



# Corporate Governance Report 2021

Pursuant to section 3-3b of the Norwegian Accounting Act and the recommendations in the Norwegian Code of Practice for Corporate Governance (the “Code of Practice”), most recently revised in the autumn of 2021, the board has reviewed and updated the company’s corporate governance principles. The Code of Practice is available at [www.nues.com](http://www.nues.com). The individual recommendations of the Norwegian Corporate Governance Board are discussed below. Aker Carbon Capture’s principles are largely consistent with the recommendations.



**AKER CARBON  
CAPTURE**

## 1. Corporate governance

Aker Carbon Capture's corporate governance principles are established by the board. The purpose is to ensure a productive division of roles and responsibilities among Aker Carbon Capture's owners, board and management, as well as to ensure satisfactory controls of the company's activities.

## 2. Business purpose

Aker Carbon Capture ASA's business purpose is expressed in the company's Articles of Association, section 2: "The company's purpose is to conduct business, invest in and / or own rights in the capture, use and storage of CO<sub>2</sub>, hydrogen, and other related activities."

The board has prepared clear objectives, strategies and a risk profile for the company. The company has guidelines for how it integrates the interests of the society at large into its value creation. ESG reporting forms an integrated part of the company's Annual Integrated Report. The board evaluates targets, strategies and its risk profile on an annual basis, at a minimum.

## 3. Equity and dividends

### Share capital

Aker Carbon Capture had NOK 1,076 million in total equity as of 31 December 2021, corresponding to an equity ratio of 67 per cent. The parent company's equity amounted to NOK 1,802 million, corresponding to an equity ratio of 99 per cent. Aker Carbon Capture considers its capital structure appropriate and adapted to its objectives, strategy and risk profile.

### Dividends

Due to the recent establishment of Aker Carbon Capture, no dividends have been paid to date. To reach our ambitious targets for contributing to global

decarbonization and build scale at the operational level, the company will, short-term, prioritize growth over dividends.

### Board authorizations

Any proposals for the Board of Directors to be given a mandate and power of authority complies with the relevant recommendation of the Code of Practice. Board authorizations are limited in time, to defined issues and are dealt with as separate agenda items at general meetings.

The general assembly has provided the Board of Directors with the following authorizations:

- to acquire own shares in connection with (i) acquisitions, mergers, demergers or other transactions, (ii) employee share program and (iii) investment or subsequent sale or deletion of shares
- to increase the share capital

The board's authorizations to acquire own shares and to increase the share capital are valid until the 2022 annual general meeting, however, in no circumstances beyond 30 June 2022.

## 4. Equal treatment of shareholders

The company has a single class of shares, and all shares carry equal rights.

The company has developed principles and guidelines for related party transactions.

The company has developed principles and guidelines related to exercise of any actions that may impact the equality principle, such as waive of pre-emption rights or the company's acquisition of its own shares.

As of 31 December 2021, Aker Carbon Capture held no own shares.

## 5. Shares and negotiability

There are no restrictions in Aker Carbon Capture on a party's ability to own, trade or vote for shares in the company.

## 6. Annual general meetings

### Meeting notification, registration and participation

Aker Carbon Capture encourages all its shareholders to participate in general meetings. Through the general meeting, shareholders exercise the highest authority in the company. The annual general meeting for 2022 will take place as a virtual meeting on 19 April.


Shareholders unable to attend the general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period. Shareholders unable to attend a meeting may also vote by proxy. The procedures for electronic voting and the proxy voting instructions are described in the meeting notification and published on the company website.

The company ensures that proposed resolutions and supporting information distributed prior to general meetings are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting.

### Meeting chair, voting, etc.

According to Aker Carbon Capture's Articles of Association, the general meeting is chaired by the Chairman of the Board, or by an individual appointed by the Chairman. In this regard, Aker Carbon Capture deviates from the Code of Practice recommendation, which states that the general meeting should be able to elect an independent chairman for the general meeting. In the company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.





Members of the Nomination Committee and the company's auditor are expected to attend general meetings. The company will, however, normally not have the entire board attend the meeting as this is considered unnecessary. This represents a deviation from the Code of Practice which states that arrangements shall be made to ensure participation by all directors.

