



2017

BOARD REMUNERATION SURVEY

Listed and state-owned companies

Norwegian Institute of Directors December 2017

styreinstitutt

Contents

3	Introduction
4	About the survey
5	Survey framework
8	Highlights
10	Key figures - annual remuneration board
11	Key figures - annual remuneration nomination committee
12	Key figures - annual remuneration board committees
13	Key figures - top and bottom
14	Remuneration model - listed companies
15	Other compensation
16	Chairperson 30 largest companies - by market value
17	Chairperson 30 largest companies - by remuneration
18	Remuneration board chairperson - top 10
19	Remuneration board chairperson - runners up
20	Remuneration board chairperson - bottom 10
21	Remuneration board director - top 10
22	Remuneration board director - bottom 10
23	Average per industry - board chairperson
24	Average per industry - board director
25	Average board remuneration over last three years
26	Employee representatives
27	Nomination committee - chairperson
28	Nomination committee - top and bottom
29	Audit committee
30	Compensation committee
31	Wholly and partly state-owned companies - top and bottom

Since 2010, when the Norwegian Institute of Directors started mapping the remuneration of Norwegian boards of directors, corporate governance has become subject of increased public attention. Although it entails greater responsibilities, and increased workloads and risk exposure, this development is important and positive.

More stringent requirements are reflected in the boards' remuneration, which, in listed companies, has increased considerably over the past years. The crucial role of the board chairperson has received more attention and recognition, as has that of the nomination committee, and these changes are reflected by most companies' remuneration records.

There is still a relatively large difference between levels of remuneration in

state-owned and publicly listed companies. There is also a systematic difference between state-owned and publicly listed companies with regards to remuneration of board directors elected among employees.

Compared to previous years, a few more companies this year state that they award board compensation in the form of shares or options, in lieu of or in addition to other board remuneration.

The 2017 Board Remuneration Survey comprises 214 companies, of which 166 listed and 48 partially or wholly state-owned.

6 December 2017

GRO BRÆKKEN

Secretary General

Norwegian Institute of Directors

About the survey

Industry sectors

In accordance with the Oslo Stock Exchange

Sources

Number

Data submitted by the companies

133

Data collected by the Norwegian Institute of Directors from annual general meeting protocols for 2017 and annual reports for 2016

81

Data basis

Remuneration as determined at the most recent annual general meeting; usually spring 2017.

Remuneration amounts listed in Norwegian kroner (NOK). Currency conversions as at 30 June 2017

Market value as at 31 July 2017

Data were collected August-October 2017

Survey framework

<i>Included in the survey</i>	<i>Listed companies</i>	<i>State-owned companies</i>
Total number of companies	166	48
Total number of responses (submitted/collected)	101/65	32/16
Chairperson/deputy chair/board director	150/69/154	47/40/48
Employee representative	55	29
Nomination committee (chairperson/member)	107/117	2/3
Audit committee (chairperson/member)	95/103	13/13
Compensation committee (chairperson/member)	61/65	12/12
Compensation determined in advance/in arrears	80/78	16/16
Total compensation paid to board and committees	139	47

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

General criteria

- As the companies registered are not identical from year to year, aggregate figures are not necessarily immediately comparable from one year to the next.
- The survey includes companies which have submitted data, or for which the Norwegian Institute of Directors has been able to find data. Data of every category are not available for every company. 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, have not been included in calculations. Examples include additional remuneration paid to board directors whose attendance requires international travel, or for board meetings held abroad.
- For listed companies that pay remuneration in other currencies than NOK, the foreign currency amounts have been converted to NOK at rates (Norges Bank) as at 30 June 2017. 37 companies (22%) pay remuneration in foreign currencies, of which 28 in USD, 2 in SEK, 2 in DKK, 2 in EUR, 2 in GBP, and 1 in CAD.
- Different remuneration models may result in discrepancies between the numbers listed in the survey and the actual amounts paid out. For example, for companies which determine remuneration in advance and compensate on a per meeting basis, remuneration will be computed in accordance with remuneration for the current year and the number of meetings in the preceding year.

General comments
to this year's survey

- Since 2015, the Norwegian krone (NOK) has been valued considerably lower than in the preceding years. Hence, boards whose remuneration is set in e.g. USD will profit, when compared to boards whose remuneration is set in NOK.
- Remuneration in foreign currencies is more common in certain industry sectors. 51% of the energy sector companies set remuneration in foreign currencies. This share is somewhat higher than in the preceding years.
- Approx. half of the companies sets remuneration at the AGM in advance of the board's annual term, while the other half sets remuneration in arrears. As a consequence, roughly half of the data applies to the period 2017/2018, and the other half to the period 2016/2017.

Highlights

Moderate remuneration increase; chairpersons of state-owned companies enjoy the biggest increase; chairs of listed companies remain on par with 2016

Remuneration in state-owned companies still comprises half of respective remuneration in listed companies

Energy remains by far the leading industry segment

Board remuneration increased in both listed and state-owned companies in 2017, and for chairpersons as well as board directors. Chairpersons in state-owned companies saw the highest increase, by 11%. Average director remuneration increased by 4% in listed and 3% in state-owned companies, while chairs of listed companies remained on par with last year.

Board director remuneration constitutes on average half of the remuneration paid to chairpersons; 51% in listed companies, and 50% in state-owned companies.

With regards to chairpersons of listed companies, the mid-level strata saw the greatest increase, with a 3% median increase. With regards to board directors in listed companies, the lower quartiles had the highest increase.

Chairpersons of state-owned companies saw increases in the bottom quartile by 16% and in the median by 7% from 2016. Remuneration for board directors of state-owned companies increased in the upper strata, while the bottom quartile dropped by 6% from 2016 to 2017.

The average remuneration paid to chairpersons and board directors of state-owned companies constitutes 55% and 54%, respectively, of the corresponding remuneration paid in listed companies. Overturning a steadily negative trend from the past few years, chairs of state-owned companies reduced the lead of chairs of listed companies by 5% over the past year. The corresponding trend for board directors of state-owned companies is negative by -1%.

There is limited correlation between the company's market value and its board remuneration. As in previous years, we assume that a high state ownership share may contribute to dampen remuneration in some of the companies with the highest market value.

For chairpersons and board directors alike, Energy remains the only industry sector which average remuneration exceeds that of all companies listed on the Oslo Stock Exchange. Although the average remuneration paid to chairpersons of Energy sector companies increased by just 1% from last

Negative trend in
Materials segment

year, their compensation remains considerably above that of other industry sectors.

With regards to chairpersons in the Materials segment, last year's somewhat negative trend continues. The average remuneration paid to chairs of IT companies is also down, after a considerable increase in 2016.

Chairperson remuneration in the Consumer Discretionary segment remained on level with 2016, after a considerable increase last year. Remuneration in the other industry segments increased by between 2% and 13%, with Healthcare experiencing the largest increase (13%), followed by Industrials (9%) and Consumer Staples (7%). After Energy, the Industrials, Consumer Staples, and Consumer Discretionary segments pay the highest chairperson remuneration.

For board directors also, the highest remuneration is paid by the Energy sector, followed by Industrials, Consumer Discretionary, and Materials. The remuneration paid to board directors of listed energy companies increased by 5% last year, after two years of, respectively, a high increase, and a considerable fall. With the exception of Materials (-4%), board director remuneration

increased in all industry segments. Healthcare (25%) and IT (11%) saw the biggest increases, followed by Consumer Discretionaries and Industrials. Healthcare and the new industry segment Real Estate pay the lowest average remuneration.

Only three among the OSE's eleven industry segments comprise more than 20 companies, and three segments have fewer than five companies. Changes that apply to individual companies may considerably affect averages for industry segments that comprise only a few companies.

After a considerable increase last year, the average remuneration for both chairpersons and members of nomination committees decreased by 5% from last year. The median remains at the same level as last year for both groups.

Among the companies that list having and remunerating a corporate assembly or supervisory board, the average remuneration was NOK 119 620 for chairpersons (n=5) and NOK 54 800 for members (n=5). The average number of meetings held was 4 (n=4).

Healthcare had the
lowest remuneration,
but the highest
percentage increase

Nomination committee
remuneration is down,
following a considerable
increase last year

Key figures – annual remuneration board of directors

Board of Directors

	2017		2016		Change %	
	Chair	Director	Chair	Director	Chair	Director
Listed:	n=150	n=154	n=145	n=146		
Average	526 229	268 467	523 725	259 379	0.5 %	3.5 %
Top quartile	550 000	312 000	560 000	300 000	-1.8 %	4.0 %
Median	434 000	250 000	420 000	235 000	3.3 %	6.4 %
Bottom quartile	314 622	190 000	320 000	175 000	-1.7 %	8.6 %
State-owned:	n=47	n=48	n=44	n=44		
Average	288 623	145 288	261 206	141 546	10.5 %	2.6 %
Top quartile	390 000	198 000	380 000	193 000	2.6 %	2.6 %
Median	269 000	141 000	252 000	134 000	6.7 %	5.2 %
Bottom quartile	200 000	102 000	173 000	108 000	15.6 %	-5.6 %

Listed vs. state-owned: State-owned companies pay on average approx. half of the corresponding remuneration paid by listed companies (board directors: 54% (2016: 55%; 2015: 54%); board chairpersons: 55% (2016: 50%; 2015: 51%)).

Comments

The table to the left lists the number of companies included per category as n=. The number of companies is higher than last year.

Listed companies

- The average board remuneration in listed companies increased by 3.5% for directors and 0.5% for chairpersons from 2016 to 2017.
- Median remuneration for chairpersons in listed companies increased by 3.3% from 2016, while the respective top and bottom quartiles dropped by 1.8% and 1.7%, respectively.
- Board director remuneration in listed companies has seen a general increase, with the greatest percentage increase in the lower quartiles.

State-owned companies

- Average remuneration in state-owned companies increased by 10.5% for chairpersons and 2.6% for directors.
- Chairperson remuneration in state-owned companies saw the highest increases in the lower strata, as the median increased by 6.7% and the lower quartile by 15.6% from last year.
- Board director remuneration increased in the upper strata, while the bottom quartile dropped by 5.6% from last year.

