

The Norwegian Corporate Governance Code

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About The Norwegian Corporate Governance Board (NCGB)

The Norwegian Corporate Governance Board (NCGB) issues the Norwegian Code of Practice for Corporate Governance (the “Code of Practice”) and works to improve awareness of the Code of Practice in Norway and internationally.

The Code of Practice is updated regularly in line with changes to legislation and regulations. NCGB also follows developments in corporate governance in Norway and internationally, including experience gained from use of the Code of Practice.

This Code of Practice is a revised version of the Norwegian Code of Practice for Corporate Governance issued on 14 October 2021. The changes are described in the “Changes to the Code of Practice” section on page 6.

NCGB regularly organises the “Forum on Corporate Governance” conference to report on its work and contribute to the debate on corporate governance.

For further information on the Code of Practice and the work of NCGB, see www.nues.no. Any questions or comments relating to the Code of Practice can be directed to info@nues.no.

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¹ The members of the Institutional Investor Forum are Alfred Berg Kapitalforvaltning, Danske Invest, DNB Asset Management, Equinor Asset Management, Folketrygdfondet, KLP Kapitalforvaltning, Nordea Asset Management, Odin Forvaltning, Oslo Pensjonsforsikring, the Ministry of Trade, Industry and Fisheries (Department of Ownership) and Storebrand Asset Management.

² Finance Norway and the Confederation of Norwegian Enterprise also represent the Næringslivets Aksjemarkedsutvalg (the Equity Markets Commission). These two organisations are members of the Næringslivets Aksjemarkedsutvalg together with the Enterprise Federation of Norway and the Norwegian Shipowners' Association.

Introduction

The purpose of the Norwegian Code of Practice for Corporate Governance

The objective of this Code of Practice is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation.

Good corporate governance will strengthen confidence in companies and help to ensure the greatest possible value creation over time in the best interests of shareholders, employees and other stakeholders.

Listed companies manage a significant proportion of the country's assets, and generate a major part of value creation. It is therefore in the interests of these companies and of society as a whole that they are directed and controlled in an appropriate and satisfactory manner. It is important that companies enjoy good relationships with society as a whole and with the stakeholder groups that are affected by their activities. There is international competition to attract the interest of both Norwegian and international investors, and this makes it essential that Norwegian companies and the Norwegian stock market are seen to maintain high standards in the area of corporate governance.

Target group

The Code of Practice is principally intended for companies that are required by the Norwegian Accounting Act to provide a report on their policies and practices for corporate governance. This mainly relates to companies whose shares are listed on regulated markets in Norway, i.e. at the current time Euronext Oslo Børs and Euronext Expand. The Code also applies to savings banks with listed equity certificates to the extent that it is appropriate.

Companies that are subject to the Issuer Rules for Euronext Oslo Børs and Euronext Expand (hereinafter the "Issuer Rules"), which consist of Rule Book I - Harmonised Rules and Oslo Rule Book II - Issuer Rules, must report in accordance with this Code of Practice.

Other companies with broadly held ownership whose shares are the subject of regular trading, including companies whose shares or equity certificates have been admitted to trading on a multilateral trading facility, may also find the Code of Practice appropriate for their circumstances.

Corporate management and control at Norwegian companies

The highest governing body for a Norwegian company is its general meeting. A Norwegian company's management comprises its board of directors, its chief executive and, where relevant, its corporate assembly.

The board of directors has both managerial and supervisory duties. Its managerial duties require it to manage the company in general unless the company's other corporate bodies dictate otherwise. The board shall therefore inter alia draw up the company's strategy and budgets as well as guidelines for its activities. The board's supervisory responsibility requires it to supervise the chief executive and the company's activities in general. Executive personnel are not normally elected to the board of directors.

The chief executive shall be responsible for the day-to-day management of the company, including following up the board's decisions.

Norwegian company law has a number of special features, including:

- In companies with more than 30 employees, the employees may demand board representation. If the company has more than 200 employees without having a corporate assembly, the employees shall be represented on the board.
- In groups of companies, the employees may be represented on the board of the parent company in accordance with specific rules.
- The general manager cannot be a board member.
- At least half of the board members shall be resident in the Kingdom, or be citizens of and resident in an EEA country, Switzerland, the United Kingdom, or Northern Ireland.
- A few companies have a corporate assembly. The corporate assembly consists of at least twelve members. The general meeting elects 2/3 of the members of the corporate assembly. 1/3 are

elected by and among the employees. The corporate assembly elects the board members and the chair of the board (including the employee representatives). The corporate assembly also supervises, among other things, the management of the company by the board and the general manager.

Adherence to the Code of Practice – “comply or explain”

Adherence to the Code of Practice will be based on the “comply or explain” principle, which is explained in the commentary to Section 1 of the Code of Practice.

The Code of Practice is addressed in the first instance to the board of directors of a company. It is the responsibility of the board to consider each section of the Code and decide how the company will meet the requirements. The board must issue a comprehensive corporate governance report.

The Code of Practice issued on 28 August 2025 applies with effect from the 2025 financial year. Companies that do not by then apply the changes in the 2025 version of the Code of Practice are expected to report in accordance with the 2021 version of the Code of Practice. Such companies should also explain how they intend to comply with the new version of the Code of Practice.

Structure and form of the Code of Practice

The Norwegian Code of Practice for Corporate Governance is based on company, accounting and securities legislation, as well as on the Issuer Rules, as in force at 1 August 2025, and it includes provisions and guidance that in part elaborate on existing legislation and in part cover areas not addressed by legislation.

The text in the text boxes represents the recommendations to companies. These are the recommendations with which companies must either comply or explain their deviation from.

The commentary provided in each section is intended to provide greater detail and explanation of the requirements, and to explain the reason for their inclusion. The commentary also provides information on the relationship between the requirements of the Code of Practice and the relevant legislation. References to the appropriate legislative provisions can be found in the footnotes.

The Code of Practice uses the term “should” when describing its requirements. Where the requirement in question is already the subject of legislation, the term “must” is used.

Changes to the Code of Practice

In January 2025, NUES sent out a draft of amendments to the Recommendation and encouraged all stakeholders to submit comments and input. On 28 August 2025, NUES adopted amendments to the Recommendation. These are briefly described below.

Chapter 4 on equal treatment of shareholders

The Recommendation specifies that reasons should be given for all decisions to deviate from the shareholders' pre-emptive right.

Chapter 6 on the general meeting

The Recommendation clarifies that the board's facilitation of shareholder participation also includes the possibility to cast a vote. Further editorial changes are made.

Chapter 7 on the nomination committee

The Recommendation is amended so that the board must inform shareholders about how they can propose candidates. Further editorial changes are made.

Chapter 9 on the work of the board

A new Recommendation has been included stating that the board should adopt instructions for board committees. Furthermore, the comments clarify that the board's reporting responsibility also includes sustainability reporting.

Chapter 12 on remuneration of senior employees

In Chapter 12, the wording is amended so that the chapter only applies to remuneration of senior employees. Furthermore, it clarifies which requirements apply to guidelines for remuneration of senior employees, including variable remuneration.

Chapter 13 on information and communication

The Recommendation that the board should adopt guidelines for the company's reporting of financial information and other information is replaced with a Recommendation on the disclosure of financial information and other information.

Chapter 15 on the auditor

The Recommendation is amended so that it also reflects the central role of the audit committee. Furthermore, it clarifies that the board's summoning of the auditor to the meeting for the consideration of the annual financial statements shall also apply to statutory sustainability reporting.

1. Implementation and reporting on corporate governance

The board of directors must ensure that the company implements sound corporate governance.

The board of directors must provide a report on the company's corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice.

If the company does not fully comply with the Code of Practice, the company must provide an explanation of the reason for the deviation and what solution it has selected.

Commentary

The requirement for reporting corporate governance is based on the "comply or explain" principle. The Accounting Act stipulates that issuers listed on a regulated market in Norway must provide a report on their policies and practices for corporate governance. In the event that a company deviates from the requirements of the Code of Practice, the Act stipulates that the company must provide a justification for such deviation. The requirements of the Code of Practice are more comprehensive than the statutory requirements: Firstly, the report must cover every section of the Code of Practice. This means that companies must provide information on the sections with which they comply as well as on the sections from which they deviate. Secondly, a company that does not comply with the Code of Practice must, in addition to providing the justification required by the Accounting Act, explain what alternative solution it has selected.

Publishing an overview of all aspects of corporate governance will make it easier for shareholders and other interested parties to evaluate how the company has organised its corporate governance. However, the overview may refer to more detailed information elsewhere in the annual report or on the company's website.

Foreign companies

The Code of Practice is based on the assumption that the company is subject to Norwegian legislation on corporate governance. A foreign company that is subject to other legislation should explain to which corporate governance legislation and standards it is subject.

This Code of Practice for corporate governance applies in addition to any other guidelines that the board of directors may have issued for the company's activities, cf. inter alia the Public Companies Act (Allmennaksjeloven – hereinafter "Asal" or the "Public Companies Act") § 6-12 second subsection and any formal instructions for executive management, cf. Asal. § 6-13 second subsection.

