifies equal pay for equal work and emphasizes that good performance should be rewarded. Key factors in determining pay are the scope and level of responsibility, job requirements, level of expertise and commitment, results achieved and local pay levels.

Aker Solutions seeks to increase the correla-

tion between performance and pay. Objectives are set and performance is measured at team and individual levels and for behavior in keeping with the company's values, business ethics and financial results.

At least once a year, managers and employees evaluate the results achieved in the previous period as part of the global performance management process. The performance dialogue provides the basis for recognition, rewards and career opportunities and gives direction for potential individual performance improvements.

Performance-based pay is seen as an attractive part of the total remuneration to employees. Variable pay programs are in place for different types of positions. Annual variable pay is awarded to employees and managers based on the financial performance of the relevant business unit or project and the extent to which the employees adhere to the company's values. Variable pay for senior executives is earned over a three-year period with the main aim of encouraging a strong and sustainable performance-based culture that supports growth in shareholder value.

#### ACKNOWLEDGEMENTS

The board sincerely thanks the management and staff for their dedication in 2014. The company split that created the new Aker Solutions was an important step in further streamlining the business, strengthening operations and improving profitability. This is expected to boost Aker Solutions' competitiveness in a challenging market and create additional shareholder value.

Fornebu, March 12, 2015  
Board of Directors of Aker Solutions ASA

  
**Øyvind Eriksen**  
Chairman

  
**Kjell Inge Røkke**  
Director

  
**Anne Drinkwater**  
Director

  
**Koosum Kalyan**  
Director

  
**Stuart Ferguson**  
Director

  
**Atle Teigland**  
Director

  
**Åsmund Knutsen**  
Director

  
**Hilde Karlsen**  
Director

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From a strong financial position our focus now is to realize the full benefits of the demerger through reduced complexity, lower costs and deeper synergies across the business

**SVEIN STOKNES, CHIEF FINANCIAL OFFICER**



























































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Interest income from group companies	133
Interest expense to group companies	(91)
<b>Net interest group companies</b>	<b>42</b>
External interest income	5
External interest expense	(203)
<b>Net interest external</b>	<b>(198)</b>
Other financial expense	(1)
Foreign exchange loss	(247)
Foreign exchange gain	257
<b>Net other financial items</b>	<b>9</b>
<b>Net financial items</b>	<b>(146)</b>

## Note 4 Tax

Amounts in NOK million	2014
<b>CALCULATION OF TAXABLE INCOME</b>	
Loss before tax	(174)
Group contribution without tax	(119)
Change in timing differences	(6)
<b>Taxable income</b>	<b>(418)</b>
<b>POSITIVE AND (NEGATIVE) TIMING DIFFERENCES</b>	
Unrealized gain(loss) on forward exchange contracts	3
Interest rate swaps	(95)
<b>Basis for deferred tax</b>	<b>(92)</b>
Deferred tax in income statement	(1)
Deferred tax in equity	26
<b>Deferred tax asset</b>	<b>25</b>
<b>TAX (EXPENSE)/BENEFIT</b>	
Origination and reversal of temporary differences	79
<b>Total tax (expense)/benefit in income statement</b>	<b>79</b>

## Note 5 Investments in Group Companies

Amounts in NOK million	Registered office	Share capital	Number of shares held	Percentage owner-/ voting share	Book value
Aker Solutions Holding AS	Fornebu, Norway	3,240	30	100%	10,476
AKSO ESP AS	Fornebu, Norway	40	1	100%	200
<b>Total investments in subsidiaries</b>					<b>10,676</b>

### AKER SOLUTIONS HOLDING AS

In 2014 the share capital of Aker Solutions Holding AS was increased by NOK 2,496 million as an effect of the demerger from Akastor AS. The share capital was also increased by NOK 744 million to NOK 3,240 million by conversion of debt. Group contributions without tax effect from Aker Solutions Holding AS recognized as revenue from investments in subsidiaries amounted to NOK 119 million. Group contributions without tax effect from Aker Solutions Holding AS recognized as increase of investment in group companies amounted to NOK 381 million. Group contributions from Aker Solutions MMO AS recognized as increase of investment in Aker Solutions Holding AS amounted to NOK 223 million.

