



2019

**BOARD REMUNERATION SURVEY**  
Listed and state-owned companies

The Norwegian Institute of Directors



**styreinstitutt**

# CONTENTS

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Introduction	3
About the survey	4
Survey framework	5
General criteria and comments to this year's survey	6
Highlights	7
Key figures – annual remuneration board of directors	8
Key figures – annual remuneration nomination committee	10
Key figures – annual remuneration audit committee	11
Key figures – annual remuneration compensation committee	12
Key figures – highest/lowest listed companies	13
Remuneration model – listed companies	14
Chairperson remuneration- 30 largest companies by market value Oslo Stock Exchange	16
The 30 largest listed companies after Chairperson remuneration	17
30 Highest Chairperson remuneration all listed companies	18
The 10 lowest Chairperson remuneration - all listed companies	19
Board Director remuneration - 30 highest amongst all listed companies	20
Board Director remuneration - 10 lowest amongst all listed companies	21
Average per industry - Chairperson remuneration - listed company	22
Average per industry - Board Director remuneration - listed company	23
Average board remuneration last three years	24
Remuneration – employee elected board members	25
Listed companies with deviating remuneration for employee-elected board members	26
State-owned companies with deviating remuneration for employee-elected board members	27
Nomination committees listed companies	28
Audit committees listed companies	29
Compensation committee listed companies	30
State-owned companies	31



# INTRODUCTION

The 2019 survey reinforces some interesting trends from last year.

One of the most important trends is more than doubling the number of companies that pay part of the fees with shares or obligation to buy shares. In 2018 ten companies introduced such schemes and for 2019 an increase to 22 companies. We see this as an expression of the board's role and responsibility for the company's value creation.

Chairpersons' fees in listed and state-owned companies have a good median development with an increase of 10.6% and 11.4% respectively, corresponding to an average increase of 7.6% in listed companies and 5.5% in state-owned companies.

In our opinion, the remuneration of chairpersons, board directors and members of nomination committees, is still too low compared to their responsibility and scope of work.

Gro Brækken  
Secretary general

The Norwegian Institute of Directors



## ABOUT THE NORWEGIAN INSTITUTE OF DIRECTORS

The Norwegian Institute of Directors is the only network in Norway for members of the board and nomination committee in listed and state-owned companies.

The ambition is to contribute to value creation, development and renewal of Norwegian business within the framework of good corporate governance.

Each year, the Institute organizes 7-10 professional seminars for board members, corporate management and nomination committees under Chatham House Rules, as well as a separate meeting place for board secretaries, the Board Secretary Forum.

The board remuneration survey includes Norwegian listed and state-owned companies and has provided useful information to our member companies since we started this annual survey in 2010.

# ABOUT THE SURVEY

## INDUSTRY SECTORS

In accordance to Oslo Stock Exchange

SOURCES	NUMBER
Data submitted by the companies	108
Data collected by the Norwegian Institute of Directors from annual general meeting protocols for 2019 and annual reports for 2018	104

## DATA BASIS

- Remuneration as determined at the most recent annual general meeting, usually spring 2019
- Remuneration amounts listed in Norwegian kroner (NOK). Currency conversion at 30.06.2019
- Market value at 30.06.2019
- Data were collected June – August 2019

## SURVEY FRAMEWORK

INCLUDED IN THE SURVEY	LISTED COMPANIES	STATE-OWNED COMPANIES
Total number of companies	162	50
Total number of responses (submitted/collected)	74/88	34/16
Chairperson/deputy chair/ board director	150/57/150	50/41/50
Employee representative if different from board directors	35	3
Nomination Committee (chairperson/member)	113/111	3/3
Audit committee (chairperson/member)	97/91	8/8
Compensation committee (chairperson/member)	63/61	8/8
Compensation determined in advance/in arrears	77/66	19/13
Total compensation paid to board and committees	83	44

The Norwegian Institute of Directors disclaims responsibility for errors in data submitted to the survey.

## GENERAL CRITERIA AND COMMENTS TO THIS YEAR'S SURVEY

Since the companies registered are not identical from year to year, aggregated figures are not necessarily comparable from one year to the next. Some companies are not listed anymore, some companies are new at Oslo Stock Exchange while others have not answered this year's survey.

The survey includes companies which have submitted data, or data which the Norwegian Institute of Directors has been able to find from the annual report of 2018 or the general meeting protocol of 2019. Some companies have only submitted total compensation for the board and committees. We list the number of companies included in the data basis for each category/question as (n=).

Additional remuneration which does not apply to all members of a board or committee, or does not apply to ordinary board meetings, has not been included in the calculations. Examples include additional remuneration paid for board meetings abroad or for directors whose attendance require international travel.

Different remuneration models may result in discrepancies between the numbers listed in the survey and the actual amounts paid. For example, companies which determine remuneration in advance and compensate on a per meeting basis, remuneration will be calculated in accordance with remuneration for the current year and the number of meetings in the previous year.

Approximately 55 % of the companies set remuneration in advance – the others in arrears.

For listed companies that pay remuneration in other currencies than NOK, the foreign currency amounts have been converted to NOK at exchange rates of 30 June 2019 (Norges Bank).

38 companies pay remuneration in foreign currencies, of which 28 in USD, 4 in EUR, 3 in DKK, 2 in SEK and 1 in GBP.

Remuneration in foreign currencies is the most common in the energy sector, where 22 of 46 companies set remuneration in foreign currencies, remuneration in USD is most common.

# HIGHLIGHTS

**Board remuneration of chairpersons both in listed and state-owned companies have a good development of the median compared to last year, with an increase of 10.6 and 11.4 %. The average remuneration had a lower increase of 7.6 % for chairs in listed companies and 5.5 % in state-owned. The board remuneration of chairpersons in state-owned companies is in average still around fifty percent of listed companies.**

The average remuneration for board directors increased by 3.6% in listed companies, while the average increased by 3.9 % in state-owned companies. The median in listed companies increased by 10.0 % while the increase in state-owned companies increased by 5.1 %.

There has been more than a doubling in companies where shares or options are part of the remuneration, though from a low level to 22 companies this year. In some companies, share purchases are optional, while in others there are obligations to buy until you own up to a certain level (for example, 1-2 times a year's fee).

There has been changes in the industry sectors at Oslo Stock Exchange, where telecom is off the list, and communication has entered as a new sector. As a result, several companies have changed their sector from last year.

Energy is still clearly the leading industry sector in fees for both the chairperson and board members, and the distance to the next

sector has been reduced. Consumer goods are now in second place for the chairperson, about 20 % lower than the average for energy and above the average for the Oslo Stock Exchange. For board directors, all industries except real estate have an increase in average fees, with consumer goods having the highest increase by 26.4 % and supply by 25.8 %.

For board directors, energy, industry and consumer goods are sectors where the average remuneration is above the average of all companies at Oslo Stock Exchange. Energy is still on top, but only about 8 % above the industry sector which is second. For board directors the average fee in the consumer goods sector has the biggest increase by 24.2 % while materials increased by 20.8 % and supply by 20.1 %.

Remuneration in different committees, vary from year to year. Last year the average fee in the audit committee increased significantly, while this year there is a decline to the 2017-level. The average fees in the nomination committee and the compensation committee have both a more positive development this year. The reasons are probably that the workload and the number of meetings may vary widely from year to year. In addition, changes in the selection of companies that have answered this question may also have an impact.

