

MEMORANDUM

To Mr. Robert G. Eccles

From Haavind

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Partner in charge Rasmus Asbjørnsen

MEMORANDUM – NORWAY

SETTING THE LEGAL LANDSCAPE

1. Briefly explain the broader legal landscape regarding the obligations that a company has to its stakeholders or with regard to its impact on stakeholders, and in particular whether its primary duty is or is not to shareholders over all other stakeholders.

Under Norwegian law, there are various types of companies governed by different legal acts. Companies with extended shareholder liability are subject to the Partnership Act, while the most frequently used type of company is the limited liability company, governed by either the Private Limited Liability Companies Act or the Public Limited Liability Companies Act (collectively the “**Companies Act**”). The main difference being that only the public limited liability company may raise capital from the public and have its shares traded on a regulated market.

Unless the articles of association state otherwise, the main purpose of a limited liability company is to generate profits for its shareholders. Hence, optimization of shareholder value is the company’s primary duty. The company’s board of directors (hereinafter also referred to as the “**board**”) and management have a general duty to act in the best interest of the shareholders, and the Companies Act contains several provisions imposing duties in this regard. Members of the board, as well as management, may be held liable for negligent breach of their duties to act in the shareholders, and thus the company’s, best interest.

Furthermore, the shareholder interest is protected through the general meeting where the shareholders exercise the supreme authority in the company, and thus has the power to instruct the board.

Norwegian company law also protects minority shareholders through the principle of equality of shareholders, the prohibition of abuse of authority as well as several specific rights for minority shareholders.

Shareholders in listed companies are also protected through the Securities Trading Act.

Although under Norwegian company law, optimization of shareholder value is the company's primary duty, the Companies Act also contains various provisions which main or part objective is the interest of the company's creditors and, to some extent, also of other stakeholders, such as the employees in the company. Further, a company's impact on other stakeholders than the shareholders is subject to a broad array of legislation, such as legislation regarding environment, labour, creditors, tax and VAT etc.

In addition to the statutory legislation, soft law codes such as corporate governance guidelines (The Norwegian Code of Practice for Corporate Governance) contains rules and recommendations ensuring ethical aspects and corporate responsibility in a larger perspective. Corporate governance guidelines are mainly adopted by the public limited liability companies, and the current practise and expectation is that a public limited liability company must comply with these guidelines or explain the lack of compliance. Companies that apply for listing on the Norwegian stock exchanges must confirm in the application that they comply with the Norwegian Code of Practice for Corporate Governance (hereinafter the "**Code of Practice**"), or the equivalent code of practice in the company's home state or the country in which it has its primary stock exchange listing.

REGULATORY FRAMEWORK

2. To what legal tradition does the jurisdiction belong, i.e. civil/common law, mixed?

The Norwegian legal tradition is part of the Nordic mixed legal system, placed somewhat between the common law and civil law traditions, including both civil law and common law elements; Norway operates with a doctrine of precedent (supreme court decisions) and extensive statutory legislation. Being part of the EEA, Norway also has to adopt most of the EU-legislation.

3. Are corporate/securities laws regulated federally/nationally, provincially or both?

Nationally, as Norway has no provincial legal system. As an EEA-member, Norway must adopt EU-directives regarding corporate and securities regulation. Being outside the EU, Norway has limited impact on the drafting of EU-legislation, but must adopt legislation relevant to the four freedoms that that EEA-agreement is based on.

4. Who are the government corporate/securities regulators and what are their respective powers (in summary only)?

The Norwegian Parliament has the legislative authority and decides the overall regulatory framework with regard to statutory law. Due to the EEA membership, Norway is obliged to adopt EU-legislation relevant for the corporate and securities sector.

The national supervisory authority of the financial market is Finanstilsynet (The Financial Supervisory Authority of Norway). Finanstilsynet has the power to issue and withdraw licenses required to operate as a financial enterprise, and impose other punitive decisions in case of non-compliance. In addition to its supervisory function, Finanstilsynet issues regulations where it has statutory authority.

