



2018

BOARD REMUNERATION SURVEY
Listed and state-owned companies

The Norwegian Institute of Directors

styreinstitutt

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INTRODUCTION

The Norwegian Institute of Directors aims to enhance value creation in Norwegian Companies through good governance and leadership.

We share experience and new knowledge in active networks and thematic meetings where we learn and discuss in an open and inclusive atmosphere.

Good governance and board remuneration of Norwegian companies has been subject to increased interest since the Norwegian Institute of Directors started its mapping in 2010. Boards' remuneration and subcommittee remuneration have increased considerably over the past years, reflecting increased workload and risk exposure.

The remuneration survey for 2018 shows a relatively good development for board members in listed companies, whereas state-owned companies mainly show growth for the lowest remunerated board members.

Our perception is that the difference between levels of remuneration in state-owned and publicly listed companies still is too big.

There is a positive and increasing number of auditing committees and of audit committee remuneration.

Many companies expect board members to buy company shares, and some companies partially remunerate in shares. This year ten companies reported partial remuneration in shares, varying from 20% to 63% of total remuneration.

The 2018 Board Remuneration Survey comprises 203 companies, of which 155 listed and 48 partially or wholly state-owned.

October 2018

Gro Brækken
Secretary general



ABOUT THE SURVEY

INDUSTRY SECTOR CATEGORIES

In accordance with Oslo Stock Exchange industry classification

SOURCES	NUMBER
Data submitted by the companies	93
Data collected by the Norwegian Institute of Directors from annual general meeting protocols for 2018 and annual reports for 2017	110

DATA BASIS

- Remuneration as determined at the most recent annual general meeting; usually spring 2018
- Remuneration amounts listed in Norwegian kroner (NOK). Currency conversion at 30.06.2018
- Market value at 30.06.2018
- Data were collected June – September 2018

SURVEY FRAMEWORK

INCLUDED IN THE SURVEY	LISTED COMPANIES	STATE-OWNED COMPANIES
Total number of companies	155	48
Total number of responses (submitted/collected)	68/87	25/23
Chairperson/ deputy chair/ board director	144/74/142	48/38/46
Employee representative	51	25
Nomination committee (chair/ member)	93/92	1/1
Audit committee (chair/ member)	90/89	13/13
Compensation committee (chair/ member)	58/57	14/14
Compensation determined in advance/ in arrears	59/53	29/14
Total compensation paid to board and committees	84	47

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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 immediately comparable from one year to the next. Some companies are not listed anymore, and 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, and companies where the Norwegian Institute of Directors has collected data from their annual reports 2017 or general meeting protocols of 2018. 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 calculations. Examples include additional remuneration paid for board meetings abroad or for directors whose attendance requires 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 half 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 as of 30 June 2018. (Norges Bank). 38 companies pay remuneration in foreign currencies, of which 28 in USD, four in EUR, three in DKK, two in SEK and one in GBP.

Remuneration in foreign currencies is most common in the energy sector, where 53 % of the companies set remuneration in foreign currencies and where 20 of 42 companies set the remuneration in USD.

HIGHLIGHTS

Highest percentage growth in board remuneration for upper quartile Chairpersons in listed companies and lower quartile board directors in state-owned companies.

While average board remuneration for Chairpersons in listed companies was unchanged last year, there was an increase of 4.0 % this year. The median increased by 1.4 % while the upper quartile increased by 9.1 %. For Chairpersons in state-owned companies, the average remuneration decreased by 1.0 % after a high increase of 11 % last year.

The average remuneration for board directors increased by 5.6 % in listed companies, while the average increased by 3.4 % in state-owned companies. Worth mentioning is an increase of 12.8 % for the lower quartile in state-owned companies.

Board director remuneration in state-owned companies constitutes in average of 53 % of the remuneration in listed companies. This level has been fairly unchanged the last couple of years.
Energy remains the leading industry sector

Energy remains the leading sector for Chairpersons and directors alike. For Chairpersons, energy remains the only industry sector where average remuneration exceeds the average of all companies listed at Oslo Stock Exchange. Average remuneration for Chairperson in this sector is 40 % above the next sector, which is industry.

For board directors there is a change from last year, as both the industrial and telecom sectors have an average remuneration above the average of all companies at Oslo Stock Exchange. Energy is still on top, but only about 5 % above the industrial sector which is second.

The energy sector has this year a minor decrease while most other sectors have an increase in remuneration. Property has the biggest percentage increase in remuneration for Chairpersons with 25.8 %. There is a big increase in remuneration for board directors in several sectors; telecom 40 %, IT 35.9 %, property 26 % and industry 21.8 %.

KEY FIGURES – ANNUAL REMUNERATION BOARD OF DIRECTORS

	2018		2017		CHANGE %	
	Chair	Director	Chair	Director	Chair	Director
Listed	n=144	n=142	n=150	n=154		
Average	547 187	283 587	526 229	268 467	4.0 %	5.6 %
Top quartile	600 000	326 352	550 000	312 000	9.1 %	4.6 %
Median	440 288	250 000	434 000	250 000	1.4 %	Unchanged
Lower quartile	325 000	200 000	314 622	190 000	3.3 %	5.3 %

	2018		2017		CHANGE %	
	Chair	Director	Chair	Director	Chair	Director
State-owned	n=48	n=47	n=47	n=48		
Average	285 619	150 263	288 623	145 288	-1.0 %	3.4 %
Top quartile	397 000	200 500	390 000	198 000	1.8 %	1.3 %
Median	276 500	145 000	269 000	141 000	2.8 %	2.8 %
Lower quartile	199 500	115 100	200 000	102 000	-0.2 %	12.8 %

LISTED VS STATE-OWNED: Average remuneration in state-owned companies is approximately half of the remuneration paid by listed companies, which is about the same as previous years.

COMMENTS:

LISTED COMPANIES

Average remuneration for Chairpersons increased by 4.0 %, while the median increased by 1.4 %. Top quartile increased by 9.1 % while the lower quartile increased by 3.3 %.