## KEY FIGURES - ANNUAL REMUNERATION BOARD OF DIRECTORS

HONORAR STYRET	2019		2018		CHANGE %	
	Chair	Director	Chair	Director	Chair	Director
<b>Listed</b>	n=150	n=150	n=144	n=142		
Average	588 565	293 729	547 187	283 587	7,6 %	3,6 %
Upper quartile	618 750	340 732	600 000	326 352	3,1 %	4,4 %
Median	487 031	275 000	440 288	250 000	10,6 %	10,0 %
Lower quartile	353 750	200 000	325 000	200 000	8,8 %	Unchanged

	2019		2018		CHANGE %	
	Chair	Director	Chair	Director	Chair	Director
<b>State-owned</b>	n=50	n=50	n=48	n=47		
Average	301 313	156 180	285 619	150 263	5,5 %	3,9 %
Upper quartile	398 875	204 375	397 000	200 500	0,5 %	1,9 %
Median	308 000	152 450	276 500	145 000	11,4 %	5,1 %
Lower quartile	231 750	128 000	199 500	115 100	16,2 %	11,2 %

## **COMMENTS:**

### **LISTED COMPANIES**

Average remuneration for chairpersons increased by 7.6 %, while the median increased by 10.6 %. Upper quartile increased by 3.1 % while the lower quartile increased by 8.8 %.

Average remuneration for directors increased by 3.6 %, while the median increased by 10.0 %. Upper quartile increased by 4.4 % while the bottom quartile was unchanged.

### **STATE-OWNED COMPANIES**

Average remuneration for chairpersons increased by 5.5 %, while the median increased by 11.4 %. The upper quartile is nearly unchanged with an increase of 0.5 % while the lower quartile increased by 16.2 %.

Average remuneration for board directors increased by 3.9 %, while the median increased by 5.1 %. Upper quartile increased by 1.9 % while the lower quartile increased by 11.2 %.



### **LISTED VS STATE-OWNED:**

Remuneration of chairpersons in both listed and state-owned companies have had a good median development over the past year. This also applies to the median development for directors of listed companies, while in state companies, lower-quartile directors have the best development, which was also the case last year. On average remuneration in state-owned companies still accounts for about half of the remuneration in listed companies.



## KEY FIGURES - ANNUAL REMUNERATION NOMINATION COMMITTEE

NOMINATION COMMITTEE*	2019		2018		CHANGE %	
	Leader	Member	Leader	Member	Leader	Member
Listed	n=113	n=111	N=93	N=92		
Average	45 513	30 661	44 940	32 184	1,3 %	-4,7 %
Upper quartile	57 000	36 375	50 250	35 000	13,4 %	3,9 %
Median	40 000	27 500	35 000	25 000	14,3 %	10,0 %
Lower quartile	25 000	15 000	25 000	17 375	Unchanged	-13,7 %

\*119 respondents states to have a nomination committee, but not everyone has provided enough information about fees.

How nomination committees work varies from company to company. In 2019 the number of meetings varied from one to 17, with an average of 4.3. The composition of the nomination committee may consist of anything from a few members from dominant shareholders to professionals, where the use of international recruitment companies in the search for candidates is common.

### COMMENTS

For nomination committee leaders, there is an increase in all categories except the lower quartile which is unchanged. For members of the nomination committee there is a decrease in both the average and the lower quartile, while the median and upper quartile have an increase.

These changes may be caused by variation in number of meetings from year to year, but also that the 2019 survey sample has increased by 15 % from last year. In this year's survey the highest number of meetings is 17, as last year, while the average number of meetings is 4,3 against five last year.

## KEY FIGURES - ANNUAL REMUNERATION AUDIT COMMITTEE

AUDIT COMMITTEE*	2019		2018		CHANGE %	
	Leader	Member	Leader	Member	Leader	Member
Listed	n=96	n=91	n=90	n=89		
Average	81 065	55 532	93 167	63 942	-13,0 %	-13,2 %
Upper quartile	100 000	71 382	122 382	87 875	-18,3 %	-18,8 %
Median	64 500	50 000	79 000	50 000	-18,4 %	Unchanged
Lower quartile	44 500	35 000	50 000	35 000	-11,0 %	Unchanged

\*121 respondents states to have an audit committee, but not everyone has provided enough information about fees.

Last year, fees increased well for both leaders and members of the audit committees, while this year there is a decline to the 2017 level. The reason for this can be that the work of an Audit Committee varies from year to year, but also that the selection of companies may have changed.

### COMMENTS

For audit committee leaders the average fee has been reduced by 13.0 %, while the median has been reduced by 18.4 %. For members, the average fee has fallen by 13.2 % while the median is unchanged. The maximum number of meetings is 10 while the average is 5.6 meetings compared to six on average last year.

## KEY FIGURES - ANNUAL REMUNERATION COMPENSATION COMMITTEE

COMPENSATION COMMITTEE*	2019		2018		CHANGE %	
	Leader	Member	Leader	Member	Leader	Member
Listed	n=63	n=61	n=58	n=57		
Average	60 679	42 558	54 998	36 871	10,3 %	15,4 %
Upper quartile	73 500	55 000	70 000	48 050	5,0 %	14,5 %
Median	50 000	33 000	49 500	30 000	1,0 %	10,0 %
Lower quartile	32 718	22 943	28 500	15 468	14,8 %	48,3 %

\*89 respondents states to have a compensation committee, but not everyone has provided enough information about fees.

The number of meetings varies from one to 10, while the average is 3.6 against 3.0 last year. This is reflected in increased fees for both chairs and members of this committee. In particular, the lower quartile, which reflects those with the lowest fees, has received a good % increase, although from low levels.

### COMMENTS:

Average fee for compensation committee leaders has increased by 10.3 % while the median value has remained unchanged with an increase of 1.0 %. The upper quartile has increased by 5.0 % while the lower quartile has increased by 14.8 %.

For members, the average fee has increased by 15.4 % while the median value has increased by 10.0%. The upper quartile has increased by 14.5 % while the lower quartile has increased by 48.3 %, although from a low level.

Number of meetings vary between one and 10 with an average of 3.6 meetings compared to three last year.

## KEY FIGURES - HIGHEST/LOWEST LISTED COMPANIES

	2019		2018		CHANGE %	
	Lowest	Highest	Lowest	Highest	Lowest	Highest**
Chairperson	100 000	7 078 500	100 000	6 435 000	Unchanged	10,0 %
Board director*	73 000	1 448 111	60 000	1 386 996	21,7 %	4,4 %
Leader - Nomination Committee	4 590	150 000	6 000	206 550	-23,5 %	-27,4 %
Leader - Audit Committee	10 000	220 000	6 000	294 998	66,7 %	-25,4 %
Leader - Compensation Committee	10 000	166 107	3 500	150 000	185,7 %	10,7 %

\*Top board director is Jinhui Shipping, where the fee is for executive directors only.

\*\* Top remuneration chairperson and board director are both in USD where the exchange rate to NOK has increased by 4.4 % compared to last year.

As in previous years, the top chairperson is considerably higher than the runner up. The company is DNO, where the Chairperson is also the CEO. In 2019, 12 companies quoted chairperson remuneration in excess of NOK 1 million compared to seven in 2018. 60 companies paid the chairperson between NOK 500.000 and one million, compared to 50 last year.

### COMMENTS:

The lowest Chairperson remuneration fee is unchanged from last year, while the top has increased by 10.0 %. Lowest remuneration for board directors have increased by 21.7 %, while the top has increased by 4.4 % caused by increase in exchange rate of USD/NOK.

For board committees, the workload and number of meetings may vary considerably from one year to the next, and the fees may vary accordingly. Relatively small amount may give relatively large percentage changes.

## REMUNERATION MODEL - LISTED COMPANIES

	SET FEE ONLY		SET + PER MEETING**		PER MEETING ONLY***				Total*
	Chair	Member	Chair	Member	Chair	Member	L	M	
Board	146	146	3	3	1	1	L=150	M=150	162
Nomination Committee	88	83	8	5	11	15	L=113	M=111	119
Audit committee	84	78	4	4	8	8	L=96	M=90	121
Compensation Committee	49	48	4	3	8	9	L=61	M=60	89

\* Not everyone who states to have a committee has given enough information about their remuneration model.

\*\* Extra if number of meetings exceeds 10 – 11 per year.