The government agency for Norwegian companies is the Ministry of Trade, Industry and Fishery, which is responsible for managing the Companies Act. Under the ministry, lies the Brønnøysund Register Centre, which is responsible for digital solutions and access to corporate data, as well registering corporate information such as board members, share capital, mergers and demergers etc.

In 2016, Norway joined the European Union's financial supervision system, transferring authority in the financial sector from Norway to EFTAs surveillance authority.

5. Does the jurisdiction have a stock exchange(s)?

Oslo Børs ASA operates the three stock exchanges; Oslo Børs (Oslo Stock Exchange), Oslo Axess and Merkur Market. Oslo Børs and Oslo Axess are fully regulated markets in accordance with EU directives, whilst Merkur Market is subject to less extensive regulation, inter alia, with regard to the admission process and accounting standards.

INCORPORATION AND LISTING

6. Do the concepts of “limited liability” and “separate legal personality” exist?

Both the concepts are fundamental principles under Norwegian company law. Limited liability means that the liability of the shareholders is limited to the capital invested in the company. Consequently, they are not personally liable for the company's obligations; the company's assets are separate from the owners' assets. However, shareholders, and board members and/or management, may become liable for the company's obligations if they with negligence have failed to fulfil their obligations under the Companies Act, e.g. taking the required actions in case of insufficient equity.

The principle of limited liability does not apply to companies structured as partnerships and that are subject to the Partnership Act. These companies are characterized by the partners' jointly and severable liability for the company's obligations.

A company's separate legal personality is closely linked to the principle of limited liability; the company becomes a separate legal entity upon registration in the Brønnøysund Register Centre. From that point in time, the company has capacity to acquire rights and undertake obligations, and operates disengaged from the shareholders. The concept of piercing the

corporate veil is to some extent recognized under Norwegian law, on a non-statutory basis, even though it does not exist a clear precedence in case law from the Supreme Court. Most cases where piercing the corporate might be relevant, are solved on the bases of liability for negligent actions from shareholders, board members or management under the Companies Act section 17, see question 13.

7. Did incorporation or listing historically, or does it today, require any recognition by the company or its directors of a duty to society, an obligation to take account of the company's social or environmental impacts, or to respect its stakeholders?

There are no requirements for such explicit recognition in connection with incorporation or listing. However, there are relevant rules and recommendations regarding this subject:

The Accounting Act section 3-3c imposes large companies (public limited liability companies, listed companies and companies with listed securities) to report on their social responsibility strategy/guidelines and practice in the annual report, and section 3-3-b requires the same companies to report on their corporate governance principles and practices.

The Code of Practice, that targets public companies, states in section 1 that *"the board of directors should define the company's basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values"*.

With regard to the listing requirements on Oslo Børs (Oslo Stock Exchange), the company applying for admission is subject to EU-regulation on prospectus requirements, including a duty to present relevant risk factors.

The Companies Act includes regulation on employees' representation in the board of directors and the corporate assembly, triggered by thresholds with respect to the number of employees. These rules also contain provisions that seek to promote gender equality within the employee representatives. Furthermore, the Public Limited Liability Companies Act requires that both genders are represented on the board, see question 26.

8. Do any stock exchanges have a responsible investment index and is participation voluntary?

Oslo Børs does not have a responsible investment index, but offers a list containing green bonds. The criterion for admission to the green bonds list is that the capital raised by the bond/debt instrument issuance must be used to finance climate-promoting investments.

DIRECTORS' DUTIES

9. To whom are the directors' duties generally owed?

Under Norwegian law, limited companies are obliged to have a board of directors elected by the general assembly. In addition to the election of board members, the general assembly is powered with an instruction right towards the board. The general assembly has the authority

to adopt and amend the company's articles of association, which the board and general manager must act in accordance with.

The Companies Act lay down several duties for the board of directors, which have in common that the board shall act in the best interest of the company, including a duty to fulfil the company's purpose of generating profits for its shareholders. The main duties for the board are to manage the company, including by adopting plans, guidelines and budgets, and to supervise the operations in the company. The Companies Act provides the general manager with authority to operate the day to day business, and the board has a supervisory duty to this effect. The board of directors is responsible for ensuring that the company has adequate capital and liquidity, and is responsible for taking action if this is not the case. Surveillance of the company's financial position is one of the most important duties of the board. In this regard, the Companies Act empowers the board to propose and thereby limit the amount of dividend distributions the general meeting can approve.

