

## Corporate Governance Principles

Corporate Governance defines a framework of rules and procedures by which Ocean Yield governs and controls its business. Good corporate governance is about establishing a sound platform for such a framework and applying the company's values in order to create value for Ocean Yield's stakeholders. Ocean Yield is of the view that good corporate governance is a prerequisite for value creation, promoting the long-term interests of shareholders, strengthening the Board's and management's accountability and help to build public trust in the company. The corporate governance principles are important to Ocean Yield and shall be incorporated in the company's culture, by its employees and Board of Directors.

Ocean Yield's corporate governance policy was first adopted by the Board of Directors on March 15<sup>th</sup>, 2013.

Ocean Yield's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3 letter b and are based on the Norwegian Code of Practice for Corporate Governance, dated 23 October 2012 with changes dated 21 December 2012, available at [www.nues.no](http://www.nues.no). A presentation of Ocean Yield's compliance with the Code's recommendations follows herein. The presentation follows the same order of topics as the fifteen items in the Code. There is a great deal of concurrence between the recommendations and Ocean Yield's practice. Deviations from Code's recommendations are discussed under the relevant item in question.

### 1. Implementation and reporting on corporate governance

Ocean Yield's corporate governance principles are determined by the Board of Directors and are set forth in the company's management documents. The purpose of Ocean Yield's corporate governance policy is to ensure an appropriate separation of roles and responsibilities among the company's owners, its Board of Directors, and its executive management and to make certain that the company's business activities are subject to satisfactory control. An appropriate separation of roles and satisfactory control should contribute to the greatest possible value creation over time, to the benefit of owners and other stakeholders.

The Board has adopted the company's corporate values, ethical guidelines, and corporate social responsibility policy.

### 2. Business

Ocean Yield ASA's business purpose clause, as it appears in the company's articles of association, is as follows:

"The objectives of the Company comprise acquisition, sale, chartering and operation of vessels, including rigs and floating offshore units and related business thereto".

The function of Ocean Yield ASA's business purpose clause is to ensure that shareholders have control of the business and its risk profile, without limiting the Board or management's ability to carry out strategic and financially viable decisions within the defined purpose.

### 3. Equity and dividends

The Group's equity as of 31 December 2013 amounted to USD 703.7 million, which corresponds to an equity ratio of 42.1 percent. Ocean Yield considers the capital structure to be appropriate and adapted to the objectives, strategy and risk profile.

#### Dividends

Ocean Yield's dividend policy is to pay attractive and growing quarterly dividends to its shareholders, which reflects the nature of its business, with long-term contracted cash flows towards counterparties of acceptable credit quality and visibility with respect to future earnings and dividend capacity.

#### Board authorizations

In the event that a Board authorization is proposed for a capital increase, acquisition of own (treasury) shares or similar, or to mandate multiple purposes, each purpose should be treated as a separate issue. Board authorizations are valid for such periods as the shareholders' meeting decides. Current board authorisation to increase share capital is discussed in Note 19 of the 2013 Annual Report.

### 4. Equal treatment of shareholders and transactions with close associates

Ocean Yield ASA has a single class of shares, and all shares carry the same rights in the company. Equal treatment of shareholders is crucial. If the Board suggests to the shareholders meeting that existing shareholders' pre-emptive rights are waived upon an increase in share capital, the Board will justify the reason for such a waiver. Transactions in own (treasury) shares will be executed on the Oslo Stock Exchange.

In the event of material transactions between the company and a shareholder, Board member, member of executive management, or a party closely related to any of the aforementioned, the Board shall ensure that independent valuations are available. This practice also applies to transactions between Ocean Yield ASA and Aker ASA and other Aker companies. Ocean Yield ASA has prepared guidelines designed to ensure that members of the Board of Directors and executive management notify the Board of any material direct or indirect stake they may have in agreements entered into by the Group.

### 5. Freely tradeable shares

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Ocean Yield ASA's shares are freely tradeable and there are no limitations in the company's articles of association of trading of shares. However, certain loan agreements have a condition that Aker ASA must own more than 50 per cent of the shares in Ocean Yield ASA.

## 6. Annual shareholders' general meeting

Meeting notification, registration and participation

Ocean Yield encourages all of its shareholders to participate in general meetings, the forum for shareholders' exercise of the highest authority in the company. Holding annual general meetings as soon as possible after year-end is a priority. In 2014, the annual general meeting will take place on 28 April. Ocean Yield's financial calendar is published in a notice to Oslo Børs and on the company website.

Written notice of the annual general meeting is sent to all shareholders whose address is on record no later than 21 days before the meeting date. The meeting notification, Annual Report and accompanying material are made available on the company's website and through the publication service of Oslo Børs.