Average remuneration for directors increased by 5.6 %, while the median was unchanged. Top quartile increased by 4.6 % while the lower quartile increased by 5.3 %.

STATE-OWNED COMPANIES

Average remuneration for Chairpersons decreased by 1.0 %, while the median increased by 2.8 %. The top quartile increased by 1.8 % while the lower quartile was nearly unchanged.

Average remuneration for directors increased by 3.4 %, while the median increased by 2.8 %. Top quartile increased by 1.3% while the lower quartile increased by 12.8 %.



KEY FIGURES – ANNUAL REMUNERATION NOMINATION COMMITTEE

NOMINATION COMMITTEE*	2018		2017		CHANGE %	
	Chair	Director	Chair	Director	Chair	Director
Listed	N=93	N=92	n=107	n=117		
Average	44 940	32 184	51 308	33 684	-12.4 %	-4.5 %
Top quartile	50 250	35 000	60 000	40 000	-16.2 %	-12.5 %
Median	35 000	25 000	40 000	25 000	-12.5 %	Unchanged
Lower quartile	25 000	17 375	25 000	18 000	Unchanged	-3.5 %

*118 specify a nomination committee, but not everyone has provided enough information about fees.

NOMINATION COMMITTEE VS BOARD OF DIRECTORS: Average Nomination committee fees comprise 8.4 % (chair) and 11.5 % (member) of respective average board remuneration.

COMMENTS:

For chair of nomination committee fees decreased from 2017 to 2018 in all categories except in the lower quartile. For member's the median is unchanged while the other categories have a decrease.

These changes may be due to the fact that number of meetings varies from one year to the next. This year less companies have submitted data to this question compared to last year.

Highest number of meetings is 17 compared to 31 in 2017, while the average is five; the same as in 2017 and 2016.

KEY FIGURES – ANNUAL REMUNERATION AUDIT COMMITTEE

AUDIT COMMITTEE*	2018		2017		CHANGE %	
	Chair	Director	Chair	Director	Chair	Director
Listed	n=90	n=89	n=95	n=103		
Average	93 167	63 942	85 427	56 967	9.1 %	12.2 %
Top quartile	122 382	87 875	125 805	75 000	-2.7 %	17.2 %
Median	79 000	50 000	65 000	50 000	21.5 %	Unchanged
Lower quartile	50 000	35 000	45 000	35 000	11.1 %	Unchanged

*122 specify an audit committee, but not everyone has provided enough information about fees.

COMMENTS:

The winners of this year's survey seem to be chair and members of the Audit committee. Chairpersons increase their fee in average by 9.1 %, while the median increased by 21.5 %. Top quartile decreased by 2.7 %, while the lower quartile increased by 11.1 %. For members, the fee increased in average by 12.2 %, while the top quartile increased by 17.2 %. Median and lower quartiles are unchanged.

Highest number of meetings is nine, while the average is six compared to five in 2017.

KEY FIGURES – ANNUAL REMUNERATION COMPENSATION COMMITTEE

COMPENSATION COMMITTEE*	2018		2017		CHANGE %	
	Chair	Member	Chair	Member	Chair	Member
Listed	n=58	n=57	n=61	n=65		
Average	54 998	36 871	50 271	37 129	9.4 %	-0.7 %
Top quartile	70 000	48 050	65 000	50 000	7.7 %	-3.9 %
Median	49 500	30 000	46 000	30 000	7.6 %	Unchanged
Bottom quartile	28 500	15 468	27 500	20 000	3.6 %	-22.7 %

*104 specify a Compensation committee, but not everyone has provided enough information about fees.

COMMENTS:

Average fee for Chairpersons has increased by 9.4 %, while the median has increased by 7.5 %. Top quartile has increased by 7.7 % while lower quartile has increased by 3.6 %.

Number of meetings vary between one and 10 with an average of three meetings.

For members, the average fee is virtually unchanged; the median is unchanged while the top quartile is decreased by 3.9 % and the lower quartile by 22.7 %.

KEY FIGURES – HIGHEST/LOWEST LISTED COMPANIES

	2018		2017		CHANGE %	
	Lowest	Highest	Lowest	Highest	Lowest	Highest
Board Chairperson	100 000	6 435 000	86 000	6 435 000	16.3 %	Unchanged
Board Director	60 000	1 386 996	40 000	923 630	50.0 %	50.2 %
Chair nomination committee	6 000	206 550	3 900	206 550	53.8 %	Unchanged
Chair audit committee	6 000	294 998	10 000	214 500	-40.0 %	37.5 %
Chair compensation committee	3 500	150 000	3 500	143 750	Unchanged	4,3 %

** The Chairperson of Elkem is employed by the main shareholder without board remuneration.*

COMMENTS:

As in previous years, the top board Chairperson fee is considerably higher than the runner-up (see also page 15, 16 and 17).

In 2018, seven companies quoted Chairperson remuneration in excess of NOK 1 million compared to 11 in 2017 and eight in 2016. 50 companies paid the Chairperson between NOK 500,000 and one million.

The lowest Chairperson remuneration fee increased by 16.3 % from last year. There are considerably changes in top and bottom

fees for board directors. Both increase with 50 %, however, from relatively low levels.

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

REMUNERATION MODEL – LISTED COMPANIES

	SET FEE ONLY		SET + PER MEETING		PER MEETING ONLY				
	Chair	Member	Chair	Member	Chair	Member			Total*
Board	140	138	3	3	0	0	C=143	M=141	144
Nomination committee	77	76	13	8	3	8	C=93	M=92	118
Audit committee	79	78	10	10	1	1	C=90	M=89	122
Compensation committee	46	46	6	6	5	5	C=58	M=57	104

* Some of the companies who have the committees in question have not submitted sufficient information to be part of the remuneration model.

COMMENTS:

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 Chairpersons and members of committees, even though there are more companies with a combination of set fee and fee per meeting.

