



Arctic Economic Council Secretariat's

# Annual Report 2018

## Vision

To make the Arctic a favorable place to do business.

## Mission

To facilitate sustainable Arctic economic and business development.

## The Five Overarching Themes – Core of the AEC's work:

The five overarching themes form the backbone of the AEC's actions.  
They were identified by the circumpolar business community.

- |  |   |
|--|---|
| i. Fostering strong market connections within the Arctic as a vital part of international value chains | iv. Facilitating knowledge and data exchange between industry and academia    |
| ii. Encouraging public-private partnerships for infrastructure Investments                             | v. Embracing traditional indigenous knowledge, stewardship and small business |
| iii. Promoting stable and predictable regulatory frameworks  |   |

## Fostering Circumpolar Business

The AEC's member representation includes a diverse collection of business industries that operate in the Arctic – from mining to energy and shipping companies to telecommunication and indigenous economic development corporations. The AEC is open to members from the Arctic and outside the Arctic. This mix of interests ensures that our work is carried out in an inclusive and sustainable manner for the betterment of the Arctic communities that we represent.

The establishment of the Arctic Economic Council was facilitated by the Arctic Council during the 2013-2015 Canadian chairmanship. The AEC is an independent organization created to facilitate Arctic business-to-business activities and responsible economic development. Through the sharing of best practices, standards

and innovative Arctic Solutions the AEC is the primary forum for interaction between the Arctic Council and the wider circumpolar and non-Arctic communities. The AEC has five Working Groups: Maritime Transportation, Responsible Resource Development, Connectivity, Investments & Infrastructure, and Energy.

Businesses are what drives economic development throughout the circumpolar region but operating in the Arctic presents unique challenges compared to other areas of the world. Since its inception, the AEC has worked to ensure that relevant information is collected, disseminated and acted upon to ease and enhance business-to-business connection that promote responsible Arctic investment and growth.

## Working Groups

**The Arctic Economic Council's Investments & Infrastructure Working Group**

focuses on creating guidelines that aim for responsible investments and stimulating economic growth in the Arctic region. The goal of these guidelines is to provide information on who to consult when investing in a specific field and/or region in the Arctic. These guidelines are formed by the Arctic businesses, the local people and communities with the participation of financial institutions.

**The Arctic Economic Council's Energy Working Group**

focuses on gathering information on future global energy needs, availability of resources and the opportunities and challenges associated with the use of Arctic energy resources. The objective of the Energy Working Group is to provide balanced information to key stakeholders.

**The Arctic Economic Council's Responsible Resource Development Working Group**

is focused on providing the necessary framework for responsible resource exploration and development in the Arctic.

**The Arctic Economic Council's Connectivity Working Group**

seeks the solutions to connect even the most remote parts of the Arctic to the world to stimulate the economic growth. There is a need for improved connectivity to meet user needs, and Arctic conditions impose significant barriers to achieving that goal. Solutions are sought through collaboration with the members and stakeholders on national and international level.

**The Arctic Economic Council's Maritime Transportation Working Group**

focuses on gathering and exchanging available information on national and international Arctic maritime traffic, related regulation, development and status of hydrographic mapping.

# The AEC Secretariat Year in Events:



## The Arctic Economic Council was involved in several events during the Arctic Frontiers Conference

**JANUARY 2018**

Photo left: AEC

Photo right: Alberto Grohovaz, Arctic Frontiers

The Arctic Economic Council and the Nordic Council of Ministers presented their report “Arctic Business Analysis” at a joint side event. The report aims at qualifying the current knowledge on the business environment in the Arctic.

The main conclusions of the report:

- To increase collection and dissemination of Arctic-specific data,
- Increase cross-border collaboration
- To brand the Arctic region to utilize opportunities.

You can find the presentation here <https://arcticeconomiccouncil.com/wp-content/uploads/2018/01/ABA-Launch.pdf>

The findings in the report were presented by Anu Fredrikson, the Director of the Arctic Economic Council Secretariat.

One of the recommendations in the Arctic Business Analysis launched at Arctic Frontiers was joint branding of the Arctic as an attractive area for investments.

Chairman Tero Vauraste spoke at the first Arctic Frontiers plenary session, “State of the Arctic”. He was joined among others by Ms. Ine Eriksen Søreide, Minister of Foreign Affairs, Norway. In his remarks, Vauraste emphasised the need for increased connectivity and market access and infrastructure in the Arctic.