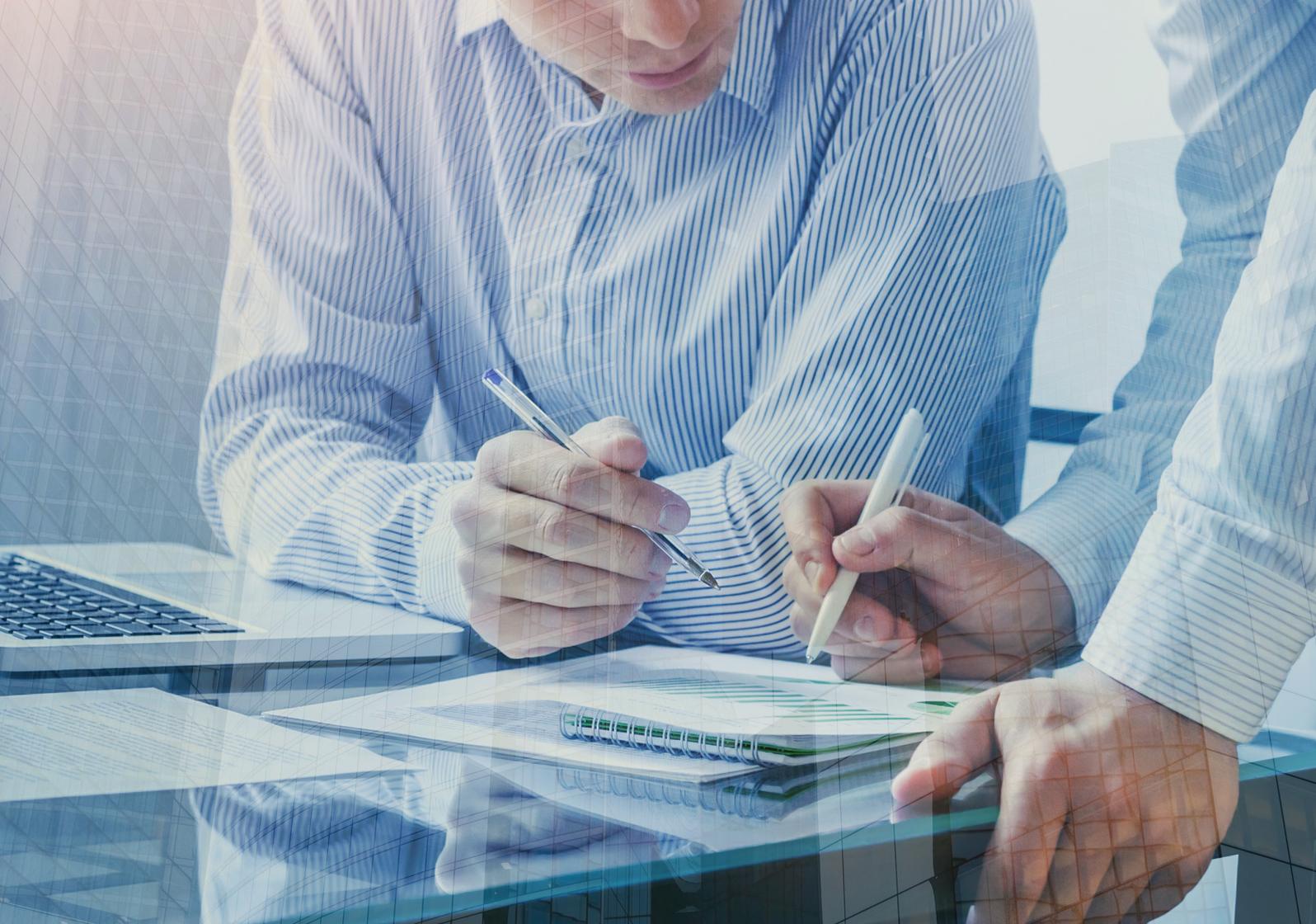
\*\*\* Some have per meeting only, but with a minimum amount per year.

### COMMENTS:

Chairpersons and board directors are normally remunerated with a set amount, but a few companies pay an additional amount per meeting.

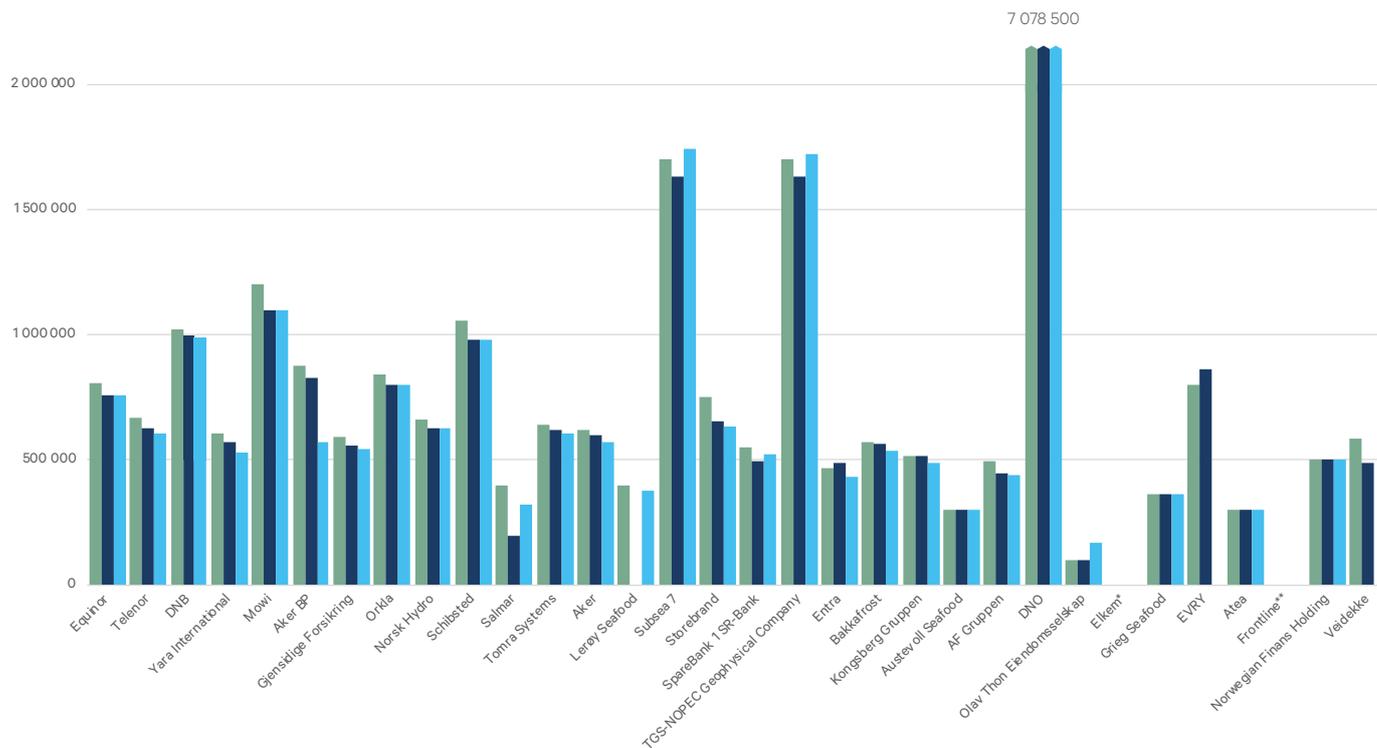
Some companies with a fixed + per meeting combination set limits, either for a maximum fee, or for meeting fees to be triggered only after a certain number of meetings.

Fixed fees are also the most common for board committees, but there are more companies with a combination of fixed and per meeting or per meeting only.