Both the board of directors and the management are prohibited from taking actions that will provide certain shareholders or others with an undue advantage over other shareholders, or to the company's expense.

10. What are the duties owed by directors – please state briefly. Please indicate if there are express or implied duties to avoid damage to the company's reputation.

Overall, the board of directors have fiduciary duty to act in the best interest of and in loyalty to the company based on both statutory and non-statutory law.

There are no explicit statutory duties to avoid damage to the company's reputation. However, the fiduciary duty also implies that the board must not take actions that would damage the company or its reputation. Further, the board members, management and shareholders may be held liable for damages caused by negligent actions, which under given circumstances may include reputational damage.

Moreover, the Companies Act includes provisions regarding disqualification, i.e. prohibition against participating in decisions regarding the board member's personal interests. In general, it is fair to assert that most of the statutory duties owed by the board of directors contribute to ensure the company's reputation because they in part are based on good business ethics. The same applies to several recommendations in the Code of Practice regarding, *inter alia*, independence of the board of directors and corporate assembly, remuneration of board members and executive personnel, internal control systems and corporate social responsibility.

Please also refer to question 9.

11. More generally, are directors required or permitted to consider the company's impacts on non-shareholders, including impacts on the individuals and communities affected by the company's operations? Is the answer the same where the impacts occur outside the jurisdiction? Can or must directors consider such impacts by

subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction?

As described earlier, the main purpose of a company, if not stated otherwise in the articles of association, is to generate profits for its shareholders and the company's board of directors is thus obliged to govern the company in accordance with this purpose. The shareholders, through the general assembly, may of course adopt resolutions with regard to the company's strategy and corporate responsibility profile etc., which will be binding for the board of directors.

Norwegian company law, including the Companies Act, is also based on protecting the creditors' interests and, thus, several provisions in the Companies Act have this consideration as its main purpose. Hence, in the extension of the board's duty to govern the company in compliance with the law, they are required to take into account the creditors.

With regard to the employees, the Companies Act require that companies with more than 200 employees must elect a corporate assembly with at least 12 members of which 2/3 are elected by shareholders and 1/3 are elected by the employees. The main duty of the corporate assembly is the election of the board of directors. In addition, the corporate assembly has certain duties in respect of supervision, issuing opinions and decision making. In any company with more than 30 employees, the employees have the right to be represented on the board of directors. If a company has more than 200 employees but has not elected a corporate assembly, employees must be represented on the board.

It must be added, that Norwegian labour law provides comprehensive protection to employees, especially with respect to the access to lay off employees. However, these are matters that must be considered under labour law, and is not a company law subject as such.

According to the Accounting Act section 3-3c, large companies, shall, in connection with the annual report, issue a presentation detailing what the enterprise does to integrate considerations relating to human rights, labour rights and social conditions, the external environment and anti-corruption efforts in their business strategies, in their daily operations and in relation to their stakeholders. The presentation shall, at a minimum, include information concerning guidelines, principles, procedures and standards used by the enterprise to integrate the said considerations in its business strategies, in its daily operations and in relation to its stakeholders. This statutory requirement applies for Norwegian companies, regardless of where the company's actual impact is. A light version of these requirements is found the Accounting Act section 3-3, and applies to all companies that must have financial accounts. See also question 16.

The Code of Practice section 1 states that the board of directors should define the company's basic corporate values and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values, and section 10 includes a recommendation to have internal control systems to this effect. Public limited liability

companies are expected to comply with the Code of Practice; otherwise the company must provide an explanation of the reason for the deviation and what solution it has selected.

12. If directors are required or permitted to consider impacts on non-shareholders to what extent do they have discretion in determining how to balance different factors including such impacts. What additional liabilities, if any, do the board or individual directors assume in exercising such discretion?

Within the boundaries arising from statutory law and always provided that the board acts in the best interest of the company, the board is left with a wide discretion to balance the interest of shareholders with the ones of non-shareholders. If the shareholders are not satisfied with the board's' discretion, the general meeting may of course elect new members of the board.