The general meeting elects the members of the Nomination Committee and shareholder elected board members. The shareholders are invited to vote on the composition of the Board of Directors proposed by the Nomination Committee as a group, and not on each board member separately, as it is important to the company that the Board of Directors works in the best possible manner as a team and that the background and competence of the board members complement each other.

Aker Carbon Capture's practice thus differs from the Code of Practice recommendation, which states that the general meeting should be given an opportunity to vote on each individual candidate.

## 7. Nomination Committee

As required by its Articles of Association, Aker Carbon Capture has a Nomination Committee consisting of at least two members elected by the general meeting. The current members are Ingebret Hisdal (Chairman) and Svein Oskar Stoknes. No members of the Nomination Committee are directors of the board or employed by the company.

The general meeting determines the remuneration to the Nomination Committee. The Nomination Committee shall prepare the election of directors. The general meeting may adopt instructions for the Nomination Committee's tasks.

## 8. Board of Directors – composition and independence

The company does not have a corporate assembly.

Pursuant to the company's Articles of Association, the Board comprises between three and nine members, of whom at least two are independent of the company's management team and its material business contacts. This represents a deviation from the Code of Practice which states that the majority of the shareholder-elected members should be independent of the management team and material business contacts. None of the directors are part of the company's management team.

The current composition of the board is presented in Board of Directors of the 2021 Annual Integrated Report, as are board members' qualifications and expertise.

## 9. The work of the Board of Directors

The Board of Directors adopts an annual plan for its work with an emphasis on goals, strategy and implementation. Furthermore, there are rules of procedure for the Board of Directors which govern areas of responsibility, duties and the distribution of roles between the board, the Chairman and the Chief Executive Officer. The rules of procedure also include provisions on matters such as convening and chairing board meeting, decision making, the duty and right of the Chief Executive Officer to disclose information to the board and the duty of confidentiality.

Seven board meetings were scheduled in 2021. In addition, the Board of Directors convened on a need to basis throughout the year.

Guidelines have also been drawn up to ensure that board members and senior employees report to the board if they directly or indirectly have significant interest in agreements entered into by Aker Carbon Capture or companies in which Aker Carbon Capture has significant ownership interests.

Aker Carbon Capture has an Audit Committee. The Committee's mandate regulates areas of responsibilities, tasks, relations with the external auditor and reporting to the Board of Directors. The current members of the Audit Committee are Liv Monica Stubholt (Chairman) and Kristian Røkke.

The company does not have a Remuneration Committee as this has not been considered necessary in the light of the composition of the Board of Directors. The company will however consider establishing a Remuneration Committee going forward.

## 10. Risk management and internal control

The Board of Directors sets the direction of the company by determining the objectives, strategy and risk profile of the business within the parameters of the Articles of Association. On an annual basis, the Board of Directors carries out a detailed review of the company's most important areas of exposure to risk and its internal control arrangements. In particular, changes to material risks and the company's ability to respond to internal and external business changes is addressed.

The company has implemented a whistleblowing channel for reporting of serious matters, such as potential breaches of ethical guidelines and violations of law. Information about the whistleblowing channel, including contact information, is available at the company website and in its Code of Conduct.

Aker Carbon Capture's Audit Committee carries out preparatory work for the Board of Directors' monitoring of financial and ESG reporting. On a quarterly basis, the Audit Committee monitors the company's systems

for Internal Control over Financial Reporting (ICFR), routines for monitoring risks and external reporting processes. It also maintains regular contact with company's auditor in respect of the statutory audit of the annual accounts. The Audit Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

Aker Carbon Capture has implemented a risk-based management system with clear policies and procedures to facilitate risk management. The overarching Governance Policy requires the company to ensure active identification and management of risks in activities to ensure safe operations and achievement of strategic objectives. This risk-based approach has been adopted across all company policies and further operationalized through the company's Enterprise Risk, Quality Operations, and ICFR procedures. Through these governing processes, Aker Carbon Capture controls risks, effectuates risk reducing measures, systematically identifies business opportunities, increases the effect of improvement efforts, and ensures quality of internal and external reporting.