## Chairperson remuneration- 30 largest companies by market value Oslo Stock Exchange

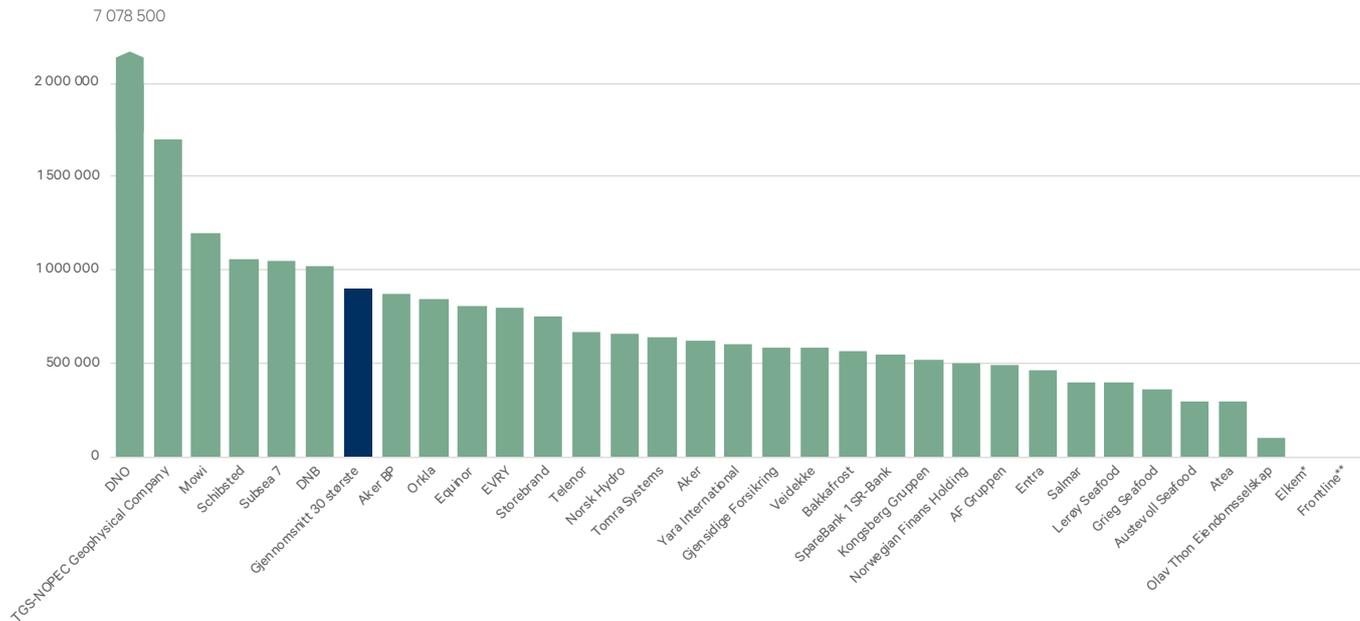
2019 2018 2017



\* Chairman of the Board in Elkem is employed by the main shareholder without additional remuneration for board position in Elkem

\*\* Frontline only states the maximum total remuneration for the entire board

## The 30 largest listed companies after Chairperson remuneration

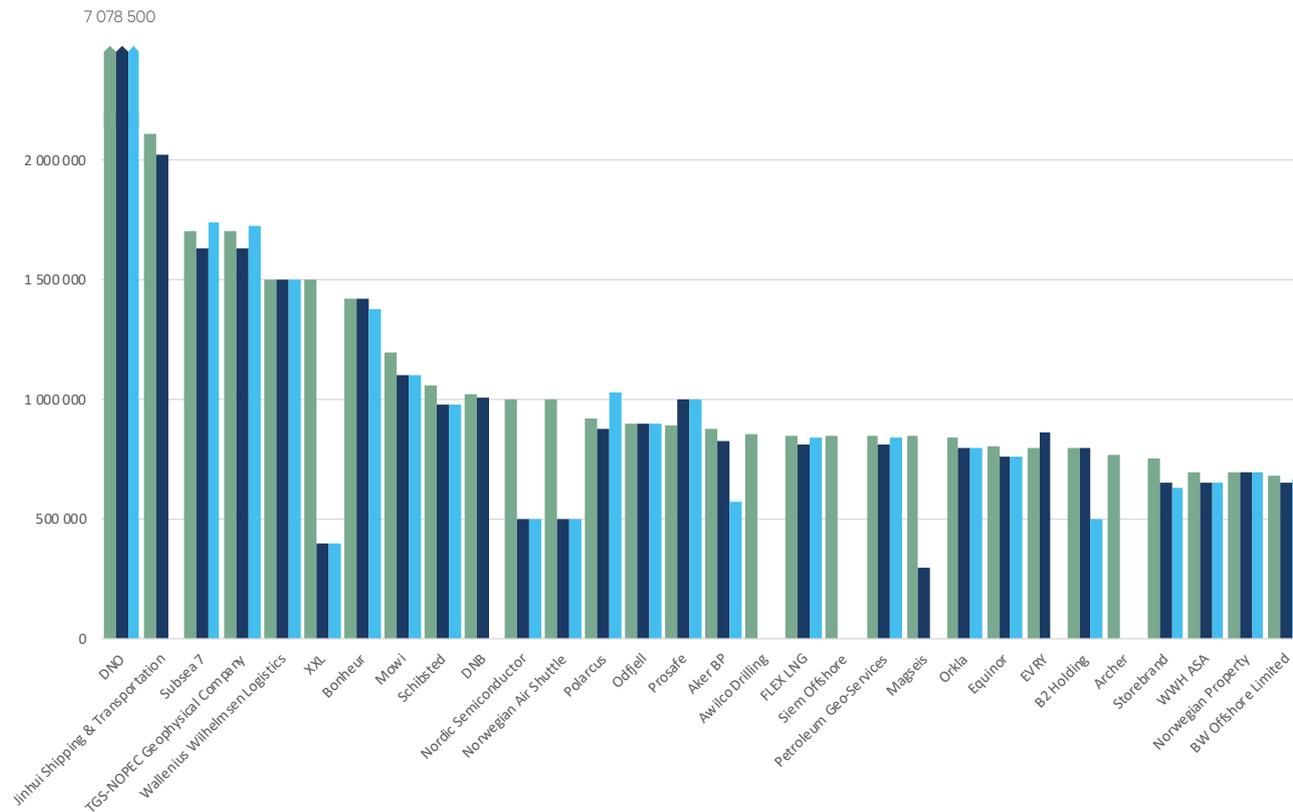


\* Chairman of the Board in Elkem is employed by the main shareholder without additional remuneration for board position

\*\* Frontline only states the maximum total remuneration for the entire board

### 30 highest Chairperson remuneration all listed companies

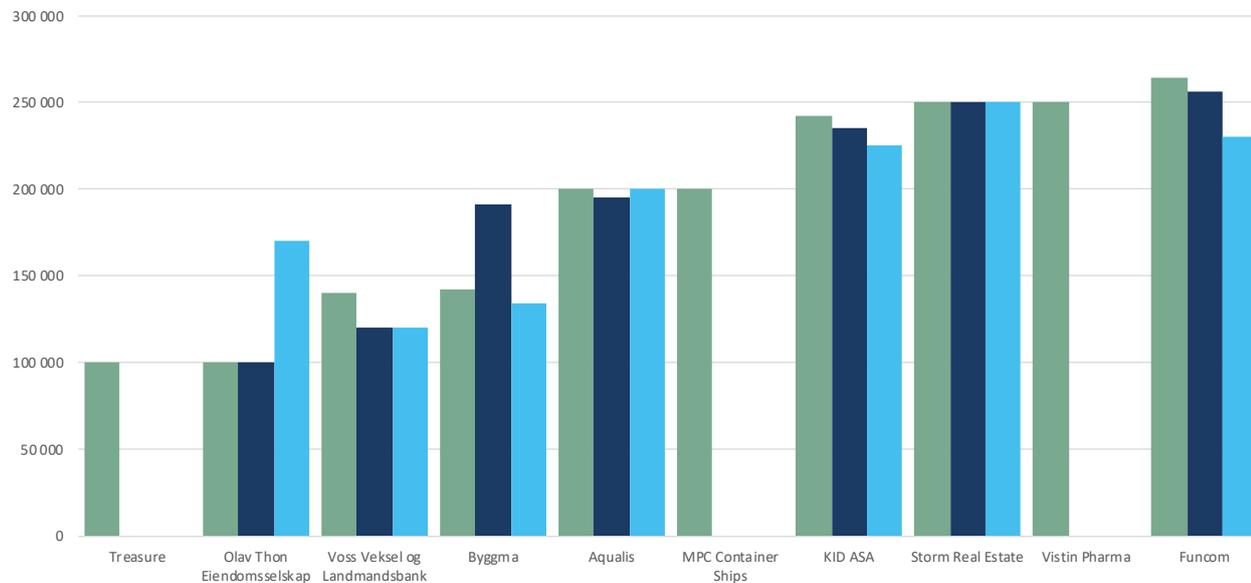
2019 2018 2017



Companies without 2018 and/or 2017 figures were either not on the stock exchange, or have not answered the remuneration survey previous years.