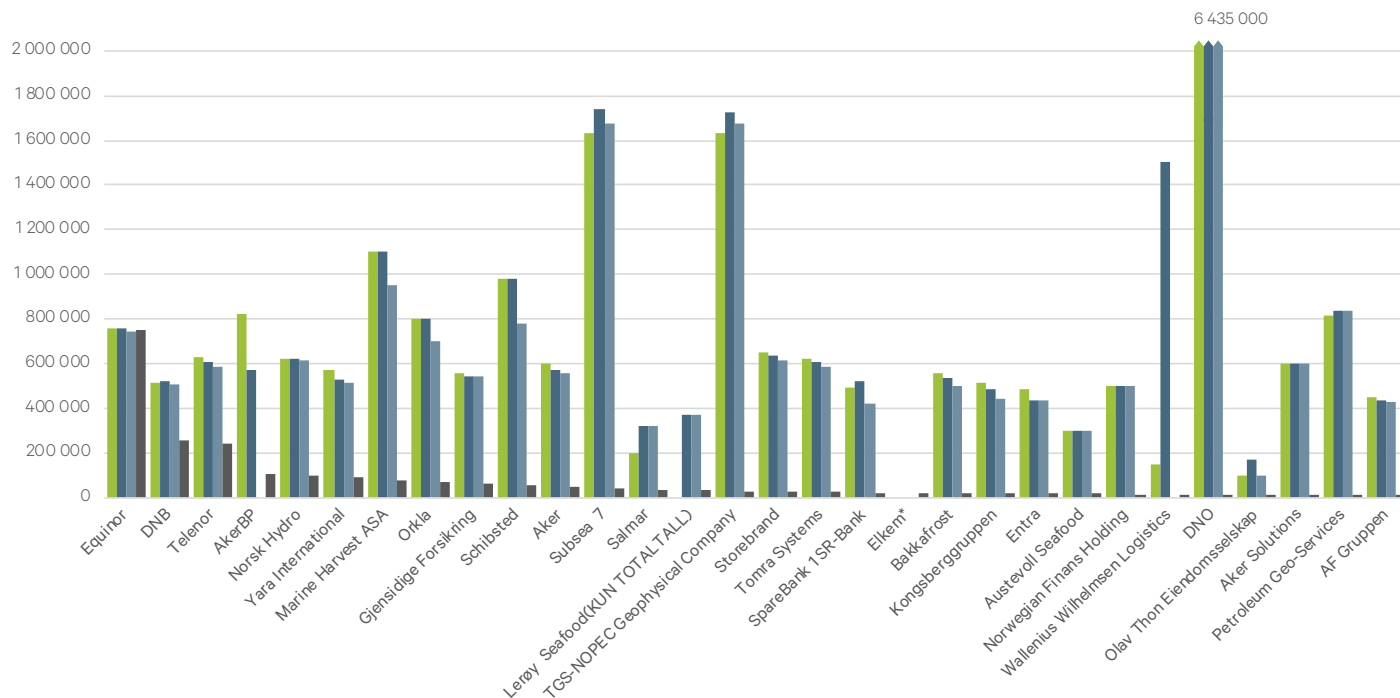
Some companies limit total compensation either by restricting numbers of meetings qualifying for compensation, or by paying per meeting only after exceeding a pre-set minimum.

More and more companies report having Audit committees. The number has increased from 96 companies in 2017 to 122 in 2018.



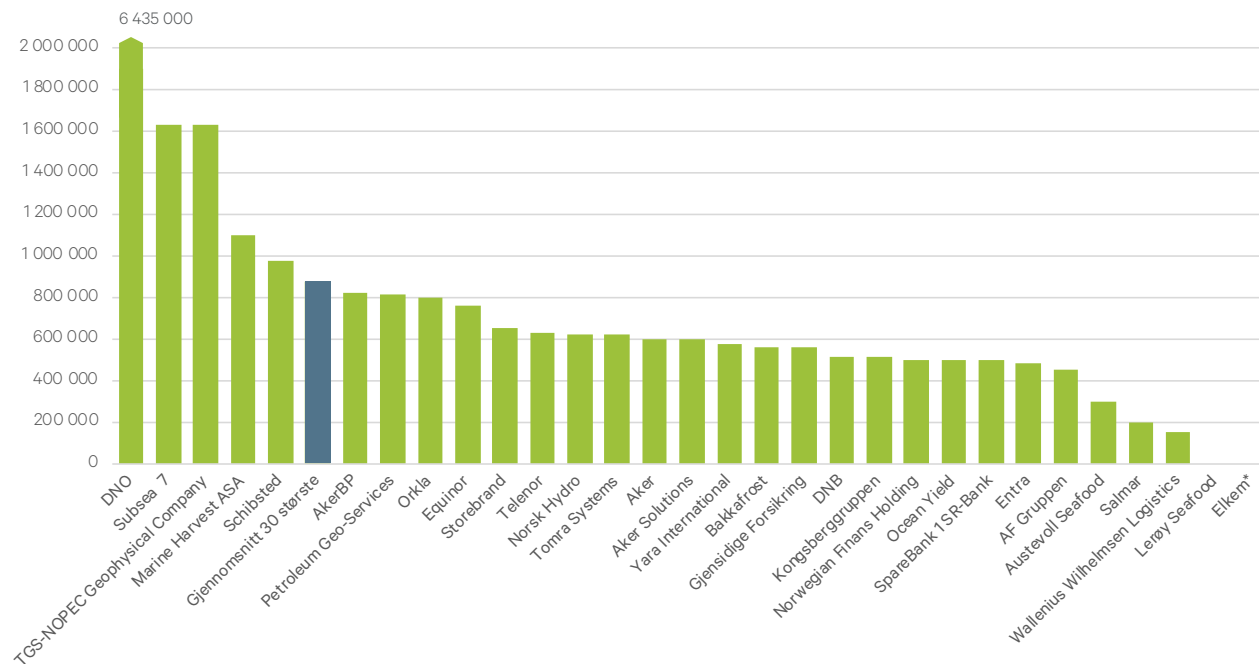
Chairperson - 30 largest companies by market value Oslo Stock Exchange

2018 2017 2016 Market value pr 30.6.18



* The Chairperson of Elkem is employed by the main shareholder without board remuneration.