Companies listed on Euronext Oslo Børs must publish a comprehensive report on the company's corporate governance in the directors' report or in a document that is referred to in the directors' report, cf. Section 4.4 of the Oslo Rule Book II of the Issuer Rules. The rules also require that companies must provide an explanation of any matters where they do not comply with the Norwegian Code of Practice for Corporate Governance. Companies that apply for listing on Euronext Oslo Børs or Euronext Expand must as part of the application confirm that the company complies with the Norwegian Code of Practice for Corporate Governance or explain any deviation therefrom (or the equivalent code for foreign companies that comply with a code of practice in the state in which they are registered or the code of practice that applies to the primary market for their shares), cf. Section 4, item 31, of Euronext Oslo Børs' Notice 3.4 (Procedures for admission to trading of shares), Section 1 (1), item 2, of Notice 3.5.1 (Primary listing of foreign issuers - additional documentation), and Section 1 (1), item 3, of Notice 3.5.2 (Secondary listing – additional documentation).

An EEA prospectus for an offer for subscription or purchase of shares or for admission to listing on a regulated market must include a statement as to whether or not the issuer complies with the national code of practice for corporate governance in its country of incorporation, cf. Securities Trading Act, Chapter 7, and the related EU regulations (including the Prospectus Regulation) and Norwegian regulations issued pursuant to legislation.

The Accounting Act (Regnskapsloven, also hereinafter "Rskl.") at § 2-9 stipulates that companies, including foreign companies for which Norway is the home state, must provide a report on their policies and practices for corporate

governance either in the annual report or in a document referred to in the annual report, and this must include a justification for any deviation from the code of practice or rules for corporate governance to which the company is subject.

2. Business

The company's articles of association should clearly describe the business that the company shall operate.

The board of directors should define clear objectives, strategies and risk profiles for the company's business activities such that the company creates value for shareholders in a sustainable manner. When carrying out this work, the board of directors should therefore take into account financial, social and environmental considerations.

The board of directors should evaluate these objectives, strategies and risk profiles at least yearly.

Commentary

The Public Companies Act requires that the articles of association state the nature of a company's business. A company's articles of association, together with the company's publicly declared objectives, principal strategies and risk profiles, provide the information needed to help ensure that shareholders can anticipate the scope of the company's activities. The articles of association should therefore provide a clear statement of the nature of the company's business. This is to ensure that the decisions made by the board of directors fall within the activities determined by the general meeting. The question of appropriate balance between room for manoeuvre on the part of the board and executive management and any wish by the shareholders to limit their freedom in this respect is a matter for the general meeting.

The board of directors is responsible for the company's value creation and sets and monitors the company's objectives, strategies and risk profiles. The board of directors' strategic planning and decisions provide a basis for the company's executive management to prepare and carry out investments and structural measures. The company's objectives, strategies and risk profiles should be evaluated at least yearly.

The Code of Practice states that the board of directors should take into account the sustainability of the company's objectives, strategies and risk profiles. It is for the board of directors to identify and assess which aspects of sustainability are relevant to the company.

The company's business activities and the scope of the board of directors' authority are restricted to the business specified in its articles of association, cf. Asal. § 2-2, or as otherwise approved by the general meeting by a sufficient majority.

3. Equity and dividends

The board of directors should ensure that the company has a capital structure that is appropriate to the company's objective, strategy and risk profile.

The board of directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the board of directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the board of directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

Commentary

The board of directors should define clear objectives, strategies and risk profiles for the company, cf. Section 2. The board should ensure the company's financing is at a level appropriate to the company's requirements.

The Public Companies Act includes provisions to ensure that companies maintain a sound level of equity at all times. If it must be assumed that the company's equity has fallen below an appropriate level in relation to the scale and risk profile of its business activities, the board of directors is required to call a general meeting within a reasonable time in order to report the company's financial condition and the measures proposed to rectify the situation. The requirement that a company should maintain its capital structure at a level appropriate to the company's objectives, strategy and risk profile also implies that if a company retains capital which is surplus to these requirements, it must justify why it is not distributing the surplus to shareholders through dividend payments or a capital reduction.

The annual general meeting can resolve to grant a mandate to the board of directors to approve the distribution of dividends on the basis of the approved annual accounts. Such a mandate should be explained. The explanation should state, inter alia, how the mandate is based on the company's dividend policy.

The Public Companies Act requires that a mandate granted to the board of directors to increase a company's share capital must specify whether the mandate extends to an increase in capital for contributions other than cash, or a resolution on a merger and whether the pre-emption rights of shareholders are to be waived. The Code of Practice goes further than the Act by specifying that such mandates should be limited to a defined purpose, such as the acquisition of companies within a specific sector or a similar definition of purpose. Limiting the purpose of each mandate makes it possible for shareholders to vote separately on each mandate. The general meeting can approve multiple mandates. In such an instance, the proposals for the mandates should stipulate a limit on the overall amount by which the board shall be permitted to increase the company's share capital.

The Public Companies Act permits a mandate to the board of directors to be valid for up to two years. However, companies should not take advantage of such an extended period (except where the company is already committed to honouring options). The company's situation and its shareholders' views may change over the course of a year. For this reason, it is recommended that shareholders be given the opportunity to consider any board mandates at each annual general meeting. A mandate to the board of directors for the company to acquire its own shares should be dealt with in the same way as a mandate to increase the company's share capital.

Asal. § 3-4 and § 3-5 stipulate requirements for companies to maintain a sound level of equity and liquidity, and impose a duty on the board of directors to take appropriate action if the company's equity falls below certain thresholds. Asal. § 8-1 stipulates what may be distributed as dividend. The annual accounts in principle form the basis for declaring a dividend, but a revised interim balance sheet approved by the general meeting may also be used (§ 8-2a). The general meeting cannot adopt a resolution to distribute a higher amount of dividend than recommended or approved by the board of directors, cf. Asal. § 8-2 first subsection. The general meeting may, subject to simple

majority approval, grant the board of directors a mandate to approve the distribution of dividends (based on the annual accounts), jf. Asal. 8-2 second subsection Such a mandate may not be granted for a longer period than until the next annual general meeting.

Asal. § 10-14 stipulates that the general meeting may grant the board of directors a mandate to increase the share capital subject to the same majority as required for an amendment to the articles of association. Such mandates may not be granted for a period longer than two years at a time. A mandate for the company to purchase its own shares shall also not be granted for a period exceeding two years at a time, cf. Asal. § 9-4.

4. Equal treatment of shareholders

If the board proposes to deviate from shareholders' pre-emptive right in connection with capital increases, the board should specifically set out and justify the proposal. This applies both when the capital increase is resolved by the general meeting and when a board authorisation is used. The justification should be included in the stock exchange announcement that discloses the capital increase. The justification should specifically state how the principle of equal treatment of shareholders is safeguarded. Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.

Commentary

General on equal treatment

The Public Companies Act stipulates that neither the general meeting, nor the board of directors nor the chief executive may make any decision that is intended to give an unreasonable advantage to certain shareholders or other parties at the expense of other shareholders or the company. The Securities Trading Act states that a company may not treat shareholders differently unless there is a factual basis for such discrimination.

Share issues

The Public Companies Act allows the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital to be waived by the general meeting. Such a resolution requires the same majority as is required for a change to the articles of association. If the board of directors proposes that the general meeting should approve such a waiver of pre-emption rights, shall the reasons for the waiver specifically indicate how the equal treatment of shareholders is safeguarded. An explanation of this must be included as an appendix to the agenda for the general meeting. Where the board of directors resolves to carry out an increase in share capital on the basis of a mandate granted to the board, the justification for waiving the pre-emption rights of existing shareholders must be disclosed in the stock exchange announcement of the increase in share capital.

All a company's shares carry equal rights unless the articles of association stipulate that there are different types of shares (several classes of shares), cf. Asal. § 4-1. A principle of equal rights is also reflected, inter alia, in Asal. § 10-4 on the pre-emption rights of shareholders to subscribe for an increase in share capital by cash payment and the restrictions in § 5-21 and § 6-28 on a general meeting adopting any resolution which may give certain shareholders or other parties an unreasonable advantage at the expense of other shareholders or the company. See also the requirement in Vphl. § 5-14 on discriminatory treatment that is not objectively based in the issuer's and the holders' mutual interests.

Transactions in a company's own shares must be evaluated in relation to the rules on the duty of disclosure, as well as in relation to the prohibition against illegal insider trading and market manipulation, cf. Vphl. Chapter 3 and the EU's Market Abuse Regulation 596/2014 (MAR), the requirement for equal treatment of all shareholders, cf. Vphl. § 5-14, and the prohibition of unreasonable business methods, cf. Vphl. § 3-7.

Asal. § 3-9 stipulates that transactions between companies in the same group must be based on standard business terms and principles.

The company's annual accounts must include further information on transactions with close associates, cf. Rskl. § 3-9 and IAS 24 Related Party Disclosures, as well as Rskl § 7-30b. See also Securities Trading Regulations § 5-3.

5. Shares and negotiability

The company should not limit any party's ability to own, trade or vote for shares in the company.

The company should provide an account of any restrictions on owning, trading or voting for shares in the company.