One of the topics up for discussion during Arctic Frontiers Business was “Financing the Arctic – is the Arctic investable?” Director of the Arctic Economic Council Secretariat, Anu Fredrikson spoke of the need for global connections and openness in Arctic business development. The need for a code of Arctic business ethics was also highlighted as a prerequisite to make the Arctic investable. The AEC follows up the work of the World Economic Forum’s Arctic Investment Protocol to develop guidelines for responsible Arctic business.



Download the presentation



APRIL 2018

### **AEC Governance Committee Meeting Helsinki, Finland**

Photo: Arché Photography

The third consecutive AEC Governance Committee meeting was held in Helsinki, Finland hosted by AEC Finland and Arctia Ltd. The meeting was the first AEC event taking place in Finland during the Finnish business community's chairmanship. The AEC Governance Committee comprises of one business representative from each of the Arctic states and permanent participant organizations.

While in Helsinki, the Governance Committee had the opportunity to meet with several representatives from Finnish businesses. In the discussions, business development in the Arctic and the removal of trade barriers was high on the agenda.

The Governance Committee meeting included a roundtable discussion on trade barriers in the Arctic. The AEC representatives were joined by representatives of Finnish businesses.



MAY 2018

### **Arctic Economic Council Annual Meeting Kiruna, Sweden**

Photo: AEC

The 2018 Annual Meeting was held in Kiruna, Sweden and graciously hosted by LKAB. The Annual Meeting approved a new strategic plan for the years 2019-2021. The new strategy underlines the AEC's wish to link the Arctic value chains even closer to the global value chains.

Ms. Kjerstin Skeidsvoll Lange, AEC's representative in group working on "Good Practice Recommendations for Environmental Impact Assessment and Public Participation in the Arctic" arranged a workshop for the members to receive input and Arctic businesses' perspectives.

Mr. Rolf Rødven from, the Arctic Monitoring and Assessment Programme presented (AMAP) their work and discussed potential cooperation with AEC.

In addition to the formal meeting and discussions on internal affairs, the AEC's members also had an opportunity to discuss Arctic business development, collaboration opportunities with other stakeholders, as well as acquaint themselves with the development in Northern Sweden.

Before the start of the 2018 Annual Meeting, the AEC Executive Committee participated in a roundtable discussion hosted by the Swedish Ministry for Foreign Affairs in Stockholm. Together with Swedish stakeholders they discussed Arctic business opportunities, issues related to connectivity, mining, energy, investments, infrastructure and maritime sector. The AEC members also had the opportunity to visit the Ericsson Test Lab in Stockholm.



JUNE 2018

### 3rd Top of the World Arctic Broadband Summit Hokkaido, Japan

Photo: Roussel Gould, AEC

On June 27-28, 2018 the 3rd AEC Top of the World Arctic Broadband Summit took place in Sapporo, Japan. Over two days more than 20 speakers and 100 participants from 10 different countries gathered in Hokkaido. The Summit included panel sessions and discussions with experts from across the globe, networking opportunities and site visits to exciting Hokkaido-based companies working in the field of connectivity solutions and IT.

The Top of the World Arctic Broadband Summit was organized for the third time in 2018. Taking the third TOW Summit to Sapporo, Hokkaido, Japan moved the discussions on connectivity further, also emphasizing that the Arctic is a region of commercial opportunity. Fostering market connections within the Arctic and between the Arctic and the global value chains is at the core of the AEC's work. The 2018 TOW Summit in Sapporo provided an opportunity to underline that the Arctic business community is also interested in creating closer ties to stakeholders south of our region.

The discussions at the 2018 TOW Summit built upon the themes of the previous TOW Summit. The Arctic has a geographic advantage: uniting 3 continents, it provides the shortest link for data cables. The planned subsea cables can become a game changer not just for the region, but also globally. By connecting the representatives of the major subsea cable projects being planned across the Arctic with representatives of the Hokkaido tech environment, the event provided an opportunity to business networking and new connections with potential business partners. As a potential landing site for subsea cables built along the North-East and

North-West passages, Hokkaido has a strategic location. According to an estimate, data centers alone accounted for 7% of electricity usage in the world in 2017. Data center building is forecasted to triple in the next 3 years, making the industry by far the single biggest user of electricity. The carbon footprint which follows is growing alarmingly. Hence the 2018 TOW Summit focused on the potential of the Arctic as a location for the data center industry. With abundance of energy and cold climate, the Arctic could potentially contribute to solving the increased demand for energy while simultaneously providing a less polluting means to drive the industry.