Key figures – remuneration nomination committee

Nomination committee¹ (listed companies)

	2017		2016		Change %	
	Chair n=107	Member n=117	Chair n=94	Member n=103	Chair	Member
Average	51 308	33 684	52 142	33 750	-4.5 %	-5.0 %
Top quartile	60 000	40 000	60 000	37 000	-0.7 %	6.7 %
Median	40 000	25 000	40 000	25 000	0.0 %	0.0 %
Bottom quartile	25 000	18 000	25 000	18 000	0.0 %	0.0 %

¹If a company has listed remuneration per meeting + number of meetings, we have calculated total remuneration.

Nomination committee vs. board of directors:

Average nomination committee fees comprise 10% (chair) and 13% (member) of respective board remuneration.

Comments

95% of the companies that responded to the question (n=142), stated that they have a nomination committee.

- After a high increase in 2016, average nomination committee fees decreased from 2016 to 2017 (chair: -4.5%; member -5%). The decrease affected high fees, while the lower quartiles remained at 2016 levels.
- It is not unusual to compensate nomination committees based on the number of meetings held. 12 of the 15 highest paid committees this year were compensated fully or in part on a per meeting basis. When compensation is set per meeting, payment can vary considerably from one year to the next.
- Like last year, the highest number of nomination committee meetings listed in 2017 was 31, while 17 companies say that their nomination committee held 1 meeting. The average number of meetings was 5 (2016: 5).

Key figures – annual remuneration board committees

Audit committee² (listed companies)

	2017		2016		Change %	
	Chair	Member	Chair	Member	Chair	Member
	n=95	n=103	n=92	n=97		
Average	85 427	56 967	86 885	59 835	-1.7 %	-4.8 %
Top quartile	125 805	75 000	125 020	78 000	0.6 %	-3.8 %
Median	65 000	50 000	65 700	50 000	-1.1 %	0.0 %
Bottom quartile	45 000	35 000	50 000	35 000	-10.0 %	0.0 %

Compensation committee² (listed companies)

	2017		2016		Change %	
	Chair	Member	Chair	Member	Chair	Member
	n=61	n=65	n=58	n=61		
Average	50 271	37 129	55 155	41 282	-8.9 %	-10.1 %
Top quartile	65 000	50 000	70 000	50 000	-7.1 %	0.0 %
Median	46 000	30 000	48 358	30 000	-4.9 %	0.0 %
Bottom quartile	27 500	20 000	25 000	20 000	10.0 %	0.0 %

²If a company has listed remuneration per meeting + number of meetings, we have calculated total remuneration.

Comments

Average board committee remuneration decreased from 2016. Committee member compensation has decreased the most.

Audit committee

- 87% (2016: 85%) of the companies (n=166) that responded to the question, stated that they have an audit committee.
- Audit committees held from 1 to 11 meetings per year, or on average 5 meetings (2016: 6).

Compensation committee

- 61% (2016: 61%) of the companies (n=166) that responded to the question, stated that they have a compensation committee.
- Compensation committees reported from 1 to 9 meetings per year. The average number of meetings was 3 (2016: 3 meetings).

Key figures – bottom/top

Bottom/top remuneration

	2017		2016		Change %	
	Bottom	Top	Bottom	Top	Bottom	Top
Board chairperson	86 000	6 435 000	50 000	6 435 000	72.0 %	0.0 %
Board director	40 000	923 630	25 000	879 648	60.0 %	5.0 %
Chair nomination committee	3 900	206 550	5 000	329 449	-22.0 %	-37.3 %
Chair audit committee	10 000	214 500	10 000	309 971	0.0 %	-30.8 %
Chair compensation committee	3 500	143 750	3 500	309 971	0.0 %	-53.6 %

Comments

- As in previous years, the top chairperson fee is considerably higher than the runner-up (see also p. 18).
- In 2017, eleven companies quoted chairperson remuneration in excess of NOK 1 million, compared to eight companies in 2016 and five companies in 2015.
- Twelve companies paid directors in excess of NOK 500 000 in 2017, compared to nine companies in 2016 and six in 2015.
- Seventeen companies quoted director remuneration in excess of NOK 400 000 in 2016, compared to fifteen companies in 2016 and 2015.
- For committees in particular, workloads and the number of meetings may vary considerably from one year to the next. With regards to the lower range of the spectrum, relatively small sums may equal relatively large percentages. The highest compensation amounts for chairpersons of nomination, audit and compensation committees decreased considerably from 2016 to 2017 (-37%, -31% and -54%, respectively), following a sharp increase from 2015 to 2016 (154%, 132% and 48%, respectively).

Remuneration model - listed companies

	<i>Set fee only</i>		<i>Set + per meeting</i>		<i>Per meeting only</i>		
	<i>Chair</i>	<i>Director</i>	<i>Chair</i>	<i>Director</i>	<i>Chair</i>	<i>Director</i>	
Board of directors	142	147	8	7	0	0	N=L150 M154
Audit committee	79	88	8	7	9	10	N=L96 M105
Compensation committee	46	51	5	4	11	12	N=L62 M67
Nomination committee	80	90	14	11	13	18	N=L107 M119

Comments

- The table above refers to listed companies. Only companies that have submitted remuneration amounts are included; and totals (n=) therefore vary by category.
- Chairpersons and board directors are normally remunerated with a set amount, but a few companies pay an additional amount per meeting.
- A set fee is also the most common remuneration model for chairs and members of committees. But a number of companies instead pay compensation per meeting, or a mix of set and per meeting compensation.
- Some companies that combine a set annual fee with compensation per meeting, limit total compensation by restricting the number of meetings that qualify for extra compensation, or by paying compensation per meeting only for meetings that exceed a pre-set minimum.
- Although average remuneration for committees decreased from 2016 to 2017, the main trend over time is an increase in compensation, both for board committees, and for the nomination committee. The number of committee meetings is at the same level or slightly lower than in 2016.
- The general year-over-year trend is that more companies organize committees, and that committee work is compensated in addition to the ordinary director fee.

Other compensation - listed companies

<i>n=69</i>	<i>How common?</i>	<i>What is covered?</i>
Travel, room & board	Very common	As out of pocket/against receipt, or in accordance with government rates
Extra compensation for directors living abroad	Common	Very common among companies with foreign board directors. Also common to pay extra compensation if one/more board meetings require travel
Technical equipment	Several	Usually computer tablets designated for board work
Shares/options	Several	More companies than last year say they pay compensation in shares in addition to or in lieu of fee
Training, conferences	A few	(Mandatory) stock exchange course etc.; especially in early phase of directorship
Consultancy services	A few	Some companies have entered into agreements with the board chair or certain board directors to award special compensation for consultancy services, e.g. in connection with replacement of CEO or other defined tasks
Other compensation	A few	Some companies have awarded extraordinary one-time compensation to specific persons in connection with departure, transactions, or specific events

Expenses related to board position On a general note, many companies state that they cover out-of-pocket expenses related to the directorship position

Comments

Listed companies (n=69)

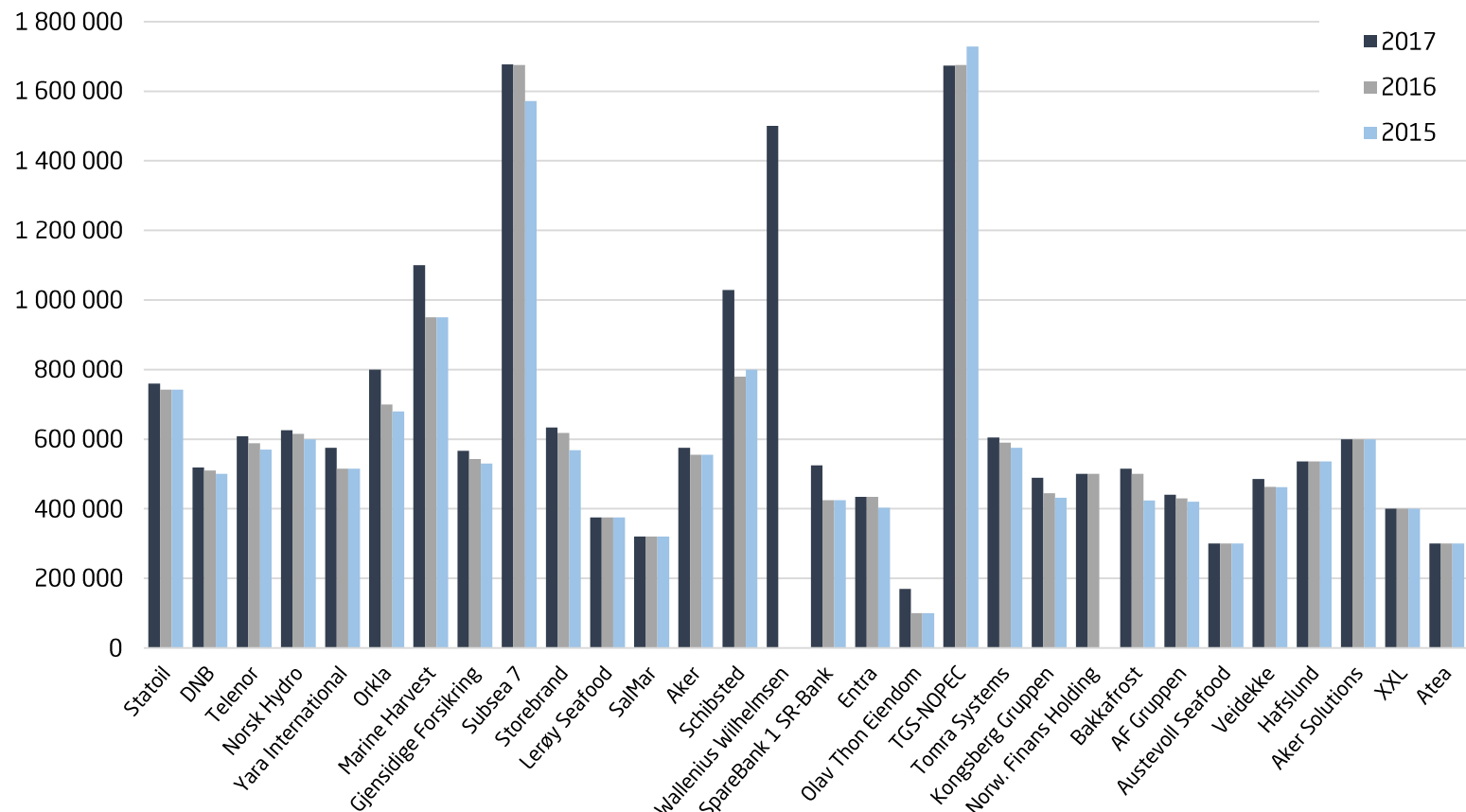
- It is common for companies to pay travel/room/board in connection with board meetings.
- Many companies pay additional compensation per meeting, or per year, for board directors who travel considerable distances, or who live abroad. The amount of additional compensation varies greatly, often with the distance between home and head office. In some cases special compensation for travel time is paid when board meetings are organized abroad.
- More companies than last year state that they award board compensation in the form of shares or options, in addition to or in lieu of regular board fee.