### AKSO ESP AS

In 2014 the share capital of AKSO ESP AS was increased by NOK 40 million by capital injection. The total capital injection amounted to NOK 200 million.

## Note 6 Other Non-Current Interest-Bearing Receivables

Amounts in NOK million	2014
Deposit Norsk Tillitsmann Pensjon AS	2
<b>Total other non-current interest-bearing receivables</b>	<b>2</b>

## Note 7 Shareholders' Equity

Amounts in NOK million	Share capital	Hedging reserve	Retained earnings	Total
Equity at date of inception May 23, 2014	1	-	-	1
Capital reduction	(1)	-	-	(1)
Separation from Akastor ASA (Aker Solutions ASA) September 26, 2014	294	(33)	3,934	4,195
Loss for the period	-	-	(95)	(95)
Proposed dividend	-	-	(394)	(394)
Cashflow hedge <sup>1</sup>	-	(36)	-	(36)
<b>Equity as of December 31, 2014</b>	<b>294</b>	<b>(69)</b>	<b>3,445</b>	<b>3,669</b>

<sup>1</sup>The value of interest swap agreements changing interest from floating to fixed interest is recognized directly in equity and will be released to income together with the corresponding interest expense.

Aker Solutions ASA was newly formed in 2014. There were no outstanding shares in 2013. Aker Solutions ASA's share capital has a value of NOK 294 million which was obtained through the issuance of 272,044,389 shares upon demerger, each with par value of NOK 1.08. Upon the demerger other capital of NOK 3,934 million was transferred from Akastor ASA to Aker Solutions ASA. This transaction primarily involve transfer of shares in subsidiaries. The board of directors have proposed a dividend of NOK 1.45 per share for 2014.

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## Note 8 Borrowings

Contractual terms of group's interest-bearing loans and borrowings which are measured at amortized cost. For more information about the group's exposure to interest rates, foreign currency and liquidity risk, see [note 24](#) Financial Risk Management and exposures in the consolidated accounts.

2014		Nominal	Carrying	Interest rate <sup>3</sup>	Fixed interest	Interest coupon	Maturity date	Interest terms
Amounts in NOK million	Currency	currency value	amount (NOK)		margin			
ISIN NO 0010647431	NOK	1,500	1,500	1.62%	4.25%	5.87%	06.06.17	Floating, 3M+fix margin
ISIN NO 0010661051	NOK	1,000	1,005	1.63%	4.20%	5.83%	09.10.19	Floating, 3M+fix margin
<b>Total bonds<sup>1</sup></b>			<b>2,505</b>					
Revolving credit facility (NOK 4,000 million)	NOK	-	-	3.14%	0.00%	3.14%	01.06.16	IBOR + Margin <sup>2</sup>
<b>Total credit facility</b>			<b>-</b>					
Total other loans			7					
<b>Total borrowings</b>			<b>2,511</b>					
Current borrowings			49					
Non-current borrowings			2,462					
<b>Total</b>			<b>2,511</b>					

1) The book value is calculated by reducing the nominal value of NOK 2,500 million by total issue costs related to the new financing of NOK 15 million. Accrued interest related to the bonds are included at NOK 20 million.

2) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.

3) The interest costs are calculated using either the last fixed rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).

### NORWEGIAN BONDS

All bonds are denominated in Norwegian kroner and are issued in the Norwegian bond market. The bonds are issued based on a floating interest rate plus a predefined margin. The bonds are issued with Norsk Tillitsmann as trustee and the loan agreements are based on Norsk Tillitsmann's standard loan agreement for such bonds. The bonds are unsecured on a negative pledge basis and include no dividend restrictions. All bonds issued are listed on the Oslo Stock Exchange. Aker Solutions strategy is to have between 30-50 percent of borrowings at fixed interest rates. To the extent that this is not reflected in the loan agreements, swap transactions are entered into.