The third major theme of the 2018 TOW Summit focused on connectivity at Arctic seas. As commercial shipping activities in the Arctic are increasing, there is also an increased need for connectivity and situational awareness.

The 2018 TOW Summit was organized in collaboration with the Hokkaido Government, the Hokkaido Committee for Economic Development as well as the Hokkaido University. The AEC is grateful to the Nordic Council of Ministers for project support for the 2018 TOW Summit.

Read more about the TOW Summits here.

<https://arcticeconomiccouncil.com/program-and-presentationsfrom-the-top-of-the-world-arctic-broadband-summit/>.



Download the presentations



Photo: AEC

AUGUST 2018

## ONS

Stavanger, Norway

Photo: AEC

In august 2018 the AEC and Arctic Frontiers arranged a side event in conjunction with the ONS fair in Stavanger, Norway. A group of experts gathered for an interactive discussion on new opportunities related to energy in the Arctic. The event started with an outlook on the global energy demand. It was followed by a panel discussion featuring expertise from both fossil energy development, renewables as well as carbon capture and storage (CCS). Experiences from both fossil and renewable energy sector highlight dialogue with local stakeholders as a key element for successful operations in the Arctic.

Read more at our website

<https://arcticeconomiccouncil.com/aec-and-arctic-frontiers-bring-arcticenergy-to-ons/>



Photo: Natsuhiko Otsuka



Photo: AEC



Download the presentations



OCTOBER 2018

## 2018 Arctic Business Summit

Reykjavik, Iceland

Photo: Arctic Business Summit

The Arctic Business Summit was organized for the 4th time and gathered 26 business executives in Reykjavik. The summit was organized by the Norwegian Shipowners' Association and the AEC. The Arctic Business Summit provides an international meeting place for business executives representing different industries operating in or with an interest in the Arctic.

The main topics covered by the keynote speakers focused on freedom of trade, profitable, responsible and sustainable development for both the businesses and local communities in the Arctic, and the need for Arctic development and the necessary tools to navigate in the new climate.

Mr. Arne O. Holm, editor-in-chief of High North News, facilitated the Summit. Other speakers included Mr. Bjarni Benediktsson, Minister of Finance and Economic Affairs of Iceland; Ms. Ásdís Kristjánsdóttir, Director Economic Division of the Confederation of Icelandic Enterprise; Mr. Tero Vauraste, the Chair of the AEC; Hon. Paul Le Page, Governor of Maine, USA, and Mr. Heidar Gudjonsson, AEC's Vice Chair.

During the Summit, business representatives worked in groups to discuss Arctic investments, protectionism and its effects on the Arctic and global integration of value chains.

A report from the Arctic Business Summit was presented during the plenary session at 2018 Arctic Circle Assembly by Heidar Gudjonsson. For video, please see: <https://vimeo.com/297502327>

## Arctic Circle

The AEC took also part in the Arctic Circle conference. The AEC was represented in seven different plenary and breakout sessions by Chair Tero Vauraste, AEC Vice Chair Heidar Gudjonsson and the AEC Director Mrs. Anu Fredrikson. Mr. Heidar Gudjonsson and the AEC Director Mrs. Anu Fredrikson Mr. Heidar Gudjonsson also provided a report from the Arctic Business Summit during a plenary session of the Arctic Circle assembly.



Check out the video

# Message from the Director

The end of 2018 marked the end of the AEC's first strategic planning period. When the foundation of the AEC was created in 2016, we set out working with a Strategic Plan based on three pillars: Organizational, Stewardship, and Economic Growth. The evaluation this Strategy shows that we have worked actively to fill all of the sub-goals set on the Strategic Plan. While much of the work is of long-term character, we achieved many results within a relatively short period of time. We have actively worked to promote cross-border connections not just between the Arctic countries, but also between Arctic and the global stakeholders. Our outreach has helped make the AEC better known, which in turn helps in increasing our significance as the voice of the pan-Arctic business community.

In our new Strategic Plan, the global dimension of the AEC's work is set as one of the founding pillars of the strategy. This is also evident in our work: in 2018, the AEC has been involved in several activities not just in the eight Arctic countries, but also in Japan, Korea, Germany, France, United Kingdom, Belgium, and China. The Arctic continues to draw global attention, and we are witnessing an increased interest in our region also from the outside. Hence strengthening the ties between the Arctic, indigenous and global businesses has been a high priority through the entire Finnish businesses' AEC Chairmanship period.

