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Dear Norwegian Corporate Governance Board:

Glass Lewis welcomes the opportunity to respond to the proposed amendments to the Norwegian Code of Practice for Corporate Governance ("the Code"). Further, we applaud the Norwegian Corporate Governance Board's ("NCGB") decision to allow interested parties to help further develop the Code through an ongoing, progressive dialogue.

Glass Lewis is an independent governance services firm which provides proxy voting research, analysis, recommendations and custom services to institutional investors from around the world. While, for the most part, our clients use our research to help them form their proxy voting decisions, our clients also utilize our research when engaging with companies before and after shareholder meetings. Since 2003, Glass Lewis has primarily engaged in researching, analyzing and making voting recommendations regarding proxy voting matters at companies worldwide. We employ an experienced, multi-disciplinary team that leverages formal training and real world experience in finance, accounting, law, business management, public policy and international relations. We conduct a detailed analysis of each issue at each company while eschewing a one-size-fits-all approach. Through our Web-based vote management system, ViewPoint, we also provide investor clients with the means to receive, reconcile and vote ballots according to their custom voting guidelines and record-keep, audit, report and disclose their proxy votes.

Glass Lewis is submitting this comment as an interested industry advisor, not on behalf of any or all of its clients. We have confined our comments to the proposed amendments for which our input would be most relevant. Please refer to our comments to selected topics of the consultation inquiry on the following pages.

Importance of consistent and detailed Company disclosure

We note that NCGB proposes changes in the Code aiming to improve the governance-related disclosure of Norwegian companies. In general, we believe that shareholders benefit from detailed and accurate company disclosure. For institutional shareholders, operating on several markets under differing regulations and practices, the consistency and accuracy of disclosure is highly important. As such, we believe that the Code should promote disclosure practices that are: (i) *systematic*, by indicating both the information that is included and the information that is absent from public disclosure; (ii) *consistent*, by being organized in such a manner that allows efficient comparisons between different companies; and (iii) *thoroughly justified*, by providing a detailed rationale for the chosen practice or relevant deviation from recommendations. Finally, disclosure should be prominent, written in plain language and communicate relevant information effectively including for those non domestic institutional shareholders that are not familiar with all relevant details of the local market.

We support the proposed changes in sections 1-3 of the inquiry, as they promote disclosure practices that are in line with the aforementioned principles. In addition, we feel that providing companies with a standardized reporting template generally helps in unifying reporting practices. Some countries (e.g. Denmark) have adopted the use of such templates and, despite some weaknesses, the template-based reporting practices have in most cases helped shareholders to pinpoint deviations from and compliance with key provisions of the local governance codes.

Regarding the nomination committee's recommendations, we believe that a company's failure to disclose detailed information on the nominees' independence, affiliations, board tenure and experience prevents shareholders from objectively evaluating the composition and functioning of the board. In addition, we note that many Norwegian companies currently provide only partial disclosure regarding currently serving directors, the members of the corporate assembly or alternatively the shareholder representative board (*representantskap*). As such, we believe that the proposed changes are genuinely necessary and in the best interest of both private and institutional shareholders.

Shareholders ability to elect directors to the company's board

NCGB aspires to strengthen shareholders' ability to voice their opinions regarding the election of directors by recommending that shareholder meetings elect the members of the board of directors. In our view, shareholders' ability to elect board members annually is critical as it ensures that: (i) the opinions and interests of all shareholders are truly represented on the company's board; (ii) shareholders may regularly and explicitly voice their opinions on the board's performance and hold members accountable where that performance is poor; and (iii) shareholders may actively engage in improving the company's governance practices. We note that the lattermost point may be of special importance to some institutional shareholders. In addition, the experience and knowledge of large

institutional shareholders, i.e. regarding the evaluation of the board performance and optimal governance practices, may benefit not just shareholders but the company itself.

We strongly support the proposed changes in section 4 of the inquiry, as the changes aim to ensure explicit shareholder involvement with the board election process. We are convinced that shareholder meetings should have the opportunity to elect directors to the company's board, even in cases where a company has a separate corporate assembly or shareholder representative board providing additional supervision on the board. Finally, we believe that NCGB should consider strengthening the proposed change by recommending that the terms of the board members be limited to one year, in order to provide shareholders an opportunity to voice their opinions on the board performance regularly.

Takeover Situations

We recognize certain perceived weaknesses in Norwegian laws and regulations stipulating takeover situations between companies, and causing a justified need for NCGB to explicitly define best practice in the Code by providing additional guidance regarding these situations. We share NCGB's view that potential exclusivity periods, for in-depth negotiations, and the sharing of a company's non-public information, for due diligence purposes, often serves the best interest of shareholders. We also believe that: (i) disclosure requirements should be specific and spelled out explicitly without any ambiguity; (ii) the board should be held responsible for ensuring the best interest of shareholders both in general and with respect to competitive bids; and (iii) the bidder should not be entitled to unjustified financial compensation.

We support the proposed changes in section 6 of the inquiry, as the changes aim to define more specified practices for takeover situations. Especially, we applaud NCGB's proposal to remove any "particular reasons" and exceptional circumstances under which the board could hinder or obstruct takeover bids as, in our view, such unilateral decisions by the board are typically not in the best interest of shareholders. However, we urge the NCGB to consider delineating best practice even more explicitly by defining the specificity of required disclosure and by setting a maximum time period for the publication of this information. More detailed and prompt public disclosure would benefit shareholders by mitigating, and making visible, potential conflicts of interests and by allowing timely and appropriate shareholder interventions where applicable.

Other Considerations

In general, we believe that the proposed changes will have a positive impact on the governance of Norwegian companies. However, we would like to use this opportunity to introduce two additional issues which, we believe, would benefit the governance of Norwegian companies.

Currently, the terms of statutory auditors in Norwegian companies are considerably longer than in neighboring countries Denmark, Finland and Sweden. In our view, lengthy audit mandates may raise concerns regarding the independence of the statutory auditor and cause unnecessary operational risks for a company and its shareholders. As such, we believe that NCGB should consider: (i) setting a recommended maximum length for audit mandates of statutory auditors in order to promote more frequent auditor rotation; and (ii) urge companies to disclose term lengths of the currently serving auditors, as well as potential reasons for the change of auditor, where applicable.

Finally, we are concerned about the poor pay-performance linkage of compensation guidelines and plans in Norwegian companies, which have generally failed to progress towards increasingly commonly accepted best practices in Europe. We believe that the NCGB should consider developing Norwegian best practice by recommending that: (i) shareholder meetings approve the companies' compensation guidelines and plans annually; and (ii) these guidelines and plans be based on specific, long-term company performance metrics that are fully disclosed to reveal a pay-performance link. These improvements would help shareholders to objectively evaluate the efficacy of compensation systems and their effect on the company's long term shareholder value.

Final Words

Glass Lewis believes that the NCGB has identified a number of critical areas of concern regarding governance at Norwegian companies. With many of these issues, improvement in the scope and quality of disclosure by companies as well as shareholders' ability to voice their opinions on the issues at hand, would significantly strengthen shareholders' ability to exercise their basic control function.

We would be happy to provide any additional information to the Commission regarding the matters highlighted above. Thank you for the opportunity to comment on the proposed amendments to the Norwegian Code of Practice for Corporate Governance.

Sincerely,

/s/

Robert McCormick, Chief Policy Officer
Carla Topino, Associate Vice President, European and Emerging Markets Policy
Andrew Gebelin, Director of European Proxy Research
Saku Nousiainen, Proxy Research Analyst, Nordic Market