State-owned companies (n=18)

- State-owned companies compensate travel expenses related to board meetings in accordance with government rates, or as out of pocket expenses.
- Some companies state that board members have the use of company tablets or smartphones.

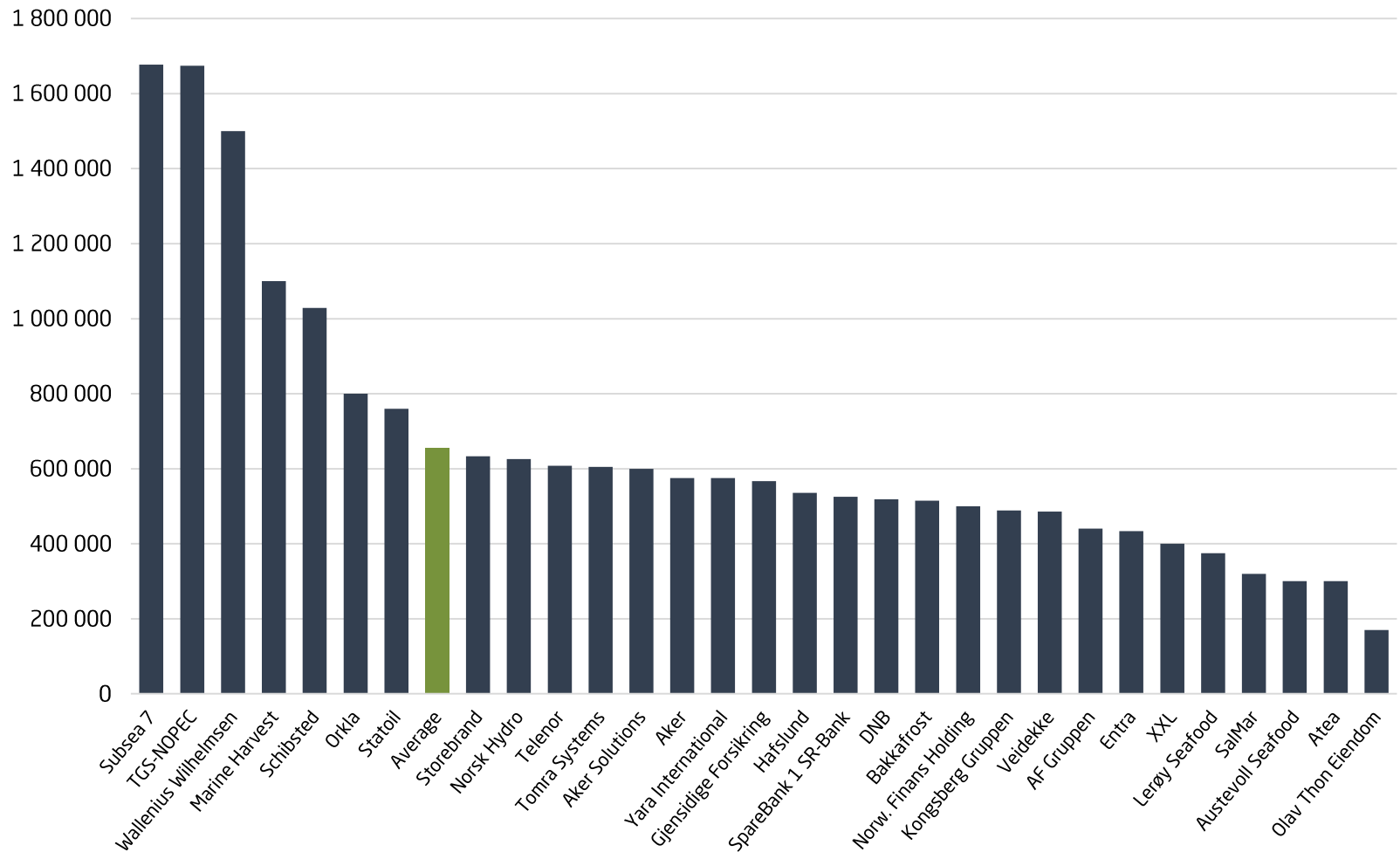
Chairperson 30 largest companies - by market value

Remuneration paid to chairpersons of the 30 largest companies listed on the Oslo Stock Exchange, by company's market value at 31 July 2017; highest market value (=Statoil) at left in the chart. For Wallenius Wilhelmsen, 2015 and 2016 remuneration data were not available.



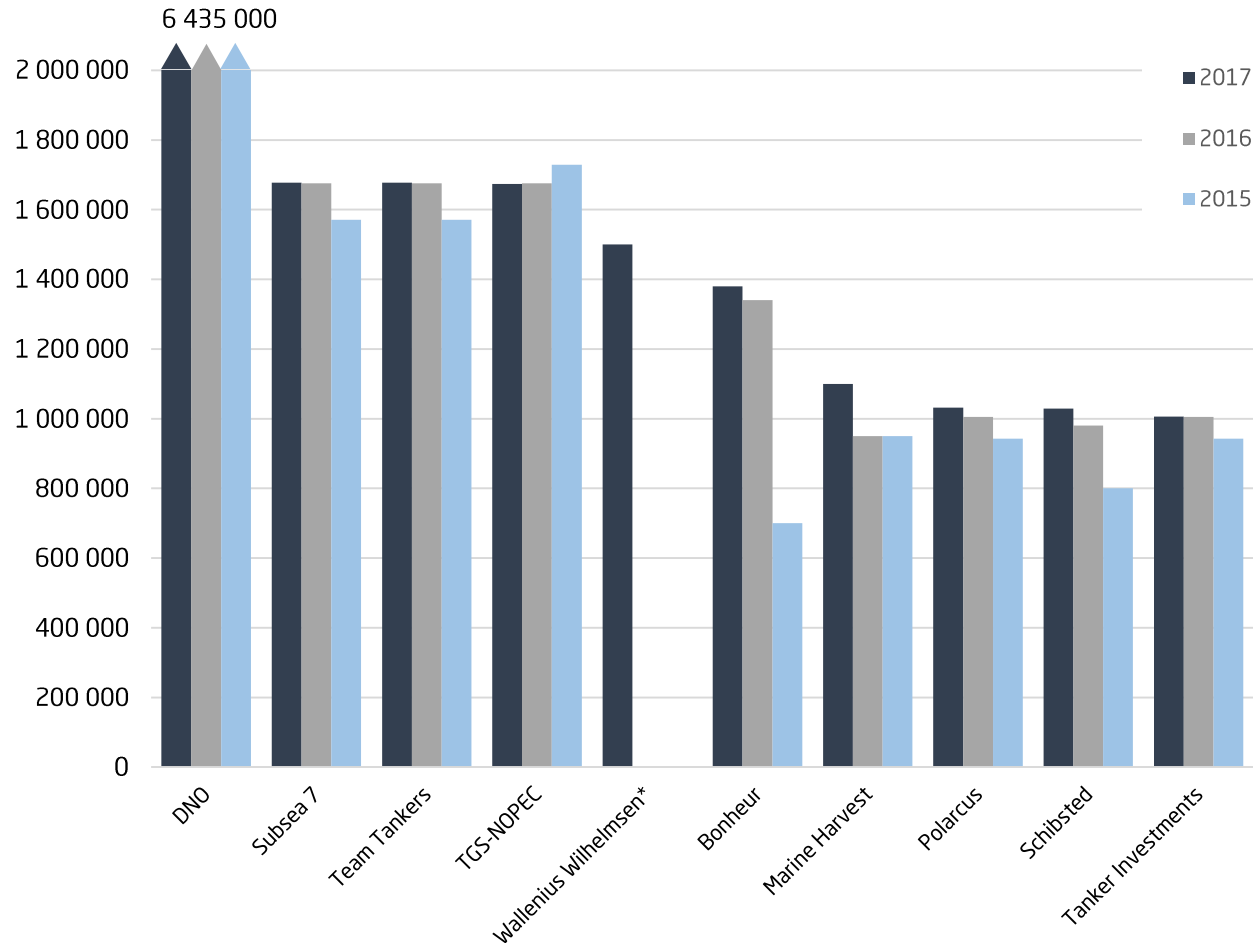
Chairperson 30 largest companies - by remuneration

Remuneration paid to chairpersons of the 30 largest companies listed on the Oslo Stock Exchange, by amount of remuneration (highest = Subsea 7 and TGS-NOPEC).