Commentary

The Public Companies Act permits companies to include provisions in their articles of association on share classes and on the free negotiability of their shares. Sections 3.1.4.3 and 3.1.4.4 of the Issuer Rules, Oslo Rule Book II, however, only allow a company to exercise any discretionary right it has in its articles of association to restrict share purchases or to impose other restrictions on the negotiability of shares, as well as any discretionary right to refuse shareholders the right to vote, to the extent that there is sufficient cause for it to do so. Furthermore, exercising restrictions on the negotiability of shares must not cause disturbances in the market. The Code of Practice is stricter than the legislation and the Issuer Rules. The Code of Practice stipulates that the company's articles of association should not contain any form of restriction on a party's ability to own, trade or vote for shares in the company, including by using different classes of shares.

If there are restrictions on the ability to own, trade or vote for shares in the company, the company should provide an account of them, regardless of whether they are imposed by the company's articles of association or legislation.

Shares may change owners by transfer or in some other way unless otherwise provided for by law, the company's articles of association or an agreement between the shareholders, cf. Asal. § 4-15. If the articles of association contain provisions on a requirement for consent to a change of ownership or pre-emption rights for other shareholders, change of ownership is subject to the rules set out in Asal. § 4-16 to § 4-23. The company's shares must be freely transferable, cf. Securities Trading Regulations § 13-4. If the company has been given a discretionary right to bar a share acquisition or to impose other trading limitations, such right may only be exercised if there is sufficient cause and such imposition does not cause disturbances in the market. Special legislation may contain its own requirements that an acquisition is subject to authorisation or a licence.

Each share carries one vote unless otherwise stipulated by legislation or the company's articles of association, cf. Asal. § 5-4, cf. Asal. § 4-1.

6. General meetings

The board of directors should ensure that the company's shareholders can participate and vote in the general meeting.

The board of directors should ensure that:

- the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting
- any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible
- the members of the board of directors and the chairman of the nomination committee attend the general meeting
- the general meeting is able to elect an independent chairman for the general meeting
- the shareholders may vote on each of the proposals to be considered, including voting for individual candidates in elections
- a person is appointed who can act as a proxy for the shareholders if advance voting is not available

Commentary

Notice calling the annual general meeting

The Public Companies Act and the General Meeting Regulations stipulate deadlines for the notice calling a general meeting, the content of the notice and the availability of documents to be considered at the meeting. The Public Companies Act stipulates that at least 21 days' notice must be given to call a general meeting of a listed company. The notice calling the meeting must specify the matters to be considered by the meeting, and any proposed amendments to the articles of association must be stated. The General Meeting Regulations stipulate that the documents to be considered by the general meeting must be available on the company's website no later than the 21st day before the date of the general meeting and up to and including the day the meeting is held. The recommendations of the nomination committee (see Section 7) and the board's statement on the remuneration of executive personnel (see Section 12) are to be regarded as documents of this type.

The recommendation that the general meeting should vote separately on each candidate for election applies to the corporate assembly, the board of directors, the nomination committee and any other corporate bodies to which members are elected by the general meeting. The effect of this recommendation is not that voting must always take place in written format.

How general meetings are held

The Public Companies Act allows the board of directors to choose whether to hold a general meeting as a physical meeting or as an electronic meeting. If a general meeting is held as a physical meeting, there are several methods for shareholders to attend and vote at the meeting without being present in person. Shareholders have the right to attend by electronic means unless the board of directors finds that there is sufficient cause for it to refuse to allow this. Furthermore, subject to there being appropriate provisions in the company's articles of association, shareholders can vote during a specified period in advance of a meeting.

Shareholders who cannot attend the general meeting should be given the opportunity to vote. The company should prepare a proxy form and appoint a person who can act as a proxy for shareholders.

The form provided by the company for shareholders to appoint a proxy should be drawn up so that separate voting instructions can be given for each matter to be considered by the meeting and each of the candidates nominated for election. In addition, it should be made clear either by instructions on the form or by reference to established guidelines how the proxy should vote in the absence of specific voting instructions on one or more matters and in the event of changes to proposed resolutions and new resolutions.

Attendance by the board of directors and chairman of the nomination committee

The Public Companies Act stipulates that the chairman of the board of directors (and the chairman of the corporate assembly where appropriate) must attend general meetings. Other members of the board are entitled to attend. The general meeting is the main meeting place for shareholders and the officers they elect, and it is therefore appropriate that all members of the board should attend general meetings. The auditor shall attend general meetings at which the items to be considered are of such a nature that the auditor's attendance must be regarded as essential. General meetings should be organised in such a way as to facilitate dialogue between shareholders and the officers of the company.

The chairman of the nomination committee should attend the annual general meeting in order to present the committee's recommendations and answer any questions.

Independent chairman of the meeting

The Public Companies Act stipulates that a general meeting must be declared open by the chairman of the board of directors or a person nominated by the corporate assembly/ board of directors. The general meeting then elects a chairman for the meeting. Alternatively, the company's articles of association may specify who is to chair general meetings. If this is the case, the chairman of the meeting pursuant to the articles of association will also be responsible for declaring the meeting open. In practice, responsibility for resolving any questions in respect of voting rights will fall to whoever declares the meeting open.

The Code of Practice stipulates that the board of directors should ensure that the general meeting is able to elect an independent chairman. The board should in this regard consider how the objective of an independent chairman can best be achieved given the company's organisation and shareholder structure. It is for the board to propose how this can be achieved, e.g. through provisions incorporated in the articles of association or by arranging for the person responsible for declaring the meeting open to put forward a specific proposal for an independent chairman for the meeting. It is, however, for the general meeting to determine who will chair the meeting.

The person who is a shareholder five business days before the general meeting (the record date) has the right to attend and vote at the general meeting, cf. Asal. § 5-2 first subsection. Asal. § 5-2 also grants the right to attend by proxy and to be accompanied by an adviser. The proxy must be in writing, signed and dated. The proxy may be presented by means of electronic communication, cf. Asal. § 1-7. The notice period in listed companies is 21 days, unless a longer period is stipulated in the articles of association or the company is permitted to set a shorter period, cf. Asal. § 5-11 b. For the consideration of articles-based measures in connection with a takeover bid, special notice periods apply, cf. Vphl. § 6-17. Owners of nominee-registered shares who wish to attend the general meeting must give prior notice to the company. The articles of association may stipulate that other shareholders who wish to attend the general meeting must also give such notice to the company, cf. Asal. § 5-3. Such notice must be received by the company no later than two business days before the general meeting. The board may nevertheless, before the notice of the general meeting has been sent, set a later deadline for the notice.

The requirements for the content of the notice calling a meeting are set out in Asal. § 5-10, § 5-11b, the Regulation of 6 July 2009 No. 983 (General Meeting Regulations) § 2 and Vphl. § 5-9 (the latter also applying to foreign companies for which Norway is the home state). The company must have certain information available on its website starting no later than the 21st day before the general meeting is to be held, cf. General Meeting Regulations § 3.

The board of directors determines how the meeting will be held and must ensure that it is run in a satisfactory manner, cf. Asal § 5-8. Physical and electronic participation in a general meeting have the same standing. If a general meeting is held as an electronic meeting, there must be systems which ensure compliance with the statutory provisions regarding general meetings, as well as with the requirements in respect of the confirmation of electronic voting, cf. Asal § 5-8, fourth paragraph, and 5-8a. Similarly, Asal. § 5-8(b) permits the company to make provision in its articles of association for shareholders to submit votes in writing, including by means of electronic communication, for a specified period prior to the general meeting. The Act stipulates that this is conditional on the use of a satisfactory means to authenticate the transmitters of messages.

The chairman of the board of directors and the chief executive officer must attend a general meeting unless there are valid reasons for being absent cf. Asal. § 5-5. If a general meeting is held as a physical meeting, the chairman and chief executive officer must be present at the physical meeting. Other board members may participate electronically even if the general meeting is held as a physical meeting. The auditor must attend the general meeting if the business that is to be transacted is of such a nature that his or her attendance must be regarded as necessary, cf. Asal. § 7-5. Such participation may take place electronically, but the board may nevertheless require the auditor to attend in person if the general meeting is held as a physical meeting. The general meeting is declared open by the chairman of the board of directors, or a person appointed by the board of directors, cf. Asal. § 5-12. If the company has a corporate assembly, the general meeting is declared open by the chairman of the corporate assembly or a person appointed by the

corporate assembly. If the articles of association stipulate who shall be chairman of the general meeting, the general meeting is declared open by the chairman so appointed. Shareholders representing more than one twentieth of the share capital can, no later than seven days before the general meeting is to be held, demand that the county court shall appoint a person who is to open the general meeting, cf. Asal. § 5-12, second paragraph.

The company must publicly disclose on its website the results of voting at the general meeting no later than 15 days after the date of the general meeting, cf. General Meeting Regulations § 4. Following a general meeting, the company must immediately announce that the meeting has been held, cf. the Issuer Rules, Oslo Rule Book II, Section 4.6.2 (4).

If the company is required to have an audit committee, the audit committee's statement on the proposed election of the auditor must be put before the general meeting before the election, cf. Asal. § 7-1.

7. Nomination committee

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association. The nomination committee should propose candidates for the board and the nomination committee, and remuneration for the members of these bodies. The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the board of directors and the company's executive personnel as part of its work on proposing candidates for election. Shareholders should be informed about how they can propose candidates.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive personnel. The nomination committee should not include any executive personnel or any member of the company's board of directors.

The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee.