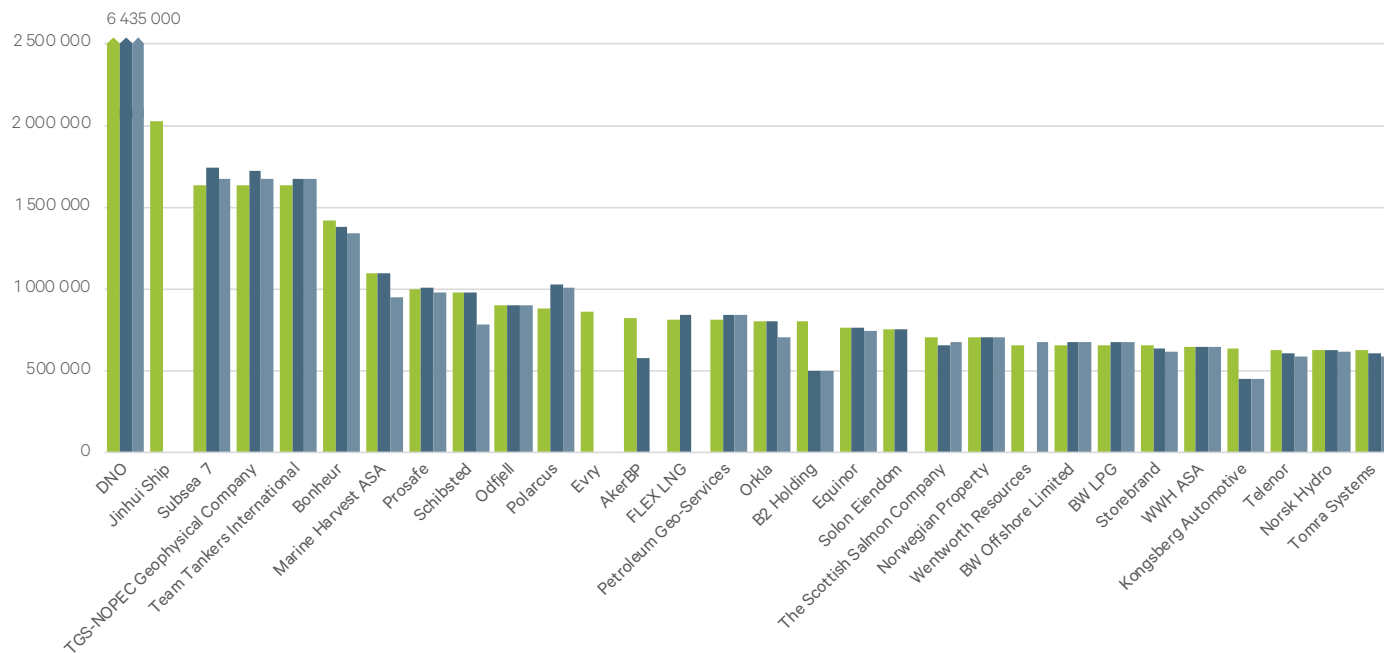
The 30 largest listed companies after Chairperson remuneration



* Lerøy's Chairperson remuneration not made available for the survey. Elkem's Chairperson is employed by the main shareholder without board remuneration.

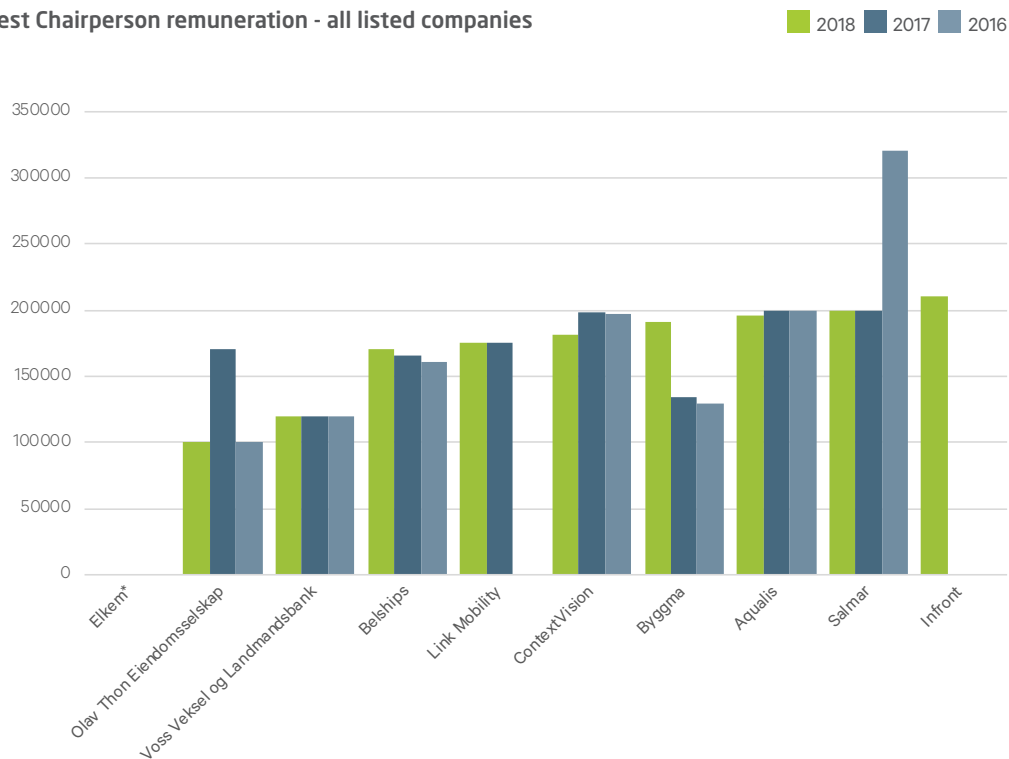
The 30 highest Chairperson remuneration - all listed companies

2018 2017 2016



Companies that are in default for 2016 and / or 2017 were either not on the stock exchange or did not answer the surveys that year.