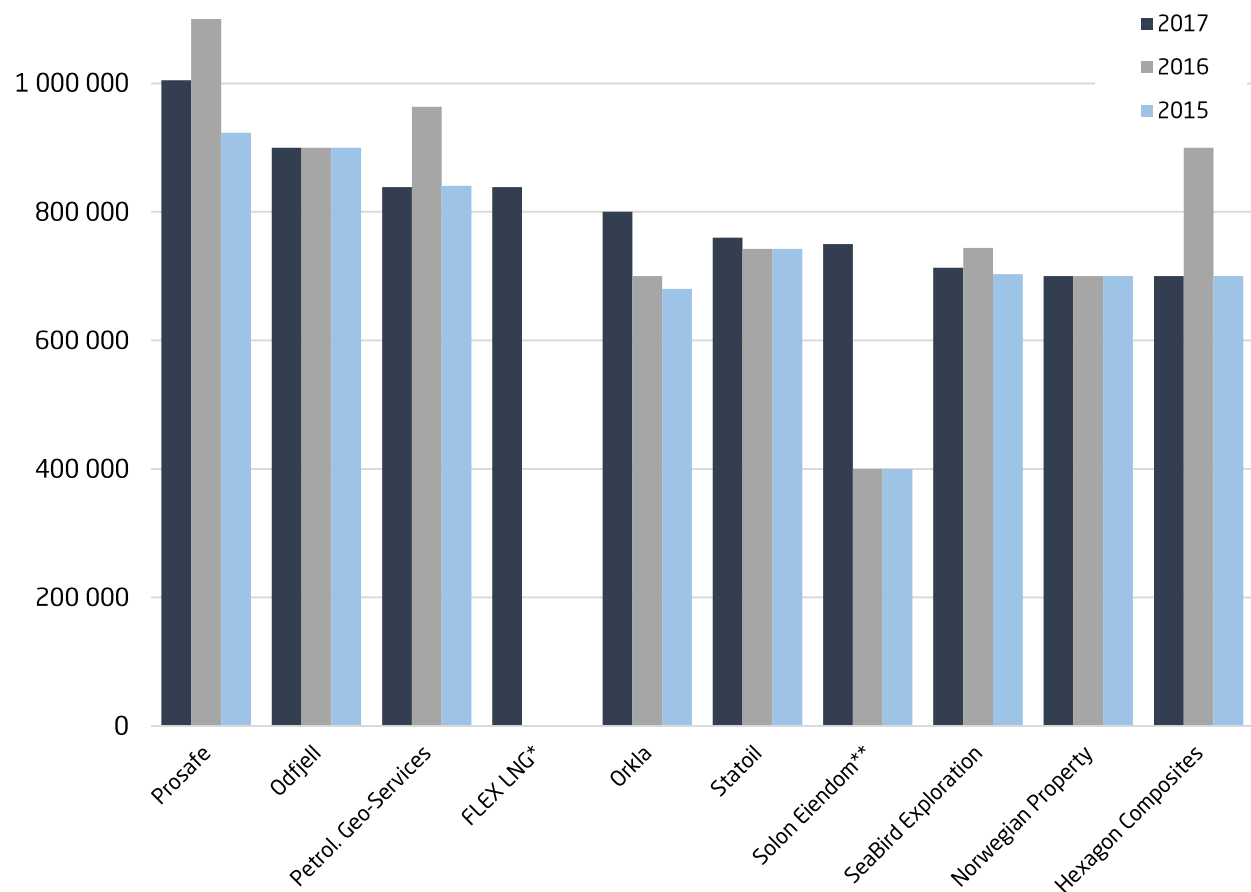
Remuneration chairperson listed companies - top 10

The chart shows the listed companies that paid the 10 highest board chairperson's remunerations in 2017. The 2016 and 2015 columns show the remuneration development over the two preceding years per company. *Wallenius Wilhelmsen: Remuneration data preceding 2017 were unavailable.



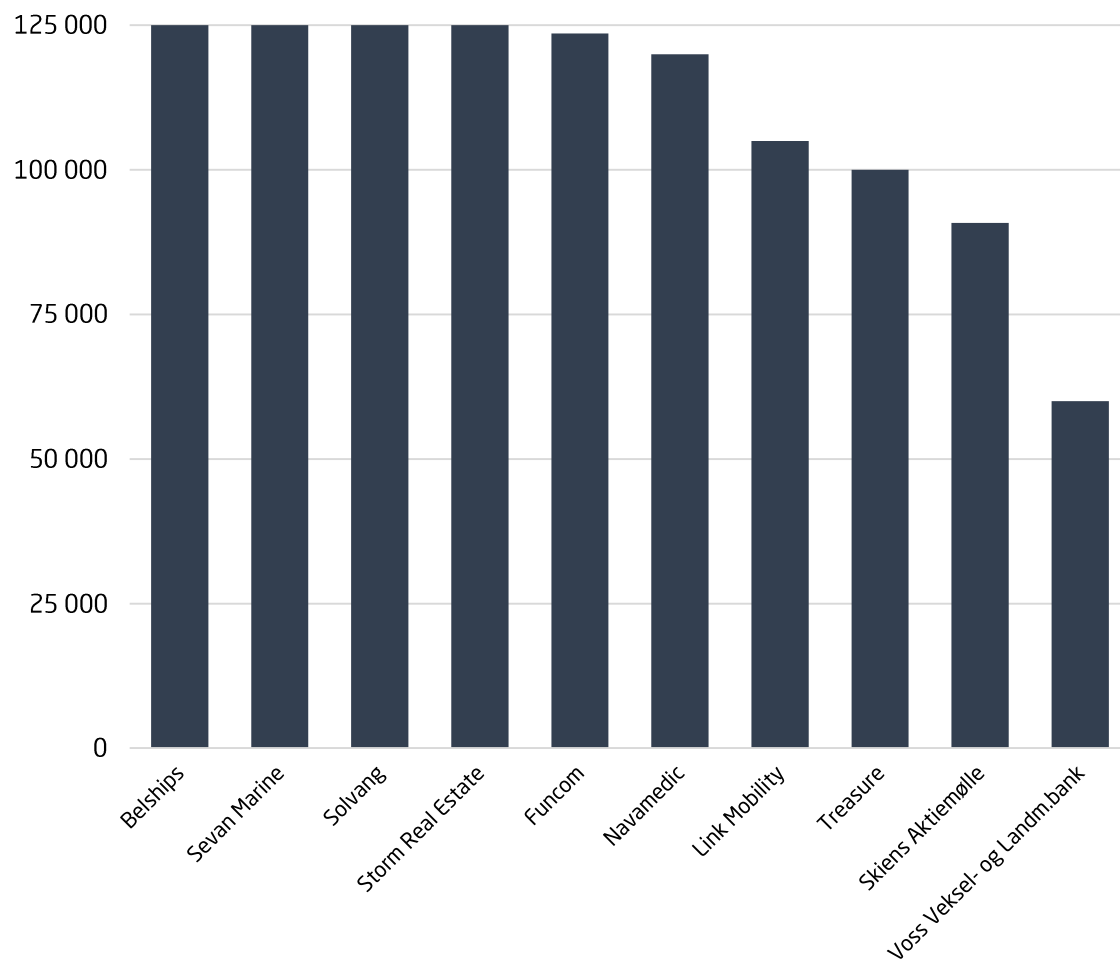
Remuneration chairperson listed companies - runners-up

The chart shows the listed companies with the 11th-20th highest remuneration paid to board chairpersons in 2017. The 2016 and 2015 columns show the respective two preceding years per company. *FLEX LNG was listed on the Oslo Stock Exchange 18. July 2017. **The company now named Solon Eiendom was listed as Bionor Pharma at year-end 2016.



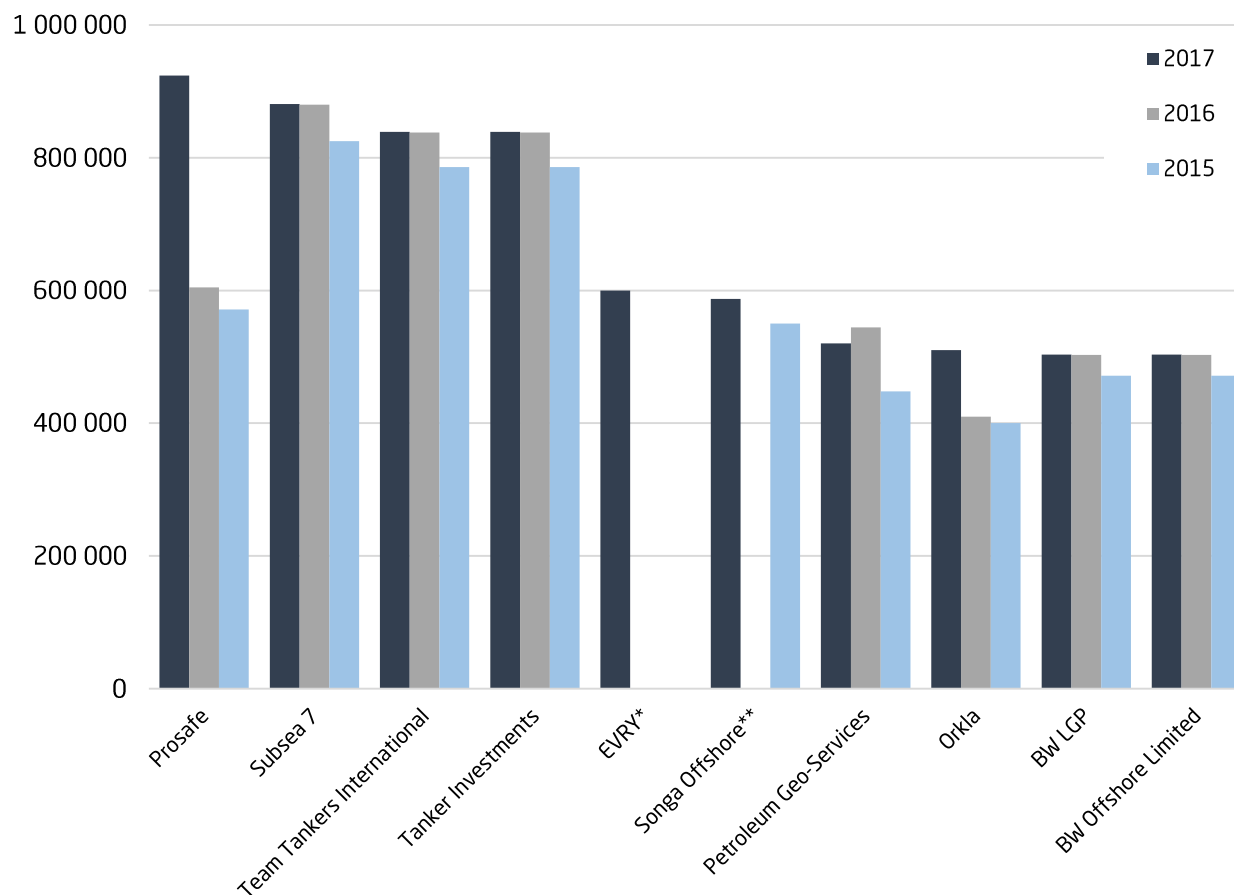
Remuneration chairperson listed companies - bottom 10

The chart shows the ten listed companies with the lowest remuneration paid to board chairpersons in 2017.



