



Law on corporations (*aksjeloven*)

Chapter 6. Company's board of directors

I. Requirements of board of directors and general manager. Election of board of directors, term of service etc.

Section 6-1. *Board of directors*

(1) The company shall have a board of directors comprising one or more members.

(2) The board of directors shall elect its own chairman when the chairman is not elected by the general meeting, If the board of directors consists of only one member, that person shall be considered its chairman.

(3) If the company has a corporate assembly, the board of directors shall have at least five members. The chairman of the board shall be elected by the corporate assembly. If it has been agreed that the company will not have a corporate assembly, in accordance with paragraph two of Section 6-35 the board of directors shall elect its own chairman.

⁰ Amended by law no. 40 of 14 June 2013, which entered into force on 1 July 2013 following decree no. 635 of 14 June 2013).

Section 6-2. *General manager*

(1) The company may have a general manager. Should the company have several general managers, or should the board of directors or corporate assembly be entitled to determine that the company shall have several general managers, this shall be stated in the articles of association. In this case, it shall be specified whether several general managers shall function as a collective body.

(2) If the articles of association do not stipulate that the general manager shall be appointed by the corporate assembly, the appointment shall be made by the board of directors.

(3) If the company has a corporate assembly, the articles of association may stipulate that the general manager shall be appointed by the corporate assembly. If it has been agreed that the company will not have a corporate assembly, in accordance with paragraph one of Section 6-35 the general manager shall always be appointed by the board of directors.

⁰ Amended by law no. 59 of 2 July 1999, which entered into force on 1 August 1999 following decree no. 715 of 2 July 1999, and by law no. 40 of 14 June 2013, which entered into force on 1 July 2013 following decree no. 635 of 14 June 2013).

Section 6-3. *Election of members of the board of directors*

(1) Members of the board of directors are elected by the general meeting, which also decides whether to elect any deputy members of the board of directors.

(2) Paragraph (1) shall not apply to directors who are to be elected by the employees in the company in accordance with Section 6-4, or who are to be elected by the corporate assembly, if

the company has a corporate assembly.

(3) The articles of association may provide for the transfer to others of the general meeting's right of election set out in paragraph (1). However, more than half the members of the board of directors must be elected by the general meeting unless the right to elect is transferred to a corporate body specified in the articles of association. The right of election may not be transferred to the board of directors or to a member of the board of directors.

0 Amended by law no. 46 of 26 June 1998 and law no. 40 of 14 June 2013, which entered into force on 1 July 2013 following decree no. 635 of 14 June 2013.

Section 6-4. *Employees' right to elect members of the board of directors*

(1) When a company with more than 30 employees has not established a corporate assembly (see Section 6-35), a majority of the employees may demand that one member of the board of directors and one observer, both with deputies, be elected by and from among the employees.

(2) When a company with more than 50 employees has not established a corporate assembly (see Section 6-35), a majority of the employees may demand that up to one-third and at least two of the members of the board of directors, with deputy members of the board of directors, be elected by and from among the employees.

(3) When a company has more than 200 employees and it has been agreed that the company will not have a corporate assembly (see paragraph (2) of Section 6-35), the employees shall elect one member of the board of directors with a deputy member of the board of directors or two observers with deputies in addition to the representation following from paragraph (2).

(4) The King may issue regulations on the calculation of the number of employees, including the use of averages. The King may also issue regulations on the election, including the conditions of voting rights and eligibility, the method of election and the settlement of election disputes, and the loss of posts as members of the board of directors. The King may make exceptions to the provisions of the paragraphs (1), (2) and (3).

0 Amended by law no. 59 of 2 July 1999, which entered into force on 1 August 2013 1999 following decree no. 715 of 2 July 1999.

Section 6-5. *Employees' right to elect members of the board of directors in company groups*

(1) When a company belongs to a group of companies, a written agreement may be entered into between the group of companies and the majority of the employees, or between the group of companies and one or more of local trade unions representing a majority of the employees in the group of companies, stipulating that when applying Section 6-4 the employees of the group of companies shall be considered to be employees of the company.

(2) When a company belongs to a group of companies, and no agreement as mentioned in paragraph (1) is concluded, following an application from the group of companies, from a majority of its employees or from one or more local unions representing a majority of the employees in the group of companies, the King may decide that when applying Section 6-4 the employees of the group of companies shall be considered to be employees of the company.

(3) Correspondingly, paragraphs (1) and (2) shall apply when a company belongs to a group

of enterprises that are connected through ownership interests or joint management.

(4) The King may decide that this section shall apply to parts of a group of companies or such a group of enterprises.

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

Section 6-6. *Term of service of members of the board of directors*

(1) Members of the board of directors serve for two years. The articles of association may provide for a shorter or longer term of service, though not for more than four years. For the purpose of supplementary elections, the term of service may be shortened.