### FINANCIAL LIABILITIES AND THE PERIOD IN WHICH THEY MATURE

#### 2014

Amounts in NOK million	Carrying amount	Total undiscounted cashflow <sup>1</sup>	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
ISIN NO 0010647431	1,500	1,808	44	44	88	1,632	-
ISIN NO 0010661051	1,005	1,297	29	29	59	1,180	-
<b>Total</b>	<b>2,505</b>	<b>3,105</b>	<b>73</b>	<b>73</b>	<b>147</b>	<b>2,812</b>	<b>-</b>
Revolving credit facility (NOK 4,000 million)	-	-	-	-	-	-	-
Other loans	7	7	7	-	-	-	-
<b>Total other loans</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>	<b>2,511</b>	<b>3,112</b>	<b>80</b>	<b>73</b>	<b>147</b>	<b>2,812</b>	<b>-</b>

1) The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).

## Note 9 Receivables and Borrowings from Group Companies

Amounts in NOK million	2014
Group companies deposits in the cash pool system	5,497
Group companies borrowings in the cash pool system	(185)
Aker Solutions ASA's net borrowings in the cash pool system	(3,595)
<b>Cash in cash pool system</b>	<b>1,717</b>
Current interest-bearing receivables from group companies	1,538
Non-current interest-bearing receivables from group companies	453
Current borrowings from group companies	(7,512)
<b>Other net interest-bearing receivables from group companies</b>	<b>(5,521)</b>
Current non interest-bearing receivables from group companies	93
Current non interest-bearing borrowings from group companies	(254)
<b>Net non interest-bearing receivables from group companies</b>	<b>(161)</b>
<b>Total net receivables from group companies</b>	<b>(3,966)</b>

All current receivables and borrowings are due within one year.

Aker Solutions ASA is the owner of the cash pool system arrangements with DNB, Nordea and The Royal Bank of Scotland. The cash pool systems cover a majority of the group geographically and assure good control and access to the group's cash. Participation in the cash pool is vested in the group policy and decided by each company's board of directors and confirmed by a statement of participation. Certain entities in Brazil, Angola and other locations do not participate in the cash pool arrangements due to local restrictions. The participants in the cash pool system are joint and severably liable and it is therefore important that Aker Solutions as a group is financially viable. Any debit balance on a sub account can be offset against any credit balance. Hence a debit balance represents a claim on Aker Solutions ASA and a credit balance a borrowing from Aker Solutions ASA.

The cash pool systems were showing a net balance of NOK 1,717 million per December 31. This amount is reported in Aker Solutions ASA's accounts as short term borrowings from group companies and as cash in cash pool system.

Aker Solutions ASA is the group's central treasury function and enters into borrowings and deposit agreements with group companies. Deposits and borrowings are agreed at market terms and are dependent on the group companies' credit rating and the duration of the borrowings.

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## Note 10 Financial Risk Management and Financial Instruments

### CURRENCY RISK

Amounts in NOK million	2014	
	Assets	Liabilities
Forward exchange contracts with group companies	2,476	(900)
Forward exchange contracts with external counterparts	304	(1,881)
<b>Total</b>	<b>2,780</b>	<b>(2,781)</b>

Aker Solutions ASA have entered into forward exchange contracts with subsidiaries in 2014 with a total value of about NOK 58 billion. Large contracts are hedged back-to-back with external banks, while minor contracts are hedged based on internal matching principles. Contracts that are hedged directly represents about 80 percent of the total exposure but only a small number of the total contracts. These contracts have no significant impact on Aker Solutions ASA's income statement.

Aker Solutions ASA does not apply hedge accounting to any of the currency derivative financial instruments.

The treasury function within Aker Solutions ASA also has a mandate to hold limited positions in the currency and interest markets. The mandate has limits that are strictly defined and is operated under a strict stop-loss regime. Open positions are continuously monitored on a mark to market basis.

All instruments are booked at fair value as per December 31.