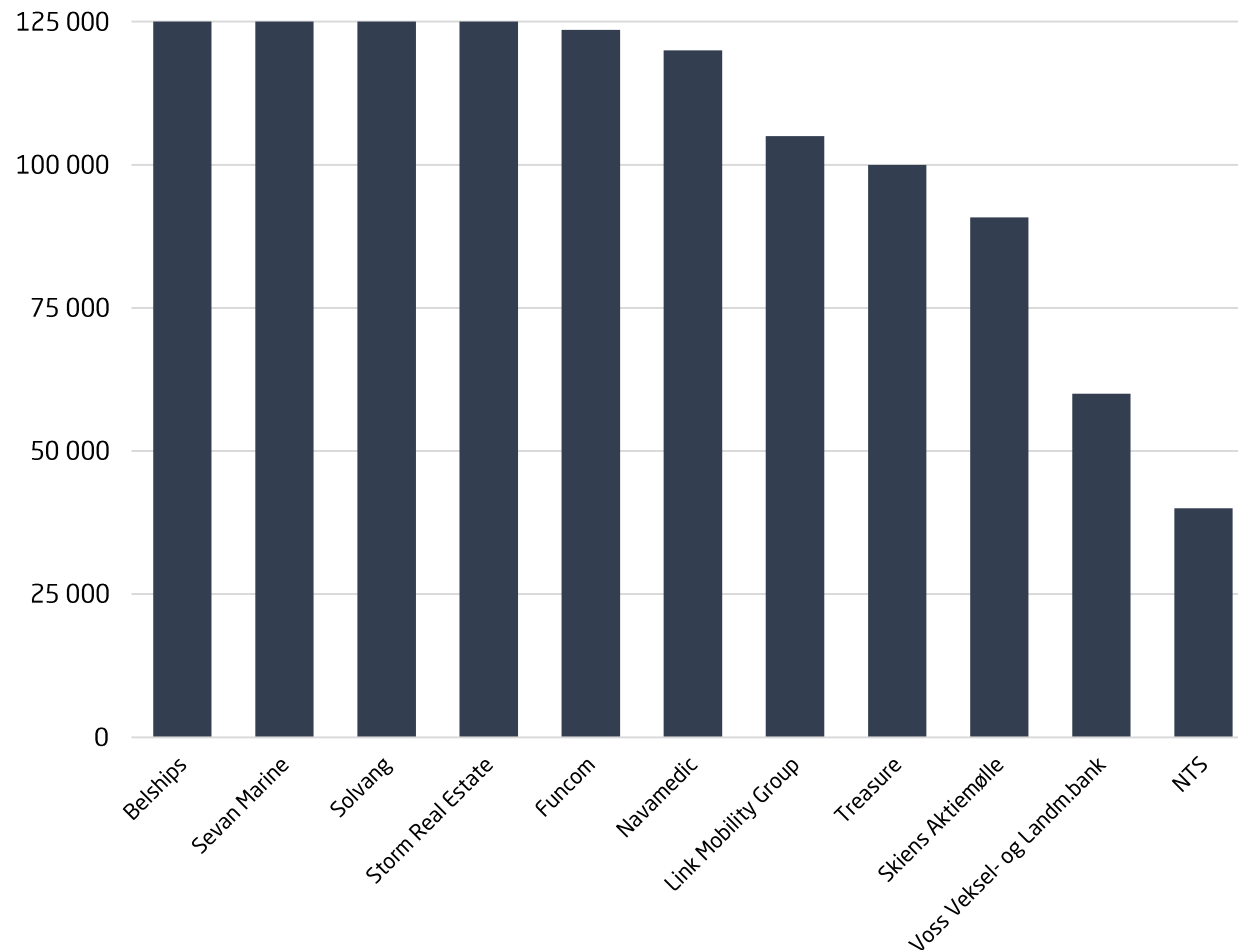
Remuneration board directors listed companies - top 10

The chart shows the listed companies that paid the 10 highest remuneration amounts to board directors in 2017. The 2016 and 2015 columns show the respective two preceding years per company. *EVRY was listed on the Oslo Stock Exchange 21 June 2017. **2016 data for Songa Offshore were not available.



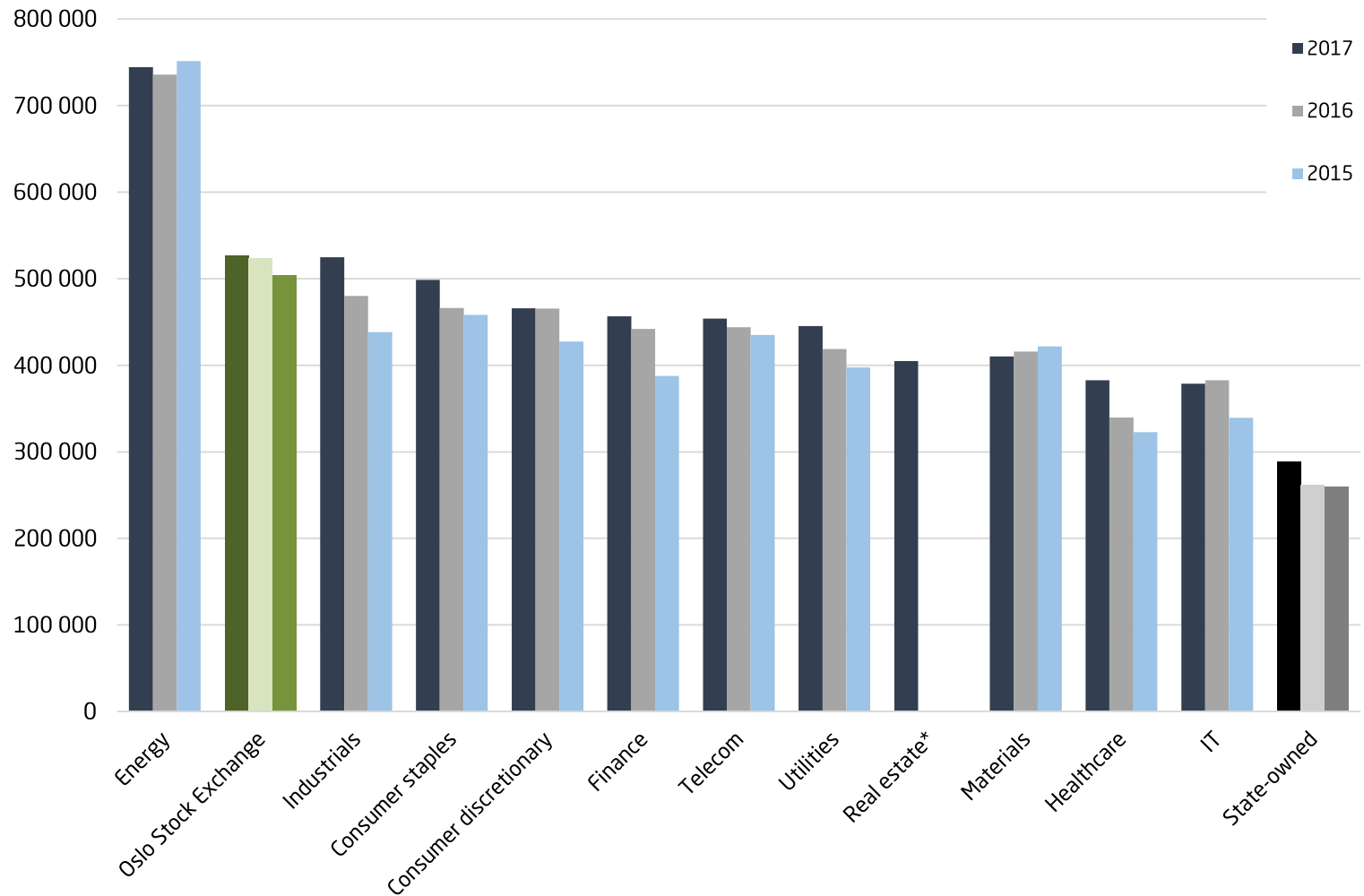
Remuneration board directors listed companies - bottom 10

The chart below shows the bottom 10 board director fees paid by listed companies in 2017.



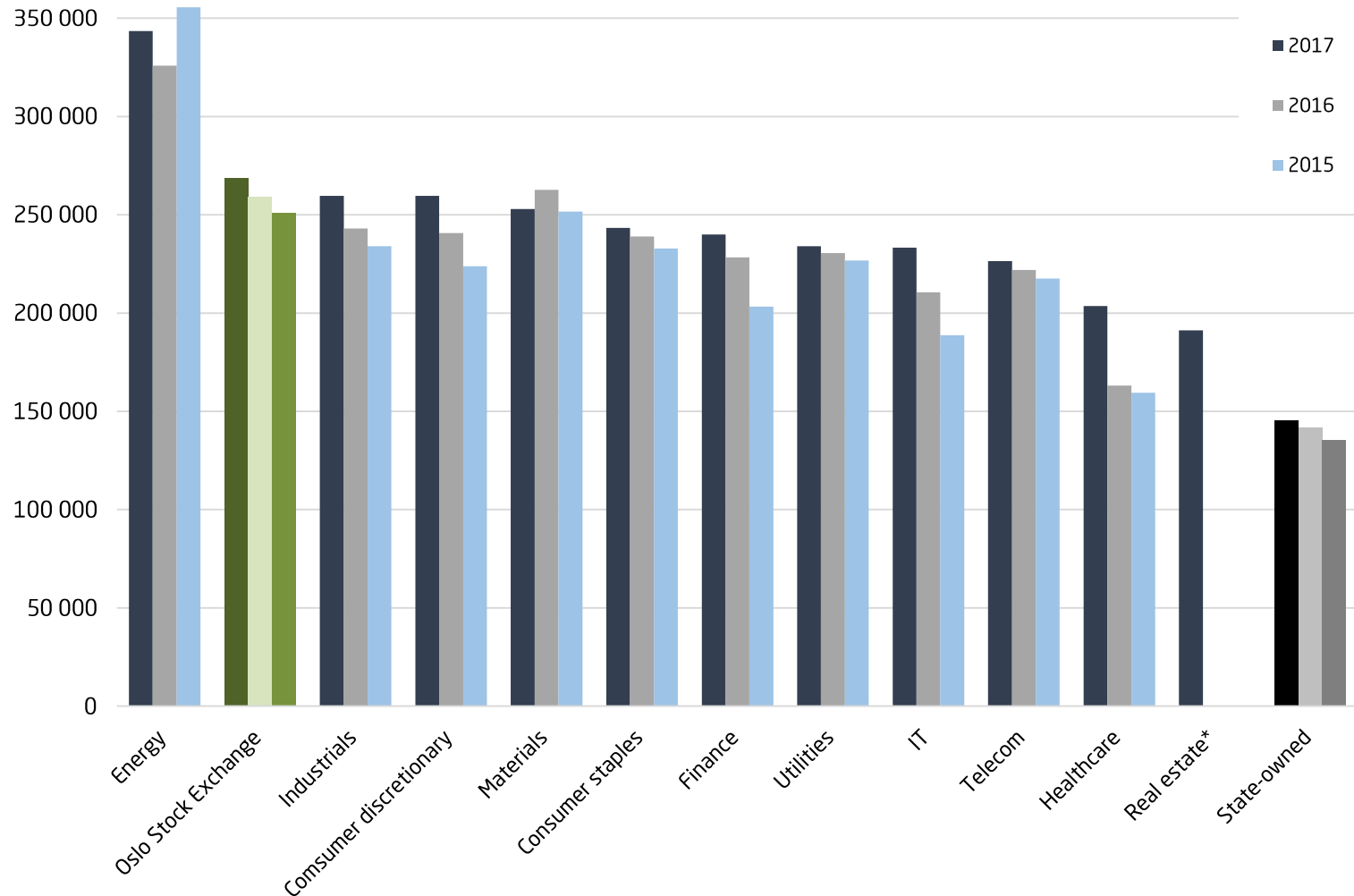
Average per industry - chairpersons listed companies