(2) Unless stipulated otherwise, the term of service shall commence on the date of the election and terminate at the end of the ordinary general meeting in the year in which the term of service expires.

(3) Even if the term of service expires, the member of the board of directors shall remain in office until a new member of the board of directors has been elected.

(4) The provisions paragraphs (1) and (2) do not apply to members of the board of directors elected in accordance with Section 6-4, see Section 6-5.

Section 6-7. *Retirement and removal before the term of service expires*

(1) Members of the board of directors shall be entitled to step down for special reasons before their term of service has expired. The board of directors and the body that elected the member of the board of directors shall be given reasonable advance warning.

(2) Members of the board of directors may be removed by the body that elected them. This rule shall not apply to members of the board of directors elected pursuant to Section 6-4, see Section 6-5.

Section 6-8. *Supplementary elections*

(1) If the post of a member of the board of directors terminates before the expiry of their term of service and there is no deputy, the other members of the board of directors shall arrange for the election of a new member of the board of directors for the remaining term of service. The same shall apply if a member of the board of directors is deprived of legal capacity or barred from serving due to disqualification pursuant to Sections 142 and 143 of the Bankruptcy Act (*konkursloven*).

(2) If the election is the purview of the general meeting the election may be postponed to the next ordinary general meeting, provided that the board of directors still constitutes a quorum.

0 Amended by law no. 81 of 29 June 2007, which entered into force on 1 January 2008 following decree no. 1287 of 23 November 2007 and law no. 9 of 26 March 2010, which entered into force on 1 July 2013 following decree no. 338 of 5 April 2013 amending law no. 12 of 5 April 2013.

Section 6-9. *Deputy members of the board of directors and observers*

Provisions of this law regarding members of the board of directors shall correspondingly apply to deputy members of the board of directors and observers, as appropriate.

Section 6-10. Remuneration

The remuneration of members of the board of directors, deputy members of the board of directors and observers is determined by the general meeting. In the event of bankruptcy, the right to receive remuneration shall terminate on the date of commencement of the bankruptcy proceedings.

Section 6-11. Requirements for members of the board of directors and the general manager

(1) Unless otherwise provided for by the King in individual cases, the general manager and at least half the members of the board of directors shall be Norwegian residents. The first point does not apply to nationals of states which are parties to the EEA Agreement, when they are residents in such a state.

(2) Only persons who are of legal age may be elected members of the board of directors.

⁰ Amended by law no. 81 of 29 June 2007, which entered into force on 1 January 2008 following decree no. 1287 of 23 November 2007).

II. Management's tasks and procedures, etc.

Section 6-12. Management of the company

(1) The management of the company is the purview of the board of directors. The board of directors shall ensure the proper organisation of the company's business activities.

(2) The board of directors shall, to the necessary extent, draw up plans and budgets for the company's business activities. The board of directors may also lay down guidelines on business activities.

(3) The board of directors shall remain informed on the company's financial position and must ensure that its activities, accounts and asset management are subject to adequate control.

(4) The board of directors shall carry out any investigations it deems necessary to discharge its duties. The board of directors shall carry out any such investigations demanded by one or more of its members.

(5) If it has been agreed that the company will not have a corporate assembly, see paragraph (2) of Section 6-35, paragraph (4) of Section 6-37 of the Public Limited Liability Companies Act (*lov om allmennaksjeselskaper*) shall apply correspondingly.

⁰ Amended by law no. 59 of 2 July 1999, which entered into force on 1 August 1999 following decree no. 715 of 2 July.

Section 6-13. The board of directors' supervisory responsibility

(1) The board of directors shall supervise the day-to-day management of the company and the company's business activities in general.

(2) The board of directors may issue instructions to the general manager.

(3) In companies with only one shareholder, the board of directors shall ensure that

agreements between the company and the shareholder are entered into in writing.

Section 6-14. *Day-to-day management*

(1) The general manager is in charge of the day-to-day management of the company's business activities and shall comply with the guidelines and orders issued by the board of directors.

(2) Day-to-day management does not include matters which with respect to the company's situation are of an unusual nature or of major importance.

(3) The general manager may take decisions on matters when authorised by the board of directors on a case-by-case basis or whenever the board of directors' decision cannot be awaited without seriously disadvantaging the company. The board of directors must be notified of any decisions as soon as possible.

(4) The general manager shall ensure that the company's accounts are compliant with laws and regulations, and that the company's asset management is organised satisfactorily.

0 Amended by law no. 59 of 2 July 1999, which entered into force on 1 August 2013 1999 following decree no. 715 of 2 July 1999 and by law no. 88 of 15 December 2006, which entered into force on 1 January 2007 following resolution no. 1432 of 15 December 2006.

