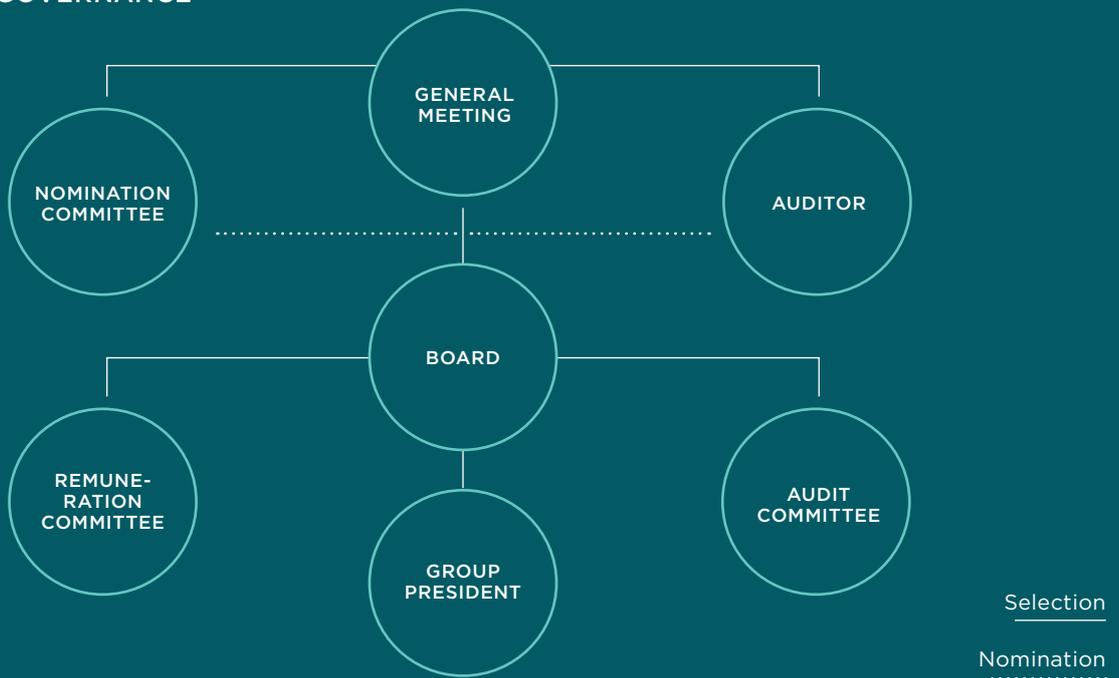


CREATING VALUE FOR OUR STAKEHOLDERS

CORPORATE GOVERNANCE



ATTENDANCE AT BOARD MEETINGS IN 2017

6/6	KNUT FLAKK Chairman
6/6	KRISTINE LANDMARK Deputy Chair
6/6	SVERRE NARVESEN Board Member
6/6	KATHRINE DUUN MOEN Board Member
6/6	KATSUNORI MORI Board Member
2/4	ELISABETH TØRSTAD Board Member
0/1	GUNNAR S BØCKMANN Deputy Board Member

“ Good corporate governance will contribute to the greatest possible value creation over time for all interest groups.

Hexagon Composites follows the Norwegian Code of Practice for Corporate Governance. We aim to secure a clear division of roles and responsibilities between shareholders, the Board of Directors and executive management to ensure good corporate management. We believe that this contributes to the greatest possible value creation for all interest groups and strengthens the trust in the Company among shareholders, in the capital markets and with other key stakeholders.

1. DESCRIPTION OF CORPORATE GOVERNANCE

Hexagon Composites ASA's principles for corporate governance were last revised at the Board meeting of 13 February 2018. The principles can be found on the Group's website.

We follow the Code of Practice established by the Norwegian Corporate Governance Committee (NUES). This is available at www.nues.no. We continue to update our principles for corporate governance in accordance with the Code of Practice of 30 October 2014. Unless otherwise indicated in the text below, there are no deviations to the Norwegian Code of Practice for Corporate Governance.

Hexagon Composites requires that all work and activities are performed in accordance with high ethical standards and that all employees and business partners refrain from corrupt practices. We operate within a framework of common values, including formal ethical requirements governing our business practices as approved by the Board. The Board believes that the organization is characterized by strong ethical standards and a high level of integrity.

Social responsibility is an integral part of Hexagon Composites' corporate governance process. Formal guidelines for corporate social responsibility have been approved by the Board and integrated into the Group's management systems. In the opinion of the Board, good results have been achieved in integrating social responsibility considerations into the Company's business strategies.