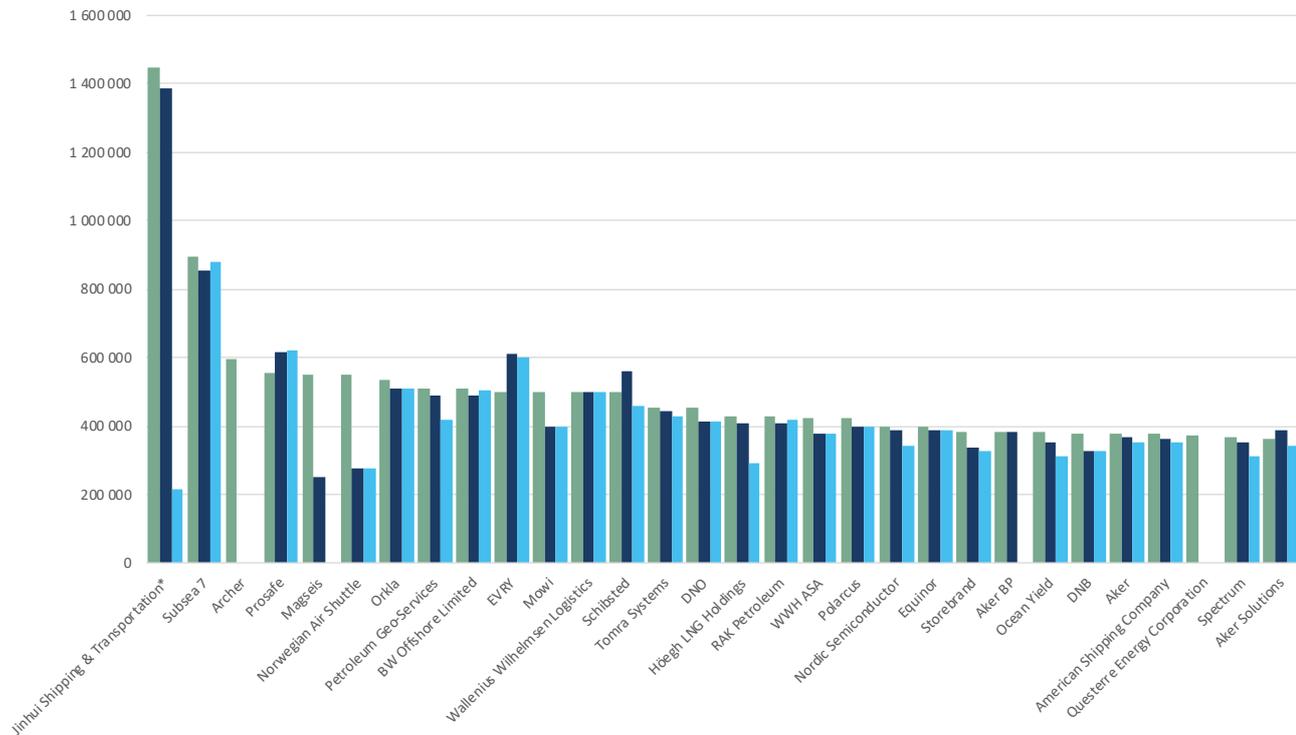
## The 10 lowest Chairperson remuneration - all listed companies