The 10 lowest Chairperson remuneration - all listed companies

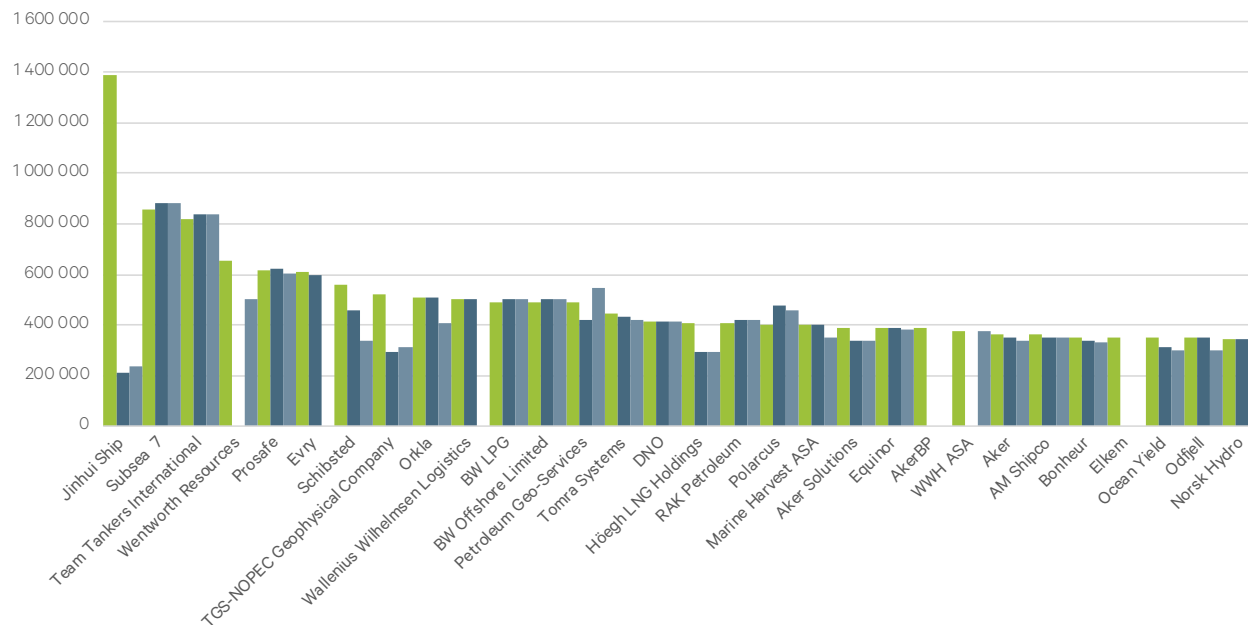


* Companies that are in default for 2016 and / or 2017 were either not on the stock exchange or did not answer the surveys that year.

* Elkem's Chairperson is employed by the main shareholder without board remuneration.

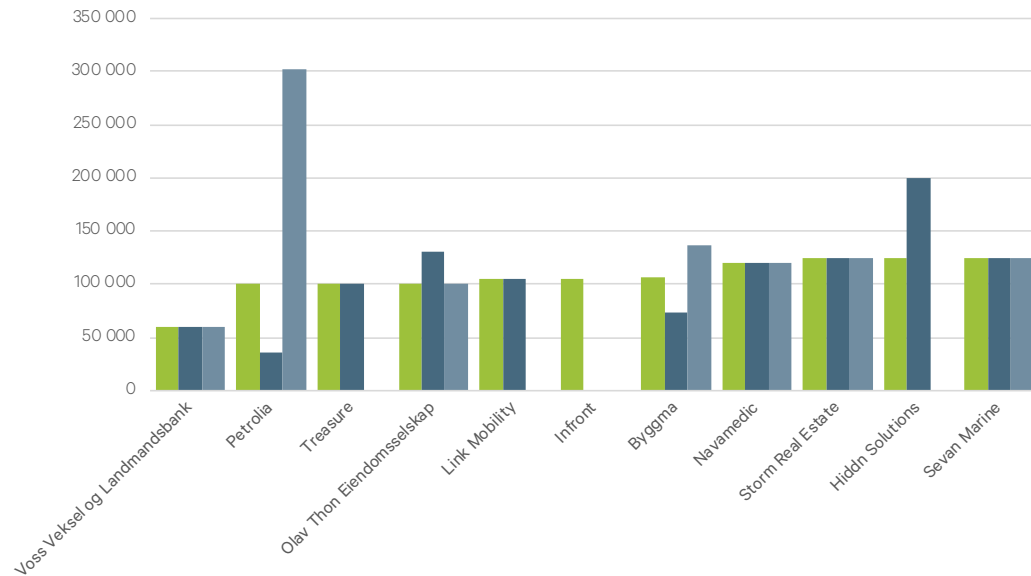
Board Director remunerations - the 30 highest amongst all listed companies