Please refer to question 13 with regard to the directors' civil liability for damages and criminal liability.

13. What are the legal consequences for failing to fulfil any duties described above; and who may take action to initiate them? What defenses are available? Can these issues give rise to other causes of action or regulatory routes whereby a stakeholder can exert pressure on a company with regard to its actions?

The Companies Act section 17 provide that the company, a shareholder or others may hold the general manager, a member of the board, member of the corporate assembly, investigator or shareholder liable for any damage which they, in the capacity mentioned, have intentionally or negligently caused such party. The company, a shareholder or others may also hold a party who, intentionally or negligently, has contributed to such damage, liable for the damage. If the general meeting has adopted a resolution on discharge of liability or has rejected a motion to bring a claim against any of the above persons, shareholders who own at least one tenth of the share capital may bring a claim for compensation.

The Companies Act does not explicitly state what constitutes the level of negligence that would result in personal liability. In principle, an objective test of skill will be applied when considering the question of negligence; "*Should the general manager or the board member according to an objective standard have acted differently?*" A subjective element is, however, introduced in that it will be very little scope for a skilful board member to find any excuse for an otherwise negligent behaviour. Generally, there is very limited scope for invoking ignorance of law as an excuse. Court practice on board members' liability has historically not been strict in Norway compared to other European countries. On the other hand, signals over the last few years may indicate that we are heading towards a somewhat tougher enforcement of these rules.

According to Companies Act section 19, any board member or general manager who with intent or negligence violates any provision laid down in or pursuant to the Companies Act, shall be punished by fines or, in aggravating circumstances, by imprisonment of up to one

year. The same applies if a Board member or the General Manager shows gross imprudence during the performance of his or her duties for the Company.

A shareholder, director or the general manager may bring legal action to void a resolution of a general meeting on the ground that it was unlawfully adopted or is otherwise in conflict with statute or the articles of association of the company (section 5-22). Such action may also be brought by a majority of the employees or alternatively unions that comprise two-thirds of the employees.

The Companies Act chapter five, part five contains provisions regarding civil investigation. A shareholder may propose that the incorporation of the company, its administration or other specified matters relating to the administration or the accounts are examined. The proposal may be submitted at an ordinary general meeting or at a general meeting whose agenda sets forth the proposal for an investigation. The investigators shall submit a written report on the investigation to the District Court, and the Court shall summon a general meeting where the shareholders shall decide how to deal with the investigation report.

The Norwegian Criminal Code includes several provisions regarding financial/commercial crime, and stakeholders are entitled, as anyone else, to report alleged crimes to the police.

14. Are there any other directors' duties which are relevant to the interests of stakeholders?

All relevant duties are mentioned above.

For a more in depth understanding of the board of directors' soft law duties in public limited liability companies, please see the Norwegian Code of Practice for Corporate Governance (<http://www.nues.no/en/frontpage/slideshow/The+Norwegian+Code+of+Practice+for+Corporate+Governance.9UFRnY0D.ips>).

15. For all of the above, if these exist in your jurisdiction, does the law provide guidance about the role of the supervisory board in cases of two tier board structures? What obligations are owed by senior management who are not board directors? Is this determined by law if no specific contractual provisions apply?

In Norway, the concept of two tier board structure does not exist.

REPORTING

16. Are companies required or permitted to disclose the impacts of their operations on non-shareholders, as well as any action taken or intended to address those impacts? Is this required as a part of financial reporting obligations or pursuant to a separate reporting regime? Please specify for each reporting route whether it is mandatory or voluntary.

According to the Accounting Act all companies that must have financial accounts shall in the accompanying report from the board, address the environmental impact its business and products may have, as well as actions taken or to be taken to address any environmental impact. The report for large companies shall also address the company's efforts in relation to human rights, labour rights and social conditions, the external environment and anti-corruption, and report on the effects of these efforts on its business strategies, daily operations and in relation to stakeholders. Companies which do not have such guidelines, principles, procedures or standards must confirm this. The Accounting Act fulfils the requirements that are laid down in the EU directive (2014/95/EU) on disclosure of non-financial and diversity information by certain large undertakings and groups.