The registration deadline is set as close to the meeting date as possible, and normally falls two or three days before the meeting. Shareholders who wish to receive accompanying material by post can contact the company to request this. The meeting documents must include all documentation shareholders require to make a decision on each agenda item.

Electronic advance voting and proxies

Shareholders who are unable to attend a general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period. Until the end of the period, shareholders who use the service may nevertheless change their votes or opt to attend the general meeting in person.

Shareholders who are unable to attend a meeting may vote by proxy. The company has prepared proxy forms that allow shareholders to vote on the individual agenda items considered by the general meeting (proxy with voting instructions). The procedures for electronic voting and the issue of proxies with voting instructions are described in the meeting notification and published on the company's website.

The company does not appoint an independent proxy to vote on behalf of shareholders. Ocean Yield considers that shareholders' interests are adequately safeguarded by the option of participation via an appointed proxy and the option of authorising the meeting chair/Board Chairman to vote according to specific proxy instructions.

Pursuant to Ocean Yield ASA's articles of association, the Chairman of the Board or a person appointed by the Chairman of the Board, chairs the shareholders' meetings. Board members, the chairman of the nomination committee and the company's auditor are expected to attend the general meetings. The general meeting elects the members of the nomination committee. The nomination committee focuses on composing a board that works optimally as a team, and on ensuring that board members' experience and qualifications complement each other and that statutory gender representation requirements are met. Minutes of shareholders' meetings will be published as soon as practical via the Oslo Stock Exchange's messaging service [www.newsweb.no](http://www.newsweb.no) (ticker: OCY) and on the Investor Relations pages of the company's website: [www.oceanyield.no](http://www.oceanyield.no).

## 7. Nomination committee

Ocean Yield ASA has implemented a nomination committee. The nomination committee comprise a satisfactory number of people, reflecting the shareholder structure and the interest of all shareholders at the time. Each member will normally be elected for a two-year period. The composition of the nomination committee as a whole should reflect the interests of the company's shareholders and independence from the Board and executive management. The chairman and members of the nomination committee will be elected by the shareholders' meeting, which also determines remuneration payable to committee members. None of the members in the nomination committee will be part of the Board or the Management.

Ocean Yield's articles of association will reflect that the nomination committee will recommend candidates for election to the Board of Directors. The nomination committee will also make recommendations as to remuneration of Board members. The nomination committee will justify its recommendations. The nomination committee must make a written recommendation, which is published and presented to the shareholders' meeting. The deadline for proposing board candidates for the upcoming term is 31 October. The nomination committee normally begins its work for the upcoming general meeting on this date.

## 8. Board composition and independence

Ocean Yield does not have a corporate assembly. As defined in the company's articles of association, the Board comprises between three and five members. When the nomination committee is elected, recommendations will normally include a proposal for appointment of board members and Board Chairman, which is subject to approval by the shareholders' meeting. The Board members are considered independent of the company's executive management and significant business associates except for Kjell Inge Røkke. No company executives are Board members. The Board comprises the following members Trond Brandsrud (Chairman), Kjell Inge Røkke (Director) Jens Ismar (Director), Annicken Gann Kildahl (Director) and Anne Christine Døvingen (Director). Board members' shareholdings are presented in the notes to the consolidated accounts. Board members represent a combination of know-how, capabilities, and experience from finance and industry. The Board members are encouraged to own shares in the company. Board members' shareholdings are presented in Note 28 in the annual report.

The nomination committee's recommendations for candidates and a justification of their proposals will be published on the company's website and via the Oslo Stock Exchange's messaging service [www.newsweb.no](http://www.newsweb.no) as soon as they are available.

### **9. The work of the Board of Directors**

The Board of Directors of Ocean Yield ASA annually adopts a plan for its work, emphasizing goals, strategies, and implementation. Further, the Board has adopted board instructions that regulate areas of responsibility, tasks, and division of roles of the Board, the Chairman of the Board, and the company's CEO. The Board instructions also feature rules governing Board schedules, notice and chairing of Board meetings, decision-making, the CEO's duty and right to disclose information to the Board, professional secrecy, impartiality, and other issues. Board members are elected for a period of two years.

The Board evaluates its own performance and expertise once a year. Eleven board meetings have been held during 2013. In cases of material nature where the Chairman of the Board has been actively involved, another board member will be appointed to lead the discussions when such matter is presented to the Board of Directors for decision.

Ocean Yield has established an audit committee that comprises Annicken Gann Kildahl (Chair) and Trond Brandsrud. These members satisfy the requirements for financial expertise. The Company has chosen not to establish a remuneration committee. The Board of Directors functions as remuneration committee. In connection with the annual report, the Company's audit committee is actively involved.