2018 2017 2016



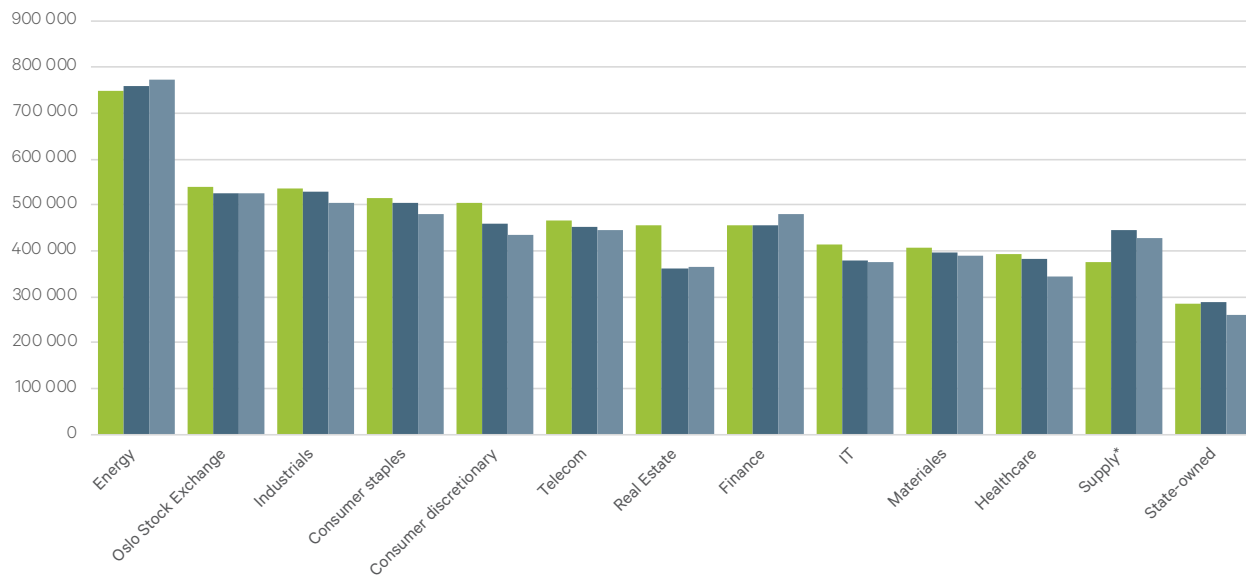
Board Director remunerations - The 10 lowest amongst all listed companies

2018 2017 2016



Average per industry - Chairperson remuneration - listed company

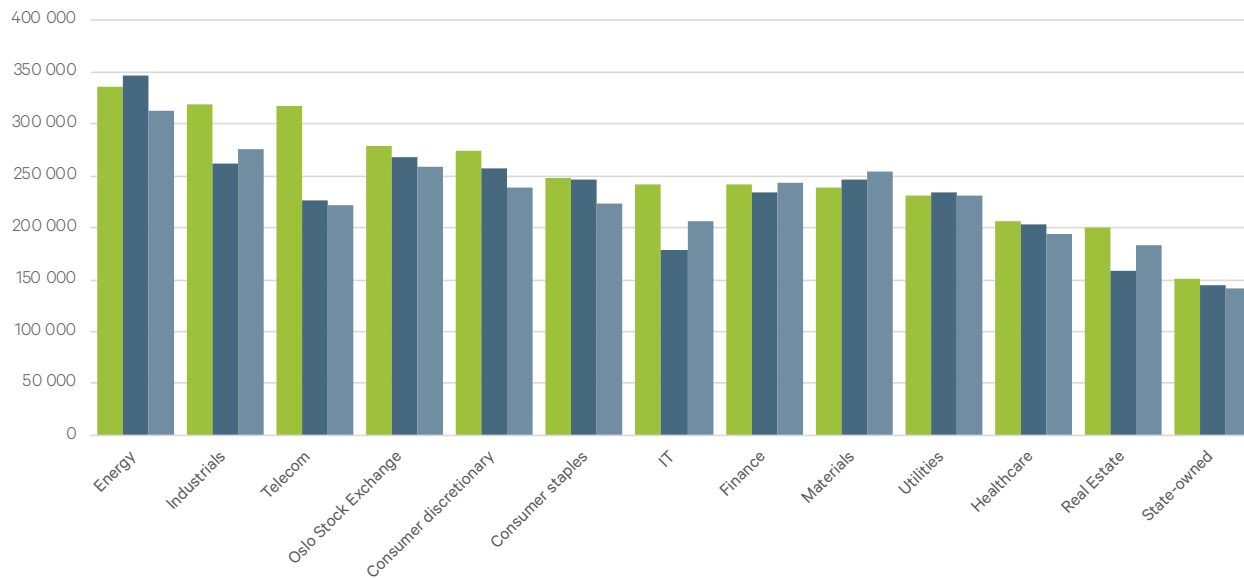
2018 2017 2016



* Supply industry category decreased from three to two companies in 2018.

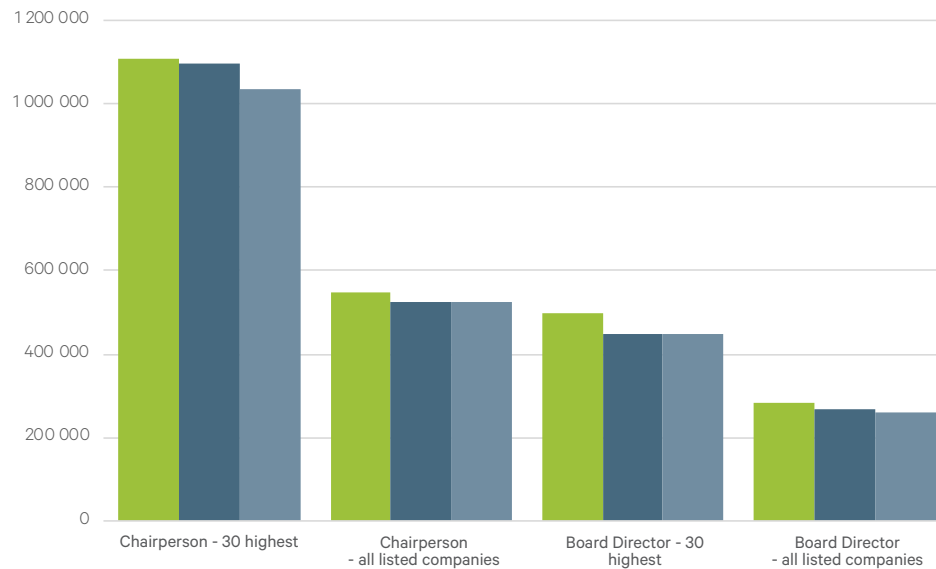
Average per industry - Board Director remuneration - listed company

2018 2017 2016



Average board remuneration last three years

2018 2017 2016







REMUNERATION – EMPLOYEE ELECTED BOARD DIRECTORS

AVERAGE	LISTED	STATE-OWNED	
2018	178 287	155 596	n=L51, S25
2017	178 219	144 579	n=L55, S29

COMMENTS:

LISTED:

16 of 51 listed companies pay the same fee to employee elected board directors as to those elected by shareholders. Among the listed companies that differentiate between directors elected by shareholders and directors elected by employees, directors elected among employees are paid between 10% and 91% of the regular board director fee.