Any company listed on Oslo Stock Exchange must adhere to the Code of Practice or similar rules in its home state. In its annual reports or documents referred to in such report, a listed company must confirm or explain non-compliance with such rules. The annual report must be submitted to the Norwegian Register of Company Accounts.

Under the Securities Trading Act, a listed company must make public, also information regarding its operations and securities which is of significance for correct pricing of its securities.

Oslo Stock Exchange is member of the UN Sustainable Stock Exchanges initiative ("SSE"). As such, it recommends listed companies to report based on the Global Reporting Initiative ("GRI"). It is voluntary to do so, and the Stock Exchange has issued guidance for those choosing to report on the GRI. The guidance also builds on other recognised international standards, such as the UN Guiding Principles on Business and Human rights, the UN Global Compact and the OECD's Guidelines for Multinational Enterprises. Any GRI reports shall be published on the company's website together with its annual report as a separate report or integrated in the annual report.

17. Please describe any mandatory reporting requirement, major voluntary initiative or trend towards voluntary reporting with regard to transparency (for example, payments to government or state-owned entities, reports on government orders to undertake surveillance or interception, reports on tax payments etc.).

The EU Transparency Directive (2004/109/EU) has been implemented into Norwegian law, along with CRD IV (2013/36/EU) regarding access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as well as the Accounting Directive (2013/34/EU) on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

Norway has a portal where all governmental tenders above certain thresholds are made public. Any subsequent award is reported on the portal, without the commercial details included.

The result of tax assessments on individuals (income, assets and tax) are publicly available information in Norway.

18. Do legal reporting obligations extend to such impacts outside the jurisdiction?

Any reporting mentioned in questions 16 and 17 is based on consolidated reporting, and as such, any subsidiaries outside the jurisdiction will be included.

Note should also be taken that in reporting under CRD IV, financial companies must include information on due diligence processes involving the company's supply and subcontracting chains.

19. Who must verify these reports; who can access reports; and what are the legal or regulatory consequences of failing to report or misrepresentation? Is there a regulator tasked with investigating complaints of misreporting?

Financial reports for all companies except small companies which have chosen to opt out must be audited.

The auditor's report is public information available through the Norwegian Register of Company Accounts to which all companies must file its reports. Listed companies must also publish its annual reports on its website. In case of late filings, the registry may issue running fines.

The auditor's report must include, where relevant, a statement on whether a corporate governance report has been prepared and if the report is consistent with other parts of the annual accounts.

The Financial Supervisory Authority of Norway (Finanstilsynet) also controls the financial accounts of Norwegian companies listed within the EEA area, and may issue fines if such reports are considered as inadequate. The final report of such controls is made public on the website of Finanstilsynet.

20. What is the external assurance regime for reporting on stakeholders? Please specify any mandatory requirements and also where re-reporting is voluntary what the current market practice is as regards third party assurance. Please summarise any regulatory guidance on reporting what relates to impacts on non-shareholder stakeholders.

Apart from the auditor's assessment of information included in the annual financial accounts - which may include CSR issues - and the control by Finanstilsynet of the annual accounts for listed companies, there is no mandatory external assurance regime in Norway.

Corporate governance adherence is based on a "comply or explain" approach, and is as such not subject to any external assurance apart for that undertaken by the company's auditor as part of its audit.

Oslo Stock Exchange has issued guidance for those listed companies which choose to report on GRI, the UN Guiding Principles on Business and Human rights, the UN Global Compact and the OECD's Guidelines for Multinational Enterprises.

STAKEHOLDER ENGAGEMENT

21. Are there any restrictions on circulating shareholder proposals which deal with impacts on non-shareholders, including stakeholder impacts?

The Companies Act requires the company to hold the annual general meeting within six months from the end of each accounting year. The board may decide to convene an extraordinary general meeting at its own discretion and must convene an extraordinary general meeting if this is demanded in writing by the auditor or shareholders representing at least one tenth of the share capital, in a private limited liability company, and one twentieth, in a public limited liability company.