Commentary

General

The objective of the recommendations regarding nomination committees is inter alia to ensure that the best possible preparations are made for the general meeting's decisions. The nomination committee's main function is to consider and ensure compliance with the guidelines in section 9 regarding the composition and independence of the board of directors. If the company has a corporate assembly, the nomination committee shall also propose candidates for the corporate assembly.

Companies that do not have a nomination committee should explain their nomination process in the same way as companies that do have a nomination committee.

The use of a nomination committee is not regulated by legislation, and should therefore be laid down in the articles of association.³ The articles of association or separate written guidelines set by the general meeting should set out how elections to the nomination committee are to be prepared, the criteria for eligibility, the number of members, the term of office for which members are appointed, the possibilities in terms of re-election, the fees to which they are entitled etc.

The remuneration paid to members of the nomination committee should reflect the character of their duties and the time commitment involved, taking into account the central importance of the nomination committee.

The work of the nomination committee

The chairman of the nomination committee has the overall responsibility for the work of the committee.

The nomination committee should have the ability to make use of resources available in the company or be able to seek advice and recommendations from sources outside of the company.

Shareholders should be given the opportunity to submit proposals to the nomination committee for candidates for election to the board of directors and other appointments in a simple and easy manner, for example via the company's website. It should also be made clear when such proposals must be submitted if they are to be considered by the nomination committee.

When reporting its recommendations to the general meeting, the nomination committee should also provide an account of how it has carried out its work.

The nomination committee is expected to monitor the need for any changes to its composition or to that of the board of directors. In order for it to carry out its monitoring as effectively as possible, the committee should have individual discussions with the members of the board of directors and the chief executive officer (as well as with members of the corporate assembly, where appropriate). Furthermore, the nomination committee should consult shareholders concerning proposals for candidates, and in order to try to ensure that its recommendations have their support. The nomination committee should pay particular attention to the board's report on its own performance or to the relevant parts of the report, cf. Section 9 on the work of the board.

Composition of the committee

The provisions of the Code of Practice on the composition of the nomination committee seek to balance differing considerations, including the principles of independence and the avoidance of any conflict of interest between the nomination committee and the candidates it puts forward for election. The composition of the nomination committee should also be such that it reflects the interests of shareholders in general.

The company should make available information on the membership of the nomination committee on its website.

The independence of the nomination committee from the company's board of directors and executive management dictates that candidates for election to the nomination committee should be put forward by the nomination committee itself.

Justification for the nomination committee's recommendations

The committee's recommendations should provide a justification of how its proposed candidates take into account the interests of shareholders in general and the company's requirements, cf. Section 8 as well on the composition of the board of directors (and of the corporate assembly where appropriate).

The recommendations should justify why the committee is proposing each individual candidate. The justification should include information on each candidate's competence, capacity and independence. Information on the candidates should include each individual's age, education and business experience. Information should be given on ownership interests in the company, and on any assignments carried out for the company, as well as on the individual's material appointments with and assignments for other companies and organisations. If the committee recommends the re-election of a member of the board of directors, the justification should also provide information on how long the candidate has been a member of the board of directors and his or her record in respect of attendance at board meetings.

If the recommendation includes candidates for election to the nomination committee, it should also include relevant information on each individual candidate.

In accordance with Section 6 above, the nomination committee's recommendations and report should be made available in accordance with the 21-day deadline for the notice calling a general meeting.

8. Board of directors: composition and independence

The composition of the board of directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The board of directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9 of the Code of Practice.

The general meeting (or the corporate assembly where appropriate) should elect the chairman of the board of directors.

The term of office for members of the board of directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the board of directors should be encouraged to own shares in the company.

Commentary

Election of the board of directors and chairman of the board

The basic premise for public limited companies is that the board of directors is elected by the general assembly. If the company has a corporate assembly (or equivalent body in the case of financial institutions), it is this body that elects the board of directors. In addition, the Public Companies Act includes a provision for the right to elect members of the board of directors to be transferred to others. Companies should not make use of this provision.

The general meeting (or the corporate assembly or equivalent body in the case of financial institutions where appropriate) should elect the chairman of the board in accordance with the law.

Composition of the board of directors

In addition to having the appropriate expertise, it is important that the board of directors has sufficient capacity to carry out its duties. In practice, this means that each member of the board must have sufficient time available to devote to his or her appointment as a director. Holding a large number of other board appointments, for example, may mean that a director does not have the capacity necessary to carry out his or her duties in the particular company. The commitment involved in being a member of a board can vary from company to company, and it is therefore not appropriate to set an absolute limit for the number of board appointments an individual should hold. However, directors who hold a number of board appointments should at all times bear in mind the risk of conflicts of interest between such appointments.

The composition of the board of directors as a whole should represent sufficient diversity of background and expertise to help ensure that the board carries out its work in a satisfactory manner. In this respect due attention should be paid to the balance between male and female members of the board. The board is responsible as a collegiate body for balancing the interests of various stakeholders in order to promote value creation by the company. The board should be made up of individuals who are willing and able to work as a team.

Independence of the board of directors

The board of directors, as required by the Public Companies Act, must operate as a collegiate body when carrying out its duties. Members of the board, whether elected by the general meeting or the corporate assembly or employees, must not operate as individual representatives for specific shareholders, shareholder groups or other stakeholders. In order to support the stock market's confidence in the independence of the board, at least two of its members should be independent of the company's main shareholder. This principle is particularly important for companies where one or more controlling shareholders could, in practice, decide the outcome of elections to the board.

The majority of the members elected to the board of directors by shareholders should be independent of the company's executive personnel and its main business connections. It is important that the composition of the board ensures that it is able to evaluate the performance of the executive personnel and consider material agreements entered into by the company in an independent manner. Particular attention should be paid to ensuring that the board is capable of independently evaluating the company's performance and specific matters put forward by the executive management.

In general terms, a member of the board of directors may be defined as independent when the individual in question has no business, family or other relationships that might be assumed to affect his or her views and decisions. It is difficult to provide an exhaustive summary of all the matters that might affect the independence of a member of the board. When evaluating whether a member of the board is independent of the company's executive management or its main business connections, attention should be paid to ensuring, inter alia, that the individual:

- has not been employed by the company (or group where appropriate) in a senior position at any time in the last five years
- does not receive any remuneration from the company other than the regular fee as a board member (does not apply to payments from a company pension)
- does not have, or represent, business relationships with the company
- is not entitled to any fees as a board member that are dependent on the company's performance or to any share options
- does not have any cross-relationships with executive personnel, other members of the board of directors or other shareholder elected representatives
- has not at any time in the last three years been a partner or employee of the accounting firm that currently audits the company.

The criteria listed above may also be relevant to determining whether a member of the board of directors is independent of the company's main shareholder(s). Such evaluation should then be carried out on the basis of the board member's relationship with the main shareholder(s) not the company. The rationale for placing such emphasis on the independence of the board of directors is to ensure that the interests of shareholders in general are properly represented. Where a company's ownership is widely held, the independence of the board is principally intended to ensure that the executive personnel do not play too dominant a role relative to the interests of shareholders. Where a company has controlling shareholders, the independence of the board is principally intended to protect minority shareholders.

Membership of the board of directors by executive personnel

The Public Companies Act stipulates that the chief executive cannot be a member of the board of directors. This Code of Practice recommends that neither the chief executive nor any other executive personnel should be a member of the board.

Term of office and length of service

While the Public Companies Act permits a term of office for members of the board of directors of up to four years, this Code of Practice recommends that the term of office should not exceed two years. The situation in respect of both the company's requirements and the demands of independence can change over the course of a two-year period. The general meeting (and the corporate assembly where appropriate) should therefore be given the opportunity to re-evaluate each shareholder-elected member of the board at least every second year. When considering whether to re-elect members of the board, the value of continuity should be balanced against the need for renewal and independence. Where a member of the board has served for a prolonged continuous period, consideration should be given to whether the individual in question is still considered to be independent of the company's executive personnel.

Recruitment of members of the board should be phased so that the entire board is not replaced at the same time.

Information on members of the board of directors

The annual report should provide key information on members of the board of directors such as their expertise and independence and their record of attendance at board meetings. Information on individual members should include details of their age, education and work experience, and state how long they have been a member of the company's board. Information should also be provided on any additional work a member has carried out for the company, and on any material appointments or assignments with other companies and/ or organisations. Detailed information on candidates for the board (both new appointments and re-elections) should be made available within the 21-day deadline for calling a general meeting, cf. Sections 6 and 7.

Share ownership by members of the board of directors

Ownership of shares in the company by members of the board of directors can contribute to creating an increased common financial interest between shareholders and the members of the board. At the same time, members of the board who do hold shares should take care not to let this encourage a short-term approach which is not in the best interests of the company and its shareholders over the longer term.

Where a company has a corporate assembly, the members of the board of directors are elected by the corporate assembly, cf. Asal. § 6-37. If, by agreement with its employees, a company with more than 200 employees does not have a corporate assembly, certain of the duties of the corporate assembly are transferred to the board of directors, including the election of the chairman of the board, cf. Asal. § 6-1, second paragraph, § 6-37, fourth paragraph, and § 6-12, fifth paragraph. Where a company does not have a corporate assembly, employees have the right to elect members of the board of directors pursuant to Asal. § 6-4. Both genders must be represented on the company's board of directors in accordance with the provisions of Asal. § 6-11a. At least half the members of the board of directors must be resident in Norway or be citizens of and resident in an EEA country or in Switzerland, the United Kingdom of Great Britain and Northern Ireland, unless the Ministry of Finance grants a specific exemption, cf. Asal. § 6-11.