### INTEREST RATE RISK

Amounts in NOK million	2014	
	Assets	Liabilities
Interest rate swaps - cashflow hedge (against equity)	-	(97)
<b>Total</b>	<b>-</b>	<b>(97)</b>

Interest rate swaps are applied to achieve the internal policy that 30-50 percent of the company's gross external borrowing shall be at fixed interest rates, with duration matching the remaining duration of the borrowing. Interest terms on the borrowing are described in [note 8 Borrowings](#). At year end, approximately 80 percent of NOK 2,500 million in bonds was fixed for the duration of the bonds through interest rate swaps.

Hedge accounting is applied using the cashflow hedge accounting model which means that gains and losses on interest rate swaps from floating to fixed interest rates are recognized in the hedging reserve in equity. As of December 31, 2014 a net loss of NOK 71 million (NOK 97 million before tax) is recognized in equity and will be continuously released to the income statement until the repayment of the borrowings via the mark-to-market revaluation process.

### CREDIT RISK

Credit risk relates to loans to subsidiaries and associated companies, overdraft in the group cash pool, hedging contracts, guarantees to subsidiaries and deposits with external banks. Loans to subsidiaries are assessed by the internal credit committee. Loss provisions are made in situations of negative equity and were the company is not expected to be able to fulfill it's loan obligations from future earnings. External deposits and forward contracts are done according to a list of approved banks and primarily with banks were the company also have a borrowing relation. The existence of netting agreements between Aker Solutions ASA and the related banks reduces the credit risk.

### LIQUIDITY RISK

Liquidity risk relates to the risk that the company will not be able to meet its debt and guarantee obligations and is managed through maintaining sufficient cash and available credit facilities. The development in the group's and thereby Aker Solutions ASA's available liquidity is continuously monitored through weekly and monthly cash forecasts, annual budgets and long term planning.

## Note 11 Guarantees

Amounts in NOK million

	2014
Parent company guarantees to group companies <sup>1</sup>	58,017
Counter guarantees for bank/surety bonds <sup>2</sup>	5,252
<b>Total guarantee liabilities</b>	<b>63,269</b>

### MATURITY OF GUARANTEE LIABILITIES:

6 months and less	1,036
6-12 months	1,195
1-2 years	18,279
2-5 years	23,777
5 - years	18,981

<sup>1</sup> Parent company guarantees to support subsidiaries in contractual obligations towards clients.

<sup>2</sup> Bank guarantees and surety bonds are issued on behalf of Aker Solutions subsidiaries, and counter indemnified by Aker Solutions ASA.

## Note 12 Related Parties

Transactions with subsidiaries and related parties are described on a line by line basis in the following notes:

Other services	<a href="#">Note 2</a>
Financial items	<a href="#">Note 3</a>
Investments	<a href="#">Note 5</a>
Cash pool	<a href="#">Note 9</a>
Receivables and borrowings	<a href="#">Note 9</a>
Guarantees	<a href="#">Note 11</a>
Foreign exchange contracts	<a href="#">Note 10</a>

All transactions with related parties are entered into at market rates and in accordance with the arm's lengths principle.



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Independent auditor's report 2014  
Aker Solutions ASA

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion on the separate financial statements*

In our opinion, the parent company's financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Aker Solutions ASA as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

*Opinion on the consolidated financial statements*

In our opinion, the consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Aker Solutions ASA and its subsidiaries as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report including the corporate social responsibility reporting and the statement on Corporate Governance*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report including the corporate social responsibility reporting and in the statement on Corporate Governance concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

*Opinion on Accounting Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 13 March 2015

KPMG AS

Arve Gjøvold

State authorised public accountant

## About This Report

### Reporting Principles

This report presents Aker Solutions ASA's financial and corporate responsibility performance and activities in 2014. It complies with the legal requirements for company reporting as specified in the Norwegian Accounting Act ("Regnskapsloven") and the Norwegian Accounting Act for reporting on corporate social responsibility. Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The report is also our Communication on Progress in 2014 to the UN Global Compact and presents our continued commitment to implementing the principles of the UN Global Compact.