2. NATURE OF BUSINESS

Hexagon Composites develops and commercializes competitive, innovative products and solutions based on advanced composite technology. Our goal is to remain the international leader in selected niches.

The scope and objectives of our business are defined in the Company's articles of association which can be found on our website. A more comprehensive discussion and analysis of our business activity and operating results are included in this annual report.

3. COMPANY CAPITAL AND DIVIDENDS

Hexagon Composites' equity is considered to be at a level appropriate to the Group's objectives, strategies and risk profile. Our main objective is to focus on high-growth areas, and we intend to make the necessary investments to develop our business in these markets.

Authorization to the Board for capital transactions are normally restricted to defined objectives and time limitations that do not exceed the next ordinary general meeting. This applies to the issuance of new shares as well as the purchase of own shares. The Board is authorized to approve the purchase of own shares in one or more tranches up to or 10% of current issued share capital.

Equity incentive programs for employees are approved by special authorization. Authorizations for increases in share capital relating to multiple purposes are considered separately.

Our main objective is to provide competitive returns to shareholders primarily through increasing the intrinsic value of our business. Dividend payments are dependent on financial performance and investment requirements. For the year 2016 Hexagon Composites did not propose a dividend. The Board proposes a dividend of NOK 0.30 per share for 2017.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Hexagon Composites ASA has one class of shares and our policy is to treat all shareholders equally in capital transactions. In the event where circumstances require preferential treatment for certain shareholders, subsequent measures will be implemented to restore the interest of the other shareholders as far as possible, unless the impact is justifiable. Reasons for any deviation from equal treatment of all shareholders in capital transactions are included in the notice to the stock exchange made in connection with the transaction.

The Group normally conducts transactions in its own shares through the stock exchange or at equivalent market rates. Particular prudence is applied in direct share transactions with the Group's shareholders, board members, management or related parties that have a financial or personal interest in the Company. Any assessments of material transactions are performed by an independent party.

5. FREELY NEGOTIABLE SHARES

All shares in Hexagon Composites ASA are freely negotiable. No form of sales limit has been stipulated in the articles of association.

6. ANNUAL GENERAL MEETING

We have well established procedures for publicly announcing and issuing information regarding the general meeting,

Corporate Governance

and our website is an important source of information. Notice of the general meeting and supporting documents, including the recommendations from the nomination committee, are published on our website 21 days in advance of the meeting date. Sufficient information is included to enable shareholders to evaluate the items to be addressed in the meeting. Minutes from the meetings are published on the Group's website.

Deviations from the Norwegian Code of Practice for Corporate Governance:

In connection with the ordinary general meeting for 2017, only Knut Flakk was in attendance from the Board and nomination committee. The general meeting was chaired by Knut Flakk.

7. NOMINATION COMMITTEE

The Company has a nomination committee to propose candidates for election to the Board. The committee is currently comprised of three members, one of which is a Board member. The composition of the committee is intended to reflect the interests of all shareholders, and the majority of the members are normally independent of the Board and other executive management. Members are elected at the annual general meeting. In 2017 the nomination committee was comprised of Bjørn Gjerde (Chairman), Leif Arne Langøy and Knut Flakk.

The nomination committee's requirements are stipulated in the articles of association. The nomination committee's main responsibility is to evaluate the work and expertise profile of the Board of Directors and to propose suitable candidates. The nomination committee also proposes the fees to be paid to members of the Board. Proposals for candidates, including the reasons for selection and other relevant information are distributed with other documentation related to the annual general meeting.

Deviations from the Norwegian Code of Practice for Corporate Governance:

The Chairman of the Board is the Board's representative on the nomination committee and has also been a member of the nomination committee since it was established.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The Board is composed of individuals with sufficient competence and expertise to enable independent evaluations of the Group's operations and to ensure the effective function as a governing body. The majority of the shareholder elected Board members are independent of the Company's day-to-day management, important business connections and the Company's major shareholders.

9. THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors works with the Chief Executive Officer and external auditors to ensure that the Group is managed in accordance with its corporate objectives, values and ethical guidelines. The Board has an annual

plan with particular emphasis on objectives, strategy and implementation and submits an evaluation of its work to the nomination committee.

Clear guidelines require Board members and executive management to notify the Board of any significant direct or indirect interest in transactions executed by the Company. These guidelines are incorporated into the Board's instructions and instructions for the Chief Executive Officer. In the event that the Board Chairman has been actively engaged in such interests, the Chairman will recuse himself and the Deputy Chair will assume responsibility for the matter in question.