Pursuant to the Issuer Rules, Oslo Rule Book II, Section 3.1.3.5 (2), in order for a company to be admitted to listing on Euronext Oslo Børs or Euronext Expand, at least two of the shareholder elected members of its board of directors must be independent of the company's executive management, material business contacts and the company's larger shareholders. In addition, Oslo Børs' rules specify that no member of the company's executive management may be a member of the board of directors. Euronext Oslo Børs may grant exemptions from these requirements in special circumstances.

The board of directors shall itself elect its chairman if the chairman has not been elected by the general meeting, cf. Asal. § 6-1. If the company has a corporate assembly, the corporate assembly shall elect the chairman of the board of directors cf. Asal. § 6-37, first paragraph. If it has been agreed pursuant to the Public Companies Act that the company shall not have a corporate assembly, the board of directors must elect its chairman, cf. Asal. § 6-1.

The chief executive cannot be elected as a member of the board of directors, cf. Asal. § 6-1.

Members of the board of directors shall serve for a term of two years, cf. Asal. § 6-6. The period of office may be fixed for a shorter or longer term in the articles of association, but not for a term of more than four years.

9. The work of the board of directors

The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

These instructions should state how the board of directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The board of directors should also present any such agreements in their annual directors' report.

The board of directors should ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The board should adopt instructions for board committees.

The Public Companies Act stipulates that large companies must have an audit committee. The entire board of directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent of the company.

The board of directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

The board of directors should provide details in the annual report of any board committees appointed.

The board of directors should evaluate its performance and expertise annually.

Commentary

The duties of the board of directors

The Public Companies Act stipulates that the board of directors has the ultimate responsibility for the management at the company and for supervising its day-to-day management and activities in general.

The board's responsibility for the management of the company includes responsibility for ensuring that the activities are soundly organised, drawing up plans and budgets for the activities of the company, keeping itself informed of the company's financial position and ensuring that its activities, accounts and asset management are subject to adequate control.

Instructions for the board of directors

Where a company's board of directors includes members elected by and from among the employees, it is required by the Public Companies Act to produce written instructions for the board with specific rules on the work of the board and its administrative procedures which determine what matters must be considered by the board. This Code of Practice states that companies should have such instructions whether or not employees are represented on the board.

Agreements with related parties

The Public Companies Act contains special case management requirements for how specifically defined agreements between public companies and related parties are to be handled. The case management rules in the Public Companies Act only apply to material agreements and there are exemptions for certain types

of agreement. The Code of Practice goes further than these requirements and, in general, applies to all agreements with close associates.

The case management of agreements with related parties should be carried out in a manner that ensures sufficient clarity with regard to the balance of the agreement. The objective of the Code of Practice's recommendations on this matter is to ensure that the company is made aware of possible conflicts of interests and handles such agreements in a sufficiently thorough manner, with the aim of preventing value from being transferred to related parties.

The Code does not require that the independent third-party must be an auditor.

Conflicts of interest and disqualification

Members of the board of directors and executive management cannot consider items in which they have a special and prominent interest, cf. the rules on disqualification in the Public Companies Act. The Code of Practice goes beyond this requirement. Even if an individual's interest in a matter does not disqualify him or her from considering it, the company may have a need to take the individual's interest into consideration when considering the item. The objective of the recommendations is to ensure that the company is made aware of material interests such that items and matters can be considered in an unbiased and satisfactory way.

Instructions for the executive management

Instructions for the executive management of the company should provide a detailed statement of the duties, responsibilities and delegated authorities of the chief executive pursuant to the rules laid down for the company's activities. The chief executive has a particular responsibility to ensure that the board of directors receives accurate, relevant and timely information that is sufficient to allow it to carry out its duties.

Financial reporting and sustainability reporting

The board of directors' duties and responsibilities for financial reporting and sustainability reporting are governed by legislation and regulations. When considering the company's accounts, the board can ask that the chief executive and the finance director/head of accounting confirm to the board that the proposed annual accounts which the board is asked to adopt have been prepared in accordance with generally accepted accounting practice, that all the information included is in accordance with the actual situation of the company and that nothing of material importance has been omitted. The board may request corresponding confirmations in connection with the consideration of the sustainability reporting.

Chairman of the board of directors

The Public Companies Act stipulates that the principal duty of the chairman of the board of directors is to ensure that the board of directors operates well and carries out its duties. In addition, the chairman of the board of directors also has certain specific duties in respect of the general meeting.

Matters to be considered by the board are prepared by the chief executive in collaboration with the chairman, who chairs the board's consideration of matters. In practice, the chairman carries a particular responsibility for ensuring that the work of the board is well organised and that it functions effectively. The chairman should encourage the board to engage in open and constructive debate. The chairman should pay particular attention to the need for members of the board to have appropriate up-to-date professional understanding in order to facilitate high quality work by the board, and he or she should take whatever initiatives are necessary in this respect. This may include holding training programs for new members of the board and arranging for the board as a whole to be regularly updated on specialist matters relevant to the company's activities.

In order to ensure an independent approach by the board of directors, some other member should take the chair when the board considers matters of a material nature in which the chairman has, or has had, an active involvement. Such matters might, for example, include negotiations on mergers, acquisitions etc. This recommendation applies even if the chair is not disqualified from participation pursuant to § 6-27 of the Public Companies Act.

Board committees

Board committees are in common use internationally, and the board of directors must provide information on its use of committees and their mandates, membership and working processes. In many countries the prevalence of board committees reflects structures for managing and directing companies that differ appreciably from the Norwegian model.

Under Norwegian law, the members of the board of directors are jointly responsible for its decisions. Accordingly, where board committees are appointed, their role must be seen as preparing matters for final decision by the board as a whole. Material information that comes to the attention of board committees should also be communicated to the other members of the full board. If any member of the executive personnel is a member of the board, an audit committee and a remuneration committee should be established in order to ensure the greatest possible independence for the board's deliberations, cf. Section 8.

The Public Companies Act and the Stock Exchange Regulations impose requirements for large companies to establish an audit committee. Companies should not make use of the opportunity provided in the legislation and regulations for the entire board of directors to operate as the company's audit committee. Smaller companies should also consider establishing an audit committee. The evaluation of the independence of members of the audit committee can be based on the criteria for independence set out in the section "Independence of the board of directors" at Section 8. In addition to satisfying the requirements of legislation and regulations, the majority of the members of the audit committee should be independent of the company. When making recommendations for nominations to the board of directors, the nomination committee should identify which members of the board of directors satisfy the requirements of independence and expertise in order to be members of the audit committee. Certain companies in the financial sector are subject to separate legal requirements in respect of the audit committee.

The duties of a remuneration committee will typically include:

- preparing guidelines for the remuneration of the executive personnel and preparing for the board's discussion of specific remuneration matters
- preparing matters relating to other material employment issues in respect of the executive personnel.

Board committees should have the ability to make use of resources available in the company or be able to seek advice and recommendations from sources outside of the company.

The board of directors' evaluation of its own work

The board of directors' evaluation of its own performance and expertise should include an evaluation of the composition of the board and the manner in which its members function, both individually and as a group, in relation to the objectives set out for its work. Such a report will be more comprehensive if it is not intended for publication. However, such reports or relevant extracts therefrom should be made available to the nomination committee. The board of directors should consider whether to use an external person to facilitate the evaluation of its own work.

Rules on the board of directors' responsibility for the management of the company and its responsibility for supervising the company's activities are set out principally in Asal. § 6-12 and § 6-13. Asal. § 6-23 requires that in companies in which some of the members of the board of directors are elected by and from among the employees, the board of directors must adopt rules of procedure which lay down rules on the work and administrative procedures of the board of directors. Asal. stipulates that the rules of procedure or 'instructions' should include rules on which matters must be decided by the board of directors and on the job description of the chief executive and his or her duty to report to the board of directors. The rules of procedure should also include rules for giving notice of meetings of the board and the conduct of board meetings.

The board of directors must ensure that the company's business activities are soundly organised, must draw up plans and budgets for the company's activities and must ensure that its activities, accounts and asset management are subject to adequate control, cf. Asal. § 6-12.

The board of directors is a collegiate body. Asal §§ 6-19 and subsequent set out further rules on the preparation of matters for the board, the board's proceedings and its decisions.

Pursuant to Asal. § 6-19, the board proceedings shall be chaired by the chair of the board. The chair of the board thus has the right and duty to participate in the board's consideration of matters, unless he or she has a valid excuse for absence or is disqualified due to a conflict of interest. Under Asal. § 6-27, a board member may not participate in the consideration or decision of matters that are of such particular importance to himself or herself, or to a related party, that the member is deemed to have a personal or economic special interest in the matter. The same applies to the general manager (CEO). The board may not take any action that is liable to give certain shareholders or others an unreasonable advantage at the expense of other shareholders or the company, cf. Asal. § 6-28.