Aker Solutions has published CR reports since 2006, with annual releases since 2010. Our

CR report for 2014 is based on the Global Reporting Initiative (GRI) guidelines version 3.0. Our overview of disclosure according to GRI, including references to sections of the report where GRI indicators are included, can be found at the end of the report.

The content of this report has been shaped by our analysis of material impacts and our stakeholders' expectations obtained through monitoring and dialogue. The scope of issues in the 2014 report has not changed substantially from the prior-year report.

### Report Boundaries

We have prepared the report on the basis of the GRI reporting principles and guidance on boundaries. Aker Solutions demerged from Akastor and was listed on the Oslo stock exchange on September 29, 2014. The historical operational and financial figures for

the group are presented as if the demerger occurred at the start of the earliest period presented in this report. Companies under control of Aker Solutions ASA are included in the reported figures. Acquired subsidiaries are included from the acquisition date and sold entities are excluded to reflect continued operations.

### Data Quality

We continue to work to improve our data quality to enhance the reporting processes and transparency. All significant projects report monthly on their operational and financial performance and risk indicators via a web-based solution. We have improved our human resources data reporting procedures and our procedures for collecting country-by-country data.

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**APPENDIX 1**

**G3 Content Index**

GRI APPLICATION LEVEL B

**STANDARD DISCLOSURES PART I: Profile Disclosures - 2014**

**1. STRATEGY AND ANALYSIS**

Disclosure	Level of Reporting	Section in Report
1.1 Statement from the most senior decision-maker of the organization	Fully	Strongly positioned
1.2 Description of key impacts, risks, and opportunities	Partly	Responsible operations

**2. ORGANIZATIONAL PROFILE**

Disclosure	Level of Reporting	Section in Report
2.1 Name of the organization	Fully	Front cover
2.2 Primary brands, products, and/or services	Fully	Evolutions www.akersolutions.com/en/Global-menu/Products-and-Services/
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	Global Expansion <b>Note 28:</b> Subsidiaries and Interest in Other Companies www.akersolutions.com/en/Global-menu/About-us/Corporate-structure/
2.4 Location of organization's headquarters	Fully	Board of Directors' Report
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	Global Expansion About this Report
2.6 Nature of ownership and legal form	Fully	Board of Directors' Report
2.7 Markets served	Fully	Global Expansion
2.8 Scale of the reporting organization	Fully	Key Figures
2.9 Significant changes during the reporting period regarding size, structure, or ownership	Fully	Strongly positioned
2.10 Awards received in the reporting period	Not	

**3. REPORT PARAMETERS**

Profile Disclosure	Level of Reporting	Location of Disclosure
3.1 Reporting period (eg, fiscal/calendar year) for information provided	Fully	About this Report (full calendar year 2014)
3.2 Date of most recent previous report (if any)	Fully	About this Report
3.3 Reporting cycle (annual, biennial, etc)	Fully	About this Report
3.4 Contact point for questions regarding the report	Fully	Appendix
3.5 Process for defining report content	Fully	About this Report
3.6 Boundary of the report	Fully	About this Report
3.7 Limitations on the scope or boundary of the report	Fully	About this Report
3.8 Basis for reporting on joint ventures and other entities	Fully	About this Report
3.9 Data measurement techniques and the bases of calculations	Fully	Responsible Operations
3.10 Explanation of the effect of any re-statements	N/A	N/A
3.11 Significant changes from previous reporting periods	Fully	About this Report
3.12 Table identifying the location of the Standard Disclosures in the report	Fully	This Table
3.13 Policy and current practice with regard to seeking external assurance for the report	Fully	The report has no external assurance. We are considering external assurance of future reporting.