The general meeting shall be convened by written notice to all shareholders. The notice must state the time and venue for the meeting and it must be sent no later than one week (21 days in a listed company) before the meeting is to be held. The notice convening the meeting shall state the business to be transacted at the meeting and any proposed amendments to the articles of association. The board shall prepare a draft agenda for the meeting, and the general meeting cannot adopt a resolution on any matter outside the agenda, without the approval from all shareholders.

A shareholder has the right to put matters on the agenda of the general meeting. The matter shall be reported in writing to the board of directors within seven days prior to the time limit for the notice to the general meeting, along with a proposal for a draft resolution or an explanation as to why the matter has been put on the agenda. In the event that the notice has already taken place, a new notice shall be sent if the time limit has not already expired. A shareholder has in addition a right to put forward a proposal for resolution.

There are no legal limitations on what kind of matters a shareholder may put on the agenda.

22. Are institutional investors, including pension funds, required or permitted to consider such impacts in their investment decisions? What is legal duty that pension funds owe with regard to investment decisions in this regard? How does the legal duty of the fund align with term and contractual performance criteria of fund managers – does this facilitate or deter consideration of such impacts?

There are no particular Norwegian regulations applying to institutional investors' investment decisions with respect to ethical or sustainability issues.

Certain institutional investors have guidelines, the most important being the Domestic Pension Fund. The Fund is a governmental body and is the largest investor on Oslo Stock Exchange. Its mandate from the Ministry of Finance and its investment strategy is based upon sustainable development in economic, environmental and social terms, and is publicly

available on its website (<http://www.folketrygdfondet.no/getfile.php/132145/Dokumenter/Engelske%20dokumenter/16-33%20Management%20mandate%20for%20the%20Government%20Pension%20Fund%20Norway%202016.pdf>). The fund is a strong supporter of corporate governance, and has adopted the UN Principles for Responsible Investments (UN PRI), the UN Global Compact, and OECDs Guidelines for corporate governance, and is represented on the body which develops the Code of Practice.

Other institutional investors, such as insurance companies or pension foundations set up by employers, have an obligation to hold an investment strategy. Such strategy is to be reviewed annually by its board and is supervised by its statutory compliance function. Other institutional investors generally have investment strategies, very often publicly available as a marketing tool.

UCITS and AIFs have investment strategies set out in its articles, very often covering corporate governance and ethical or sustainability issues.

Insurance companies, pension foundations, UCITS managers and AIFMs are subject to mandatory requirements for risk management, often based on COSO 2 and which often include provisions regarding corporate governance and ethical or sustainability issues. They are also subject to supervision by Finanstilsynet (The Financial Supervisory Authority of Norway). Finanstilsynet may impose fines if the risk management is not satisfactory.

23. Can non-shareholders address companies' annual general meeting? What is the minimum shareholding required for a shareholder to raise a question at the company's AGM?

The Companies Act provide that the shareholders shall be entitled to attend the general meeting, either in person or by a proxy appointed at their own discretion. The proxy must present a written, dated letter of proxy, which only applies for the next meeting unless expressly stated otherwise. The proxy may be a non-shareholder.

The chairman of the board and the general manager shall be present at the general meeting, while other members of the board may be present. All of these individuals may be non-shareholders. Members of the board of directors and the general manager are entitled to speak in the general meeting.

Other non-shareholders are only entitled to be present or otherwise follow the proceedings at the general meeting if their presence has been approved by the general meeting and the resolution is supported by all shareholders present.

There are no minimum shareholding requirements to raise a question at the general meeting.

OTHER ISSUES OF CORPORATE GOVERNANCE

24. Are there any other laws, policies, codes or guidelines or standards applied in the context of particular contractual relationships (for ex-ample project finance) or though

adherence to particular sustainability principles (for example the UN Global Compact, the OECD Guidelines for Multinational Enterprises etc.) related to corporate governance that might encourage companies to consider in a structured way their impacts upon and the interests of their wider stakeholders including through a stakeholder engagement process?

In Norway, many internationally trading companies apply the UN Global Compact's guidelines and principles and the OECD Guidelines for Multinational Enterprises in contractual relationships. Some companies have also implemented the UN Guiding Principles on Business and Human Rights.