Asal. § 6-13 second subsection provides that the board of directors may lay down instructions for the day-to-day management of the company. Day-to-day management does not cover matters which, in relation to the company's affairs, are of an extraordinary nature or of major importance, cf. Asal. 6-14. The chief executive must make a statement on the company's activities, position and profit/loss development to the board of directors at a meeting or in writing at least once a month, cf. Asal. § 6-15. The chief executive prepares matters which are to be discussed with the board of directors in consultation with the chairman of the board, cf. Asal. § 6-21.

Asal. § 6-27 stipulates that a member of the board of directors may not participate in the discussion or decision of any matter which is of such particular importance to himself or any related party that he must be deemed to have a special and prominent personal or financial interest in the matter. This provision is similarly applicable to the chief executive.

Rskl. § 3-5 stipulates that the annual accounts must be signed by all members of the board of directors and the chief executive. The statements in the annual report and half-yearly reports must be signed by all members of the board of directors and the chief executive, cf. Vphl. § 5-5 and § 5-6, and Securities Trading Regulations § 5-2.

The provisions on the duty of Norwegian public companies to establish an audit committee are set out in Asal. § 6-41. The requirement for an audit committee is also set out in the Issuer Rules, Oslo Rule Book II, Section 3.1.3.6. Asal. § 6-42 allows companies to stipulate in their articles of association that the entire board of directors shall operate as the audit committee, subject to the board satisfying the requirements set out in paragraph 1, second sentence, and paragraph 2 of this provision at all times. Asal. § 6-41 provides an exemption from the duty to establish an audit committee for companies that fall below certain thresholds. In such smaller companies, the board of directors carries out the duties of the audit committee required for larger companies. Where the chairman of the board is an employee of the company, he or she cannot participate in meetings of the board that carry out the duties of the audit committee.

Asal. § 6-42 stipulates requirements for the election of the members of the audit committee, including their independence and expertise.

Asal. § 6-43 specifies the duties of the audit committee. The audit committee's statement on any proposal to elect the auditor must be put before the general meeting before the election takes place, cf. Asal. § 7-1.

10. Risk management and internal control

The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities.

The board of directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

Commentary

The board's responsibility and objective for risk management and internal control

This section of the Code of Practice on risk management and internal control is intended to clarify the supervision responsibilities of the board of directors.

The objective for risk management and internal control is to manage, rather than eliminate, exposure to risks related to the successful conduct of the company's business and to support the quality of its financial reporting. Effective risk management and good internal control contribute to securing shareholders' investment in the company and the company's assets.

Internal control comprises guidelines, processes, duties, conduct and other matters that:

- facilitate targeted and effective operational arrangements for the company and also make it possible to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as all other forms of risk that may be material for achieving the company's commercial objectives.
- contribute to ensuring the quality of internal and external reporting
- contribute to ensuring that the company operates in accordance with the relevant legislation, regulations and internal guidelines for its activities.

The board of directors must form its own opinion on the company's internal controls, based on the information presented to the board. Reporting by executive management to the board of directors should give a balanced presentation of all risks of material significance, and of how the internal control system handles these risks.

The company's internal control system must, at a minimum, address the organisation and execution of the company's financial reporting. Companies may set up a separate internal audit function in connection with this. Where a company has an internal audit function, it must establish a system whereby the board receives routine reports and ad hoc reports as required. If a company does not have a separate internal audit function, the board must pay particular attention to evaluating how it will receive equivalent information.

Annual review by the board of directors

The board's annual review of risk areas and the internal control system should cover all the matters included in reports to the board during the course of the year, together with any additional information that may be necessary to ensure that the board has taken into account all matters related to the company's internal control.

The review should pay attention to:

- changes relative to previous years' reports in respect of the nature and extent of material risks and the company's ability to cope with changes in its business and external changes
- the extent and quality of management's routine monitoring of risks and the internal control system and, where relevant, the work of the internal audit function
- the extent and frequency of management's reporting to the board on the results of such monitoring, and whether this reporting makes it possible for the board to carry out an overall evaluation of the internal control situation in the company and how risks are being managed
- instances of material shortcomings or weaknesses in internal control that come to light during the course of the year which have had, could have had or may have had a significant effect on the company's financial results or financial standing; and

- how well the company's external reporting process functions.

Reporting by the board of directors

The board of directors must by law provide an account of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting. This account should include sufficient and properly structured information to make it possible for shareholders to understand how the company's internal control system is organised. The account should address the main areas of internal control related to financial reporting. This includes the control environment, risk evaluation, control activities, information and communication and follow-up.

If the company uses an established framework for internal control this should be disclosed. Examples of this include the framework for risk management and internal control published by the Committee of Sponsoring Organizations of the Treadway Commission.

The duties and responsibilities of the board of directors in respect of managing and supervising the company are stipulated by legislation and regulation, including Asal. §§ 6-12 and 6-13.

The corporate governance report that must be produced pursuant to Rskl. § 2-9 must include a description of the main elements of the company's (and where applicable the group's) systems for internal control and risk management in relation to the financial reporting process.

11. Remuneration of the board of directors

The remuneration of directors should reflect responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of directors should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

Commentary

The Public Limited Liability Companies Act lays down rules on salary and other remuneration for senior executives in companies with shares admitted to trading on a regulated market. The rules cover both the board of directors and senior executives. This chapter applies only to the remuneration of directors, while remuneration of executive personnel is addressed in Chapter 12.

The general meeting approves the remuneration paid to members of the board of directors. Members of the board should be encouraged to own shares in the company, cf. Section 8. Consideration should be given in this respect to arranging for members to invest part of their remuneration in shares in the company at market price.

Directors of boards should not participate in any incentive or share option programs since this may have the effect of weakening the board's independence.

The remuneration paid to the chairman of the board of directors should be determined separately from that of the other members. Consideration should be given to paying additional remuneration to members of the board who are appointed to board committees.

The stipulation that members of the board of directors should not undertake additional assignments for the company is based on the need for members of the board to be independent of the company's executive personnel.

The annual report must provide details of all elements of the remuneration and benefits of each member of the board of directors, cf. the information requirements in the Accounting Act.

Remuneration of the members of the board of directors is decided by the general meeting (or the corporate assembly where appropriate), cf. Asal. § 6-10.

Members of the board of directors must not receive any remuneration from parties other than the company in connection with statutory duties carried out for the company, cf. Asal. § 6-17. Information on the total remuneration and benefits in kind of each member of the board must be provided in the notes to the annual accounts, cf. Rskl. § 7-31b and § 7-32, as well as in any prospectus produced in respect of an offer to subscribe for or purchase negotiable securities or for admission to listing of negotiable securities on a regulated market in Norway, cf. Securities Trading Act, Chapter 7, and the related EU regulations (including the Prospectus Regulation) and Norwegian regulations issued pursuant to legislation.

12. Salary and other remuneration for executive personnel

The guidelines on the salary and other remuneration for executive personnel must be clear and easily understandable, and they must contribute to the company's commercial strategy, long-term interests and financial viability.

The arrangements for salary and other remuneration of executive personnel should promote alignment of interests between shareholders and executive personnel. The remuneration arrangements should be simple and transparent, and address the criteria for goal attainment.

Performance-related remuneration should be subject to an absolute limit. Performance-related remuneration should be based on measurable criteria that the executive personnel can influence.

Commentary

Guidelines

The Public Companies Act includes rules on the guidelines for salary and other remuneration for executive personnel that must be prepared by the board of directors and on their consideration by the general meeting. The rules cover both the board of directors and executive personnel. This point applies only to remuneration of employees, whereas remuneration of the board is addressed in Chapter 11. The rules apply to companies with shares admitted to trading on a regulated market.

The guidelines on the salary and other remuneration for executive personnel that must be considered by the general meeting should be made readily available to shareholders. The guidelines should therefore be produced as a separate document in the appendices to the notice calling the general meeting which must be available on the company's website, cf. section 6.

In order to assess whether the arrangements are simple and transparent, the board should place emphasis on ensuring that shareholders are able to understand the consequences of the arrangements.

In order for the arrangements to help ensure shareholders and management have convergent interests, the board of directors should attach importance to the arrangements supporting long-term value creation at the company.

A company's guidelines on the salary and other remuneration for executive personnel can, for example, include an explanation of how the choice of performance criteria for performance-related remuneration contributes to the long-term interests of the company, and of the methods applied in order to determine whether performance criteria have been fulfilled. In addition, the statement can include the guidelines applied in respect of vesting periods, allotment dates, exercise dates and lock-up periods and compensation for loss of office, as well as explaining the comparables or benchmark evidence that the company uses in determining its remuneration policy.

Performance-related remuneration

Performance-related remuneration should not be such as might encourage a short-term approach that could be damaging to the company's long-term interests.

Where a company's earnings or share price are heavily influenced by external forces, the board of directors should consider using other forms of incentive arrangement where the incentive can be linked to quantifiable targets over which the executive personnel has a greater degree of influence.

Great care should be taken when awarding options or similar benefits to executive personnel.

The board of directors should ensure that simulations are carried out of the effects of the structure of performance-related remuneration as part of the evaluation of the possible outcome of the structure that is selected.

Any share option schemes should be combined with direct ownership of the underlying shares in order to make the interests of members of management more symmetrical with those of the company's other shareholders. In order to reduce the risk of an unrepresentative financial result, the dates of vesting, issue and exercise of options and other performance-based remuneration should be spaced out over time, and any shares acquired through the exercise of options should be subject to a minimum period of ownership. Executive personnel should be encouraged to continue to hold a significant proportion of shares they receive beyond the expiry of the relevant lock-up periods.