Average fee for directors elected by employees is 63 % of shareholder--elected fees. The average amount is unchanged from 2017.

STATE-OWNED:

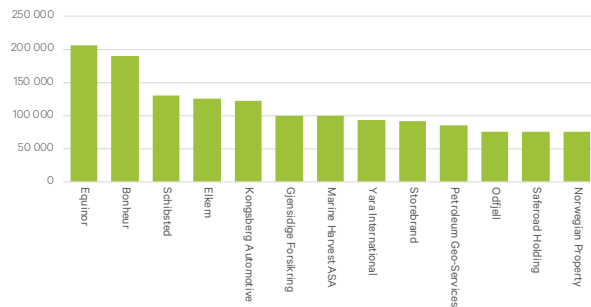
Out of the 25 state-owned companies which have answered this question, 24 report they pay the same amount to directors elected among employees as to shareholder-elected. Top fee is NOK 281,000, while the lowest reported fee is NOK 40,000. Average fee for directors elected among employees in state-owned companies increased by 7.6 % from 2017.

EMPLOYEE ELECTED DIRECTORS TOP TEN	LISTED
Schibsted	510 000
Orkla	420 000
Norsk Hydro	343 000
Akastor	340 000
Storebrand	334 900
DNB	329 000
Yara International	312 000
Evry	302 000
Gjensidige Forsikring	279 000
Selvaag Bolig	275 000

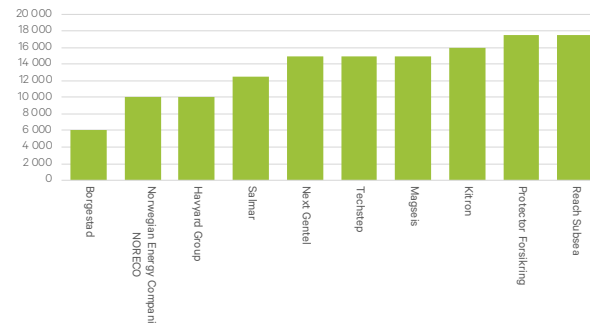
EMPLOYEE ELECTED DIRECTORS BOTTOM TEN	LISTED
Norwegian Air Shuttle	10 000
Itera	20 000
AKVA Group	33 000
Sevan Marine	50 000
Data Respons	50 000
Hiddn Solutions	50 000
Norwegian Finans Holding	50 000
Voss Veksel og Landmandsbank	60 000
Byggma	73 000
Biotech Pharmacon	75 000