2018 2017 2016



## Board Director remuneration - 30 highest amongst all listed companies

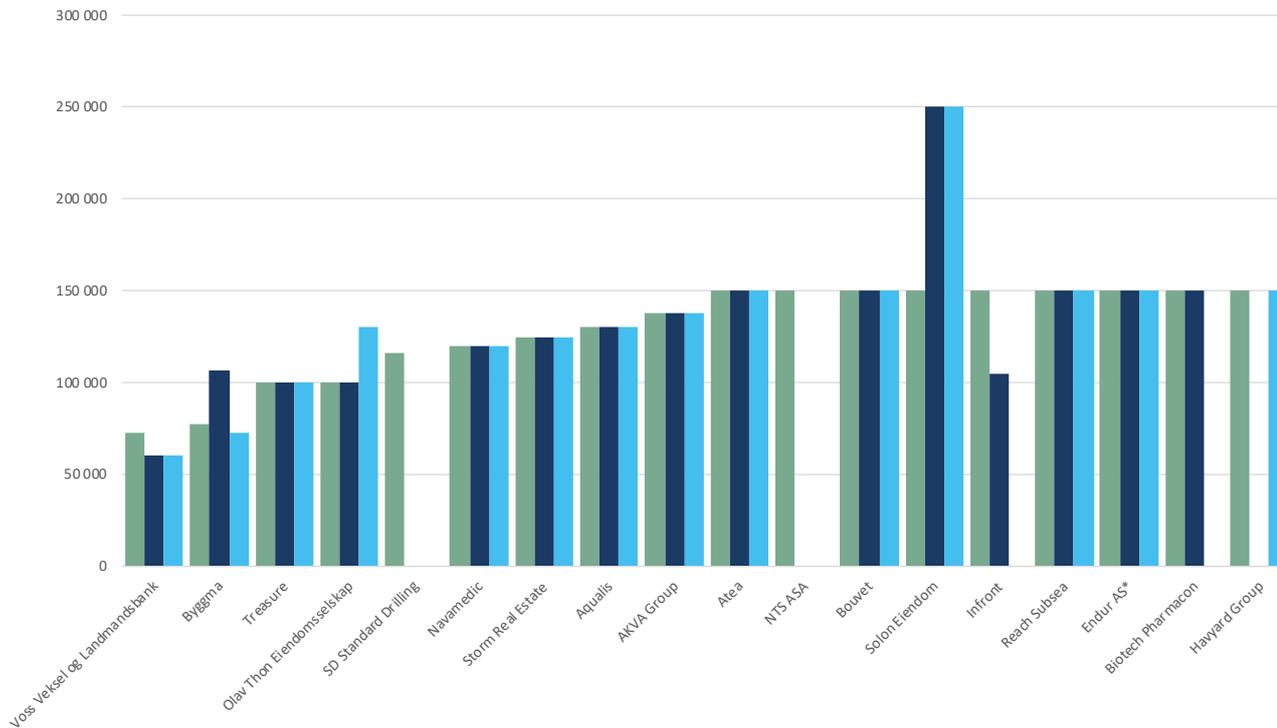
2019 2018 2017



\* Applies only to executive directors

## Board Director remuneration - 10 lowest amongst all listed companies

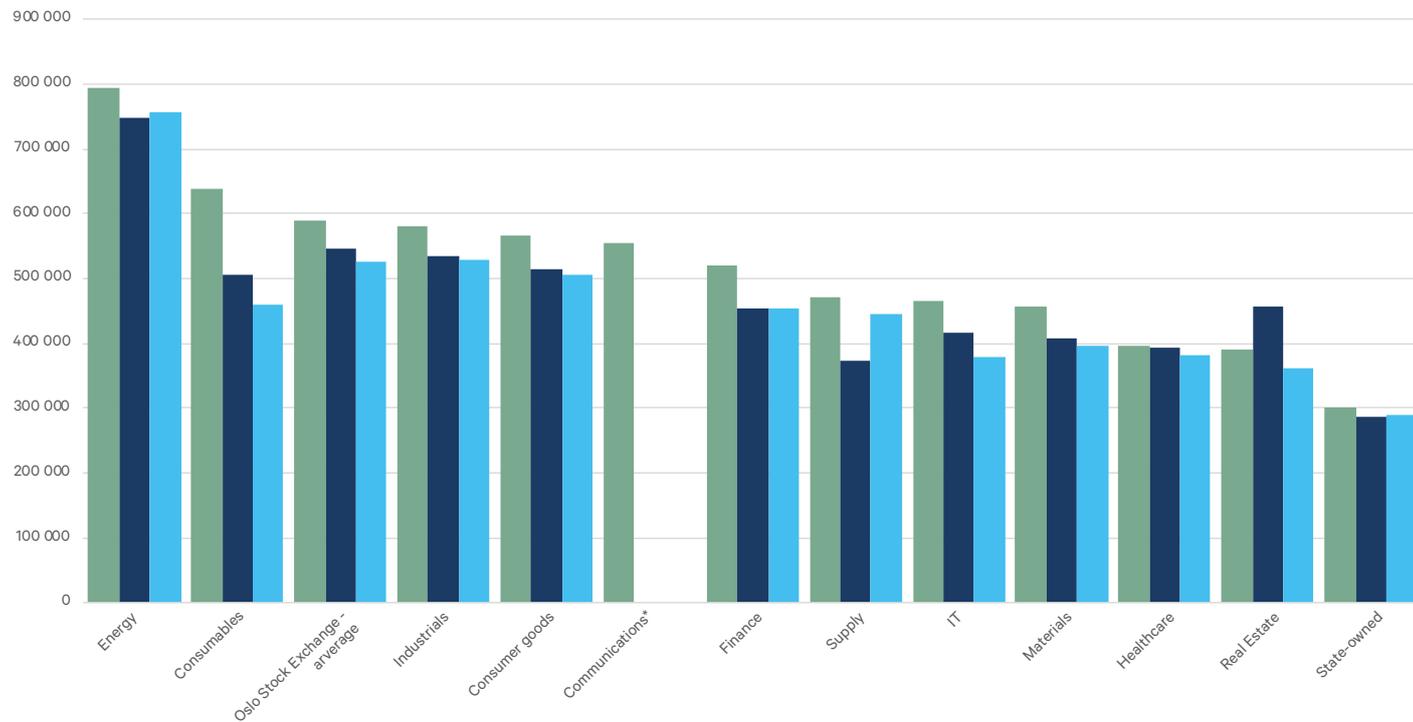
2018 2017 2016



\*formerly Bergen Group

## Average per industry - Chairperson remuneration - listed company

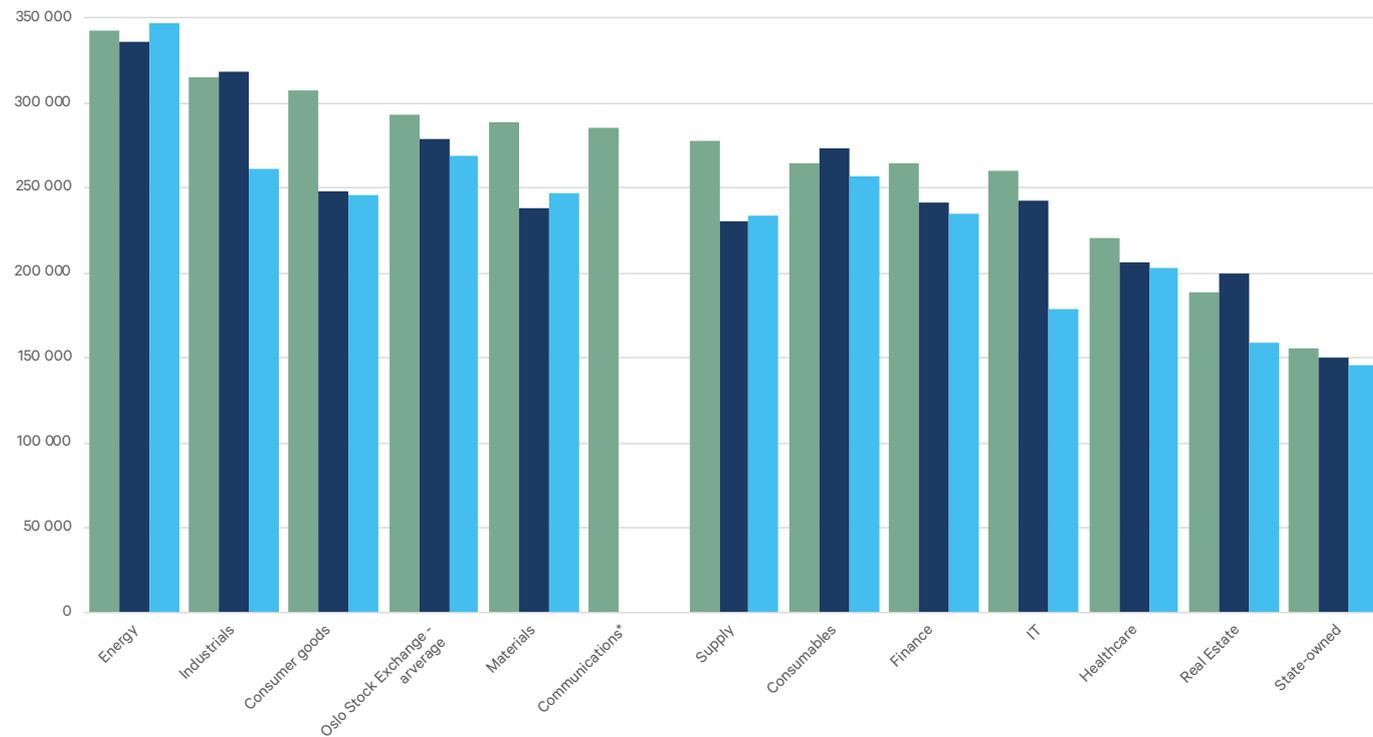
2019 2018 2017



\* New industry category 2019

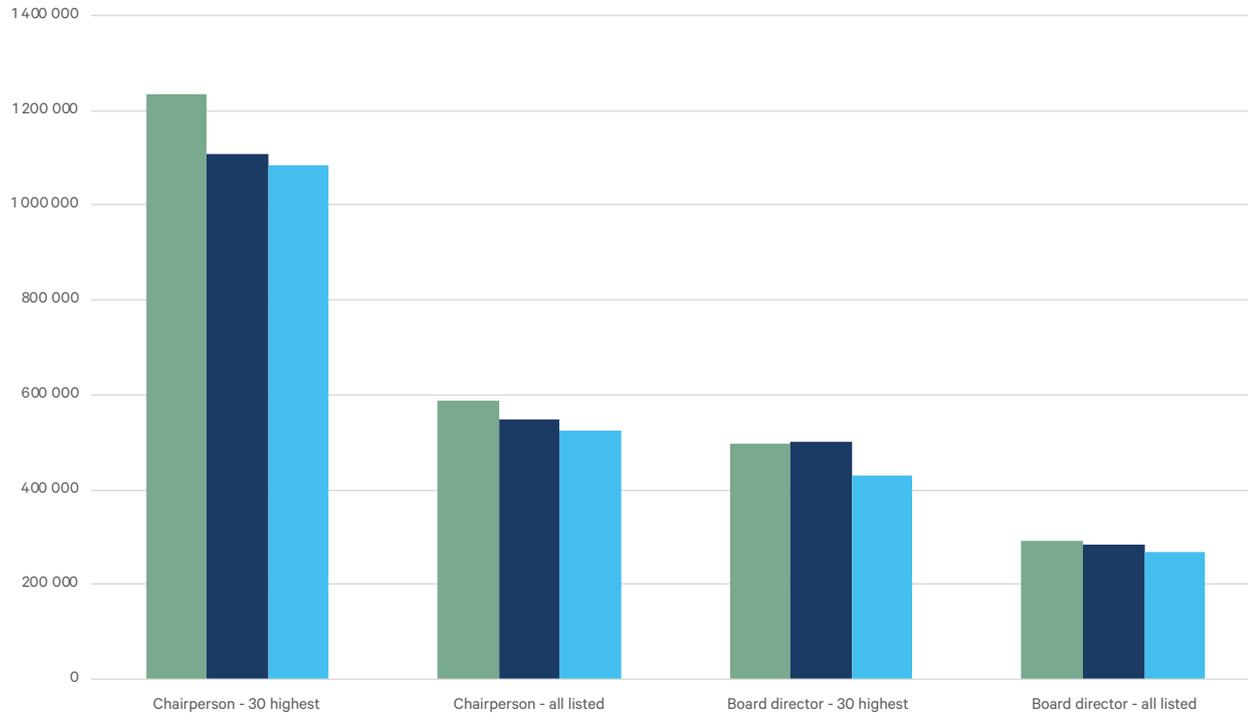
## Average per industry - Board Director remuneration - listed company