**4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT**

Profile Disclosure	Level of Reporting	Location of Disclosure
4.1 Governance structure of the organization	Fully	Responsible Operations Board of Directors' Report www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.2 Indicate whether the Chair of the highest governance body is also an executive officer	Fully	www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.3 Number of members of the highest governance body that are independent and/or non-executive members	Fully	www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	Fully	<b>Note 29:</b> Management Remuneration
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.7 Process for determining the qualifications and expertise of the members of the highest governance body	Not	www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.8 Internally developed values statement, codes of conduct, and principles	Fully	Code of Conduct
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Fully	Responsible Operations, www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.10 Processes for evaluating the highest governance body's own performance	Fully	www.akersolutions.com/en/Global-menu/Investors/Corporate-governance/
4.11 Application of precautionary approach	Fully	Environment
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Fully	Board of Directors' Report Responsible Operations Employees Society
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Fully	Board of Directors' Report Responsible Operations Employees Society
4.14 List of stakeholder groups engaged by the organization	Fully	Appendix 2
4.15 Basis for selection of stakeholders with whom to engage	Partially	Responsible Operations
4.16 Approaches to stakeholder engagement	Fully	Responsible Operations
4.17 Key topics and concerns raised through stakeholder engagement and the organizations response	Fully	Responsible Operations

**STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)**

Disclosure	Level of Reporting	Location of Disclosure
Disclosure on Management Approach: Economic	Fully	Board of Directors' Report
Disclosure on Management Approach: Environment	Fully	Responsible Operations
Disclosure on Management Approach: Labor	Fully	Responsible Operations
Disclosure on Management Approach: Human Rights	Fully	Responsible Operations
Disclosure on Management Approach: Society	Fully	Responsible Operations
Disclosure on Management Approach: Product Responsibility	Fully	Responsible Operations

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**STANDARD DISCLOSURES PART III: Performance Indicators**

**ECONOMIC**

*Indicator Disclosure Level of Reporting Location of Disclosure*

**Economic Performance**

EC1	Direct economic value generated and distributed	Fully	Consolidated Financial Statements Responsible Operations
EC2	Financial implications and other risks and opportunities due to climate change	Not	
EC3	Coverage of the organization's defined benefit plan obligations	Partly	Consolidated Financial Statements
EC4	Significant financial assistance received from government	Not	

**Market Presence**

EC5	Wage ratios	Partly	Consolidated Financial Statements
EC6	Spending on locally-based suppliers	Partly	Responsible Operations
EC7	Procedures for local hiring of senior management	Fully	Employees

**Indirect Economic Impacts**

EC8	Infrastructure investments and services for public benefit	Not	
EC9	Significant indirect economic impacts	Fully	Responsible Operations Society

**ENVIRONMENTAL**

*Indicator Disclosure Level of Reporting Location of Disclosure*

**Materials**

EN1	Materials used by weight or volume	Not	
EN2	Percentage of materials used that are recycled input materials	Not	

**Energy**

EN3	Direct energy consumption by primary energy source	Fully	Environment
EN4	Indirect energy consumption by primary source	Partly	Environment
EN5	Energy saved due to conservation and efficiency improvements	Fully	Environment
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and energy reductions achieved	Partly	Environment
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Partly	Environment

**Water**

EN8	Total water withdrawal by source	Not	
EN9	Water sources significantly affected by withdrawal of water	Not	
EN10	Percentage and total volume of water recycled and reused	Not	

**Biodiversity**

EN11	Location in areas of high biodiversity value outside protected areas	Partly	Environment
EN12	Impacts of activities, products, and services on biodiversity in protected or high biodiversity value areas	Partly	Environment
EN13	Habitats protected or restored	Not	
EN14	Strategies, actions and future plans for managing impacts on biodiversity	Partly	Environment
EN15	Number of IUCN Red List species and national conservation list species with habitats in Not areas affected by operations, by level of extinction risk		

