



NÆRINGS- OG HANDELSDEPARTEMENTET

Ministry of Trade and Industry

***Distinctive features of the corporate  
governance in SOEs – the importance of a  
competent and independent Board of Directors***

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## The Ministry has a clear objective

- The mandate is to maximise the value of the State's shares and contribute to a healthy industrial development of the companies
- Companies wholly owned by the government shall be managed in a similar way as a well-managed private limited company

## Governance – a brief overview

- The State's ownership is formally exercised through the Annual General Meeting
- The company is managed by the Board of Directors – not by the State
- The Ministry is not represented in the Board of Directors / Supervisory Board
- Quarterly contact meetings with the companies

# Responsibility of the Board of Directors

- Responsibility and liability set out in the companies act
- Legal obligation to act in the best interests of the company and to treat all shareholders equitably
- The Board of Directors shall monitor the management and give strategic guidance
- Mandate set out in the articles of association
- Hire and fire the CEO – no interference from the state

# Nomination of the Board of Directors

- It should be established (external) Nomination Committees
- The Government is together with other shareholders represented in the Nomination Committees which prepares the elections

## Composition and independence

- Broad shareholder representation
- The composition of the board shall be characterised by competence, capacity and diversity and shall reflect the distinctive characteristics of each company
- Separation of Chair and CEO
- Mainly independent board members

## Employee representation at the board

- Employee representatives must act in the interest of all shareholders and the company
- Must have access to the same information as the other Directors

## Remuneration

- The remuneration of the Board of Directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities
- No link to the company's performance
- 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

## To sum up ...

- Governance according to the legal formalities
- Establish (external) nomination committees, and expect the board to give an appraisal of their work
- The composition of the Board of Directors must ensure that the board can attend to the common interests of all shareholders and meets the company's needs
- The board should function effectively as a collegiate body
- The composition of the board should ensure that it can operate independently of any special interests
- Get the best available persons - Use the entire population as a resource pool!
- The Board of Directors should not include representatives of the company's executive management. Separate the Chair and the CEO
- Remuneration policy must reflect commitment and expertise