2018 2017 2016



## Average board remuneration last three years

2019 2018 2017



# REMUNERATION - EMPLOYEE ELECTED BOARD MEMBERS

## LISTED COMPANIES WITH DEVIATING REMUNERATION FOR EMPLOYEE-ELECTED BOARD MEMBERS

Number of companies		35
	Annual remuneration Board Director	Annual remuneration Employee-elected
Average	302 692	147 313
Percentage		48,7%

## STATE-OWNED COMPANIES WITH DEVIATING REMUNERATION FOR EMPLOYEE-ELECTED BOARD DIRECTORS

Number of companies		3
	Annual remuneration Board Director	Annual remuneration Employee-elected
Average	171 667	73 233
Percentage		42,7%

### COMMENT:

The 2019 survey questionnaire has been revised to only ask for remuneration for employee elected board members if it deviates from ordinary board members. Key findings and figures are therefore not comparable to results from previous years.

There are 35 listed companies and three state-owned companies that have lower fees for employee representatives.

Employee-elected in listed companies have on average a fee of NOK 147.313 compared to NOK 302.692 for ordinary board members, i.e. 48.7 % of ordinary fees.

For state-owned companies, the average is NOK 73.233 in fees compared to NOK 171.667 for ordinary board members, i.e. 42.7 % of ordinary fees.



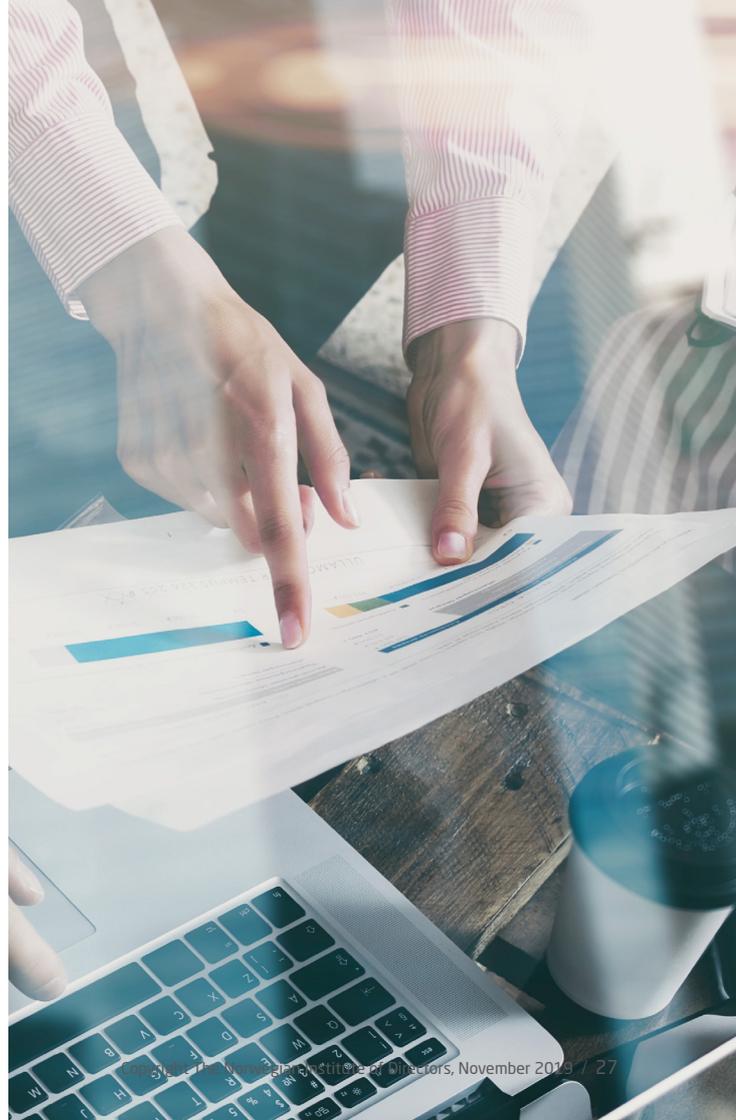
## LISTED COMPANIES WITH DEVIATING REMUNERATION FOR EMPLOYEE-ELECTED BOARD MEMBERS

Company A-K	Annual remuneration Board Director	Annual remuneration Employee-elected
AF Gruppen	295 000	250 000
Aker BP	382 000	228 000
AKVA Group	137 500	41 500
Arcus	230 000	154 000
Atea	150 000	100 000
Biotech Pharmacon	150 000	75 000
Borregaard	313 900	281 400
Crayon Group Holding	240 000	65 000
Data Respons	200 000	50 000
Elkem	350 000	170 000
EVRY	500 000	288 000
Fjord1	225 000	80 000
Fjordkraft Holding	257 000	102 800
Goodtech	200 000	100 000
Insr Insurance Group ASA	242 000	115 000
Itera	225 000	20 000
Kongsberg Automotive	319 436	88 590
Kværner	335 000	167 500

Company M-V	Annual remuneration Board Director	Annual remuneration Employee-elected
Mowi	500 000	400 000
Multiconsult	236 000	120 000
Nordic Semiconductor	400 000	100 000
Norwegian Air Shuttle	550 000	125 000
Norwegian Finans Holding	250 000	50 000
Orkla	537 000	442 000
Petroleum Geo-Services	511 098	100 000
Protector Forsikring	300 000	150 000
Q-Free	234 000	80 000
Salmar	215 000	107 500
Sbanken	332 000	50 000
Selvaag Bolig	275 000	36 000
Storebrand	384 900	344 900
Tomra Systems	453 900	231 000
TTS*	294 000	12 0750
Veidekke	296 500	259 000
Voss Veksel og Landmandsbank	73 000	63 000

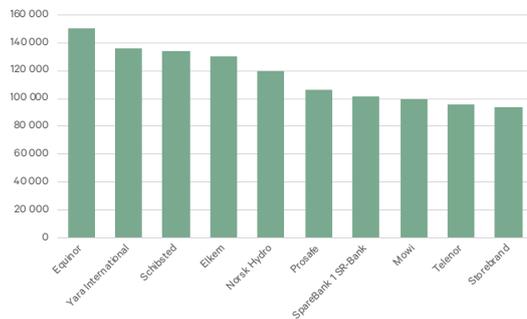
## STATE-OWNED COMPANIES WITH DEVIATING REMUNERATION FOR EMPLOYEE-ELECTED BOARD MEMBERS

Firma	Annual remuneration Board Director	Annual remuneration Employee-elected
Eksporkreditt Norge AS	197000	38400
Innovasjon Norge	154000	99300
Norske tog AS	164000	82000

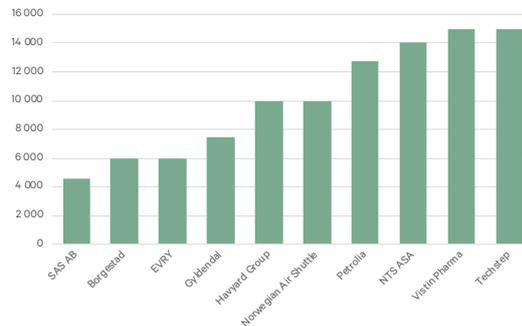


# NOMINATION COMMITTEES LISTED COMPANIES

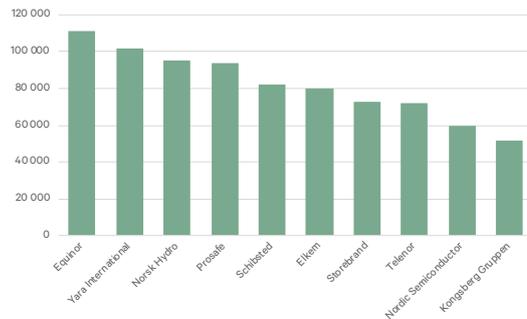
## Nomination committee leader - highest