**Emissions, Effluents and Waste**

EN16	Total direct and indirect greenhouse gas emissions by weight	Fully	Environment Board of Directors' Report: Environment
EN17	Other relevant indirect greenhouse gas emissions by weight	Not	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Partly	Environment (Aker Solutions has chosen not to set a target for CO2 emissions)
EN19	Emissions of ozone-depleting substances by weight	Not	
EN20	NOx, SOx, and other significant air emissions by type and weight	Not	
EN21	Total water discharge by quality and destination	Not	
EN22	Total weight of waste by type and disposal method	Fully	Board of Directors' Report: Environment Environment
EN23	Total number and volume of significant spills	Fully	Environment
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	Fully	Environment
EN25	Water bodies and related habitats significantly affected by discharges of water and runoff	Not	

**Products and Services**

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Partly	Environment
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not	

**Compliance**

EN28	Significant fines and sanctions for non-compliance with environmental laws and regulations	Fully	Environment
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**Transport**

EN29	Significant environmental impacts of transporting products, goods, materials and labor	Not	
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**Overall**

EN30	Total environmental protection expenditures and investments by type	Not	
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**SOCIAL: LABOR PRACTICES AND DECENT WORK**

*Indicator Disclosure Level of Reporting Location of Disclosure*

**Employment**

LA1	Total workforce by employment type, employment contract, and region	Fully	Employees
LA2	Total number and rate of employee turnover by age group, gender, and region	Partly	Employees
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Fully	Employees

**Labor/Management Relations**

LA4	Percentage of employees covered by collective bargaining agreements	Fully	Employees Responsible Operations
LA5	Minimum notice period(s) regarding significant operational changes	Fully	Employees

**Occupational Health and Safety**

LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	Not	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Fully	Health, Safety and Working Environment
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Fully	Health, Safety and Working Environment
LA9	Health and safety topics covered in formal agreements with trade unions	Partly	Responsible Operations

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**Training and Education**

LA10	Average hours of training per year per employee by employee category	Partly	Responsible Operations
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Fully	Employees
LA12	Percentage of employees receiving regular performance and career development reviews	Partly	Employees

**Diversity and Equal Opportunity**

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Partly	Board of Directors' Report
LA14	Ratio of basic salary of men to women by employee category	Not	

**SOCIAL: HUMAN RIGHTS**

Indicator	Disclosure	Level of Reporting	Location of Disclosure
<b>Investment and Procurement Practices</b>			
HR1	Significant investment agreements that include human rights clauses or that have undergone human rights screening	Fully	Society
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Partly	Society
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights, including percentage of employees trained	Partly	Society

**Non-discrimination**

HR4	Total number of incidents of discrimination and actions taken	Not	
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**Freedom of Association and Collective Bargaining**

HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Partly	Society
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**Child Labor**

HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Not	
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**Forced and Compulsory Labor**

HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Not	
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**Security Practices**

HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Not	
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**Indigenous Rights**

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not	
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**SOCIAL: SOCIETY**

Indicator	Disclosure	Level of Reporting	Location of Disclosure
<b>Community</b>			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Fully	Society

**Corruption**

SO2	Percentage and total number of business units analyzed for risks related to corruption	Partly	Integrity Society
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Partly	Integrity
SO4	Actions taken in response to incidents of corruption	Fully	Integrity

**Public Policy**

SO5	Public policy positions and participation in public policy development and lobbying	Not	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions	Not	

**Anti-competitive Behavior**

SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not	
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**Compliance**

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not	
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**SOCIAL: PRODUCT RESPONSIBILITY**

Indicator	Disclosure	Level of Reporting	Location of Disclosure
<b>Customer Health and Safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	Partly	Environment

**Health, Safety and Working Environment**

PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	Not	
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**Product and Service Labelling**

PR3	Product and service information required	Not	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning labeling	Not	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Not	

**Marketing Communications**

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	Not	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	Not	

**Customer Privacy**

PR8	Total number of substantiated complaints regarding breaches of customer privacy	Not	
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**Compliance**

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not	
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**APPENDIX 2****Overview of Stakeholder Engagement**

