



Act relating to state-owned enterprises

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Chapter 5. Management board and managing director. (Articles 18-30)

Chapter 5. Management board and managing director

Section 18. *Management of the enterprise*

A state-owned enterprise is managed by a management board and a managing director.

Section 19. *Membership of the management board etc.*

A state-owned enterprise shall have a management board with at least three members. In enterprises the employees of which are represented on the board, cf. Section 20, the board shall consist of at least five members.

The managing director cannot be a member of the management board.

The board is elected by the general meeting, with such exceptions as follow from the first paragraph of Section 8 and Section 20. The remuneration of board members is determined by the enterprise general meeting.

The management board shall have a chairman and a deputy chairman. Unless otherwise provided in the articles of association, the chairman and deputy chairman are elected by the general meeting.

The rules on the representation of both genders on the board set out in Section 20, paragraph 6 of the Companies Act (*aksjeloven*) shall apply accordingly.

0 Amended by law no. 120 of 19 December 2003, which entered into force on 1 January 2004.

Section 20. *Employee representation on the management board.*

If for the last three accounting years the enterprise has on average had over 30 employees, two-thirds of the workforce can demand that one board member and one observer and their deputy representatives shall be elected by and from among the employees.

If in the last three accounting years the enterprise has on average had over 50 employees, a majority of the workforce can demand that up to one-third, and in any case at least two, of the

members of the board and their deputy representatives shall be elected by and from among the employees.

If in the last three accounting years the enterprise has on average had over 200 enterprises, and it has been agreed that the enterprise is not to have a corporate assembly, cf. the second paragraph of Section 33, the employees shall elect one board member with a deputy, or two observers with deputies, in addition to the representation which follows from the second paragraph.

If the enterprise belongs to a group or other association of enterprises linked by ownership or under joint management, a written agreement may be concluded between the group or association of enterprises and a majority of the employees, or between the group or association of enterprises and one or more local trade unions representing a majority of the employees of the group or association of enterprises, that where the application of the second and third paragraph is concerned the employees of the group or association of enterprises shall count as employees of the enterprise, and that elections according to the second and third paragraph shall be by and from among the employees of the group or association of enterprises.

If the enterprise belongs to a group or other association of enterprises linked under a joint management, the King can, on receiving an application from the group or association of enterprises, a majority of the employees or one or more trade unions representing a majority of the employees of the group or association of enterprises, resolve that where the application of the second and third paragraph is concerned the employees of the group or association of enterprises shall count as employees of the enterprise, and that elections according to the second and third paragraph shall be by and from among the employees of the group or association of enterprises.

By issuing regulations or taking decisions in particular cases, the King can make exceptions to the first, second and third paragraphs or stipulate that the fifth paragraph shall be applied in relation to parts of the group or association of enterprises. The King can also issue regulations supplementing the provisions set out in the first to fifth paragraphs, among other things concerning the conditions concerning rights to vote and eligibility, election procedures, the settlement of disputes with regard to elections and the dropping of the position of board member and observer.

The provisions in the first paragraph of Section 21 concerning the duration of terms of office and the third point of the first paragraph of Section 22 concerning the dismissal of management board members do not apply to management board members and observers elected according to the rules in the first to fifth paragraphs.

0 Amended by law no. 25 of 20 June 2014, which entered into force on 1 July 2014.

Section 21. Terms of office

Members of the management board serve for two years. The articles of association can lay down shorter or longer terms of office, but no longer than four years. Shorter terms can be set in connection with the election of replacements. Terms of office expire at the end of the annual enterprise general meeting for the year in which the term of office expires.

A management board member shall remain in office until a new member has been elected even if his/her term of office has expired.

Section 22. Termination of service on the management board before the expiry of the term of office

Under special circumstances, a management board member is entitled to resign before

the expiry of his/her term of office. Reasonable notice of resignation shall be given to the Ministry. A member of the board can be dismissed at any time by decision of the general meeting.

If a board member's job terminates before the expiry of the term of office, or if a member is dismissed by order according to Sections 142 and 143 of the Insolvency Act (*konkursloven*) and there is no deputy representative for the member, the general meeting shall elect a new board member for the rest of the term. The election can however be postponed until the next ordinary general meeting if the board has a quorum with its remaining members and deputies.

Section 23. Powers of the management board

The management board is responsible for the management of the enterprise, which also ensures that its activities are carried out in accordance with the objects and articles of association of the enterprise and guidelines laid down by the general meeting. The board is responsible for the satisfactory organisation of the enterprise and must ensure that its accounting and asset management are subject to proper controls. The board shall supervise the managing director's management of the enterprise.