The Enterprise Risk process facilitates the operational risk management activities and organizes processes to aggregate an enterprise view of risk exposure and mitigating plans. The identified risk factors' materiality is defined by assessing the likelihood and consequence based on both quantitative and qualitative factors. Risk mitigation plans are implemented for the risks with the largest materiality and potential to impact the company's performance.

The Quality Operations process facilitates risk control, implementation of risk reducing measures and systematic identification of business opportunities in the management of Aker Carbon Capture's operations. The aggregated business and risk perspective of Aker Carbon Capture's operations is reported and reviewed through quarterly business reviews covering strategic and enterprise risk related topics, monthly operating reviews covering operational and financial topics, and monthly project reviews covering project execution related topics.

The ICFR process is based on the Committee of Sponsoring Organizations of the Treadway Commission framework and is an integrated part of Aker Carbon Capture's governance model. The ICFR process is risk-based and an important part of the financial reporting process which is carried out throughout the business activities of Aker Carbon Capture's subsidiaries and projects. The main priority through 2021 has been to assess the main risks across all processes and determine how to address the top risks in the financial reporting process. The process, including the outcome and suggested mitigating actions have been shared and aligned with the Audit Committee and the statutory auditor.

## 11. Remuneration of the Board of Directors

Board of Director remuneration reflects the board's responsibilities and expertise, time spent and the complexity of the business. Remuneration does not depend on Aker Carbon Capture's financial performance, and there are no option programs for any of the board members.

The annual general meeting determines board remuneration after considering recommendations by the company's Nomination Committee. Additional information on remuneration paid to individual board members for 2021 can be found in Note 19 to the consolidated accounts.

## 12. Remuneration of Executive Management

The board has adopted separate guidelines on the remuneration of executive management in accordance with section 6-16a of the Norwegian Public Companies Act. The company's guidelines for remuneration to executive management are described in Note 19 to the consolidated accounts and will also be presented to shareholders at the annual general meeting in the form of a supporting document.

The employment contract of the Chief Executive Officer has been approved by the Board of Directors. The remuneration paid to the Chief Executive Officer is approved by the board after considering recommendations from the Chairman of the Board of Directors.

The Chief Executive Officer determines the remuneration payable to key executives in accordance with board guidelines. Aker Carbon Capture has no stock option programs. The remuneration for executive management includes a fixed annual salary, standard employee pension and insurance schemes and a variable pay element.

Further information on remuneration for 2021 for individual members of Aker Carbon Capture's executive management can be found in Note 19 to the consolidated accounts.

## 13. Information and communications

Aker Carbon Capture's reporting of financial and other information is based on transparency and equal treatment of stakeholders. All stock exchange notifications and press releases are published on the company website, [www.akercarboncapture.com](http://www.akercarboncapture.com). Stock exchange notices are also available at [www.newsweb.no](http://www.newsweb.no). The company organizes presentations in connection with its financial reporting. These meetings are generally broadcast directly via the internet (webcast). The company's financial calendar appears in the 2021 Annual Integrated Report and is published on Aker Carbon Capture's website.

## 14. Take-overs

The company does not have separate guidelines on how to respond in the event of a take-over bid. The Code of Practice recommends the adoption of such guidelines. Through his privately held TRG holding companies, Kjell Inge Røkke is the ultimate beneficial owner of Aker Horizons Holding AS, the company's



largest shareholder, holding more than 40 % of the shares in the company. In view of this, the Board of Directors has deemed separate take-over guidelines as recommended by the Code of Practice to be unnecessary.

## 15. Auditor

The auditor makes an annual presentation of the auditing plan to the board. Further, the auditor has provided the board with written confirmation that the requirement of independence is met.

The auditor participates in all meetings of the Audit Committee that deals with the annual accounts. The auditor reviews, with the board, any material changes in the company's accounting principles and assessments of material accounting estimates. There have been no disagreements between the auditor and management on any material issues.

The auditor reports to the Audit Committee on his assessment of the internal controls on the financial reporting process. The outcome of this review is presented to the board. The Audit Committee receives a quarterly overview of services rendered by the auditor to the company. The Audit Committee also approves the fees paid to the auditor for material additional services. The remuneration paid to the auditor in 2021 for both audit and other services is presented in Note 5 to the consolidated accounts. These details are also presented to the annual general meeting.



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