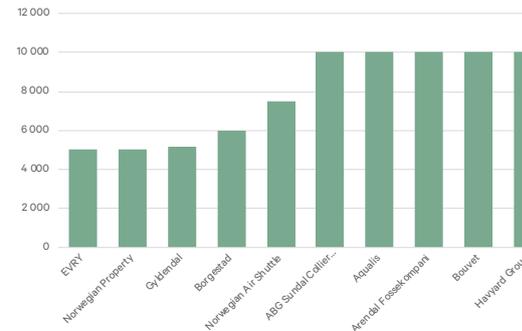
## Nomination committee leader - lowest



## Nomination committee member - highest

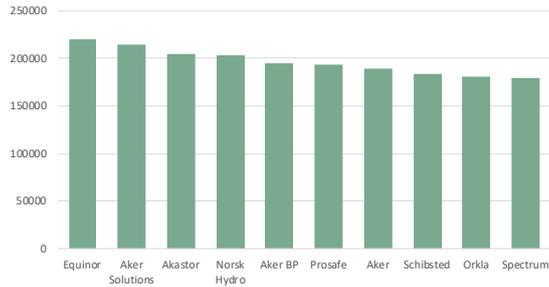


## Nomination committee member - lowest

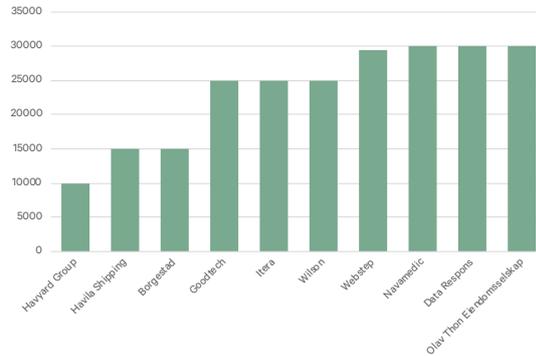


# AUDIT COMMITTEES LISTED COMPANIES

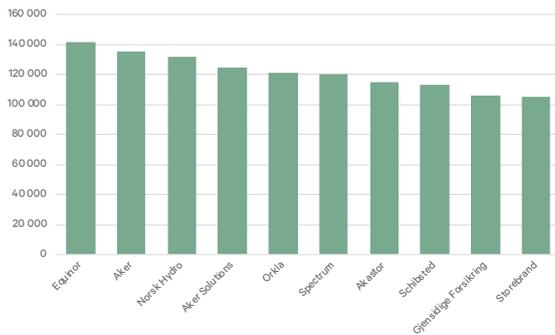
## Audit committee leader - highest



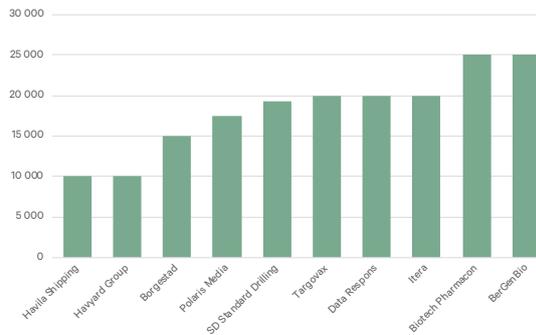
## Audit committee leader - lowest



## Audit committee member - highest

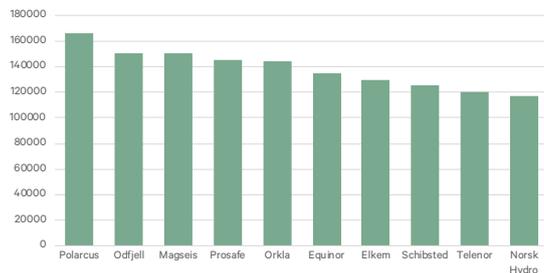


## Audit committee member - lowest

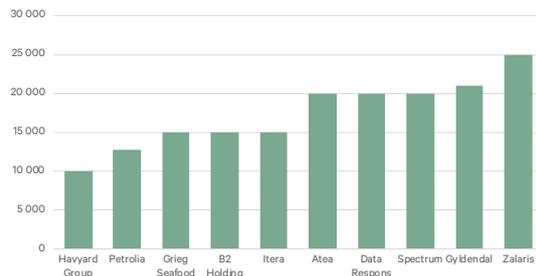


# COMPENSATION COMMITTEE LISTED COMPANIES

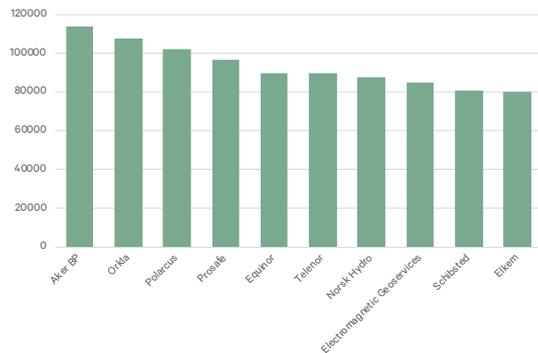
## Compensation committee leader - highest



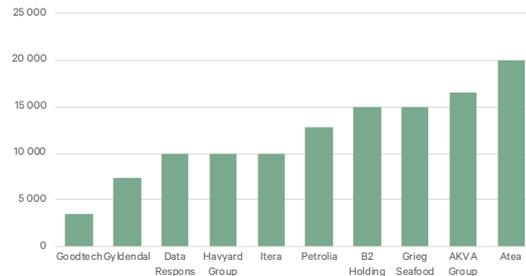
## Compensation committee leader - lowest



## Compensation committee member - highest

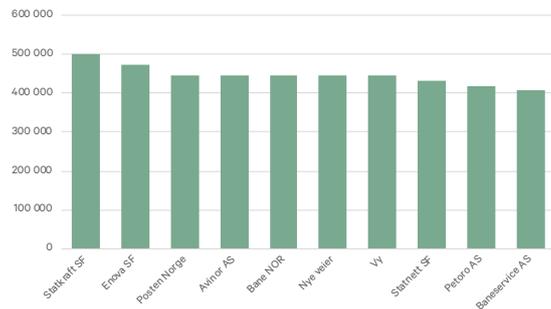


## Compensation committee member - lowest

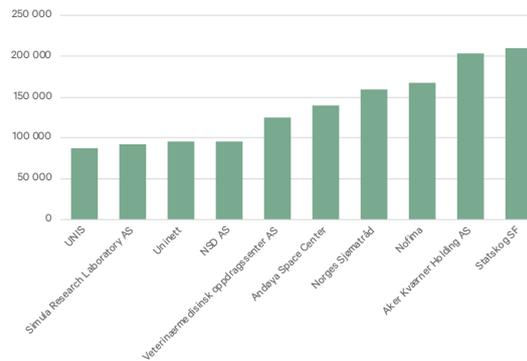


# STATE-OWNED COMPANIES

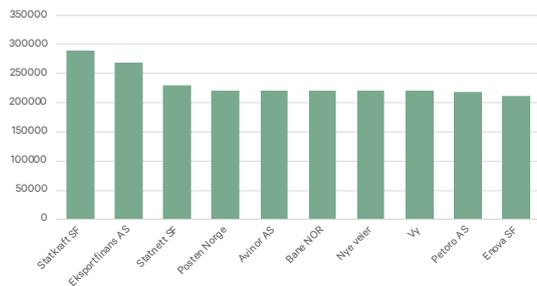
## Chairperson state-owned companies - highest



## Chairperson state-owned companies - lowest



## Board Director state-owned companies - highest



## Board Director state-owned companies - lowest