Section 6-15. *The general manager's obligations to the board of directors*

(1) The general manager shall at least each month, at a meeting or in writing, submit information to the board of directors on the company's business activities, position and profit performance.

(2) The board of directors may at any time require the general manager to submit a more detailed report on specific matters to the board of directors. Such reports may also be demanded also by individual members of the board of directors.

0 Amended by law no. 88 of 15 December 2006, which entered into force on 1 January 2007 following resolution no. 1432 of 15 December 2006.

Section 6-16. *A subsidiary's relations with its parent company*

(1) The board of directors of a subsidiary is obliged to furnish the board of directors of its parent company with the information required to assess the position of the group and the results of the group's business activities.

(2) The parent company shall inform the board of directors of a subsidiary of any matters that may be of importance to the group as a whole. The parent company shall also inform the subsidiary's board of directors of any decisions that may be of importance to the subsidiary, before any final decision is taken.

Section 6-17. *Remuneration from outside the company*

(1) A member of the board of directors, general manager or any employee of the company may not in connection with performing tasks on behalf of the company receive any remuneration

from outside the company. This rule also applies to remuneration which a co-contractor or his or her representative is entitled to receive from the company.

(2) Remuneration which a member of the board of directors or general manager may not receive, may not be received by their relations either.

(3) Remuneration that has been agreed or received contrary to the prohibition set out in paragraphs (1) or (2) shall accrue to the company. The same applies to any returns on or assets received in lieu of remuneration.

(4) The present section does not prevent a member or the board of directors who does not participate in the day-to-day management from acting as an agent in respect of the company subject to the usual commission paid to agents, provided that:

1. the member of the board of directors does not also represent the company; and
2. the transaction falls within the scope of the agent duties performed by the member of the board of directors.

⁰ Amended by law no. 88 of 15 December 2006, which entered into force on 1 January 2007 following resolution no. 1432 of 15 December 2006.

Section 6-18. *Petition for debt and bankruptcy proceedings*

(1) Only the board of directors may submit a petition for debt negotiations or bankruptcy proceedings on behalf of the company.

(2) The board of directors shall represent the company as a debtor in bankruptcy in bankruptcy proceedings.

Section 6-19. *The board of directors' procedure*

(1) The board of directors shall deal with matters at meetings unless the chairman of the board finds that the matter can be submitted in writing or dealt with in some other adequate manner.

(2) The chairman of the board shall ensure that whenever possible the members of the board can participate in a joint deliberation of matters that are dealt with outside meetings. The members of the board and general manager may demand that matters be dealt with at a meeting.

(3) The board of directors' proceedings are conducted by the chairman of the board. If neither the chairman of the board nor the deputy chairman of the board is in attendance, the board of directors elects an ad-hoc chairman of the board to conduct the proceedings.

(4) The general manager has both a right and a duty to participate in the board of directors' discussion of matters and voice an opinion, unless otherwise decided by the board of directors in the case in question.

⁰ Amended by law no. 59 of 2 July 1999, which entered into force on 1 August 1999 following decree no. 715 of 2 July 1999 and by law no. 88 of 15 December 2006, which entered into force on 1 January 2007 following resolution no. 1432 of 15 December 2006.

Section 6-20. *Requirement of consideration by the board of directors*

(1) The chairman of the board of directors shall ensure the due deliberation of all matters falling within the purview of the board of directors.

- (2) The members of the board and general manager may refer specific matters for deliberation by the board of directors.

Section 6-21. *Preparation of matters for the board*

- (1) The general manager shall prepare matters to be considered by the board of directors together with the chairman of the board of directors.
- (2) Matters must be prepared and submitted in such a way that the members of the board of directors have a sufficient basis on which to deliberate them.

Section 6-22. *Notice of deliberation by the board of directors*

The board of directors shall be given appropriate and sufficient notice that it will be required to deliberate certain matters.

Section 6-23. *Instructions issued by the board of directors*

- (1) In companies where the employees are represented on the board of directors, the board of directors shall issue instructions detailing the board of directors' activities and procedure.
- (2) The instructions shall include, inter alia, rules on which matters are to be considered by the board of directors and the work-related duties and obligations of the general manager vis-à-vis the board of directors. The instructions shall also set out rules for convening meetings and specify the procedure for meetings.
- (3) The King may issue regulations regarding instructions issued by the board of directors.

Section 6-24. *Quorum of the board of directors*

- (1) The board of directors may take decisions when more than half of its members are present or otherwise participate in the board of directors' deliberations, unless the articles of association stipulate stricter requirements.
- (2) However, the board of directors may not take decisions unless all the members of the board of directors, wherever possible, were invited to participate in the proceedings.
- (3) If any member of the board of directors is absent and there is a deputy, the deputy shall be invited instead.