Before decisions are taken on matters which are assumed to have a significant bearing on the purpose of the enterprise or which will significantly change its nature, the matter must be submitted to the Ministry in writing in which case a statement by the corporate assembly in accordance with the third paragraph of Section 35 must be enclosed. More detailed rules can be laid down in the articles of association concerning which matters are to be submitted to the Ministry according to the first point.

The management board can only conclude agreements with the consent of the general meeting concerning participation in a company or other form of cooperation in which the enterprise has unlimited liability for the total obligations of the joint operation or for parts thereof.

Petitions for debt negotiation or bankruptcy proceedings for the enterprise can only be submitted by the board. During bankruptcy proceedings the board represents the enterprise as a debtor in bankruptcy.

Section 24. Meetings of the management board

The chairman of the management board ensures that the board meets as often as necessary. Board members and the managing director can demand that a board meeting be called. Unless the board in a given case resolves otherwise, the managing director is entitled to be present and to speak at board meetings.

Management board meetings are chaired by the chairman or in his/her absence by the deputy chairman. If neither is present, the board elects its chairman.

Minutes shall be kept of management board meetings and signed by all board members present. If a board member or the managing director disagrees with a resolution adopted by the board, he or she can request that the dissenting opinion be entered in the minutes. The minutes shall be sent without delay and no later than fourteen days after the board meeting to the Ministry concerned.

Section 25. Quorum and majorities

The management board has a quorum when over half of all the members are present. The board can, however, not adopt a resolution unless all its members have as far as possible been given an opportunity to participate in the treatment of the matter. If a board member is lawfully

absent, and that member has a deputy, the deputy member shall be given the opportunity to attend.

The management board's resolutions are what the majority of those present vote for, or in the event of an equality of votes what the chairman votes for. Those voting in favour of a resolution must however always number over one-third of the total number of board members.

In elections or where appointments are concerned, the person for whom most votes are cast is considered elected or appointed. The board can decide in advance to vote again if no one obtains a majority of the votes cast. If in the election of a chairman there is an equality of votes, the election is decided by lot. In other cases, what the chairman votes for is adopted.

Section 26. The managing director

A state-owned enterprise shall have a managing director who is appointed by the management board, which also fixes the managing director's salary. Decisions to give notice to or to dismiss the managing director are taken by the management board.

Section 27. Powers of the managing director

The managing director is in charge of the day-to-day management of the enterprise, and shall observe the guidelines and instructions issued by the management board. The managing director shall ensure that the enterprise's accounts are kept in accordance with laws and regulations and that satisfactory arrangements are made for its asset management.

Day-to-day management does not include matters which, in view of the circumstances of the enterprise, are of an unusual nature or of great importance. The managing director may only decide on such matters if the management board has authorised him to do so in the given instance, or if the board's decision cannot be awaited without having serious drawbacks for the business of the enterprise. In such a case, the board shall be informed of the matter as soon as possible.

0 Amended by law no. 56 of 17 July 1998, which entered into force on 1 January 1999.

Section 28. Qualification

A member of the management board or the managing director must not take part in the treatment of or decisions on questions that are of such special importance to him or closely connected persons that he must be regarded as having a marked personal or financial interest in the matter.

Section 29. Prohibition against accepting gifts etc.

Persons holding appointments or positions of trust in the enterprise must not on behalf of themselves or others accept inappropriate gifts, commissions, services or other benefits from others than the enterprise that may, or are intended by the giver to, affect the actions they take on behalf of the enterprise.

Neither may gifts, services or other benefits as mentioned in the first paragraph be accepted by the spouse or life partner of the person concerned, anyone related to them either by marriage in a directly ascending or descending line, or by a company in which any person as mentioned in the first paragraph has a significant interest.

Anyone who has accepted a benefit in contravention of the prohibition in this section shall be obliged to pay the enterprise an amount corresponding to what was unlawfully accepted. The second paragraph of Section 56 applies correspondingly.

Section 30. Obligation of the board of a subsidiary to provide information etc.

The board of a subsidiary is obliged to supply the management board and the managing director of its parent state-owned enterprise with such information as it needs in order to assess the position of the group and the result of its activities.

Chapter 6. Representation

Section 31. *[not to be translated]*

Section 32. When powers of representation are exceeded

If a person who represents the enterprise in acting on behalf of the enterprise has exceeded his or her powers, the action shall not be binding on the enterprise in so far as the other contracting party was or ought to have been aware that the powers were being exceeded, and that it would therefore be dishonest to claim a right deriving from the action.