The company should seek to ensure the right to demand the repayment of any performance-related remuneration that has been paid on the basis of facts that were self-evidently incorrect, or as the result of misleading information supplied by the individual in question.

The board must (unless the articles of association delegate this responsibility to some other corporate body) produce guidelines on the how the salary and other remuneration are set for of the company's chief executive office, other executive personnel and any employees who are members of the board of directors or corporate assembly, cf. Asal. § 6-16a, second paragraph. The board shall ensure value creation at the company and is responsible for setting and monitoring the company's objectives, risk profiles and strategies, cf. Asal § 6-16a (3). The guidelines must be considered and approved by the general meeting and in the event of any material changes and at least every fourth year, cf. Asal § 6-16a (4). Specific requirements for the content of the guidelines are contained in the Norwegian Regulations on Guidelines and Reports on the Remuneration of Executive Personnel.

Asal § 6-16b contains specific rules regarding the preparation of a report on the salary and other remuneration granted in favour of executive personnel at listed companies. The specific requirements for the content of such reports are supplemented by the Norwegian Regulations on Guidelines and Reports on the Remuneration of Executive Personnel.

The salary and other remuneration granted in favour of executive personnel must be reported in the notes to the annual accounts, cf. Rskl. § 7-31 and §7-32, and also in any prospectus produced for an invitation to subscription or purchase or for admission to listing of negotiable securities on a regulated market, cf. the Prospectus Regulation.

13. Information and communications

The board of directors should disclose of financial and other information with due regard to the requirement of equal treatment of participants in the securities market.

The board of directors should establish guidelines for the company's contact with shareholders other than through general meetings.

Commentary

Reporting of financial and other information

The board of directors' reporting of financial and other information to the securities market must be defined within the framework established by securities and accounting legislation and the rules and regulations of the stock exchange. The company's ability to provide information to individual participants, including investment analysts, will be restricted both by the regulatory framework, including the rules on good stock exchange practice, and by the general requirement for equal treatment.

The board of directors should ensure that information from the company provides market participants with accurate, clear, relevant and simultaneous information. A regular flow of information from the company will help shareholders and other investors to make informed decisions. The company should provide information on its major value drivers and risk factors.

The board of directors should have a policy on who is entitled to speak on behalf of the company on various subjects. The company should have a contingency plan for information management in response to events of a particular character or of interest to the media.

Information on the company should be available to shareholders in both Norwegian and English where this is appropriate in view of the composition of the company's shareholders.

Dialogue with shareholders

In addition to the dialogue with the company's owners in the form of general meetings, the board of directors should make suitable arrangements for shareholders to communicate with the company at other times. This will increase the board's understanding of which matters affecting the company from time to time are of particular concern to shareholders. The guidelines should make clear to what extent the board has delegated this task to the chairman of the board, the chief executive or any other of the executive personnel.

See Regulation (EU) No 596/2014 on Market Abuse (MAR), Commission Implementing Regulation 2016/1055, as well as the Securities Trading Act (Verdipapirhandeloven, hereinafter "Vphl."), Section 5, Parts I and II, on the content of the information requirement. An issuer must publish inside information in accordance with MAR, Article 17, cf. MAR, Article 7, as well as Article 2 of Commission Implementing Regulation 2016/1055. The company must publish information in an efficient and non-discriminatory manner, cf. Vphl. § 5-12. Pursuant to the Issuer Rules, Oslo Rule Book II, Section 2.7.2, the company must, at the same time as the information is published, send the information electronically to the stock exchange for storage. Euronext Oslo Børs, in collaboration with the Norwegian Investor Relations Association (NIRA), has prepared "The Oslo Børs Code of Practice for IR". In addition, Euronext Oslo Børs has produced separate guidance regarding the relevant regulatory information for investors that listed companies should provide on their website.

There are further provisions on the management of such inside information in MAR. The conditions that have to be met for publication to be delayed are set out in MAR, Article 17(4). The company must also manage the information it releases within the overall framework imposed by the Securities Trading Act and the Public Companies Act, including the principle of equal treatment set out at Vphl. § 5-14 and at Asal. §§ 4-1 and 6-28.

Pursuant to the Issuer Rules, Oslo Rule Book II, Section 4.3.3, the company must, prior to the end of the current year, publish a financial calendar disclosing the dates planned for the publication of its annual report, half-yearly report and interim reports and for its annual general meeting in the following year.

14. Take-overs

The board of directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board of directors should not hinder or obstruct take-over bids for the company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

If an offer is made for a company's shares, the company's board of directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation, and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

Commentary

Fundamental considerations and responsibilities

The stock market plays an important commercial role for society as a whole, and so helps to ensure the efficient allocation of society's resources. Corporate take-overs contribute to improving the efficiency of price quotation for shares, and can serve to impose a discipline on corporate management.

However, the bidding process and corporate take-overs must be carried out in a manner that maintains respect for the stock market, and that does not unnecessarily disrupt the business activities of the target company.

A take-over bid is a contractually binding action that has major consequences for the employees, board of directors and shareholders of both the bidder and the target company. All the parties involved must therefore conduct themselves in such a manner as to maintain public confidence in the stock market. For the target company, it is therefore important that the board has previously thought through some of the guiding principles as to how it will behave in the event of receiving a bid, for example whether it will seek to encourage competing bids and how it will ensure equal treatment of the company's shareholders. There is, however, no requirement for a company to disclose the stance it has taken on these principles.

A bid must only be made when the bidder has carried out sufficient preparations to demonstrate its ability to carry through the bid, including access to sufficient financing for the terms of the bid.

Relationship between this section of the Code of Practice and legislation³

The Securities Trading Act only regulates situations where a mandatory bid is made, or where a voluntary bid will cause the bidder's shareholding to pass the threshold for a mandatory bid if it is accepted by the parties to whom it is made. The Code of Practice also applies to situations where the bidder already has a shareholding in excess of the threshold for a mandatory bid, and it then makes an offer to buy the shares of all remaining shareholders.

The requirement that the board of directors should not hinder or obstruct any take-over bid also supplements the provisions of the legislation in that it applies to bids not regulated by the Act and also applies to the situation before a bid is made.

Take-over situations are not frequent occurrences for the majority of companies. It may therefore be difficult to provide a precise statement pursuant to the first item of this section. In this particular respect, it should therefore be permissible to provide a somewhat less detailed statement.

Equal treatment and openness

It is a fundamental principle of the Code of Practice that all shareholders in the target company should be treated equally.⁴ Openness in respect of takeover situations will help to ensure equal treatment of all shareholders.

The board of directors and the executive management are expected to refrain from implementing any measures intended to protect their personal interests at the expense of the interests of shareholders. The Code of Practice supplements the provisions in the Securities Trading Act on the limitation of the company's freedom of action once it is aware that an offer is to be made.⁵

For the company, a take-over process gives rise to a particular duty of care to disclose information as required by Chapter 5 of the Securities Trading Act.⁶ The company must strive to ensure that neither inside information about the company, nor any other information about the company that must be assumed to be relevant for shareholders in a bidding process, remains unpublished. If the target company has planned in accordance with its financial calendar to publish an interim report after an offer is expected to be made, the company should use its best endeavours to publish the report before the expiry of the acceptance period for the offer.⁷

Evaluation of a bid⁸

Once a company has received an offer, the board of directors is required in the situations stipulated in the Securities Trading Act to provide a statement on the offer prior to the expiry of the offer period. Such a statement should also be provided in the bid situations covered by the Code of Practice. Shareholders will find it particularly useful if the board uses its insight into the company's future to produce estimates of the discounted current value of the company's expected future earnings and compares this to the bid received. Such an evaluation should be the main item in the board's statement. This Section of the Code of Practice imposes requirements that go beyond the requirements of the Securities Trading Act by recommending that the board should recommend whether shareholders should or should not accept the bid.

The board's statement on a bid should make it clear that the evaluation presented is the unanimous view of the board, and where this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should also consider whether there are any conflicts of interest between minority shareholders and major shareholders. The board's evaluation should be based on generally recognized valuation principles. The statement should also follow the guidelines set out in the Securities Trading Act in all other relevant respects.

This Section of the Code of Practice imposes requirements that supplement the requirements of the Securities Trading Act by recommending that the board should obtain a valuation from an independent expert.

In a situation where a competing bid is made and the bidder has no connection to any members of the board of directors or executive personnel or a main shareholder, and where a valuation has already been obtained in connection with the initial bid, the board will normally not need to seek an independent valuation. An independent competing bid will also normally provide sufficient basis for the board's evaluation in situations where members of the board of directors or executive personnel or a main shareholder do have a particular interest.

An independent expert is understood to mean an individual or company that has no personal interest in the bid such as a results-based fee payable by the bidder, the target company or any major shareholder. If such an independent valuation is not included in full in the board's statement or appended thereto, it must be referred to in the statement in such a manner that will not mislead shareholders.