Section 6-25. *General majority required*

- (1) Decisions taken by the board of directors require votes in favour by a majority of the board members taking part in the deliberation of a matter. In the event of a tie, the chairman of the board shall have the casting vote. However, proposals which entail change must always be approved by more than one third of all the members of the board of directors.
- (2) The articles of association may set out stricter voting rules.

Section 6-26. Majority required for elections and appointments

(1) For the purposes of elections and appointments, the person receiving the largest number of votes shall be deemed to have been elected or appointed. The board of directors may decide in advance to hold a fresh vote if nobody receives a majority of the votes cast.

(2) In the event of a tie in the election of the chairman of the board or ad-hoc chairman, the election will be decided by drawing lots. In other cases, the chairman of the board shall have the casting vote.

(3) The articles of association may set out stricter voting rules.

Section 6-27. Disqualification

(1) Members of the board of directors may not participate in the deliberations on or decision about any matter that is of such particular importance to themselves or their relations that they must be deemed to have a pronounced personal or financial interest in the matter. The same restriction applies to the general manager.

(2) Neither may members of the board of directors or the general manager participate in any decision to grant a loan or other credit to themselves or to issue collateral for their own liabilities.

Section 6-28. Abuse of position in the company, etc.

(1) Members of the board of directors and others who represent the company pursuant to Sections 6-30 to 6-32 inclusive may not do anything conducive to giving certain shareholders or others an unreasonable advantage at the expense of other shareholders or the company.

(2) The board of directors and general manager may not comply with any decision by the general meeting or another corporate body if the decision in question contravenes the law or the company's articles of association.

Section 6-29. Minutes of board meetings

(1) Minutes shall be kept of deliberations by the board of directors and must at the very least indicate the time and place of the meeting, name the participants, set out the procedure followed and describe any decisions taken by the board of directors. The minutes shall also specify that the procedure followed meets the requirements set out in Section 6-24.

(2) If a decision taken by the board of directors is not unanimous, the names of those who voted for and against shall be stated. Members of the board of directors and general managers who do not agree with a decision may demand that their opinion be entered in the minutes.

(3) The minutes shall be signed by all members of the board of directors who participated in the proceedings. If the board of directors comprises at least five members, and the decision was adopted at a meeting, the board of directors may elect two members of the board of directors to sign. In such instances a transcript of the minutes shall be sent to all members of the board of directors specifying a timeframe within which they may submit any comments, which they may demand be entered in the minutes.

III. The company's external affairs

Section 6-30. External representation

The board of directors shall represent the company vis-à-vis external parties and have the power to sign for the company.

Section 6-31. Power to sign for the company

(1) The board of directors may grant directors, the general manager or named employees the power to sign for the company. Such powers may be set out in the articles of association, which may also restrict the board of directors' authority to grant powers to sign for the company.

(2) The right to sign for the company may be revoked at any time whatsoever. Powers of signature that are set out in the articles of association may be revoked by the board of directors when a decision by the general meeting cannot be awaited without the company suffering damage.

(3) The provisions set out in Section 6-27 regarding the general manager shall similarly apply to any person with a power of signature for the company who is not a general manager or a member of the board of directors.

Section 6-32. External representation by the general manager

The general manager shall represent the company externally in matters relating to day-to-day management.

Section 6-33. Exceeding authority

If anybody who represents the company in external matters in accordance with the rules set out in Sections 6-30 to 6-32 inclusive, in any transaction for the company, has exceeded their authority, the transaction shall not be binding on the company when the company can demonstrate that the other party to the transaction understood or ought to have understood that the representational authority was being exceeded and that it would be unscrupulous to allow the transaction to go ahead.

Section 6-34. Shortcomings in the election of members of the board of directors or the appointment of a general manager

Once the election of a member of the board of directors or the appointment of a general manager has been listed in the Register of Business Enterprises, any shortcomings in the election process or appointment procedure may not be invoked to third parties unless the company can demonstrate that the third party was aware of said shortcomings.

IV. Corporate assembly**Section 6-35. Corporate assembly**

(1) Companies with more than 200 employees must elect a corporate assembly comprising 12 members or a higher number divisible by three determined by the general meeting. Corresponding provisions on corporate assemblies in the Public Limited Liability Companies Act (*Lov om allmennaksjeselskaper*) shall apply.

(2) The company and a majority of the employees or trade unions comprising two-thirds of the employees may agree that the company will not have a corporate assembly, see paragraph three of Section 6-4. The King may issue further rules on the conclusion and contents of such an agreement. Corresponding provisions on such agreements in the Public Limited Liability Companies Act shall apply.

(3) The articles of association may stipulate that the company shall have a corporate assembly even if the conditions in paragraph (1) are not met. This being the case, the corresponding provisions on the corporate assembly in the Public Limited Liability Companies Act shall apply unless otherwise stipulated in the articles of association.