*Real estate was introduced as a separate industry in 2017.



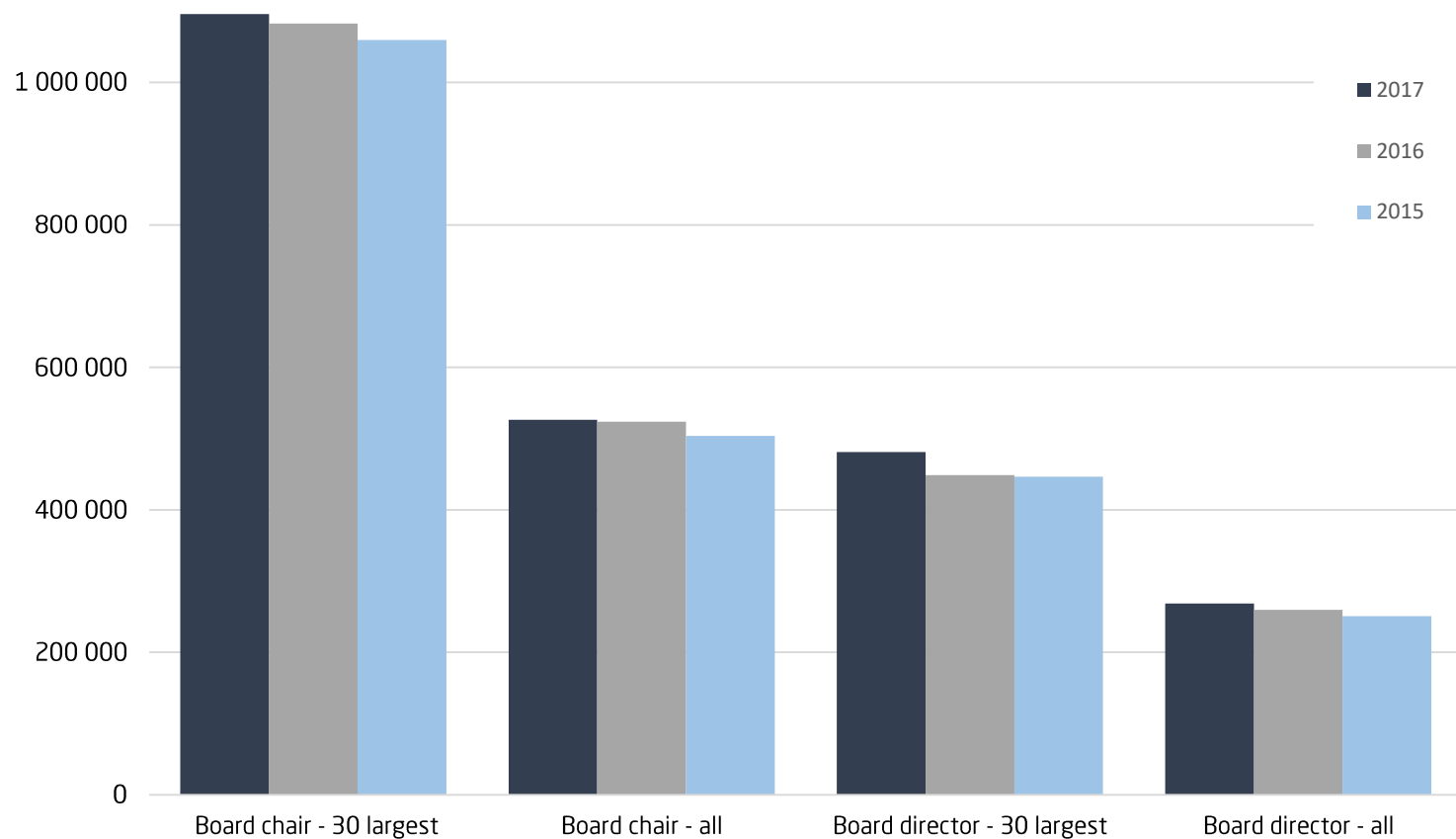
Average per industry - board directors listed companies

*Real estate was introduced as a separate industry in 2017



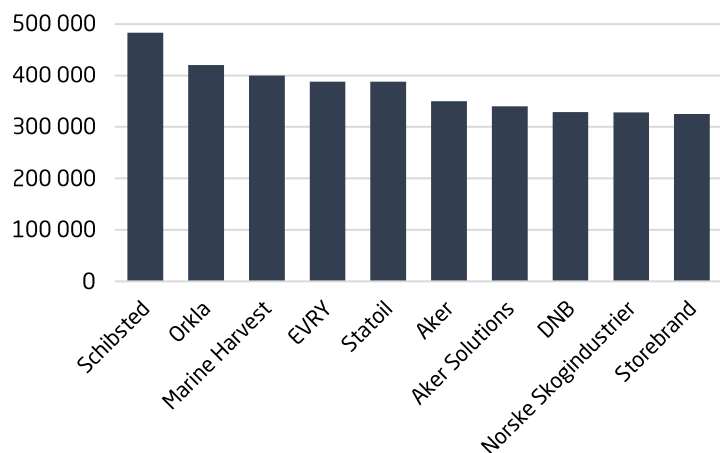
Average remuneration over three years

Includes, respectively, 30 largest companies and all companies.

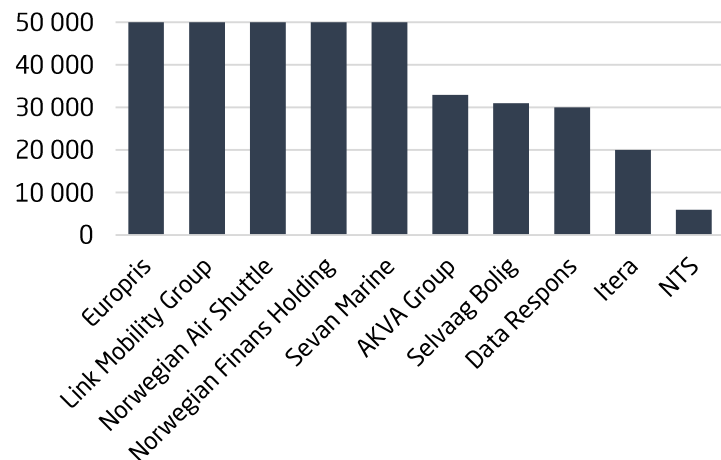


Remuneration – board directors elected among employees

Board directors elected among employees, listed companies - top 10



Board directors elected among employees, listed companies - bottom 10



	Listed	State-owned	Number
2017	178 219	144 579	n=B55 S29
2016	174 950	137 885	n=B50 S25