If any of the executive personnel or any member of the board of directors of the target company, or a major shareholder, participates in a bid for the company, an account shall be provided of the role the person or persons in question are playing in the bid. In cases where members of the company's board or management have been in contact with the bidder in advance of the bid, the board must exercise particular care to comply with the requirement for equal treatment of shareholders and to ensure that it achieves the best possible bid terms for shareholders. In some circumstances, the company, as represented by the board of directors, may enter into an agreement with the bidder in respect of the content and implementation of the bid (transaction agreement). Such agreements may have implications for matters such as whether competing bids can be made and the terms on which the bidder will be permitted to change the terms and conditions of its bid. In order for the market to evaluate the bid, the company should provide relevant information on the content of any such transaction agreements to the market at the earliest possible time.

Disposal of a company's activities

The question of whether a resolution to dispose of a company's activities should be decided by a general meeting of the company depends on how the company's business is defined in its articles of association. However, even if the articles of association do not require a decision by the general meeting, see also Section 2 of the Code of Practice, such a decision should in any case be made by the general meeting. This should also apply to any significant disposal of the company's assets that may be said to change the character of the company.

Where a company has a corporate assembly, it is this body that shall take decisions in certain cases relating to restructuring the company's operations etc.

3 Vphl. Chapter 6, sets out the rules for mandatory and voluntary offers. Any party that through acquisition becomes the owner of shares representing more than 1/3 of the voting rights in a Norwegian company whose shares are quoted on a Norwegian regulated market is required to either make an offer to purchase the remaining shares in the company (duty to make a mandatory offer), or to reduce its shareholding to below this threshold, cf. Vphl. § 6-1. This also applies when the number of voting rights held passes 40% and 50%, (repeated duty to make a mandatory offer), cf. Vphl. § 6-6. Such a party must immediately notify the takeover authority and the company when it enters into an agreement to acquire shares that will trigger the duty to make a mandatory offer, cf. Vphl. § 6-8. The offer price must be at least as high as the highest price the party making the offer has paid or agreed during the last six months prior to the duty to make a mandatory offer being triggered, cf. Vphl. § 6-10. The offer must also be unconditional, with settlement in cash, and the period for acceptance must be between 4 and 6 weeks, cf. Vphl. §§ 6-10 and 6-11.

A voluntary offer becomes subject to a number of the provisions of Vphl., Chapter 6, if the offer will cause the threshold for a mandatory offer to be exceeded if the offer is accepted by the parties to whom it is available, cf. Vphl. § 6-19.

4 In the case of both mandatory and voluntary offers as stipulated above, there are statutory requirements on the equal treatment of shareholders and on the information to be provided in the offer document, cf. Vphl. § 6-10, final paragraph and § 6-13. Asal. § 6-28 stipulates that neither the board of directors nor any other parties who represent the company may take any action which may confer on certain shareholders or other parties an unfair advantage at the expense of other shareholders or the company. This restriction also applies to decisions taken at the general meeting, cf. Asal. § 5-21. The principle of equal treatment is also a requirement of Vphl. § 5-14.

5 In the case of an offer regulated by Vphl., Chapter 6, neither the board of directors nor the management of the target company may, from the time that they have been notified that a bid is to be made, pass resolutions in respect of any matters outside the company's normal day-to-day business operations in respect of the issue of shares, merger, purchase or sale of significant business areas or the purchase or sale of the company's own shares, cf. Vphl. § 6-17.

The restrictions in the Securities Trading Act do not apply if the general meeting has granted mandates for the board to make such decisions in anticipation of an acquisition situation.

6 MAR, Article 17(1), requires that a company must on its own initiative inform the public of inside information which directly concerns the company. MAR, Article 17(4), permits a company to delay disclosure to the public of inside information on its own responsibility subject to the following conditions: immediate disclosure is likely to prejudice its own legitimate business interests, the delay is not likely to mislead the public, and the company is able to ensure the confidentiality of the information.

7 The Issuer Rules, Oslo Rule Book II, Section 4.3.3 stipulates that a listed company must publish a financial calendar disclosing the dates planned for the publication of its annual report, half-yearly report and interim reports and for its annual general meeting in the following year.

8 Vphl. § 6-16 stipulates that the company's board of directors must issue a statement on an offer and that the statement shall include information on the board of directors' considered view of the implications of the offer in relation to the company's interests, including what effect the offeror's strategic plans may have for the company's employees and for the location of the company's activities, together with the view expressed by the company's employees, and other matters material to evaluating whether the offer should be accepted by shareholders. If the board finds itself unable to give a recommendation to shareholders on whether or not to accept the offer, it should explain the background for not making such a recommendation. The statement must also provide information on the view, if any, expressed on the offer by members of the board of directors and the chief executive in their role as shareholders in the company. If the offer is made by anyone who is a member of the board of the company, or if the offer is made with the agreement of the company's board, the takeover authority shall decide who shall issue the statement. The established practice of the takeover authority is that the members of the board who are not disqualified by conflict of interest, even if they do not represent a quorum for decisions by the board, may normally issue such a statement. In the absence of such persons, and in certain cases where the current board is considered not be sufficiently independent, the takeover authority will normally require that the statement be issued by an independent expert.

15. Auditor

The board of directors or the audit committee should ensure that the auditor submits the main features of the plan for the audit of the company to the audit committee annually.

The board of directors or the audit committee should invite the auditor to meetings that deal with the annual accounts and sustainability reporting. At the meetings, the chief executive officer should review any material changes in the company's accounting policies, the assessment of material accounting estimates, and, where applicable, material matters related to the company's sustainability reporting. The auditor should comment on the chief executive officer's review, and account for key matters of the audit and all material matters on which there has been disagreement between the auditor and management.

The board or the audit committee should at least once a year review with the auditor the systems for internal control and risk management related to financial reporting and sustainability reporting, as well as any deficiencies identified by the auditor and proposals for improvements.

The board of directors or the audit committee should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

Commentary

The objective of the recommendations for an annual audit plan and for the auditor to attend board meetings is to give the audit committee and the board of directors better insight into the work of the auditor.

The recommendations regarding the audit apply to the board of directors. If a company has an audit committee, they apply to the audit committee as well insofar as they are relevant to its duties. The Recommendation must be read in conjunction with Asal. § 6-43 on the duties of the audit committee.

The knowledge and experience of the auditor is of particular value to the board of directors when it considers the company's annual accounts. The annual accounts are the responsibility of the board and the chief executive, and making active use of the auditor when considering the accounts will improve the basis for the board's decision. The same applies to the board's consideration of statutory sustainability reporting.

In order to strengthen the board's work on financial reporting and internal control, the auditor is required by the EU's Audit Regulation to submit an annual additional report to the audit committee in which it declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit.

The requirement for the board of directors to issue guidelines in respect of the company's ability to use the auditor for other services is intended to contribute to greater awareness of the auditor's independence of the company's executive management. The Auditors Act and the EU's Audit Regulation contain more detailed provisions on the independence of the auditor.

The Public Companies Act stipulates that the auditor must attend the general meeting if the business which is to be transacted is of such a nature that his or her attendance must be considered necessary. The auditor is, in any case, entitled to attend the general meeting. The board of directors should make arrangements for the auditor to attend all general meetings.

The auditor is elected by the general meeting, cf. Asal. § 7-1. The auditor elected must serve until another auditor has been elected, cf. Asal. § 7-2. In companies that are required to prepare sustainability reporting, the auditor shall attest the sustainability reporting, cf. Asal § 7-6. The general meeting may elect a different auditor to attest the sustainability reporting.

For public-interest entities (listed companies, banks and insurance companies), the EU's Audit Regulation contains a range of requirements regarding how they are audited and the relationship between the auditor and the company that are additional to those imposed by the general provisions of the Auditors Act. Section 12-1 of the Auditors Act stipulates that the EU's Audit Regulation shall apply in Norway.

The Auditors Act, Chapter 8, sets out requirements for the independence and objectivity of the auditor. The EU's Audit Regulation, Article 4, imposes a limit on the proportion of the statutory audit fee that the auditor can charge for all other services it provides. Article 5 prohibits auditors from providing certain types of services to any customer that is a public-interest entity, cf. also the Auditors Act, Section 12-4. Asal. § 7-5a stipulates inter alia that the board of directors and auditor should hold at least one meeting a year at which neither the chief executive nor other member of the executive management is present.

The tasks of the audit committee are regulated by the Public Companies Act, Section 6-43.

For listed companies, the auditor must submit an additional report, cf. the EU's Audit Regulation, Article 11.

The auditor must communicate in writing with the board of directors on all matters brought to light by the audit of which the board of directors should be apprised in order to be able to discharge its responsibility and functions, including significant deficiencies in the entity's internal control, breaches of the bookkeeping rules and other legal requirements and identified irregularities, cf. the Norwegian Auditors Act, Section 9-5. The auditor shall indicate the nature of any such matter and what consequences it will have for the audit if the matter is not acted upon. The auditor shall check that the communicated matters have been considered by the board of directors. The auditor shall number their written documentation.

The remuneration paid to the auditor must be approved by the general meeting, cf. Asal. § 7-1. Rskl. § 7-31a requires that the notes to the annual accounts provide information on the remuneration paid to the auditor and a breakdown of this remuneration between the audit fee, other assurance services, tax advice and other services outside the audit.

Asal. § 7-4 stipulates that in the case of listed companies the audit report must be provided to the board of directors no later than 22 days before the general meeting is held.