Banks	Aker Solutions' engagement with banks includes group financing discussions and meetings on financial products such as hedging, cash management and guarantees. The company has frequent contact with its banks via e-mails and phone calls as part of the risk management processes.
Board of Directors	Aker Solutions' board of directors and audit committee meet regularly during the year to, among other things, oversee the company's performance and management of corporate responsibility and integrity risks. The board approves the annual report, including the responsibility sections.
Communities	Aker Solutions in 2014 interacted on a regular basis with the communities where it operates. For example, during the building of a new manufacturing plant in São dos Pinhais, Aker Solutions in Brazil spent 5 percent of the credit provided by the Brazilian Development Bank on social projects. A community dialogue and mapping were initiated to define the needs of nearby communities and identify what to support. Some 400 residents participated in the survey. Based on the input received, education was identified as the most prominent need. A school project was initiated to build and rebuild classrooms and facilities at two local schools.
Customers	Aker Solutions has continuous and close dialogue with all its customers in ongoing projects and contracts. The company also engages with customers through established roles, forums and meetings to address longer term customer engagement and interaction. Executive meetings 1-2 times a year between representatives from Aker Solutions and customers such as Statoil, Total, Shell and BP are carried out to safeguard these important customer relationships and the company's performance.
Employees	Aker Solutions engages with its employees in a range of formal and informal settings. Employee engagement activities typically include development and performance dialogues, regular meetings with employee-elected representatives and efforts to ensure a good working environment free from harassment and discrimination. The company also engages with employees in more informal settings such as through the Aker Active initiative, sports events and other social activities. During reorganization processes, such as the demerger process in 2014, the company seeks to approach employees in a structured and transparent process.
Governments and Local Authorities	Aker Solutions interacts with governments and local authorities when required in the countries where it operates. Interaction usually involves meetings on local legislation, local content requirements and general requirements and expectations related to the company's local operations. In Norway, there has also been dialogue with the Ministry of Trade, Industry and Fisheries about Aker Solutions' corporate responsibility.
Investors	Aker Solutions engages with investors on a frequent basis. The company participates in major financial industry conferences and seminars globally, on average two each month. The company took part in several conferences in 2014, including the Barclays Global Energy Conference (New York), Pareto Oil and Offshore Conference (Oslo), Goldman Sachs Natural Resources Conference (London), Bank of America Global Energy Conference (Miami), Barclays Swiss Conference (Zurich) and Cowen Ultimate Energy Conference (New York).
Media	Aker Solutions frequently engages with the media, both proactively and in response to requests. The company receives several inquiries a week from daily press and business magazines in Norway and internationally. It invites media to press seminars, press conferences and other events. It publishes press releases on earnings, contract wins, partnerships and other issues. The company also offers exclusive interviews with key staff on a non-regular basis. Aker Solutions in 2014 held press conferences on quarterly earnings and the company split. It held press events to highlight key projects such as the Johan Sverdrup FEED work and delivery of the Åsgard subsea compression system modules.
Non-Governmental Organizations	Aker Solutions' interaction with NGOs varies. In some places it is ongoing, in others less regular. As an example, the company in India cooperates with NGOs to enable skills enhancement, healthcare and education of socially and economically challenged persons. In 2014, a donation was given to Amnesty International on behalf of the company instead of offering Christmas gifts to employees.
Stock Exchange	As a listed company on the Oslo stock exchange, Aker Solutions is subject to a number of requirements under applicable Norwegian securities trading legislation and regulations established by the exchange. The company maintains a close dialogue with the exchange, particularly in relation to reporting obligations.
Suppliers	Aker Solutions has continuous interaction with its suppliers through regular meetings, site visits and audits both prior to and during engagements. The company follows up and evaluates suppliers' performance, gives guidance and advice when needed, and conducts investigations to ensure its suppliers operate at the standards required. The company in 2014 undertook several supplier site visits and audits.
Trade Unions	Group Union conveners held regular meetings in 2014 with Aker Solutions' Chief HR Officer. Meetings with the CEO were held as and when needed. Unions took part in task forces on organizational matters, such as the process prior to the demerger of Aker Solutions and had separate meetings/discussions with the CEO. Trade unions were also involved in discussions on how to best protect own employees when facing overcapacity and followed up on the results of the actions.



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