Oslo Stock Exchange has issued guidance for those listed companies which choose to report on GRI, the UN Guiding Principles on Business and Human rights, the UN Global Compact and the OECD's Guidelines for Multinational Enterprises.

With respect to project financing, the major banks have signed up to the Equator Principles, (a risk management framework for determining, assessing and managing environmental and social risks in projects). These banks shall in principle refuse to finance projects which do not follow these principles. As a result of the compliance with Equator Principles, reporting of environmental impacts and their impacts on stakeholders is contractually required.

25. Are there any laws requiring representation of particular stakeholder constituencies?

Please refer to question 26 for a collective summary on stakeholder representation requirements.

26. Are there any laws requiring gender, racial, ethnic, religious or other stakeholder representation; or non-discrimination generally, on company boards?

The Companies Act requires that a company with more than 200 employees must have a corporate assembly. It may, however, be agreed between the company and a majority of the employees, or trade unions representing two thirds of the employees, that the company is not to have a corporate assembly. The corporate assembly shall consist of 12 members or a higher number which can be divided by three. Two thirds of the members and alternate members shall be elected by the general meeting, unless the right to elect the members is not assigned to others in the articles of association. The last third of the members of the corporate assembly and alternate members shall be elected by and among the employees of the company. Members of the board or the general manager cannot be members of the corporate assembly. The corporate assembly elects the members of the board, including its chairman. A third of the assembly's members may demand new election of board members at any time.

Employees are, according to the Companies Act entitled to board representation in companies which do not have a corporate assembly as follows:

- If the company has more than 30 employees: one member plus one observer;
- If the company has more than 50 employees: one third of the members, but at least two members; and
- If the company has more than 200 employees: one third of the total board members, but at least three members

Companies subject to the Public Limited Liability Companies Act, are obliged to the following provisions on gender representation in the board:

- If the board of directors has two or three members, both genders shall be represented.
- If the board of directors has four or five members, each gender shall be represented by at least two members.
- If the board of directors has six to eight members, each gender shall be represented by at least three members.
- If the board of directors has nine members, each gender shall be represented by at least four members, and if the board of directors has more members, each gender shall represent at least 40 percent of the members of the board.

27. In your jurisdiction is there any legal route whereby a parent company can incur liability with regard to the impacts that one of its subsidiaries has had on stakeholders groups? Are there any serious proposals to impose such responsibility?

As mentioned in question 6, the concept of piercing the corporate veil is to some extent recognized under Norwegian law, on a non-statutory basis, even though it does not exist a clear precedence in case law from the supreme court. It is presumed in legal theory, based on interpretation of case law, that the prerequisites for piercing the corporate veil are 1) that upholding limited liability and separation of legal personality would be grossly unfair to the creditor, and 2) that the formal company construction does not deserve protection because there has been a mixture of the different legal entities/personalities.

In relation to environmental legislation, there is one Supreme Court decision that rules in favour of piercing the corporate veil, and places the pollution liability on the parent company of the property owning company. However, this decision is a more a matter of interpretation of pollution law, than a case regarding the general concept of piercing the corporate veil. Notwithstanding, the decision clearly establishes an access to pierce the corporate veil in relation to the Pollution Act section 51.

As far as we are aware, there are no proposals to further codify this legal route. This can partly be explained by the fact the Companies Act section 17 on liability for damages includes such a wide range of liable parties (see question 13), that further legislation is not needed.

28. Are you aware of any incoming law or proposals that are relevant to the issues raised in the questionnaire? If do please describe, providing an indication of the anticipated date the legislation will come into force or be adopted.

The Companies Act contains several provisions that are meant to protect the company's creditors, including section 3-8 regarding the company's agreements with shareholders or members of the company's management etc. In short, the provision requires the general meeting to approve such agreements if the consideration from the company has a real value exceeding one tenth (or one twentieth in a public limited liability company) of the share capital at the time of the acquisition or sale. There are several exceptions from this outset, e.g. agreements entered into as part of the company's normal business and which is entered into on a price level and other terms that are customary for such agreements.

A committee evaluating several provisions in the Companies Act will submit a proposal in October 2016 where it is expected that section 3-8 will be made less strict. Also several other amendments are expected.