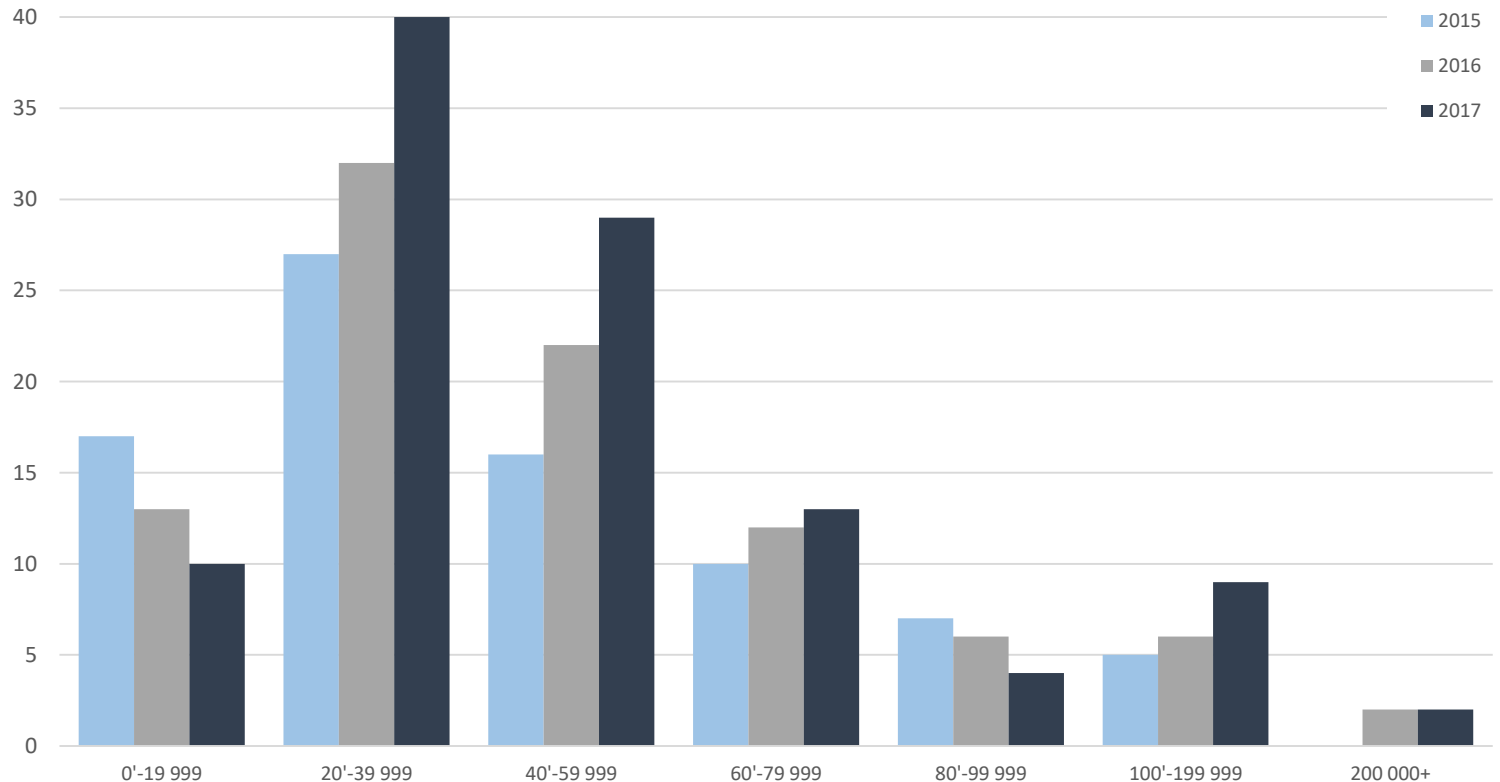
Comments

The table above shows average remuneration for 2017 and 2016 for board directors elected among employees, in listed and state-owned companies, respectively.

- 24 (n=55) of the listed companies and 27 (n=29) of the state-owned companies that remunerate board directors elected among employees, pay the same amount to shareholder-elected and employee-elected directors.
- Among the listed companies that differentiate between directors elected by shareholders and directors elected among employees, directors elected among employees are paid between 10% and 86% of the regular board director fee.
- Remuneration paid to board directors elected among employees in state-owned companies ranges from NOK 42 500 to NOK 294 000.

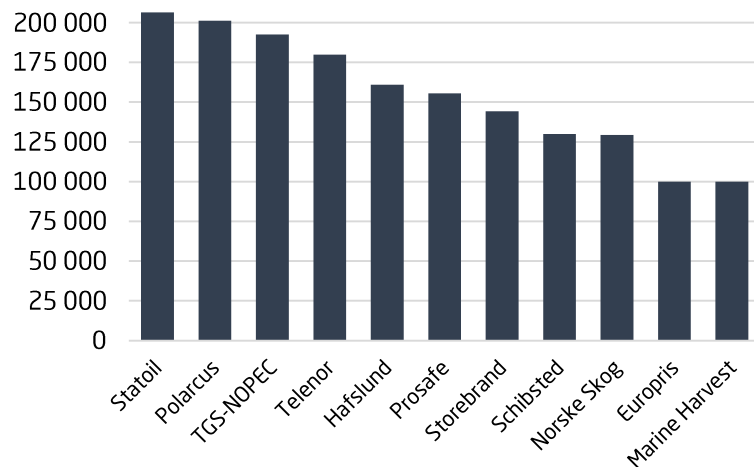
Nomination committee chairperson, no. of listed companies

The chart shows the number of companies per NOK 20 000 remuneration strata (chairperson/number of companies) over three years. The number of companies varies per year: 2015: n=82; 2016: n=94; 2017: n=107. See also page 11.

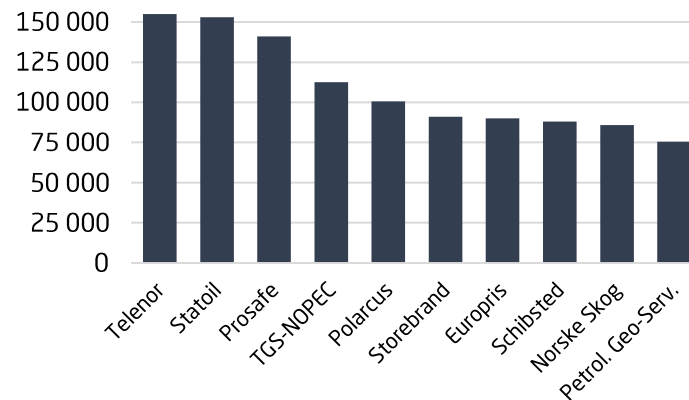


Nomination committee - listed companies - top/bottom

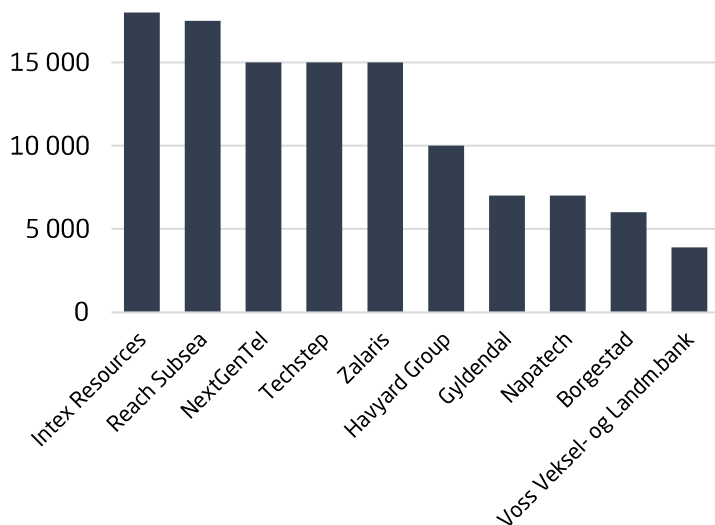
Remuneration chairperson nomination committee - top 11



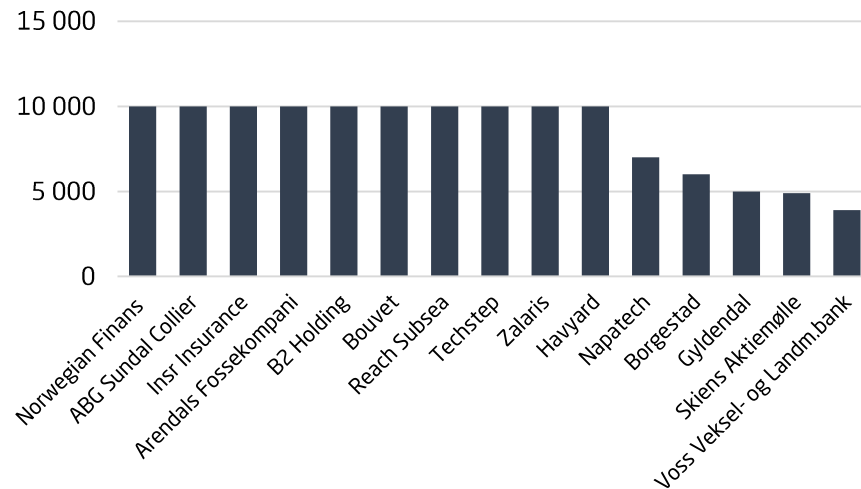
Remuneration member nomination committee - top 10



Remuneration chairperson nomination committee - bottom 10

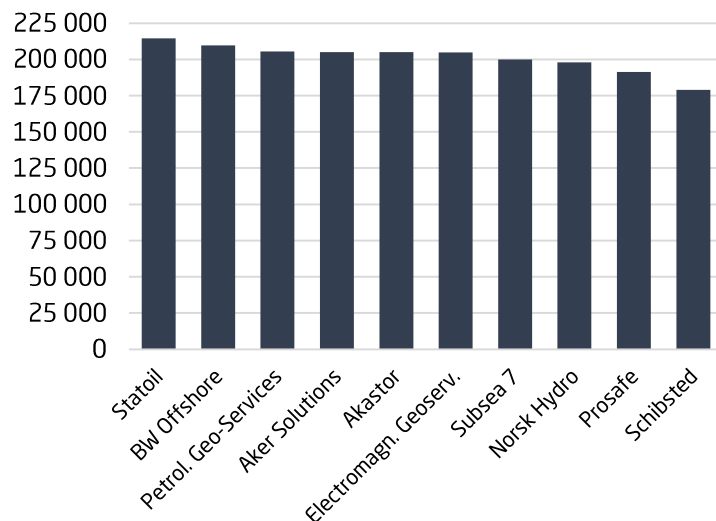


Remuneration member nomination committee - bottom 15

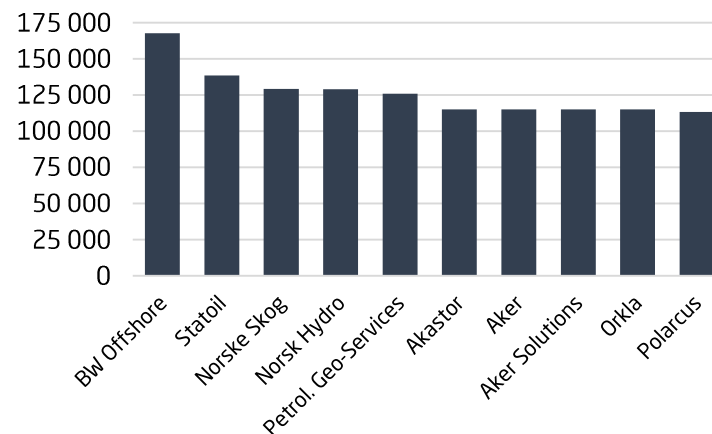


Audit committee, listed companies - top/bottom

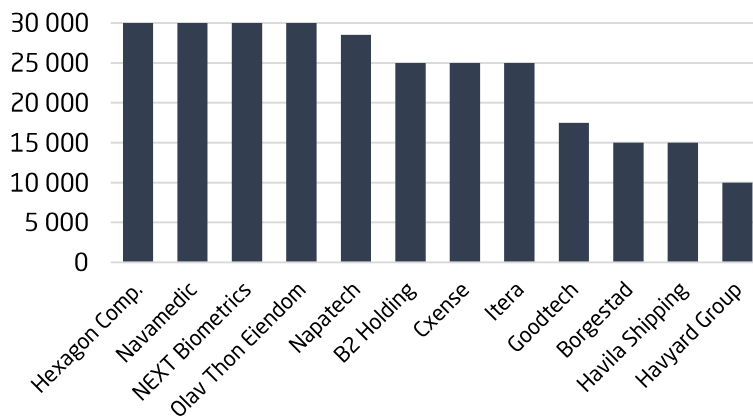
Remuneration chairperson audit committee - top 10