NOMINATION COMMITTEES LISTED COMPANIES

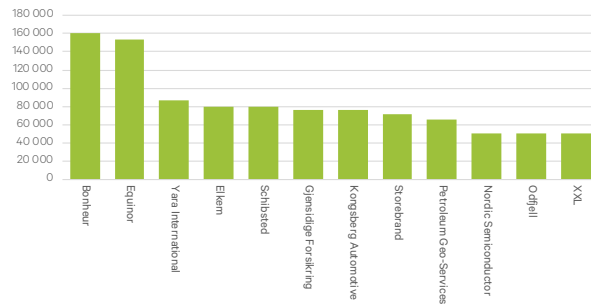
Nomination committee leader - highest



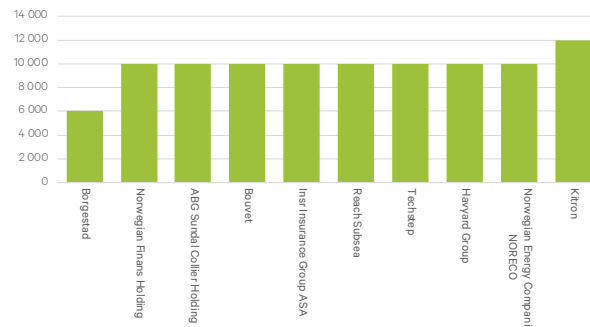
Nomination committee leader - lowest



Nomination committee member - highest

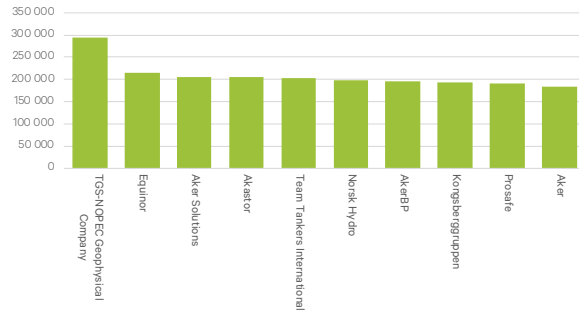


Nomination committee member - lowest

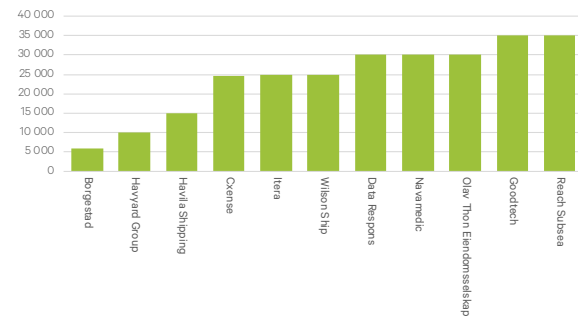


AUDIT COMMITTEES LISTED COMPANIES

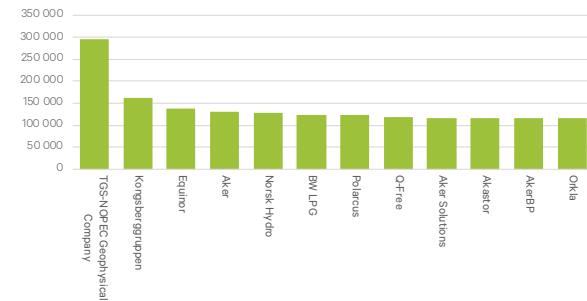
Audit committee leader - highest



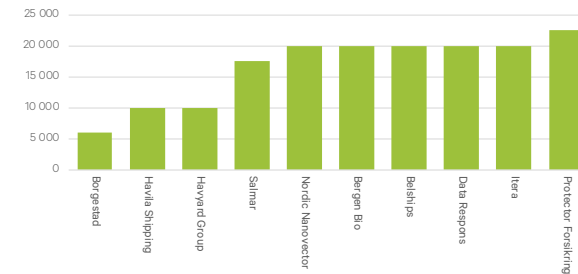
Audit committee leader - lowest



Audit committee member - highest

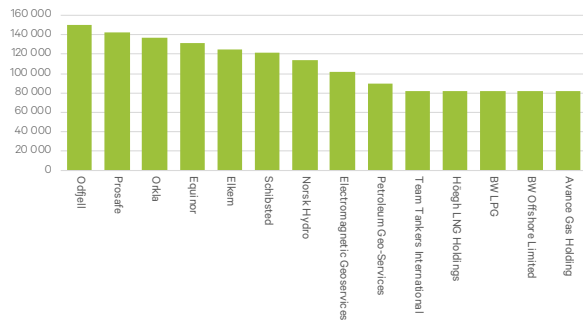


Audit committee member - lowest

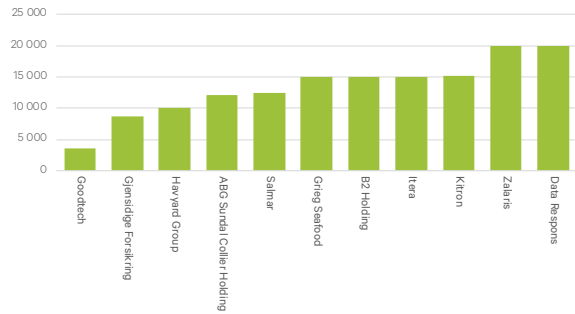


COMPENSATION COMMITTEE LISTED COMPANIES

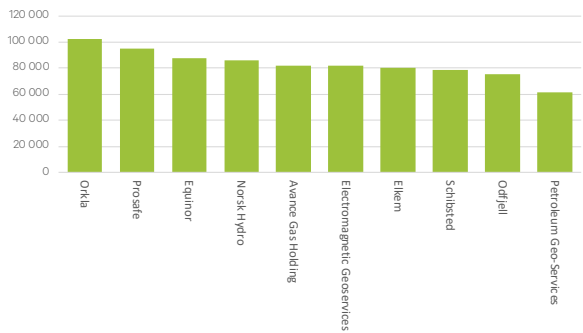
Compensation committee leader - highest



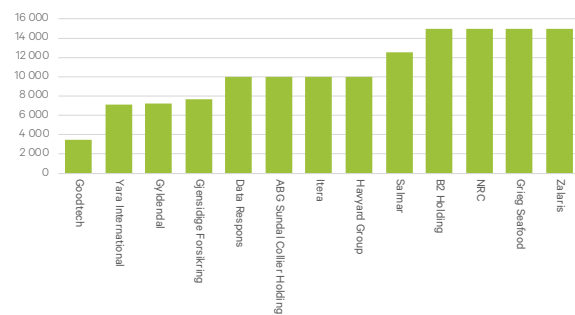
Compensation committee leader - lowest



Compensation committee member- highest

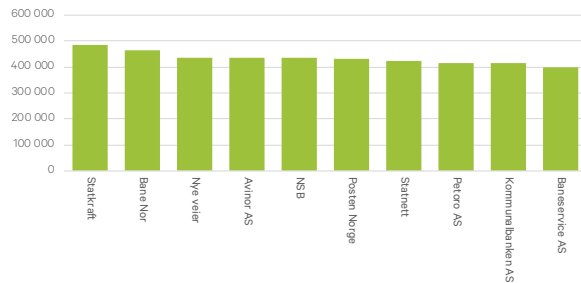


Compensation committee leader - lowest

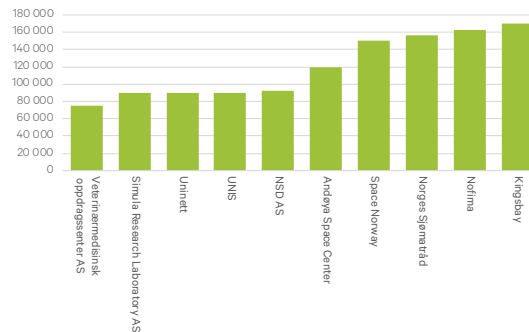


STATE-OWNED COMPANIES

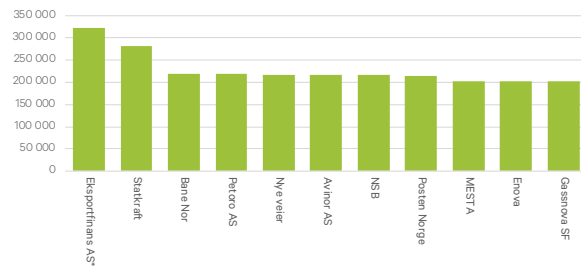
Chairperson state-owned companies - highest



Chairperson state-owned companies - lowest



Board Director state-owned companies - highest



Board Director state-owned companies - lowest