### **10. Risk management and internal control**

The Board of Ocean Yield ASA considers good corporate governance as an inevitable and necessary condition for internal and external credibility and trust, as well as a foundation for creating value in the Group. The Board is to ensure that the company maintains effective in-house control practices and appropriate risk management systems tailored to the company's business activities. Ocean Yield's corporate values and ethical guidelines, and corporate governance policy are also subject to such evaluation. The Board of Directors evaluate the main risk areas of the company and internal controls at least once per year.

#### **Risk Management**

The Board conducts a continuous review of the company's risk exposure and internal controls. Operational, financial, regulatory and strategic risks are considered. The purpose of the assessment is to increase the company's awareness of its operational environment, and to ensure compliance with external as well as internal rules and regulations. Based on the results from the risk assessment, the Board, in cooperation with corporate management agrees on action plans to ensure that the identified risks are handled in an optimal and transparent manner. The status on actions is followed up in the Board meetings.

#### **Financial reporting**

The Board's control and supervision of the company's operating and financial activities is represented through the quarterly reports provided by the administration. The administration's reporting to the Board is based on a thorough management review of the business.

The financial and operational reporting, for the group as a whole and the companies individually, is prepared by the management in Ocean Yield. The company ensures that the reporting is in accordance with applicable accounting standards and legislation. To ensure the quality of the financial numbers reported from the subsidiaries and in the consolidated figures the Financial Department in cooperation with the corporate management perform reasonableness checks, review of significant valuation items and more detailed reconciliation controls in connection with the quarterly reporting. Employees within the Financial Department attend training courses and seminars to maintain and further develop the company's available expertise in financial reporting.

### **11. Remuneration of the Board of Directors**

Board remuneration reflects the Board's responsibility, expertise, time spent, and the complexity of the business. Remuneration does not depend on Ocean Yield's financial performance. Board members and companies with whom they are associated do not take on any special tasks for the company beyond their Board appointments.

Additional information on remuneration paid to Board members for 2013 is presented in the notes to the consolidated accounts.

### **12. Remuneration of executive personnel**

The Board has adopted guidelines for remuneration of executive management in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. Further information on remuneration for 2013 for members of the company's executive management is presented in Note 27 to the consolidated accounts. The CEO and the CFO have in addition to a fixed salary, a variable pay agreement. An incentive programme for management was implemented in connection with the listing of the company in 2013, which is linked to the development of the company's shareprice and payment of dividend.

### **13. Information and communications**

The company's reporting of financial and other information is based on transparency and equal treatment of shareholders, the financial community, and other interested parties. The long-term purpose of Ocean Yield's Investor Relation activities is to ensure

access to capital at competitive terms for the company and correct pricing of shares once the company has become public. These goals are to be accomplished through accurate and timely distribution of information that can affect the company's share price; the company is also to comply with current rules, regulations, and market practices, including the requirement of equal treatment.

All stock-exchange notices and press releases are published on the company's website: [www.oceanyield.no](http://www.oceanyield.no); stock-exchange notices are also available at [www.newsweb.no](http://www.newsweb.no). The company holds public presentations of its financial reporting. The date and venue for such presentations are published via [www.newsweb.no](http://www.newsweb.no) and on the company's website. The company's financial calendar is also published in the same way.

The CEO and the CFO have been elected as spokespersons to handle contact with investors.

#### **14. Take-overs**

In light of Ocean Yield's current ownership structure, where Aker ASA currently controls 73.4% of the shares in Ocean Yield ASA, the Board has not deemed it necessary to prepare specific guidelines as to how the company would respond in the event it becomes subject to a takeover bid.

#### **15. Auditor**

The auditor makes an annual presentation of the auditing plan to the Board and the Audit Committee. Further, the auditor provides the Board with written confirmation that the requirement of independence has been met. The auditor participates in the Audit Committee meetings that deals with the quarterly and annual accounts. The auditor has reviewed the company's internal control with the Board and the Audit Committee. In addition, the auditor has reviewed and discussed any material changes in the company's accounting principles and assessments of material accounting estimates with the Board. The auditor will also discuss all material issues in which any disagreement arises between the auditor and management with the company's Board of Directors. The auditor has met separately with the Audit Committee regarding the preparation of the annual accounts for 2013.

The Audit Committee monitors executive management's use of the auditor for services other than auditing. The auditor provides an annual overview of services other than auditing rendered by the auditor to the company. Remuneration for auditors, presented in Note 10 to the Ocean Yield ASA accounts, is stated for the two categories of auditing and other services. These details are also presented to the annual general meeting.