The Board has an audit committee comprised of members that are independent of the Company's day-to-day management, important business connections and the major shareholders. Instructions are established for the audit committee which was comprised of Board member, Sverre Narvesen and Deputy Chair, Kristine Landmark in 2017. The Board has a compensation committee which was comprised of the Board Chairman, Knut Flakk and Deputy Chair, Kristine Landmark. Knut Flakk is also the second largest shareholder of the Company.

10. RISK MANAGEMENT AND INTERNAL CONTROLS

Hexagon Composites works systematically to identify and manage the specific risks facing its business. Risk management is executed by Group management and management in subsidiary companies. The corporate finance department is responsible for ensuring that the Group has an adequate system of internal controls, including controls over financial reporting. The department reports to the CEO and has overall responsibility for ensuring compliance with the Group's accounting principles and financial controls. We believe that our overall strategy, management principles and organizational structure provide a good control environment. The Group's ethical guidelines also contribute to a culture and values that support this environment.

The Board ensures that the Group has good internal controls and appropriate systems for risk management in relation to the scope and type of our business operation. This includes ensuring that the Group's risk management and internal controls are adequate and systematic and that processes are established in accordance with laws and regulations, articles of association, instructions and external and internal guidelines. The Board regularly and systematically assesses strategies and guidelines for risk management. The Board's audit committee reviews the overall risk management policy and procedures and the Group's internal control routines. The committee functions as a preparatory and advisory committee for the Group's Board and provides support for exercising its responsibilities relating to risk management, financial reporting, financial information and auditing.

Please see Risk Management section of the Board of Directors' report for further information on the Group's main risks.

11. REMUNERATION OF THE BOARD

The remuneration of the Board of Directors is intended to reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. On 20 April 2017 the annual general meeting established the Board fees for 2016 in connection with the approval of the annual accounts.

POSITION	FEES
Chairman	NOK 700 000 (700 000)
Deputy Chair	NOK 200 000 (200 000)
Other Board Members	NOK 150 000 (150 000)
Deputy Board Member	NOK 25 000 per meeting

Executive Members of the Board committees are paid additional fees per positions of NOK 30,000 (20,000). Members of the Board committees are paid additional fees per positions of NOK 20,000 (20,000). Fees are fixed and are not linked to the Company's performance. Board members are not eligible for share option programs. Business transactions between companies owned by the two primary shareholders, Knut Flakk and Mitsui & Co., and Hexagon Composites ASA are described in note 28 to the consolidated financial statements - transactions with related parties.

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board has established guidelines for the remuneration of the executive management, which include the main principles for the Company's management remuneration policy. Executive management remuneration is based on company and individual performance, and both the method and the amount are intended to promote long-term value creation for the Company. We believe that this can be achieved through the prudent use of share options and/or other equivalent financial instruments and/or bonus schemes. The requirements related to capital increases in relation to option agreements and other agreements regarding the allocation of shares, are approved by the annual general meeting. Remuneration guidelines for the CEO and other executive management are established by the Board and also presented to the general meeting for approval.

13. INFORMATION AND COMMUNICATION

The Group follows the Oslo Stock Exchange's recommendations for reporting investor information. The Group's information policy is based on openness and equal treatment of all shareholders and participants in the securities market. Our policy is to provide all shareholders with correct, clear, relevant and prompt information. Efforts are being directed towards developing disclosures on major value drivers and risk factors. We believe it is important that employees, shareholders and investors have equal opportunities to monitor the Company's performance, and receive sufficient information to value the Company correctly. The Group seeks to communicate information about its products and markets to central target groups, while ensuring that all stakeholders have equal access to information provided by the Company.

14. COMPANY ACQUISITION

The Board acknowledges that it should not prevent or obstruct offers for the purchase of the Company's business operation or shares. Agreements that restrict the possibility of obtaining other offers for the Company's shares should only be entered into when clearly justified as being in the joint interests of the Company and its shareholders. Agreements between the Company and an offeror that are important to the market's assessment of the offer are made public before or at the same time as notice is given that an offer will be made.

15. AUDITOR

Each year, the Company's external auditor provides an annual written confirmation of his/her independence and objectivity. The auditor attends Board meetings that address the annual accounts and presents to the audit committee the main features of a plan for implementing the auditing work. Annually the auditor presents to the Board an opinion on the Company's accounting principles, asset management and internal control procedures. EY are the Group's auditors, appointed by the general meeting of shareholders. The auditors have no engagements with the Company that could impair their independence.

See note 28 to the consolidated financial statements for information about remuneration to the auditor, including statutory audit and other services.