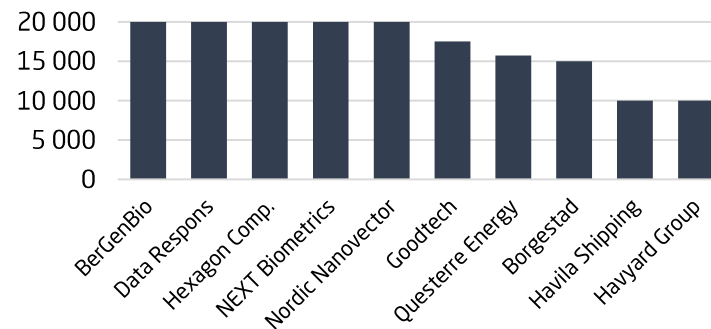
Remuneration member audit committee - top 10



Remuneration chairperson audit committee - bottom 12

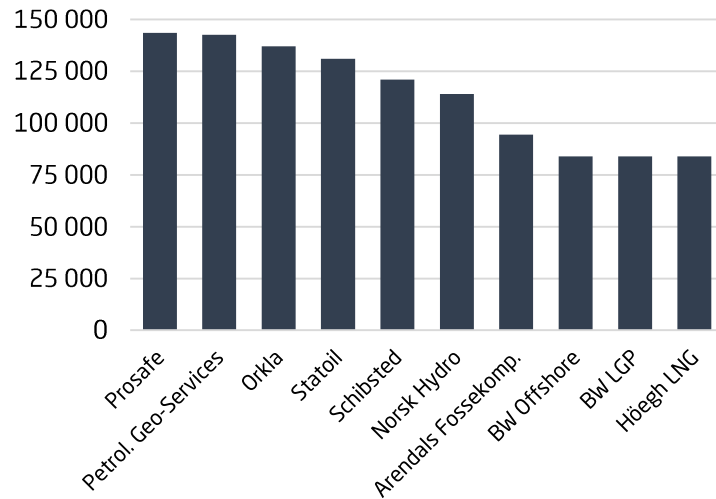


Remuneration member audit committee - bottom 10

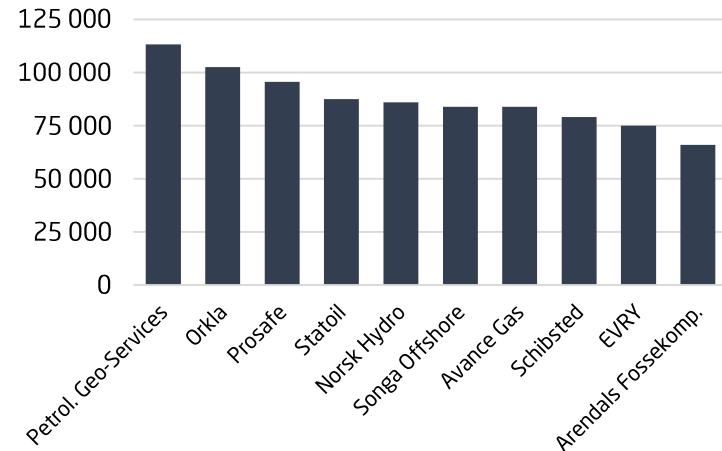


Compensation committee, listed companies - top/bottom

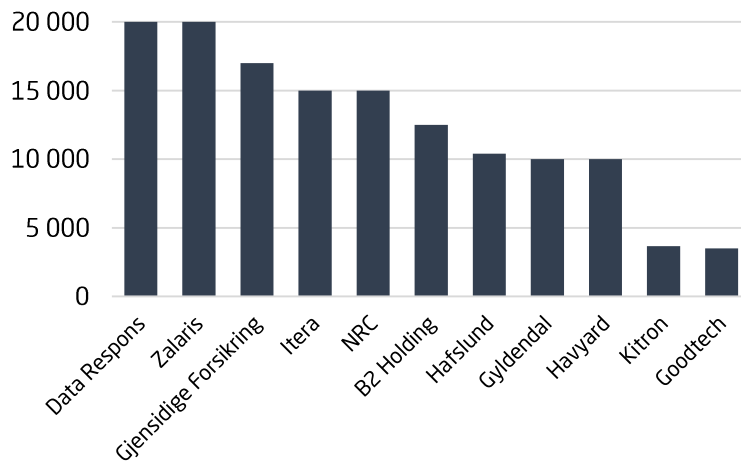
Remuneration chairperson compensation committee - top 10



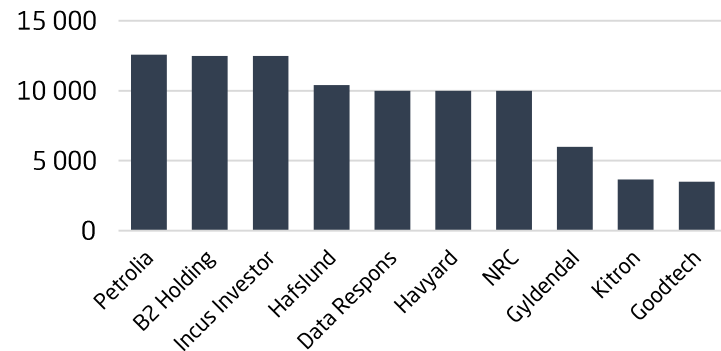
Remuneration member compensation committee - top 10



Remuneration chairperson compensation committee - bottom 11

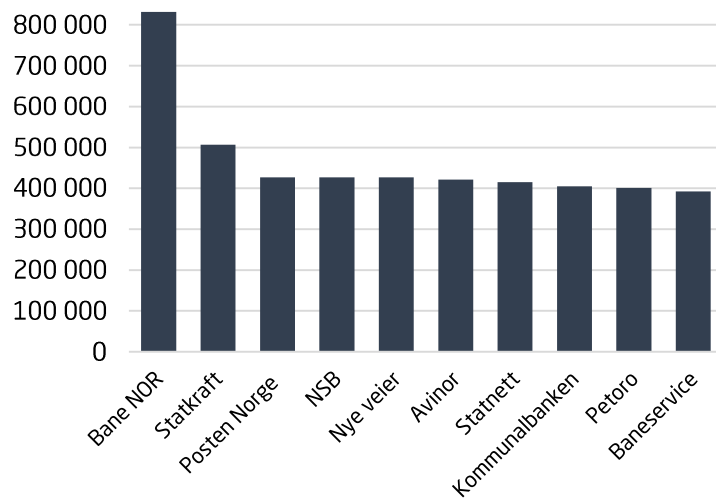


Remuneration member compensation committee - bottom 10

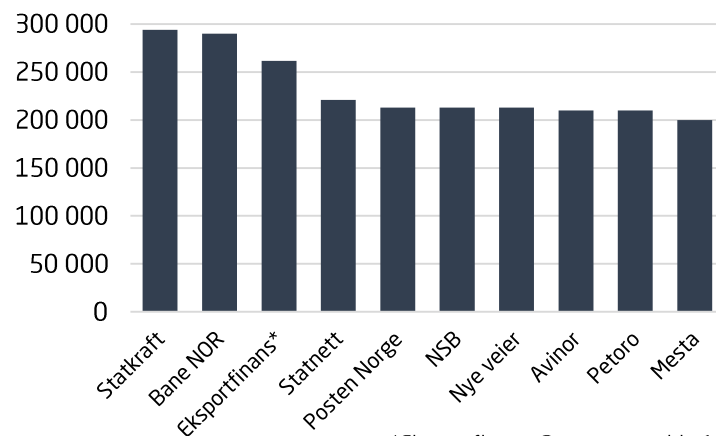


Wholly and partly state-owned companies - top/bottom

Remuneration chairperson state-owned - top 10

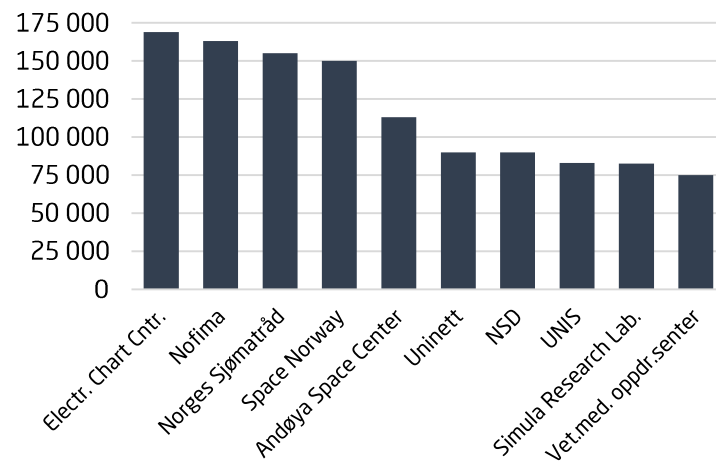


Remuneration board director state-owned - top 10

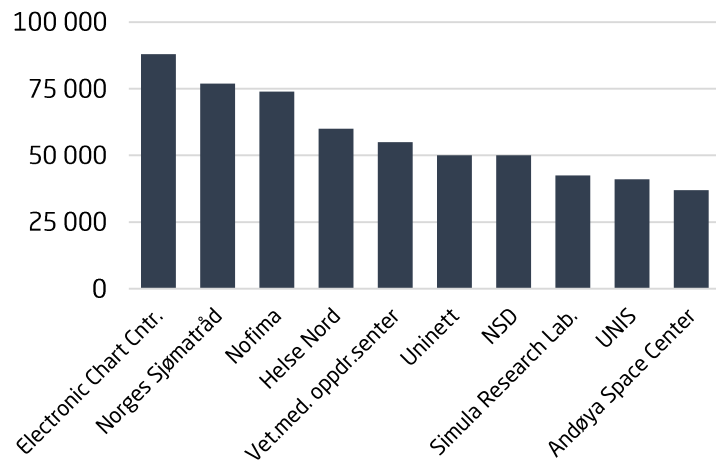


*Eksportfinans: State ownership 15%

Remuneration chairperson state-owned - bottom 10



Remuneration board director state-owned - bottom 10





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