

NUES Norsk utvalg for eierstyring og selskapsledelse/
NCGB Norwegian Corporate Governance Board
Postboks 460 Sentrum
0105 OSLO
Att.: Christina Stray

Oslo, 25 May 2021

Response to the proposed changes to the Norwegian Code of Practice for Corporate Governance

We welcome the opportunity to respond to this consultation. We are particularly pleased to note that – in line with global trends - the code is moving towards a stakeholder-oriented approach.

The UN Secretary General, Antonio Guterres has appointed **Norway's Prime Minister Erna Solberg** to co-lead the UN Advocates Group for Sustainable Development Goals.

In addition, the latest white paper on the Norwegian State direct ownership underlines that the SDGs “*will affect most of the companies in the state’s portfolio.*” So that “*.....the state expects the companies to have **an overarching agenda for sustainable value creation.***”

This places Norwegian companies in a unique position to take on **a leading role** in incorporating sustainability and integrated thinking into the corporate world.

Therefore, we strongly support the proposal to “*Replacing the recommendation in Section 2 that the company should have clear guidelines for how it integrates considerations related to its stakeholders into its value creation with a new recommendation that it should take sustainability into account in its value creation.*”

However, we believe that the NCGB could go at least one step further, by not just ‘*taking sustainability into account*’, but to make sustainability an integrated part of the boards’ duty.

The boards duty should be to act in the best long-term interest of the health of the company but taking account of the needs, interests, expectations and hardships of its stakeholders.

Invariably decisions in the best interests of the company will benefit one stakeholder more than another. Consequently, there will always be trade-offs between stakeholders.

Further, the collective mind of the board should be a mindful outcomes-based one and not a mindless checklist of the provisions of the proposed code. A board should always ask itself the question whether the business judgement call it is about to make will have an adverse or positive impact on the four critical outcomes to test whether the board practices quality governance or not. These four outcomes are clearly set out in the KingIV report: ethical culture, good performance, effective control and legitimacy.

We hope our reflections will be considered of value to the Norwegian Corporate Governance Board. We wish you all the best with your important work, keeping Norway and Norwegian companies on the front foot of what is considered good corporate governance.

Kind regards



Turid Elisabeth Solvang,
Founder/CEO, FutureBoards AS

FutureBoards is a project-driven company and a global network of corporate governance experts and practitioners. We are committed to building better boards that supports sustainable value creation. Based in Norway and anchored in Nordic corporate governance, we collect and share research, thoughts and ideas from the perspectives of different stakeholders; investors, boards of directors, management, academics, politicians and regulators.