As we have witnessed increased protective measures in international trade, advocating for freedom of trade has been high on the AEC's agenda in 2018. The economies of most Arctic nations are dependent on trade, and hence working for an improved market access is at the core of our work. This is also one of the overarching themes in our work.

Improved connectivity in the Arctic is another topic which has been highly prioritized in our work in 2018. The Top of the

World Arctic Broadband Summit was organized for the third time in 2018. Taking the third event to Sapporo, Hokkaido, Japan moved the discussions on connectivity further, also emphasizing that the Arctic is a region of commercial opportunity. The AEC is grateful to the Nordic Council of Ministers for the project support we received for the 2018 Top of the World Arctic Broadband Summit.

Three new AEC Working Groups started their operations in 2018. These were Working Groups on Connectivity, Energy, and Investments & Infrastructure. In addition to these new Working Groups, the AEC also has active Working Groups on Maritime Transportation and Responsible Resource Development. It has been a pleasure to work with all our five Working Groups throughout the year. Their contributions are without a doubt one of the cornerstones in our work.

By serving as expert partners in two different projects, the AEC has contributed to qualifying new knowledge on Arctic business development. Both Arctic Business Analysis (collaborative project between the AEC and Nordic Council of Ministers) and the Analysis on Business Financing in the Arctic (in collaboration with the Ministry of Foreign Affairs of Denmark) were launched in 2018.

The highlights of the year include the different AEC gatherings. As our work is steered by the interest of the Arctic business community, we always appreciate the opportunity to meet and discuss with our members. On behalf of the Secretariat, I would like to thank all AEC members, Working Group Chairs and partners for the excellent collaboration.

Collaboration with different partners has been instrumental in securing successful operations also in 2018. On behalf of the AEC, I would like to thank the Government of Finland and the Finnish Ministry for Foreign Affairs for supporting our operations. .

Anu Fredrikson

Director, Arctic Economic Council Secretariat



# 2018 in Numbers

Working  
Groups: 5

Investments & Infrastructure

Energy

Responsible Resource  
Development

Connectivity

Maritime Transportation

Number of  
Outreach  
events

More than

70

Outreach has taken place  
in all Arctic countries and  
also in Japan, Korea,  
Germany, France, UK,  
Belgium and China

AEC  
events

7

Tweets  
330

2520  
Followers

AECS  
employees:

2

AECS  
intern:

1

New  
members:

5

MoU  
with  
the  
UArctic

## UAVHENGIG REVISORS BERETNING

Til ledelsen i Arctic Economic Council Secretariat

### Uttalelse om revisjonen av årsregnskapet

#### Konklusjon

Vi har revidert årsregnskapet for Arctic Economic Council Secretariat som består av balanse per 31. desember 2018, resultatregnskap for regnskapsåret avsluttet per denne datoen og en beskrivelse av vesentlige anvendte regnskapsprinsipper og andre noteopplysninger.

Etter vår mening er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2018 og av dets resultater for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

#### Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i avsnittet *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med de relevante etiske kravene i Norge knyttet til revisjon slik det kreves i lov og forskrift. Vi har også overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

#### Ledelsens ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvike selskapet eller legge ned virksomheten, eller ikke har noe annet realistisk alternativ.

#### Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg

- ▶ identifiserer og anslår vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll;
- ▶ opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll;

- ▶ vurderer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige;
- ▶ konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det foreligger vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet. Hvis slike tilleggsopplysninger ikke er tilstrekkelige, må vi modifisere vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapets evne til fortsatt drift ikke lenger er til stede;
- ▶ vurderer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen, tidspunktet for vårt revisjonsarbeid og eventuelle vesentlige funn i vår revisjon, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom vårt arbeid.

## **Uttalelse om øvrige lovmessige krav**

### **Konklusjon om registrering og dokumentasjon**

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendige i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Tromsø, 12. april 2019  
ERNST & YOUNG AS



Kai Astor Frøseth  
statsautorisert revisor

## INDEPENDENT AUDITOR'S REPORT

To the management of Arctic Economic Council Secretariat

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Arctic Economic Council Secretariat, which comprise the balance sheet as at 31 December 2018, the income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management for the financial statements

The Board of Directors and Chief Executive Officer (management) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other legal and regulatory requirements

### Opinion on 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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Tromsø, 12<sup>th</sup> of April 2019  
ERNST & YOUNG AS

Kai Astor Frøseth  
State Authorized Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only)

